



**CITY OF SOMERVILLE, MASSACHUSETTS**  
**MAYOR'S OFFICE OF STRATEGIC PLANNING & COMMUNITY DEVELOPMENT**  
**JOSEPH A. CURTATONE, MAYOR**

MICHAEL F. GLAVIN  
EXECUTIVE DIRECTOR

HOUSING DIVISION

Date: September 24, 2018

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**CONDOMINIUM REVIEW BOARD FY18 ANNUAL REPORT**

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As per Somerville Condominium Conversion Ordinance (SCCO) Section 7-75, this document serves as an annual report of the business of the Somerville Condominium Review Board for Fiscal Year 2018 (July 1, 2017-June 30, 2018).

**Board members and Organizational Structure**

As of June 2018, the Condominium Review Board had five members. Members include Board Chair Zachary Zasloff, Board Vice-Chair Daniel Maltzman, Victor Silva, Marlene Smithers, and William Medeiros. In May 2018, Board members Zasloff and Maltzman were submitted for reappointed by Mayor Joseph A. Curtatone to be approved by the Board of Aldermen.

**Condominium Conversion - Summary Information**

There are approximately 33,000 total housing units in the City. About 66% of all housing units are rental properties. There are approximately 5,359 total condominium units currently in Somerville according to data maintained by the City's Assessing Department. This totals approximately 16% of the total housing units in the City. In FY18, 122<sup>1</sup> rental units were removed from the rental market and converted to condominium units through the condo conversion process.

Approved applications converting a rental unit to a condominium unit receive a Removal Permit. Approved applications converting a unit that has never been rented (generally a unit that is/was owner-occupied) to a condominium unit will receive a Certificate of Exemption. Applications that have been reviewed by the Board, but are still pending final submission of documents will receive conditional approval in the form of a Certificate of Approval, conditioned on the completion of the application.

**Significant Developments**

The conversion of the former Millbrook Lofts rental property to condominium ownership marked a significant development, as it was the first property including Inclusionary units to be converted to

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<sup>1</sup> This total does not include Millbrook Loft conversions which are still in progress and will result in a total of 85 rental units being converted to condominiums upon completion; 46 Millbrook units were granted a Removal Permit in FY18. If the 46 converted units at Millbrook Lofts were to be included, the total units converted would be 168. When also taking into account conditional approval (54 units), the total rises to 222 units.

ownership. Millbrook Lofts was developed in 2016 through adaptive reuse of the former Millbrook Cold Storage facility on Medford Street. The facility's development created 100 rental units; 15 were designated as affordable in accordance with the Somerville Inclusionary Zoning Ordinance, with 5 of those being the City's first affordable housing units designated for artists.

In November 2017, the owners of Millbrook Lofts initiated the condominium conversion process for the entire building. This process involved multiple steps and appearances before the Condominium Review Board, as the first rental property including Inclusionary units to be considered for conversions to condos. CRB members considered efforts undertaken to ensure that the 15 affordable units remained as such, and that residents in the 85 market rate units were both aware of and able to exercise their rights as defined by the SCCO.

Under an approach developed through several months of discussions involving the owner, residents, and the City's Housing Division, the 15 Inclusionary units that were designated as affordable for those at 50% and 80% Area Median Income (AMI) will remain affordable to those tenants in perpetuity. Those tenants also will have the opportunity to purchase their units at affordable prices that are fixed for five years, to allow tenants time to determine if purchasing their unit is something they are able to do. The remaining 85 market rate units are in the process of being converted to condominiums on a unit-by-unit basis.

During FY18, 46 of the 85 total units were converted, with all 85 expected to receive a Removal Permit by November 2018. Condominium Review Board staff continue to monitor the process to ensure that required paperwork is completed accurately and signed by each tenant.

### **Related Policy Issues**

In response to Millbrook Lofts' conversion, Housing Division staff are working to memorialize the approach developed and implemented at Millbrook, in which affordability was maintained at the same income levels served at the time of initial development. Housing Division staff are working to amend current Inclusionary policy to ensure affordable units remain affordable any time this type of conversion might occur going forward.

In accordance with the 2018 Mayoral Housing Initiatives Mayor Joseph A. Curtatone announced in his inaugural address, the City is working to update the current SCCO in an effort to provide stronger tenant protections and mitigate displacement due to condominium conversion. The Administration has recommended updates to the existing conversion ordinance and a draft updated ordinance was transmitted for consideration by the Board of Aldermen for the first time on March 22<sup>nd</sup>, 2018. The review and update of the SCCO is an ongoing process that will continue into FY19.

### **Selected Data Patterns**

Between 2010 and 2017, 5.1% of the city's rental housing stock was lost to condominium conversion, with a total of 1,130 rental units converted during that time. This figure does not include owner-occupied units that have been converted to condos or conversions that took place in 2018, such as Millbrook Lofts. The chart below indicates the number of rental units converted to condominium units by calendar year.

Calendar Year	2010	2011	2012	2013	2014	2015	2016	2017
Rental Units Converted to Condo Units <sup>2</sup>	139	111	133	137	131	149	199	131

<sup>2</sup> These figures do not include Certificates of Approval for conditional permits granted upon completion of the application, or Certificates of Exemption where a unit was converted that was not previously a rental unit.

Of applications submitted in FY18, 92% were for properties that were either fully or partially vacant at the time of application submission. Such a vacancy rate, when compared to the overall rate in the City of roughly 2-4% for rental units, suggests that current ordinance language incentivizes owners to vacate units prior to sale – potentially displacing tenants who would have been otherwise protected under the ordinance. This is a major component being addressed through efforts to update the ordinance.

Lastly, there are an additional 54 vacant units that were granted a Certificate of Approval in FY18 that have not yet completed the permitting process. These units have already been removed from the rental market, and will be sold as condominiums once their applications are finalized. This brings the total number of rental units removed from the market in FY18 to 222, when conditionally approved units and units at Millbrook Lofts are taken into account. The map below shows where FY18 condo conversions took place across the City.

## FY18 Condominium Conversions

