

# Framework of the Tenant Protection Ordinance

City Council Committee of the Whole

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November 3, 2022

# Outline of the Discussion

## Background

## Current Challenges

## Why Now

- Conversion Rates in Salem
- Household Conditions

## Review of Survey

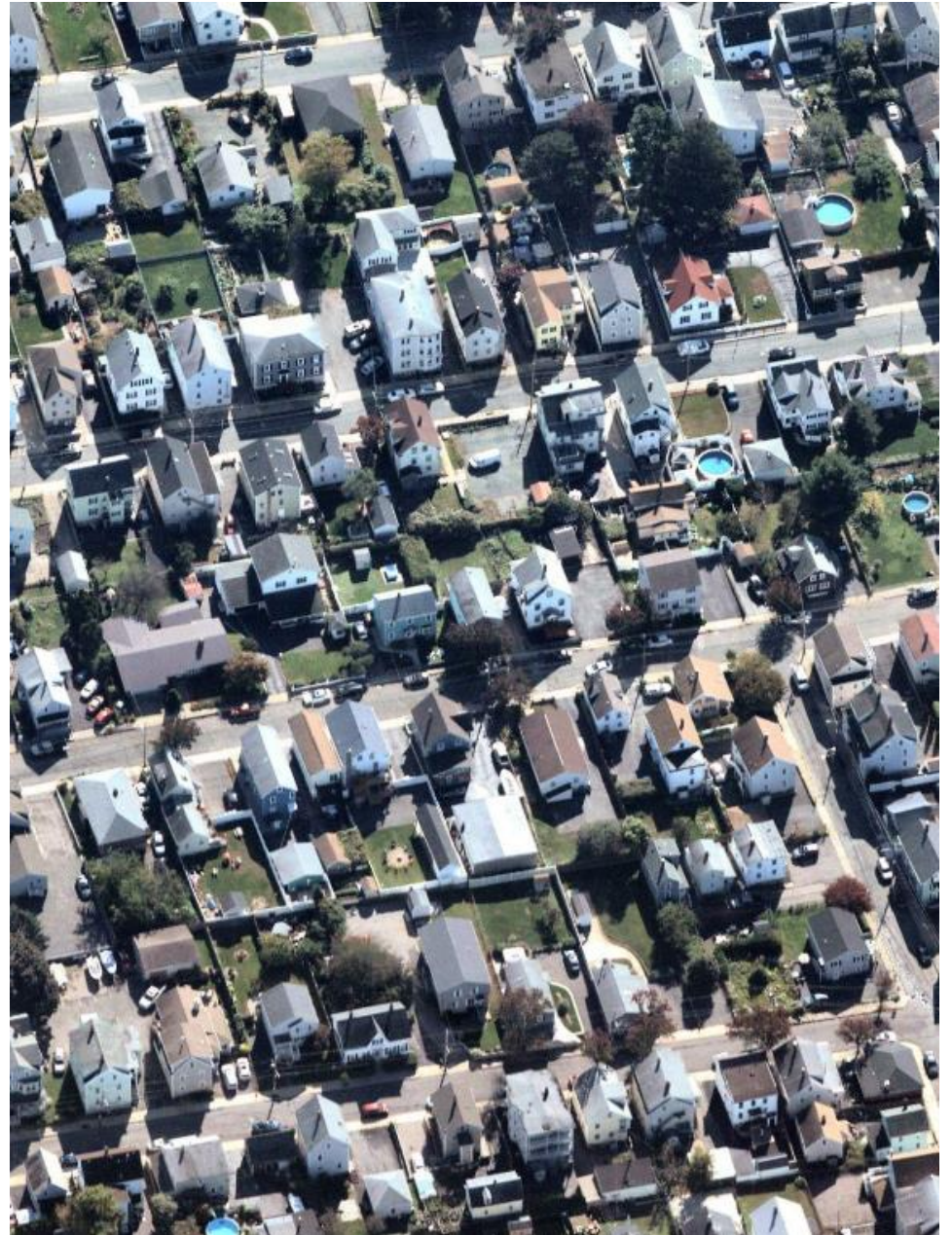
## Proposed Framework

- Purpose
- Process
- Administration
- Waiting Period
- Relocation Fee
- Notice of Intent

## Discussion and Next Steps

# Background

- 1983: Condominium Conversion Law adopted by MA Legislature in response to a surge of conversions. The law prevented displacement by providing certain basic protections for tenants and allowed communities to adopt greater or different protections.
- Law was amended in 1989 and 2005 to allow certain waivers.
- Local legislative action must be accompanied by a declaration in the form of findings where local conditions constitute an acute rental housing emergency requiring local action.



