



Committee on Community Resources and the Northampton City Council

Committee Members:

Chair: Councilor Garrick Perry

Vice Chair: Councilor Marissa Elkins

Councilor Alex Jarrett

Councilor Rachel Maiore

Meeting Minutes

Date: April 25, 2022

Time: 5:30 p.m.

Virtual Meeting

The Community Resources Committee meeting was held by remote participation. The public was able to follow the committee's deliberations by joining the virtual meeting by phone or computer. The meeting was recorded for later broadcast and uploaded to the Northampton Government Video Archive on YouTube. Live public comment was available using telephone call-in or video conferencing technology.

"Jurisdiction. Matters affecting the community including economic development, local business, tourism, the environment, the arts, planning, zoning, sustainability, land use, housing and affordability, among others"

1. Meeting Called to Order and Roll Call: At 5:40 pm Councilor Perry called the meeting to order. Present at the meeting on a roll call were: Councilors Perry, Councilor Elkins, Councilor Jarrett, and Councilor Maiore.
2. Announcement re: Audio/Video Recording: Councilor Perry announced that the meeting was being audio and video recorded.
3. Councilor Perry moved the public forum forward. Participants were not given time limits.
 - a. Peter Whalen: Mr. Whalen suggested that the rental services provided by rental agents was an extremely valuable service to both landlords and tenants. The agent provides efficiency for the tenant because the tenant doesn't have to contact a number of different landlords when browsing several properties. For landlords, it takes a tremendous workload off their shoulders by not having to screen tenants or show properties.
 - b. Gordon Shaw: Mr. Shaw is the vice-chair of the Housing Partnership. In 2019 a report was published called "Unlocking Opportunities" which identified barriers to housing in Northampton. One of the findings included the number of tenants who identified the inability to pay finders fees in order to access Northampton's rental market. He notes that the landlord benefits from the services (screening of tenants, etc.) of the rental agency, but the tenant pays the fee. The legislation is about fairness—putting the fee where it belongs. He adds that the fee is an impediment to prospective tenants looking to relocate into Northampton using a Section 8 voucher.

- c. Robert (last name not specified): Lives in Northampton; was born and raised here. He has just received notice to vacate the property where he is currently living. He would love to stay in Northampton but the costs are outrageous. The broker fee is a barrier for him to find housing in Northampton. He makes too much money to qualify for a Section 8 voucher. He is frustrated that the costs are more than he can afford. The proposed legislation would be a wonderful first step to making Northampton more accessible.
- d. Kathy Wicks is a commissioner on the Human Rights Commission. She has been in the area since 1997 and lives in Florence. The Human Rights Commission (HRC) has chosen housing as a human right and is a prime focus of the commission's work this year. Broker's fees paid by tenants is a major barrier to accessing housing. The policy proposal is supported by HRC as a way to end the practice.
- e. Meghan Paik is also a HRC member, and the vice-chair of the Ordinance Review Committee in 2020. This legislation is one of the highest priority recommendations from the HRC. Personally, her family struggled to get fair housing while she was growing up. The combined wages for her family with four jobs was \$1,000 per month and \$400 was for rent. The remaining money was not enough for other necessities. She states that every new rental where a security deposit was required meant her family had to borrow money to meet the burden. She imagines that the additional broker fee would have made searches impossible. New immigrants also face additional costs, such as language classes. Many expenses are paid in cash due to lack of credit history. She notes that Northampton is not an attractive place for new immigrants largely because housing is unaffordable. She notes that the immigrant population is not representing themselves in this forum and appreciates the advocates that are present.
- f. Hannah Shaffer is a renter in Ward 5 and is a member of the Northampton Housing Partnership. At the time of the 2019 study mentioned by former speaker Gordon Shaw, ⅓ of the Northampton rentals were listed by a rental agency. The agencies require first, last and security deposit and an additional 60% of the first month's rent as a broker fee. Rent Noho provides a great service to landlords, such as providing background checks, taking photos, setting up the listing, and showing the apartment. The goal is to have the landlords pay for this service, not the tenants. A problem developed after the speaker moved into the apartment and went unanswered by the rental agency because the relationship to represent renters to the landlord ended once they moved in. Some of the pushback heard about the legislation is that housing prices will skyrocket once this legislation is in effect. The speaker would like to "call that out" as it is a retaliatory and fear mongering argument.
- g. Ace Tayloe is a member of Housing Partnership, but wants to speak in a role as landlord in Northampton. Broker fees are expenses can be written off, as are advertising fees. As a tenant, the speaker was unable to deduct tenant fees. If a landlord doesn't rent the apartment for a month, there is no risk of homelessness. As a tenant, if a place to live couldn't be found in a timely manner, there was the risk of becoming homeless. The burdens between landlords and tenants are disproportionate, as are the risks.
- h. Dan Kennedy moved to Northampton in 2018. The cost to do so was about \$4,100, to move into an \$1,150 a month apartment in Northampton, and a chunk of that was first last, the security and the broker fee. The reality is that you have to contact multiple brokers and end up paying multiple fees sometimes just to get access to look at an apartment. Sometimes the access is to just a list of apartments that you have to research yourself. Landlords get to choose if they use the service, but the tenant has to pay for it and that is a terrible relationship.
- i. Michael (last name not specified) echoed the comments that he has heard. He likes what others have suggested to make landlords pay for the services for which they are the

