HOUSE . . . . . No. 4211

The Commonwealth of Massachusetts

HOUSE OF REPRESENTATIVES, April 14, 2016.

The committee on Revenue to whom was referred the petition (accompanied by bill, House, No. 2541) of Kevin G. Honan and others for legislation to implement workforce housing special tax assessment plans in cities and towns, reports recommending that the accompanying bill (House, No. 4211) ought to pass.

For the committee,

JAY R. KAUFMAN.

HOUSE DOCKET, NO. FILED ON: 3/16/2016

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In the One Hundred and Eighty-Ninth General Court
(2015-2016)

An Act providing for a workforce housing financing plan.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

SECTION 1. Chapter 40 of the General Laws, as appearing in the 2014 Official Edition, is hereby amended by inserting after section 60A the following section:-

Section 60B. (a) Notwithstanding any general or special law to the contrary, a city or town, by vote of its town meeting, town council or city council, with the approval of the mayor where required by law, on its own behalf or in conjunction with one or more cities or towns, may adopt and implement a workforce housing special tax assessment plan, referred to as a WH-STA plan, intended to encourage and facilitate the increased development of middle income housing, and do any and all things necessary thereto; provided, however, that any such WH-STA plan shall:

(1) designate 1 or more areas of such city or town as a workforce housing special tax assessment zone, referred to as a WH-STA zone, subject to regulations adopted by the city or town, pursuant to subsection (c) of this section, as presenting exceptional opportunities for increased development of middle income housing. Any WH-STA plan adopted by more than 1

14 city or town shall designate WH-STA zones consisting of contiguous areas of such cities or
15 towns;

16 (2) describe in detail all construction and construction-related activity contemplated for
17 such WH-STA zone as of the date of adoption of the WH-STA plan; provided, that the WH-STA
18 plan shall include the types of residential developments which are projected to occur within such
19 WH-STA zone, with documentary evidence of the level of commitment therefor, including but
20 not limited to architectural plans and specifications as required by regulations promulgated
21 pursuant to subsection (c);

22 (3) authorize special tax assessment exemptions from property taxes, under clause Fifty-
23 eighth of section 5 of chapter 59, for a specified term not to exceed 5 years, for any parcel of real
24 property which is located in a WH-STA zone and for which an agreement has been executed
25 with the owner of the real property under paragraph 4. The WH-STA plan may exempt owners
26 of parcels of real estate from up to 100 per cent of property taxes during up to 2 years of
27 construction and set forth such exemption in an agreement executed pursuant to paragraph 4. The
28 WH-STA plan may also exempt such owners from property taxes during a 3-year stabilization
29 period following construction, provided that the exemption will be up to 75 per cent of property
30 taxes during the first year of stabilization, up to 50 per cent of property taxes during the second
31 year of stabilization, and up to 25 per cent of property taxes during the third year of stabilization;

32 (4) include executed agreements between such city or town and each owner of a parcel of
33 real property which is located in such WH-STA zone, provided that such agreements shall
34 include, but not be limited to, the following:

35 (i) all material representations of the parties which served as the basis for the descriptions
36 contained in the WH-STA plan in accordance with the provisions of paragraph 2 of this
37 subsection, and which served as a basis for the granting of a WH-STA exemption;

38 (ii) any terms deemed appropriate by the city or town relative to compliance with the
39 WH-STA agreement including, but not limited to, what shall constitute a default by the property
40 owner and what remedies shall be allowed between the parties for any such defaults, including
41 an early termination of the agreement;

42 (iii) provisions governing maximum rental prices that may be charged by the developer in
43 order to create middle income workforce housing, as set forth in the regulations adopted by the
44 city or town pursuant to subsection (c) of this section;

45 (iv) a detailed recitation of all other benefits and responsibilities inuring to and assumed
46 by the parties to such agreement; and

47 (v) a provision that such agreement shall be binding upon subsequent owners of such
48 parcel of real property.

49 (5) delegate the authority to execute agreements in accordance with paragraph 4 to the
50 board of assessors of the city or town, and to the board, agency or officer of the city or town
51 responsible for housing.

52 (b) A city or town may at any time revoke its designation of a WH-STA zone and, as a
53 consequence of such revocation, shall immediately cease the execution of any additional
54 agreements pursuant to paragraph 4 of subsection (a). Such revocation shall not affect
55 agreements relative to property tax exemptions pursuant to said paragraph 4 of subsection (a)

56 which were executed prior thereto. The board of assessors of the city or town and the board,
57 agency or officer of the city or town responsible for housing, authorized pursuant to paragraph 5
58 of subsection (a) to execute agreements, shall retain a copy of each such agreement, together
59 with a list of the parcels included therein.

60 (c) Upon the adoption of a WH-STA plan, a city or town shall promulgate regulations
61 governing the implementation of such plans in the city or town. Such regulations shall establish
62 eligibility requirements for developers to enter into a WH-STA agreement pursuant to paragraph
63 (4) of subsection (a). Such regulations shall establish, among other things: (1) a procedure for
64 developers to apply to the city or town for a WH-STA agreement; (2) a minimum number of new
65 residential units to be constructed in order for an owner of a parcel of real estate to be eligible to
66 enter into a WH-STA agreement; (3) the maximum rental prices that may be charged by the
67 developer for the constructed residential units throughout the duration of a WH-STA agreement;
68 (4) other eligibility criteria that will facilitate and encourage the construction of workforce
69 housing in a manner appropriate to the particular city or town.

70 (d) The owner of property subject to a WH-STA agreement shall certify to the city or
71 town the rental prices of the residential units designated in the WH-STA agreement. Such
72 certification shall be provided to the city or town on the date of initial occupancy and on an
73 annual basis thereafter throughout the duration of the executed WH-STA agreement. If the owner
74 fails to provide such certification, or otherwise fails to comply with the WH-STA agreement, or
75 if the city or town determines that the owner is unlikely to come into compliance with the
76 affordability requirements set forth in the agreement, the city or town may place a lien on the
77 property in the amount of the real estate tax exemptions granted pursuant to the WH-STA
78 agreement for any year in which the owner is not in compliance with this subsection. Any such

79 lien shall be recorded in the registry of deeds or the registry district of the land court wherein the
80 land lies.

81 (e) A WH-STA plan adopted pursuant to subsection (a) shall expire 3 years after its
82 adoption unless such plan is renewed by the city or town by vote of its town meeting, town
83 council or city council, with the approval of the mayor where required by law.

84 SECTION 2. Section 5 of chapter 59 of the General Laws, as so appearing, is hereby
85 amended by adding the following clause:--

86 Fifty-eighth, the value of a parcel of real property which is included within an executed
87 agreement under section 60B of chapter 40, but taxes on real property eligible for exemption
88 under this clause shall be assessed only on that portion of the value of the property that is not
89 exempt under said section 60B of chapter 40. This exemption shall be for a term not longer than
90 the period specified in the executed agreement entered into pursuant to said section 60B of
91 chapter 40. The amount of the exemption under this clause for a parcel of real property shall be
92 the exemption percentage adopted under said section 60B of chapter 40, multiplied by the actual
93 assessed valuation of the parcel.