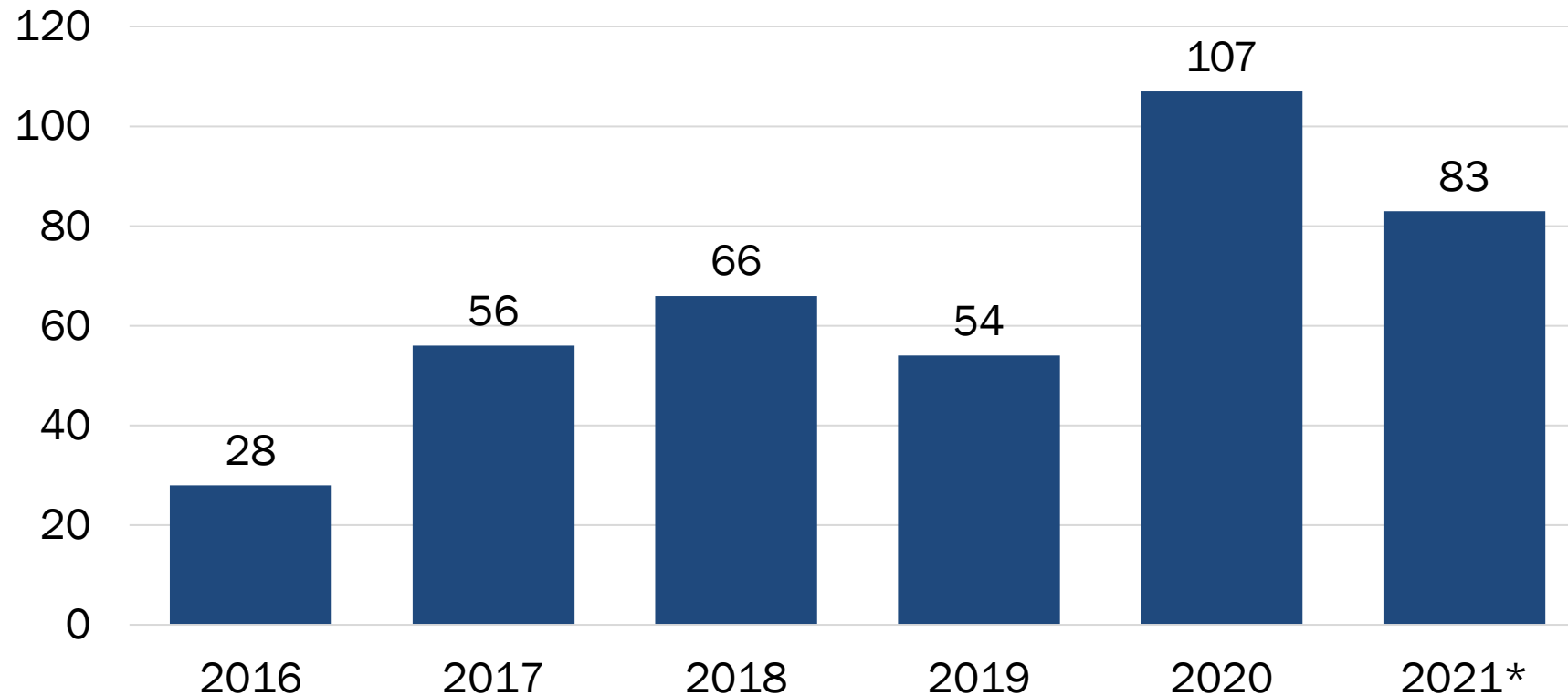
# Challenges

1. The State's Condo Conversion Law does not provide regulations by which municipalities should implement the Law.
2. The Law only applies to buildings with 4 or more housing units; local action cannot lower this threshold.
3. Meaningful enforcement is not possible without devoting local staff and resources; therefore, the Law is not enforced even in municipalities that have adopted local condo conversion bylaws/ordinances.

