

**SENATE . . . . . No.**

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**The Commonwealth of Massachusetts**

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PRESENTED BY:

***Harriette L. Chandler***

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*To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:*

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act providing tax relief to seniors while creating affordable housing.

\_\_\_\_\_

PETITION OF:

NAME:

DISTRICT/ADDRESS:

*Harriette L. Chandler*

*First Worcester*

*Sarah K. Peake*

*4th Barnstable*

**SENATE . . . . . No.**

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By Ms. Chandler, a petition (accompanied by bill, Senate, No. ) (subject to Joint Rule 12) of Harriette L. Chandler and Sarah K. Peake for legislation to provide tax relief to seniors while creating affordable housing. Revenue.

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**The Commonwealth of Massachusetts**

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**In the One Hundred and Ninetieth General Court  
(2017-2018)**  
\_\_\_\_\_

An Act providing tax relief to seniors while creating affordable housing.

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

1 By inserting after section 5N of chapter 59 of the General Laws, as appearing in the 2016  
2 Official Edition, the following section:-

3 “Section 5O.

4 (a) As used in this chapter, the following words shall, unless the context clearly indicates  
5 a different meaning, have the following meanings:—

6 “Annual income”, a family’s or person’s gross annual income less such reasonable  
7 allowances for dependents, other than a spouse, and for medical expenses as the housing  
8 authority or, in the event that there is no housing authority, the municipal’s department of  
9 community development, determines.

10 “Community housing”, low and moderate income housing for individuals and families,  
11 including low or moderate income senior housing.

12           “Homeowner,” the owner of a Residence, as defined herein. The deed to the Residence  
13 may be held by a corporation, trust, or other legal entity, so long as at least one individual who  
14 occupies the Residence is a primary beneficiary of such entity.

15           “Legislative body”, the agency of municipal government which is empowered to enact  
16 ordinances or by-laws, adopt an annual budget and other spending authorizations, loan orders,  
17 bond authorizations and other financial matters and whether styled as a city council, board of  
18 aldermen, town council, town meeting or by any other title.

19           “Low income housing”, housing for those persons and families whose annual income is  
20 less than 80 per cent of the areawide median income. The areawide median income shall be the  
21 areawide median income as determined by the United States Department of Housing and Urban  
22 Development.

23           “Low or moderate income senior housing”, housing for those persons having reached the  
24 age of 60 or over who would qualify for low or moderate income housing.

25           “Moderate income housing”, housing for those persons and families whose annual  
26 income is less than 100 per cent of the areawide median income. The areawide median income  
27 shall be the areawide median income as determined by the United States Department of Housing  
28 and Urban Development.

29           "Residence", the building or portion thereof, including a mobile home, owned and  
30 actually occupied by the Homeowner as the Homeowner's primary dwelling during the  
31 municipality’s fiscal year and located within the commonwealth, together with so much of the  
32 land surrounding it, not to exceed one acre, as is reasonably necessary to the use of the dwelling  
33 as a home, and any appurtenant structures and fixtures attached to buildings or land. A residence

34 may consist of a part of a multi-unit or multi-purpose building. If the Homeowner occupies the  
35 property as a primary dwelling and rents no more than two of the remaining units to tenants,  
36 those rental units shall be considered “Ancillary Units.”

37 (b) A municipality may, by vote of its legislative body, subject to the charter of the  
38 municipality, establish a Homes Preservation Plan offering to persons over the age of 65, and/or  
39 persons who meet the income requirements for Low or Moderate Income Housing, as defined  
40 herein, the opportunity to enter into a right of first refusal agreement with the municipality in  
41 exchange for deferral of some or all of the real property tax obligations owed, directly or  
42 indirectly, by such person on the value of a Residence. The deferred real property tax obligations  
43 shall be paid, without interest or cost, at the time the Residence is sold to the municipality or its  
44 assignee, or sold to a third party if the municipality does not exercise its right of first refusal.

45 A municipality may, at its election, include a qualifying Homeowner and Residence with  
46 Ancillary Units in its Plan and offer deferral of the real property tax obligations owed on the  
47 value of such Ancillary Units.

48 Such municipalities shall have the power to create local rules and procedures for  
49 implementing a Homes Preservation Plan consistent with the provisions and intent of this  
50 chapter, provided that the Plan and any amendments thereto, are filed with the Massachusetts  
51 department of housing and community development at least fourteen (14) days before its  
52 effective date.