beneficiary. If Northampton wants to be a community that is welcoming to undergraduate and graduate students and celebrates the fact that there are five colleges in the area, then work must be done to remove barriers to entry in this community. It must be recognized that brokerage fees paid by tenants is one of the main obstacles. The speaker notes that his brokerage fee was \$930 which is roughly the amount of his biweekly paycheck. Rents are skyrocketing and the speaker is now seeing New York rent fees in this community. The fact that broker fees are falling to tenants is unacceptable and City Council can remove this barrier.

- j. Lemy Coffin is a renter in Northampton. Brokers fees paid by tenants hurts affordable housing overall. The speaker is discouraged from looking for a new place to live due to rising rents and the looming broker fees that might need to be paid. The fact that tenants don't want to move means that property management companies are less likely to make improvements to properties. The council should be looking at ways to help renters build equity and ways to invest tax payer money into affordable housing. The money pretty much goes to developers or landlords because that is the incentive structure that exists.
- k. Xtina (last name not specified) lives in Northampton and is in favor of eliminating broker fees paid by tenants. The service makes the landlord's life easier, but does nothing for renters. Basic questions asked to an agent go unanswered and it is absurd that the fee is paid by the tenant.
- l. Donna (last name not specified) is a rental agent out of Easthampton. Not all rental companies are created equal. The benefit to the tenant includes: helping landlords understand when rental fees are too high; tenant money is escrowed on the tenant's behalf which provides a layer of protection for their finances; forms are legal; help to educate landlords about legalities of rental fees. High rent prices are frustrating for everyone.
- m. Gwen Nabad of Northampton works with the Northampton Housing Partnership and lives in Northampton. The speaker supports the legislation and sees the fees benefiting landlords while it creates a barrier to tenants who wish to come to Northampton. There are labor shortages in the Pioneer Valley and people need to be attracted into Northampton to keep the community lively and diverse. The fees also impact older adults who are looking to downsize.
- n. Mark Hanson is a retired math teacher in Northampton, owns three apartments in the city, and spent most a lot of the adult period as a renter. The speaker notes that currently there are 59 apartments listed on Craig's List, 26 apartments on Realtor.com, 16 apartments on Zillow.com, and 8 on Apartments.com. The listings vary in fee amounts, running from as high as 75% of one-month's rent, but there are quite a few with \$0 fees. The speaker feels that this might be a solution in search of a problem. As a small landlord, Mr. Hanson figures what the cost of the unit is and any additional fees are moved forward to the tenant. If the broker fees need to be paid by landlords, rents will increase a very small amount. Small companies like Robinson Real Estate might be forced out of business. Mr. Hanson feels that all rental companies are not the same. If the city makes it too tough for landlords, small businesses will be impacted and the city might be perceived as unfriendly toward business.
- o. Theodore (last name not specified) noted that others have commented that the fee was collected whether or not a prospective renter gets an apartment, and this is not true. In his experience, the fee is collected up front, but if the application is rejected, then the deposit is returned. He also wondered what would happen if one tenant was approved by multiple landlords. Would a broker's fee need to be paid by multiple landlords? If this is the case, might a landlord pay a fee without getting a tenant? Theodore wondered if