# Why Now?

- The State condo conversion law is not being enforced in Salem and therefore not effective in its intended goals of preventing displacement or successful relocation of tenants within the City.
- The pace of condominium conversions in Salem has steadily increased over the past 6 years while housing costs continues to rise.
- Declining housing diversity: Salem is rapidly losing its 2-3 family housing stock to conversions.
- Displacement due to conversions disproportionately impacts people of color, since 1 in 4 renter householders in Salem identify as non-white (ACS 2019).

## Total New Condominium Units by Year - Salem

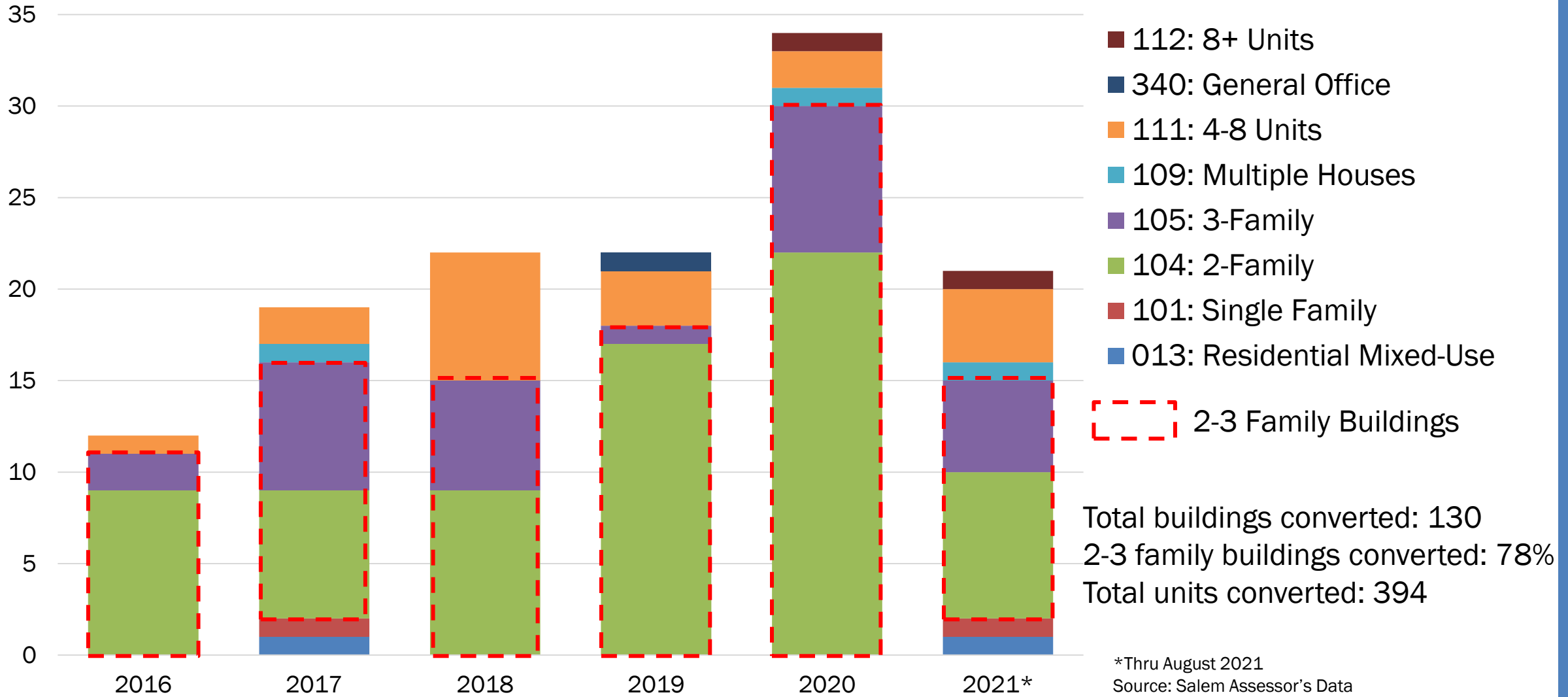


\*Thru August 2021

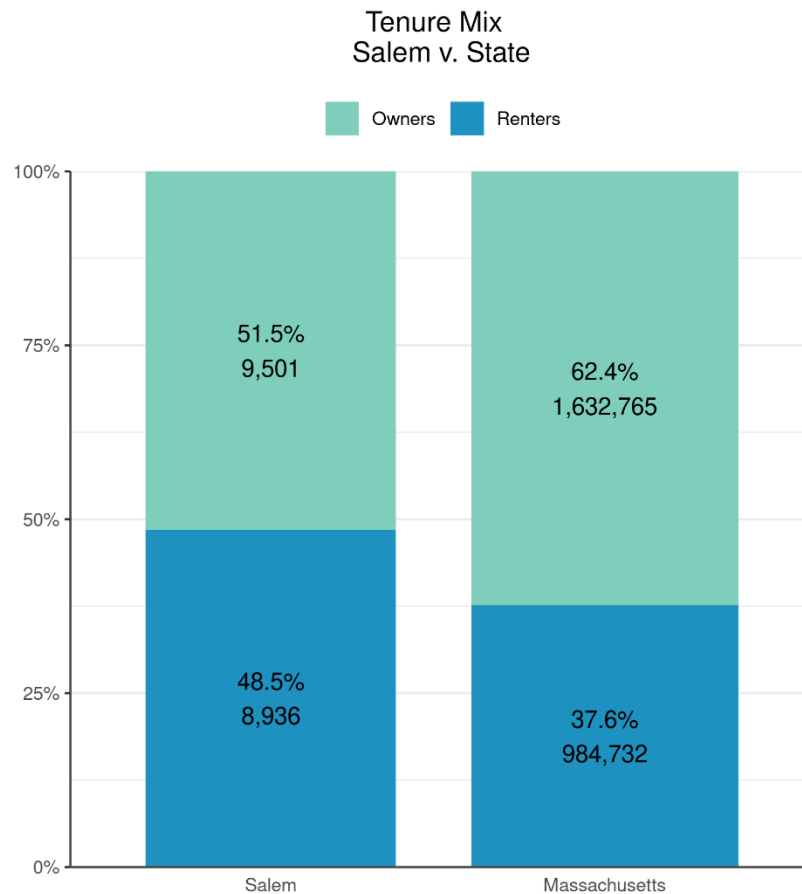
Source: Salem Assessor's Data

- From 2015 to August of 2021, 394 rental units have been converted into condominiums.
- Over half (54%) of all homes in Salem were built before 1940. Older homes are vulnerable to conversion into condominiums, which reduces the city's rental options.

# Condominium Conversions by Previous Land Uses- Salem 2016 thru August 2021



# Household Conditions (2019)



Source: U.S. Census Bureau American Community Survey, 2015-2019 5-year estimates.  
Table DP04: Selected Housing Characteristics



Tenure	# of Households	Median Household Income	% Cost burdened	% Non-white
All	18,437	\$68,808		16%
Owner	9,501 (52%)	\$100,548	32.1%	7.5%
Renter	8,935 (48%)	<b>\$40,516</b>	<b>51.6%</b>	<b>25.2%</b>

Source: ACS 2015-2019 5 Yr Estimates

- Renter households in Salem are more at risk of displacement due to condominium conversions because of higher rate of housing cost burden (paying more than 30% of income on housing) and lower median household income compared to owner households.