53 (c) A Homes Preservation Plan, as authorized in this chapter, shall provide that qualifying  
54 Homeowners execute a Property Tax Relief and Right of First Refusal Agreement with the  
55 municipality setting forth the terms of the proposed exchange, including at least the following:

56 (1) identification of the Homeowner and of the Residence; (2) the amount of property tax to be  
57 deferred annually, stated in percentage or dollars; (3) the respective rights and obligations of the  
58 parties with respect to the municipality's right of first refusal upon notice of sale; (4) the  
59 respective rights, if any, to terminate the agreement; and (5) the Homeowner's declaration that  
60 there has been representation of counsel, or reasonable opportunity to obtain counsel, and that  
61 the Homeowner understands that the agreement is binding on estate representatives, successors  
62 and heirs. A municipality may require in said agreement that the Homeowner sign an annual  
63 certification that ownership of the Residence has not changed and that the Residence remains the  
64 Homeowner's primary dwelling.

65 (d) A municipality that has executed a Property Tax Relief and Right of First Refusal  
66 Agreement with a Homeowner under this section shall record notice of such agreement at the  
67 registry of deeds, which notice shall contain the name of the record owner of the land, the name  
68 of any individual who is a beneficial owner of the land if the record owner is a corporation or  
69 trust, and description of the premises adequate for identification of it. A municipality that has  
70 recorded notice of its right of first refusal shall be an interested person in the estate of any  
71 individual identified in the notice as record owner, or as a beneficial owner, and shall be entitled  
72 to notice in a proceeding to settle that individual's estate.

73 (e) The real property taxes deferred as a result of participation by a Homeowner in a  
74 Homes Protection Plan shall be calculated and treated as a municipal charges lien under Chapter  
75 40, section 58 by the municipality, except that interest and costs shall not be owed to the  
76 municipality upon sale of the Residence.

77 (f) A Residence subject to a right of first refusal under this chapter shall not be sold  
78 unless the municipality has been notified first of the intent to sell, through a document stating the  
79 name, address and telephone number of the Homeowner and realtor, if any, and street address of  
80 the Residence and either: (a) a certified copy of an executed purchase and sale agreement  
81 specifying the purchase price and all terms and conditions of the proposed sale, and which shall  
82 be a bona fide offer as described below, or (b) a statement of intent to sell the property.

83 For the purposes of this chapter, a bona fide offer to purchase shall mean a good faith  
84 offer, not dependent upon potential changes to current zoning or conditions or contingencies  
85 relating to the potential for, or the potential extent of, subdivision of the property for residential  
86 use or the potential for, or the potential extent of development of the property for residential,  
87 industrial or commercial use, made by a party unaffiliated with the Homeowner for a fixed  
88 consideration payable upon delivery of the deed.

89 The municipality's Homes Protection Plan shall specify the required municipal recipients  
90 of the notice and the means of delivery.

91 (g) For a period of sixty (60) days after receipt of notice which complies with this  
92 chapter, the municipality shall have, in the case of an executed purchase and sale, a first refusal  
93 option to meet a bona fide offer to purchase the land. The dollar amount of the municipal charges  
94 lien will be credited to the municipality's offer.

95 In the case of a notice of intent to sell, the municipality shall have 60 days from receipt of  
96 notice to come to agreement with the homeowner on consideration. If mutually agreed-upon  
97 appraisals are required to come to agreement on the full and fair market value, the deadline for  
98 agreement may be extended for another 30 days. The expense for any such appraisal will be

99 borne by the municipality. Upon agreement of a consideration, the city or town shall then have  
100 120 days to exercise its option. During the determination of consideration process, the  
101 Homeowner may revoke the intent to sell at any time and with no recourse to either party.

102 The municipal option to purchase may be exercised only after written notice to the  
103 Homeowner, using the means of notice specified in the Property Tax Relief and Right of First  
104 Refusal Agreement. The notice of exercise shall also be recorded at the registry of deeds and  
105 shall contain the name of the record owner of the land and description of the premises adequate  
106 for identification of it.

107 The notice to the Homeowner of the municipality's election to exercise its option shall be  
108 accompanied by a proposed purchase and sale contract or other agreement between the  
109 municipality and the Homeowner which, if executed, shall be fulfilled within a period of not  
110 more than 90 days after the date the contract or agreement, endorsed by the Homeowner, is  
111 returned, or upon expiration of any extended period the Homeowner has agreed to in writing,  
112 whichever is later.