this same legislation was also discussed in Boston, and he wondered if anyone knew whether that did happen. If so, why was it rejected?

- p. Brendan Bailey is the Chief Executive Officer for the Realtor Association of Pioneer Valley which covers realtor members in Hamden, Hampshire and in Franklin County. Mr. Bailey spoke in opposition to the proposed Home Rule petition. He notes that rental agencies can play a key role in combating discrimination in housing that cannot be overlooked, protecting valuable populations and increasing their access to fair housing. Real estate brokers are licensed by the state required by law to fill strict education and testing requirements, which include fair housing law. Neither renters nor home providers are regulated in this way, and they may not understand fair housing requirements. Additionally, if rental agencies were not participants in rental transactions, the home provider will be forced to assume this task that is typically covered by an agency. To cover these costs and pay for their time home providers would need to adjust rents charged to tenants which would not improve housing affordability. Because of the scope of services that brokers provide, it seems likely that many home providers will continue to use a broker if this ban passes, paying the fee directly and distributing the cost to the tenants lease term. In that case the ban will have only changed how and when the tenant pays. Notably, there's no set rate for rental fees; they are negotiable with each transaction. Both home providers and renters choose whether to use a rental agency and both may independently participate in the housing market if they prefer. By focusing attention on the most important issues surrounding housing affordability we are best poised to increase fair housing in Northampton and the region. Northampton is urged to expand the zoning changes adopted last year which allowed half units and two families by right on the condition that units be fossil free. Increasing the supply of homes in the community will positively affect affordability. Realtors are committed to advancing fair housing and increasing housing supply to meet the needs of people across all stages of life, supporting policies that advance the dream of home ownership for all. Mr. Bailey urges the committee to reject the legislation.
- q. Diana (last name not specified) is a realtor with Taylor Real Estate and is also a licensed certified teacher still actively teaching immigrants and refugees. At her agency, fees are collected at time of application, but are returned if a tenant is not approved. As a result of the pandemic, the process is changed whereby the fee is only collected if an applicant is approved. Additionally, there is a reduction in the amount that is collected. If \$3,000 was previously collected for first, last, & security, now \$2,600 is collected for first and last or first and security. People can't see what is done by the broker to protect the tenant. Landlords don't understand fair housing; the broker will help the landlord navigate this area to avoid a violation. Added fees for late payments is illegal and sometimes the landlord is not aware of this. The broker will also educate landlords about illegal egresses. The broker will perform background checks of prospective tenants. The speaker is concerned because landlords are already stating that they may not use a broker if they have to pay the broker fee. They may also forgo important background checks, or other services that might protect tenants. Tenants are desperate. They may accept some of these illegal arrangements because they need a place to live. Landlords have also said that they will continue to use a broker, but will increase the rent.
- r. Evan (last name not specified) has been a renter in Northampton for 15 years and he is voicing support for the legislation. He agrees that the education performed by brokers as described by the previous speaker is very important work. However, he disagrees that landlords should be educated by brokers who are paid by tenants. He questions why landlords don't pay for education themselves. He wonders why tenants should pay a fee to be sure that landlords are complying with the law. The speaker is concerned that the

