



CITY OF SALEM, MASSACHUSETTS

Kimberley Driscoll
Mayor

May 12, 2022

Honorable Salem City Council
Salem City Hall
Salem, Massachusetts 01970

Ladies and Gentlemen of the City Council:

The enclosed Orders accept the necessary provisions of the Massachusetts General Laws to enable the City to collect a community impact fee (CIF) of 3.0% from two types of short-term residential rental properties:

- Professionally-Managed Units: one of two or more short-term rental units that are located in the same city or town, with the same operator so long as the unit is not in a dwelling that includes the operator's primary residence. Salem has seven such units.
- 2-family and 3-family dwellings that include the operator's primary residence. In Salem's Code these are referred to as "owner-adjacent units." Salem has approximately 80 such units.

According to state law the Council must vote separately on accepting the CIF law for each of these two types of short-term rental properties and on approving the 3.0% rate; therefore, three separate Council Orders are enclosed. Per MGL, 35% of the CIF revenues will be directed to a receipts reserved for appropriation account intended for affordable housing; this component of the law is intended to help mitigate the impact of lost long-term rental units on our overall housing portfolio. The remainder of CIF revenues are considered general fund revenues and will help offset increased costs to the City from community impacts associated with short-term residential rentals, including police, fire, and inspectors, visitor impacts and public amenities, and marketing information to encourage non-disruptive visitation.

I recommend adoption of the enclosed Orders and invite you to contact Assistant Solicitor Vickie Caldwell and Finance Director Anna Freedman should have any questions regarding them.

Sincerely,

Kimberley Driscoll
Mayor
City of Salem

ALM GL ch. 64G, § 3D

Current through Chapter 41 of the 2022 Legislative Session of the 192nd General Court

Annotated Laws of Massachusetts > PART I ADMINISTRATION OF THE GOVERNMENT (Chs. 1 - 182) > TITLE IX TAXATION (Chs. 58 - 65C) > TITLE IX TAXATION (Chs. 58 — 65C) > Chapter 64G Room Occupancy Excise (§§ 1 — 18)

§ 3D. Community Impact Fee.

- (a) A city or town that accepts section 3A may, by a separate vote and in the same manner of acceptance as set forth in said section 3A, impose a community impact fee of not more than 3 per cent of the total amount of rent upon each transfer of occupancy of a professionally managed unit that is located within that city or town.
- (b) A city or town that votes to impose a community impact fee under subsection (a) may, by a separate additional vote and in the same manner of acceptance as set forth in section 3A, also impose the community impact fee upon each transfer of occupancy of a short-term rental unit that is located within a two-family or three-family dwelling that includes the operator's primary residence.
- (c) An operator shall pay the community impact fees imposed under this section to the commissioner at the same time and in the same manner as the excise due to the commonwealth under section 3. All sums received by the commissioner under this section as excise, penalties or forfeitures, interest, costs of suit and fines shall, not less than quarterly, be distributed, credited and paid by the state treasurer upon certification of the commissioner to the city or town. A city or town shall dedicate not less than 35 per cent of the community impact fees collected under this section to affordable housing or local infrastructure projects.

History

2018, 337, § 6, effective March 28, 2019.

Annotated Laws of Massachusetts
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CITY OF SALEM

In City Council, May 12, 2022

Ordered:

Pursuant to Massachusetts General Law Chapter 64G, Section 3D which permits the imposition of a local community impact fee upon (a) each transfer of occupancy of a professionally managed unit located; and (b) upon each transfer of occupancy of a short-term rental unit within a two-family or three-family dwelling that includes the operator's primary residence, the City shall assess an impact fee of 3%, with 35 per cent of such fees collected dedicated to affordable housing or local infrastructure projects.



CITY OF SALEM

In City Council, May 12, 2022

Ordered:

The City of Salem hereby accepts Section 3D of Massachusetts General Laws, Chapter 64G, subsection (a) which will allow the City to impose a community impact fee of not more than 3 per cent of the total amount of rent upon each transfer of occupancy of a professionally managed unit located within the City, with 35 per cent of such fees collected dedicated to affordable housing or local infrastructure projects. A professionally managed unit is 1 of 2 or more short-term rental units that are located in the same city or town, operated by the same operator and are not located within a single-family, two-family or three-family dwelling that includes the operator's primary residence



CITY OF SALEM

In City Council, May 12, 2022

Ordered:

The City of Salem hereby accepts Section 3D of Massachusetts General Laws, Chapter 64G, subsection (b), which will allow the City to impose a community impact fee of not more than 3 per cent of the total amount of rent upon each transfer of occupancy of a short-term rental unit located within a two-family or three-family dwelling that includes the operator's primary residence, with 35 per cent of such fees collected dedicated to affordable housing or local infrastructure projects.