113 Failure to record either the notice of exercise or the notice of assignment within the  
114 applicable time period shall be conclusive evidence that the city or town has not exercised its  
115 option.

116 During the option period, the municipality or its assignees, shall have the right, at  
117 reasonable times and upon reasonable notice, to enter upon said land for the purpose of  
118 surveying and inspecting said land, including but not limited to lead paint inspection, soil testing  
119 for purposes of Title V and the taking of water samples.

120           The municipality or its assignee shall have all rights assigned to the buyer in the purchase  
121 and sales agreement contained in the notice of intent.

122           If the municipality elects not to exercise the option, and not to assign its right to exercise  
123 the option, the city or town shall send written notice of non-exercise signed by the chief  
124 executive officer to the Homeowner by the means of delivery that is specified in the Property  
125 Tax Relief and Right of First Refusal Agreement. The notice of non-exercise shall contain the  
126 name of the owner of record of the Residence and its street address, and shall be recorded with  
127 the registry of deeds.

128           No sale or change in use of the Residence shall be consummated until the option period  
129 has expired or the notice of non-exercise has been recorded with the registry of deeds, and no  
130 sale of the Residence shall be consummated if the terms of the sale differ in any material way  
131 from the terms of the purchase and sale agreement which accompanied the bona fide offer to  
132 purchase as described in the notice of intent to sell except as provided in this section.

133           This section shall not apply to a mortgage foreclosure sale, but the holder of a mortgage  
134 shall, at least 90 days before a foreclosure sale, send written notice of the time and place of the  
135 sale to the parties in the manner required by the municipality for notice of intent to sell, and the  
136 giving of this notice may be established by an affidavit.

137           (h) A municipality, by decision of its chief executive subject to its charter, may assign its  
138 option under this chapter to a nonprofit housing organization or to the commonwealth or any of  
139 its political subdivisions under terms and conditions that the municipality may consider  
140 appropriate. The assignment shall be for the purpose of providing community housing, as  
141 defined in this chapter, and the assignee shall then be bound by a deed restriction that meets the



142 requirements of this chapter. If the first refusal option has been assigned to a nonprofit  
143 organization or to the commonwealth or any of its political subdivisions as provided in this  
144 section, the municipality shall provide written notice of assignment to the Homeowner and said  
145 notice of assignment shall be recorded with the registry of deeds.

146 If the option has been assigned, the option may be exercised by the assignee only by  
147 written notice to the Homeowner signed by the assignee, delivered by means specified in the  
148 Property Tax Relief and Right of First Refusal Agreement. The notice of exercise shall also be  
149 recorded with the registry of deeds and shall contain the name of the record owner of the land  
150 and description of the premises adequate for identification of them.

151 (i) A Residence acquired by a municipality or its assignee under the terms of this chapter  
152 shall be restricted to use as community housing for a term of no less than thirty (30) years, with a  
153 deed restriction stating the income qualifications established by the municipality. The  
154 municipality or its assignee may, at its election, sell the Residence to an income-qualified buyer  
155 subject to said deed restriction and, in the case of a Residence with Ancillary Units, may seek to  
156 change the ownership form to a condominium and sell the individual units to income-qualified  
157 buyers subject to deed restrictions.

158 (j) A Homeowner who uses Chapter 62, section 6 to seek a state income tax credit on  
159 account of real property taxes paid on a Residence may not, in that same tax year, obtain deferral  
160 of real property taxes from the municipality.

161 (k) A municipality may structure its Homes Protection Plan so that, in the event that the  
162 person(s) that qualify the Homeowner for participation in the Plan no longer reside(s) in the  
163 Residence but the Homeowner does not intend to sell within one (1) year, the municipality has a

164 right to terminate or suspend the deferral of real property tax obligations. If the municipality  
165 reserves the right to terminate or suspend the deferral in such situations, its Plan and the Property  
166 Tax Relief and Right of First Refusal Agreement must specify the conditions that trigger its right  
167 to terminate or suspend and the possible consequences for the Homeowner.

168 (l) If a municipality elects to include a Residence with Ancillary Units in its Homes  
169 Protection Plan, it may require the Homeowner, as a condition, to agree to limit rent increases in  
170 the Ancillary Units as stipulated in the signed Property Tax Relief and Right of First Refusal  
171 Agreement.”