burdens are being unfairly distributed for what is a service that could have direct value for landlords, but indirect value for tenants. The speaker states that when landlords say that they are going to pass the fee off to tenants, this is another example of power imbalance. Tenants don't have someone to pass the fee to. Asking the landlord to pay the broker fee is the beginning of addressing the power imbalance. There are laws about what kind of rent raising is allowed. It would be a better world if it was less profitable to rent properties. The speaker recalls that Lemy Coffin stated that rental fees are a barrier new people coming into the community, but also to people who are currently in the community but in a situation that they want to change. Because there is an up front fee for moving in that's above and beyond rent, it only incentivizes a tenant to stay put. It is more expensive to move which means that tenants will be stuck in bad situations. Landlords can benefit from this by letting their properties degrade knowing that the tenant is stuck. When looking for a place to live, renters have a list of things that they want, such as the ability to have a pet, or enough room for a family, or somewhere close to transportation. The quantity of rental places is reduced when applying these needs for an apartment. Whether the fee is applied or not, the apartment might be fenced off to prospective tenants, whether the fee is 20% or 60%. This is power flexing of a privileged situation when landlords know there aren't enough properties to meet the demand. Rents can go up, fees can be added, etc. It is for these reasons, Evan is supporting this measure.

- s. Regina Roy is representing the disabled low income population. It is difficult to come up with first, last, security fee, broker fee, application fee, and credit check fee. The homelessness situation is getting worse and people's financial capabilities have been destroyed as a result of the pandemic. People have lost their homes and became renters and the rental market has a high demand with small supply. It's very discouraging and depressing and very scary to be in a situation where you're a tenant, and you cannot come up with enough money to be able to move, not even counting moving costs. As a disabled person, Regina can't move her own furniture. She has a perfect rental record for over 25 years, but this doesn't matter if she does not have the money to move.
- t. Kathy Borowski is a real estate broker, landlord, and a Massachusetts state certified real estate appraiser. Putting the burden on landlords is absolutely going to cause rents to increase. Owning rental property is a business. It's not a hobby and people are in it to make a profit, regardless of whether people agree that that's right or not, that's why you own rental property. Rents may increase by 5% to cover the cost of the broker fee and this will likely continue through the life of the lease. A tenants who stays 10, 15 or 20 years is a great tenant, and most landlords are respectful of that. Most landlords would rather keep a good tenant than re-rent the property every year. There are plenty of properties out there that don't use a rental company. This should be a free market society and when the government dictates how businesses can charge their clients and how much, this is a slippery slope. If you don't like the way a particular business operates, then don't use that business. The speaker encourages people to shop around and is against the legislation.
- u. Rachel (last name not specified) is a longtime renter in Northampton. If you don't like a business, don't use it. There is a real disproportionate number of landlords using a particular broker and this is distorting the conversation. Rachel thanks Donna and Diana for what the broker can bring to landlords. Not all brokers are the same in providing similar services for those fees. She has heard dozens and dozens of stories over the years about brokers who are misleading about the properties that they're representing, or who only provide the most basic, most minimal service. There's a disconnect between who is offering what services, the quality of them, and then who was responsible for paying for it. There is a range of fees, from \$35 to run a background check up to \$600 or

\$700. Renters are trying to meet a basic human need for shelter while owners are actively building wealth and their financial security. There are examples of rent inflation that is totally unethical. Tenants cannot deduct the fees, but landlords can. The speaker would like to see a conversation where landlords gain a better understanding that fees don't need to be passed on to renters and the landlord can still own property, build wealth, have stability, and absorb the fee. In addition, she would like to see pressure applied to agencies and brokers who charge unreasonable fees.

