# SENATE . . . . . No. 2234

Senate, April 26, 2012 – Substituted by amendment (Senator Clark) for the Senate Bill relative to the transfer of certain properties from the Melrose housing authority to the Melrose affordable housing corporation (Senate, No. 2004).

## The Commonwealth of Massachusetts

**In the Year Two Thousand Twelve**

An Act authorizing the conveyance of certain properties by the Melrose housing authority to fund improvements to low income family housing units owned by the Melrose housing authority and to increase the number of low and moderate income family housing units in the city of Melrose.

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

1 SECTION 1. For purposes of this act, the following terms shall have the following
2 meanings:-

3 "Authority", the Melrose housing authority established under chapter 121B of the
4 General Laws.

5 "Department", the department of housing and community development.

6 "Disposition properties", those 2 parcels located in the city of Melrose known and
7 numbered 165 Trenton Street and 499-501 Lebanon Street.

8 "Invested disposition proceeds", any of the net sale proceeds received by MAHC from a
9 sale of the disposition properties and subsequently invested by MAHC in the acquisition or
10 development of MAHC-owned low and moderate income housing in the city of Melrose.

11 “Low or moderate income housing”, any housing subsidized by the federal or state
12 government under any program to assist the construction of low or moderate income housing as
13 defined in the applicable federal or state statute, whether built or operated by any public agency
14 or any nonprofit or limited dividend organization.

15 “MAHC”, the Melrose Affordable Housing Corp., a non-profit corporation organized
16 under chapter 181 of the General Laws.

17 SECTION 2. Notwithstanding chapters 30B and 121B of the General Laws or any other
18 general or special law or any rule or regulation to the contrary, the authority may convey fee
19 ownership of the disposition properties to MAHC for $1.00 and such transfer of ownership shall
20 terminate any restrictions on use or transferability that may encumber any of the disposition
21 properties in any way because of the authority’s having been the record owner of the disposition
22 properties. Repayment to the commonwealth of outstanding state housing bond funds, the
23 proceeds of which were invested in the disposition properties, shall not be a condition of a
24 conveyance to MAHC or of a subsequent conveyance of either or both of the disposition
25 properties by MAHC so long as the net proceeds from the sales of the disposition properties are
26 used for the purposes described in section 3.

27 SECTION 3. (a) If the disposition properties are conveyed from the authority to MAHC
28 under section 2, MAHC shall actively market the disposition properties for sale and may convey
29 the disposition properties through 1 or more sales to any arms-length third party at a sale price to
30 be approved in writing by the authority; provided, however, that the first $379,763 of the net
31 proceeds or 50 per cent of net proceeds generated by such sale of the disposition properties,
32 whichever figure is greater, shall be remitted to the authority. The authority shall deposit the

33 remitted funds into an interest-bearing account separate from other state or federal program
34 accounts. The authority shall use such funds solely for the repair of its state-assisted chapter 705
35 low income family housing units under a capital improvement plan approved by the department.

36 (b) The net proceeds from any sales by MAHC of the disposition properties not remitted
37 to the authority shall be used by MAHC for the acquisition or development by MAHC of 1 or
38 more properties as low and moderate income housing to increase the number of low and
39 moderate housing units owned by MAHC within the city of Melrose; provided, however, that
40 MAHC may at any time remit all or a portion of the remaining net sale proceeds from the sale of
41 the disposition properties back to the authority and the authority shall utilize such additional
42 remitted proceeds in the manner described in subsection (a).

43 SECTION 4. (a) Any agreement to convey the disposition properties from the authority
44 to MAHC shall be in writing, incorporate the requirements of this act and be pre-approved by the
45 department to confirm compliance with this act.

46 (b) If MAHC uses any invested disposition proceeds to acquire or develop a property,
47 MAHC and the authority shall enter into a recorded affordability restriction which restricts the
48 use of such property solely for low and moderate income housing in perpetuity. The restriction
49 shall be on a form approved by the department to ensure compliance with this act, enforceable by
50 the authority for each such property and shall provide that if any of the units in such property
51 fails to be maintained for occupancy for low or moderate income families only, any of the
52 invested disposition proceeds used in relation to such property shall be repaid to the authority.

53 (c) The authority shall grant to any state or federally chartered bank, credit union or
54 lending agency holding a mortgage on any disposition property, in connection with a foreclosure

55 or deed-in-lieu of foreclosure of such mortgage, a release of the affordability restriction on such

56 property, conditional upon payment of the amount of invested disposition proceeds that MAHC

57 has invested in such property to the authority.

58 SECTION 5. This act shall take effect upon its passage.