- Displacement due to conversions will disproportionately impact people of color, since 1 in 4 renter householders in Salem identify as non-white.



## Change in Land Use by Tax Code 2016 – 2021, Salem

Fiscal Year	Single Family 101	Condos 102	Misc. Residential 103,109	Two Family 104	Three Family 105	Apartment 111-125	Vacant/ Accessory Land 130-132,106
2016	4,898	4,123	53	1,577	551	345	381
2017	4,915	4,178	52	1,574	543	346	387
2018	4,928	4,249	51	1,565	537	342	372
2019	4,939	4,301	50	1,550	532	347	375
2020	4,954	4,396	50	1,533	529	350	365
2021	4,987	4,464	50	1,517	525	355	321
% Change	1.8%	<b>8.3%</b>	-5.7%	<b>-3.8%</b>	<b>-4.7%</b>	2.9%	-15.7%

Source: MA Department of Revenue

4/7/2022	House	Referred to the committee on <a href="#">Housing</a>
4/11/2022	Senate	Senate concurred
5/2/2022	Joint	Hearing scheduled for 05/06/2022 from 09:00 AM-05:00 PM in Written Testimony Only
5/2/2022	Joint	<del>Location Changed – Hearing scheduled for 05/06/2022 from 09:00 AM-05:00 PM in Written Testimony Only</del>
5/2/2022	Joint	Hearing canceled – new hearing TBD
5/2/2022	Joint	Hearing scheduled for 05/06/2022 from 09:00 AM-05:00 PM in Written Testimony Only
5/12/2022	House	Reporting date extended to Wednesday June 15, 2022, pending concurrence
5/16/2022	Senate	Senate concurred
6/21/2022	House	Bill reported favorably by committee and referred to the committee on <a href="#">House Steering, Policy and Scheduling</a>
7/25/2022	House	Committee reported that the matter be placed in the Orders of the Day for the next sitting for a second reading

# H4453 Home Rule Petition

An act authorizing the city of Salem to enact a condominium conversion ordinance for buildings containing two or more residential units.