- v. Patrick (last name not specified) supports addressing this issue. He believes that renting in Northampton is prohibitive. The speaker works in a professional academic setting and feels he should be able to live in Northampton. However, he had to move out last year, after eight years of living in Northampton, in part because he could not afford a \$600 fee tied to renting. Rent is prohibitive for people wanting to move into Northampton. Sometimes a tenant's rent is subsidized by parents or other agencies.
- w. Robert (last name not specified) stated that he used two rental agencies last week. He had to write a check for the application fee and broker's fee. He was not permitted to see the lease before applying for the apartment. So the process was to apply, be approved by the landlord, be on the hook for the broker fee, and then see the lease. As a suggestion, Robert would like the city of Northampton to implement a municipal rental registry where if you own a home or apartment that you want to rent out, then it needs to meet the minimum standards for safe and healthy housing defined by the state before you can even offer it as a rental.
- x. Rich Madowitz is the co-owner of Hampshire Property Management Group in Northampton. The business is a large property management company with a significant residential and commercial rental pool. He notes that the rental agent is not just showing the apartments. They're doing background checks. They're going to the current and previous landlord for references, they also do employment and income verifications. They run credit checks. They also address any credit issues and the interface between the prospective tenant and landlord. Landlords show multiple spaces. He believes that the perception that rental agencies are a windfall is a faulty perception. He wonders how many communities have adopted similar legislation. He feels that there is an anti-business flavor in Northampton. This is indicative of the business community feeling that the city council has gone off in a direction that is a little imbalanced, between a capitalist society and what seems to be more of a socialist agenda. Landlords with existing tenants are very gentle about rental increases with their current tenants. There are a lot of landlords that do not take full advantage of what the economic opportunities are, and are pretty gentle with existing tenants on rental rates. There are a lot of landlords with more heart than is being portrayed. Assuming that the legislation goes through, what will ultimately happen is that operating costs will change and landlords will pass that cost along not only to new tenants but to existing tenants.
- y. Lauren Rollins is a public policy professional who moved to Northampton in 2011, moved to Longmeadow, and recently returned to Northampton. She recently moved into a property that had a property management company. The property management company was outsourcing to a broker which resulted in having to go through two layers of approval. The broker was not the decision maker, making the process less efficient. If the tenant does not approve of the lease, they are still obligated to pay the broker fee. If the tenant disagrees with the lease, they are still obligated to pay the broker fee. She agrees that there is a value that the brokers provide; however, if a person was selling a house, the seller pays a percentage for selling the house. She does not see why it is a tenant protection to make sure that the landlord doesn't get sued. If landlords are lacking in education, they should pay for the service of being educated. If landlords pass on

these costs to tenants, then the rent prices will skyrocket and landlords will price themselves out of the market. That is the way a free market works. In Boston, the bill to shift the fee back to the landlord is still in committee in Boston. The reason why the bill was introduced in Boston is because NYC just did away with that legislation. Broker fees have been shifted back in NYC and the Boston initiative to do this is in response to this. They have until May 9th to get it out of committee.

- z. Sandy and Richard Jaescke noted that someone mentioned that one company in Northampton is conducting $\frac{2}{3}$ of the rental business. There are about 7,000 multi-units in Northampton. Rent Noho has done about 350 and this is the company used by them. A lawyer in Amherst works with Rent Noho and provides landlords with legal paperwork that landlords have to adhere to. Taxes and fees have gone up in Northampton every year, but the Jaescke's have only gone up on rent about \$25 every year or two. Landlords do lawns, maintenance, plowing, etc. They don't have the time to do credit checks and background checks because they have other jobs. They feel that the service that companies such as Rent Noho provides is essential. They also rely on the rental agency for advice. They don't want to see rental agencies go out of business because of this legislation. Mr. Jaescke feels that if this passes, a lot of mom and pop owners will be lost.
- aa. Jen Ramsey has been a renter in Hampshire County for 20 years. She has worked in Northampton as a public servant. On average, she has had to move every two years spending thousands of dollars on broker fees mostly because rental agencies have a monopoly on apartment listings. She keeps getting pushed away from Northampton because of the cost of living. She moved to Hampden County in 2020 because it was more affordable. Renters move for various reasons and it is unreasonable to assume that renters have first, last, security and broker's fees available to move. Not all renters are five-college students, but are working class people who need a place to live.
- bb. David Murphy has been a real estate broker in Northampton for 43 years. He is also a real estate appraiser and landlord. The first paragraph of the legislation refers to the study that was commissioned by Northampton. The study used data from the Springfield metropolitan area. This means that the data includes statistics from Hampshire County and Hampden County. Northampton & Amherst are very different from Holyoke, Springfield, etc, so the basis for the inferences don't work. He notes that on page 7 of the report, it states that the report was written using an equity lens, so the writers of the report already know this. The results of the report should not be used for decision making. Regarding the home rule petition, cities and towns can't change the rules helter skelter. The city needs to ask permission from the commonwealth to actually do this and with good reason. Rental agents spend the time with the tenants so that the landlords don't have to. The agents screen tenants so that they are deemed a good fit and aren't disruptive to other tenants. He wants someone who is financially qualified and will be a good fit. He feels that the agents do more work for the tenant because they package the tenant so that they look appealing to him as a landlord. Recently hospitals in the area have been offering sign-on bonuses of up to \$50,000. Mr. Murphy has taken a deal from Holyoke Hospital to help relocate nursing staff to the area. He has contacted a rental agent to filter as many applicants as possible so that he can review them over all at the same time. People come here and they want that service. This is about dollars and it is an expensive market. Northampton is an expensive place to live. Easthampton is less expensive than Northampton. Holyoke is less expensive than Easthampton. Northampton is not responsible for making everybody that wants to live here able to live here. Take the lumber yard project, for example. It cost over \$3,000,000 to build with 55 units in the building. It is not economically viable for a private land owner to do a project