# Survey

- Survey mailed to more than 8,000 households
- Directed to tenants and landlords in buildings with 8 or fewer units.
- Over 200 Survey Responses
- More than half of responses were from renters

# Ordinance Framework

**Purpose**

**Process**

**Notice of Intent**

**Waiting Period**

**Relocation Fee**

**Administration**



## Purpose

1. To decelerate the rate of conversion of naturally affordable rental housing stock into condominiums and cooperatives, especially in multifamily residential buildings.
2. To minimize residential displacement of renter households by strengthening tenant's rights during a condominium conversion.
3. To preserve the supply of housing and diversity of housing options, in response to demographic changes such as smaller and older households.
4. To provide a permitting pathway for the owner of an existing multifamily building to convert rental housing into condominium or cooperatives.

# Overview of Permitting Process

1. CCP: Conditional Conversion Permit
2. FCP: Final Conversion Permit



## Notice of Intent

Current and former tenants during previous 12 months



## CCP Application

Must be filed within one month of the Notice of Intent



## Conditional Permit

Waiting Period  
Right to purchase requirement  
**Relocation payments**



## Waiting Period



## Final Conversion Application

Waiting Period Expires OR  
Tenant Vacates OR  
Tenant Purchases the unit



## Final Conversion Permit

Waiting Period Expires OR  
Tenant Vacates OR  
Tenant Purchases the unit  
\* Proof of right to purchase  
\* Proof of relocation fees

# Administration

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State Law	Proposed
Silent on permitting	<p>Administrative Permit by Neighborhood Stability Coordinator</p> <ul style="list-style-type: none"><li>• If at any point a tenant or an owner believes the other has not complied with their obligations under the ordinance, they may request a hearing before the Condo Review Board.</li></ul>
Silent on permitting procedure	<ul style="list-style-type: none"><li>• 1- year notice for vacant units</li><li>• 2- year notice for occupied units</li><li>• Conditional permit</li><li>• Final conversion permit</li></ul>

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# Administration cont. (Condo Review Board)

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5 Members (all Salem residents)

*“Shall be familiar with the housing needs and issues of the City of Salem”*

2 HOMEOWNERS

2 RENTERS

**Of the five members:**

- At least one member must be in a protected class and
- At least one member must be on the Affordable Housing Trust Fund Board (*but not one of the elected officials*)



# Waiting Period

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## State Law

## Proposed

1 year prior to intent

2 years (for occupied units)

2 years for protected classes, up to 2 more if unable to find housing in same city/town

2 years for protected classes, up to 2-year extension if unable to find housing in Salem

Notices to the tenants must be translated into the tenant's primary language

# Relocation Fee

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**State Law**

Relocation payment: \$750 per tenant; \$1,000 for protected classes

**Proposed**

Relocation payment: \$5,000 per tenant, paid within 10 days of vacating

# Notice of Intent for Occupied Units

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Owner must provide a “Notice of Intent” to the tenants. The notice must include:

- The owner intends to convert the apartment into a condominium
- The tenant has two years from the date of the notice to vacate
- Contact information for the Neighborhood Stability Coordinator and NSC’s role in supporting tenants with housing stability resources
- The tenant has the right to purchase the unit
- If the tenant does not purchase the unit, the property owner will provide a relocation fee to the tenant.

No change may be made to the rental agreement except for a rent increase that does not exceed the percent increase by the CPI or 10% whichever is less.

# Notice of Intent for Vacant Units

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Owner must provide a “Notice of Intent” to the Neighborhood Stability Coordinator 1 year in advance.

The 1 year waiting period does not apply under the following circumstances:

- Where the unit had been previously owner occupied for the 12 months immediately preceding the unit becoming vacant; or
- Where the City or Designee purchases the vacant unit for the purpose of deed-restricting it for affordability; or
- Where the owner is selling the unit to a family member.