on this scale. You need the private sector to provide housing. The existing system has worked for many years. If it didn't work, then the system would have changed, but this is not the case. Mr. Murphy feels that the agents do more work for the tenant than they do for him as a landlord. A rental agent doesn't get paid unless they succeed. If they don't place a tenant, then the tenant gets their money back. When fees get raised by, it is the renter that assumes that burden. Fees get passed along to them. If the fees that get passed along can't be afforded by the tenant, then the tenant is forced to move and the landlord is left with a vacant property. No one wants that; landlords want good tenants to stay indefinitely.

- cc. Lemy Coffin stated that it takes a lot for Northampton government to get involved. So if we are at the point where the government is intervening, then the market is no longer regulating itself. If the broker's fees and the landlords were as benevolent as they are being painted, then we wouldn't even be here. It is actually people like David Murphy and Rent Noho who are exploiting the market and creating the gap in the market. People are selling houses at exorbitant prices. In 2018 or 2019, it was terrifying to the speaker to get a new property management company because it went from a mom and pop organization to a more rental agency type business and tenants were worried the rents were going to increase. Also, landlords have been saying that it is really easy to pass the costs on to tenants. Ms. Coffin would rather pay the broker fee over the cost of the tenancy than to pay the fee upfront. The business of renting property is so lucrative. If you are a business owner, then you have to take on the risk, including costs and fees and the fact that the "customer" is taking on the costs of the business owners means that there is little risk for the business. As a renter, you have no economic power to make a change. That is why Ms. Coffin status where she is, because she has no economic power and doesn't want to assume the risk of taking on new costs. It is unaffordable to live in Northampton. There are real people who are building real wealth and power while there are people who are losing in this game. She is glad that the city council and the mayor are working together on this issue so that people like her can survive.
- dd. Joe Rydell has been renting in Northampton for the past 13 - 14 years and has lived in western Massachusetts since 2000. He is currently in the process of leaving Hampshire County for Franklin County because rents are so much cheaper there. He has never had to pay a rental fee, but he doesn't understand why tenants have to pay that fee because it benefits the landlord. They are the ones that can afford to pay for it. Those who have spoken out against having the landlords pay the agency fees seem to be living in really nice houses. The people who are speaking in favor of this stand to benefit from it. He doesn't want to leave Northampton, but he can't afford it anymore.
- ee. Joe Misterka is a four year rental agent with Rent noho.com. Both sides tonight make sense. On page 2 of the study, it seems that there is information on what the city could do better. Things like job opportunities in Northampton, zoning for more multi-family units, and vacant properties that can be used for mixed use, including affordable or market rate housing and commercial or small industry. He does not see a vision for sustainable housing in Northampton. What is affordable housing in Northampton? Mr. Misterka works with people from overseas or out west. He feels that the services provided by the agency are for the tenant, not the landlord. Tenants go to someone like him because he knows the area very well so he can provide more insight than a landlord could. Switching the fees to landlords will make it more difficult, and Mr. Misterka states that Northampton needs to sit down with a whole group and have a better vision for housing going forward before they start going after small businesses.
- ff. Hannah (last name not specified) wanted to respond to David Murphy and Joe Misterka who cited the study. As a member of the Northampton Housing Partnership, the study