# Permit Review

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## Permit shall be granted where:

- All documentation required has been submitted and staff has made a determination that the notice has been provided as required in Sec. 6

## Permit may be denied where:

- Documentation is incomplete in any material respect;
- Owner has taken action to circumvent the state or local condominium law including but not limited to:
  - Unreasonable rent increases (CPI or 10% whichever is less)
  - Reduction or elimination of services
  - Termination of tenancy without cause
  - Imposition of new conditions on the tenancy

## Permit may be revoked where:

- Any document or statement was false

# Discussion & Next Steps

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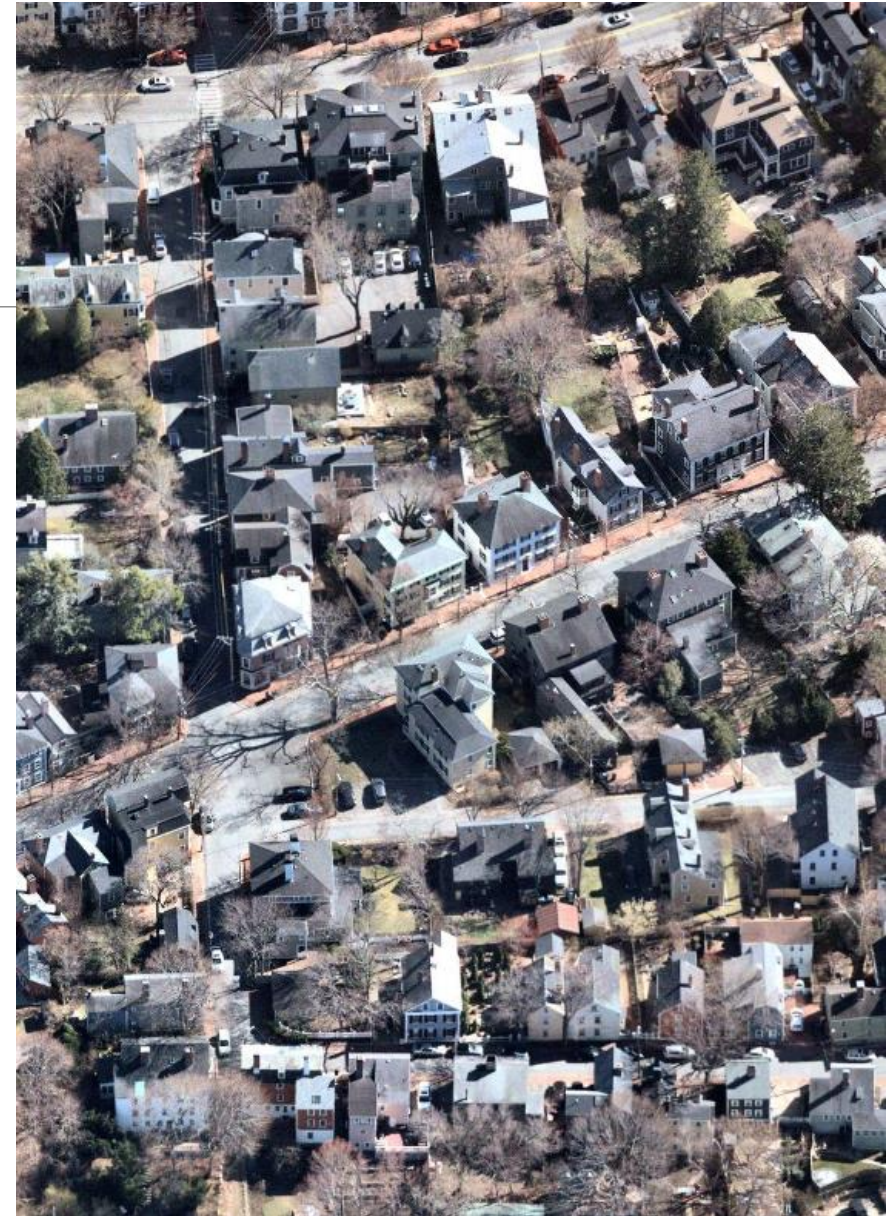
Staff is seeking comments from the committee and members of the public on the proposed framework

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Staff will bring the comments back to the AHTF Board for review and continue working on a draft ordinance

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An ordinance will be submitted to City Council after the enabling legislation is adopted





# Comments & Questions

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