was paid for by the Pioneer Valley Planning Commission and was a collaborative effort with Housing Partnership. She notes that Northampton is part of the Springfield metropolitan area. In the future there are plans to separate Northampton into its own small market area because the rents are so high in Northampton. This means that the rents depicted in Northampton area are actually driven down because they are included in with the Springfield metropolitan area.

- gg. David Murphy thanked Hannah for making the case for him. He notes that there is a desire to separate Northampton and Amherst from the Springfield Metropolitan area, just as he had stated before. There are more underserved people in Hampden county and when you separate out those areas from the data, the number of underserved people in Northampton and Amherst will go down. The basic rents will go up, but the number of underserved people is going to go down.
4. At 7:30 pm Councilor Perry closed the public forum and the committee took a five minute recess.
 5. The Committee then took up the legislation concerning broker's fees and Councilor Jarrett gave a summary about the legislation.

Back when Councilor Jarrett was on the Housing Partnership, the Pioneer Valley Planning Commission was creating the report that was discussed earlier. There were many barriers that were assessed as reasons why people could not afford rents in Northampton. The cost of housing is a major concern and the upfront cost of first, last, security and agency fees of up to 75% is also a major factor. This is a home rule petition because the city does not have the legal ability to enact this. The legislature needs to give permission to allow this. The special committee for the review of ordinances considered this as well, and asked that this legislation move forward. There is an amendment to consider. The purpose of the legislation is to not require the tenant to pay the broker fee, and not to prevent a broker from working with a prospective tenant. The purpose is also not to exclude a tenant from on their own from hiring a broker to help them find a place to live. But if the broker is working on behalf of the landlord, then this legislation would not require a prospective tenant to pay a broker's fee.

Councilor Maiore notes that there are other communities that are working to add home rule petitions to address this issue. This is to open up the barriers to housing in Northampton. Councilor Maiore thanked everyone who spoke out with their own story tonight and their perspectives were valid. The goal is to prevent economic and racial discrimination. She appreciates that work that is done by rental agents by educating landlords, but she points out that the purpose of the legislation to prevent inequities in housing.

Councilor Jarrett moved a positive recommendation back to City Council. Councilor Elkins seconded the motion.

Discussion:

Councilor Elkins was very persuaded that this is a great service for landlords. She notes that there is nothing in the legislation that will make the broker agencies' existence illegal. She wondered if councilors had heard that landlords would no longer hire brokers as a result of the legislation.

Councilor Jarrett stated that he has heard that the service is valuable to the landlords and that they would continue to use it. In most of the country, it is the property owner who pays the fee. There are only a few markets where the tenant is charged. The legislation is a model that can work for brokers with the landlord paying the fee. There is no incentive to reduce the fees under the current system, but if the landlords are paying, then the brokers will need to compete to provide a better service with lower fees. In terms of a free market system, having the landlord pay could force the broker to charge a lower fee. Regarding revised language, Councilor Jarrett would need to clarify with the city solicitor before moving to

amend the language. The order will be going to Legislative Matters next, so he will pursue this with Attorney Seewald prior to their next meeting.

Councilor Elkins states that it would be helpful to understand how, when a tenant is willing to pay fees, this works in other cities. It would be great to have examples of how this is done.

Councilor Maiore states that she is not anti-business, but is interested in helping folks to stay in the city and she feels this would be good for the economy.

Councilor Perry states that it is already hard for lower income people to move into the city. There has been an influx of people who have relocated from places like New York who have money to spend on broker fees to get better services than someone who won't be paying the fee as a result of the legislation. Councilor Maiore had the same concern that there shouldn't be a two-tiered system as a result of this process.

Councilor Jarrett stated that with regard to the unlocking opportunity report, the PVPC produced this report and he is confident in their ability to separate out statistics for Northampton. He notes that there was a very good turn out about this proposed legislation. No one has proposed a solution to this barrier to entry problem other than switching the broker fee cost to the landlord. Rents can only be raised as much as the market will bear. Property values and rental fees have increased much faster than wages and inflation, so this has been an excellent investment, but has caused difficulty for lower and moderate income renters. For investors who have been involved in this market for a number of years, their equity has increased tremendously. It is not intended to create an excessive burden on property owners, but property owners have benefited from the market. This legislation seems to be an appropriate step to find a balance. He notes that this is not the only action that will be taken. A number of zoning changes have been introduced to allow more multi-family and/or smaller units throughout the city. New legislation recently passed will encourage more residential units in downtown Northampton and Florence center. He feels that this is a pro-business approach to expand the market of rental units.

Councilor Elkins notes that it takes time to add to the housing supply. The changes will be incremental, and this is one measure to stabilize the rental market and to keep rents from skyrocketing. The suggestion that some people don't deserve to live here is offensive and to accept that we shouldn't try to make changes is a lot to suggest.

Councilor Maiore notes that when referring to people who can't afford to live here, we aren't just talking about lower income or underserved. We heard from people who might otherwise stay in Northampton if it weren't for this one thing.

Mayor Sciarra notes that this is meant to help remove a barrier for those for which this one additional fee prevents someone from gaining housing. The goal is to remove the barrier. She wants everyone to live in Northampton if this is the place that they want to live.

Councilor Perry is very proud about how proactive Northampton is trying to be about this issue. The issue of barriers is not going to be solved by one thing. We want more diverse business and people in our community and we have to use all the tools available to us to make this happen. He notes that as a renter, he has been treated well by his landlord. As a server, having someone live outside of the area they serve because they cannot afford it seems wrong and this change could go a long way to relieve the stress and burden. He recalled that Peter Whalen asked whether the fee could be split between tenant and landlord. This might be worthwhile taking a look at as well, because the benefit of the service provided seems to be on both sides.

Councilor Maiore notes that the home rule petition process is lengthy and there is plenty of time to consider other measures.

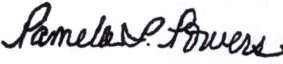
Councilor Jarrett notes that Senator Comerford and Representative Sabadosa are both very supportive of this legislation and are excited to move forward with the home rule petition. Regarding those with section 8 / housing vouchers, those folks will not pay a brokers fee. People on disability are prohibited from saving up money to pay for something like this because then they would have too much money to qualify for disability payments. Those folks often face discrimination because they are precluded from gaining housing when a broker fee must be paid in order to do so.

Regarding the amendment, Councilor Jarrett stated that in the 3rd Whereas paragraph, there is a scrivener's error where there is an extra "the". In section 2 of the Act, it would read, "no land owner, landlord, lessor or sub lessor shall demand or require that a tenant or prospective tenant retain, hire, or engage a rental agent or broker and pay such agent or broker a fee or commission as a condition to applying for leasing a residential unit in the city of Northampton." He notes that this just clarifies that brokers can work with tenants, the tenant just don't have to pay. Councilor Elkins seconded the motion. The motion to amend was approved on a roll call vote of 4 Yes, (Perry, Elkins, Maiore, Jarrett), 0 No.

The motion to recommend a positive recommendation back to City Council as amended was approved on a roll call vote of 4 Yes (Perry, Elkins, Maiore, Jarrett), 0 No.

Councilor Jarrett noted that the legislation will next go to Legislative Matters on Monday, May 9th @ 5:30 pm. If the committee moves the legislation forward, it will be back to City Council for consideration on Thursday, May 19th.

At 8:10 Councilor Elkins moved to adjourn the meeting; Councilor Jarrett seconded the motion. The motion was approved on a roll call vote of 4 Yes (Perry, Elkins, Maiore, Jarrett), 0 No.

Attest: 
Pamela L. Powers, City Clerk