To the Honorable Senate and House of Representatives:

Pursuant to Part the Second, Chapter I, Section I, Article II of the Constitution of the Commonwealth, I am returning unsigned House Bill No. 1224, “An Act Relative To The Articles and Bylaws Of Cooperative Housing Corporations.”

This legislation amends G.L. c. 157B to limit the standards for eligibility to become a stockholder in a cooperative housing corporation (“coop”) to reasonably relate to: financial criteria, a documented community of interest or affordable housing standards. Absent this legislation, coops organized under chapter 175B determine their own eligibility standards so long as they comply with fair housing and anti-discrimination law. As I noted in my December 20, 2007, amendment message, I fully support the bill’s overall purpose to deter unfair discrimination in housing, and efforts to limit coops from arbitrarily denying persons from purchasing stock or leasing a housing unit in a coop.

The bill addresses, in part, the concerns I raised in my amendment letter. However, the amended version of the bill creates a significant problem. The bill expands upon my proposed amendment to protect the ability of elderly living communities to continue to form coops, by allowing generally, the formation of community of interest coops.
The bill defines a community of interest as a coop organized under the General Laws, other than a limited equity housing coop, for the purpose of providing housing for a communal purpose.

Moreover, the bill provides that a coop formed based on eligibility requirements of financial criteria or affordable housing may only use those respective criteria. Put differently, the bill makes each type of coop (financial eligibility, community of interest, affordable housing) mutually exclusive, and it prohibits the formation of any coop that uses a combination of them.

Unfortunately, by expressly excluding limited equity coops from the definition of community of interest and prohibiting coops from relying upon more than one set of the permitted criteria identified in the bill, the bill overlooks the fact that most elderly coops (and other community of interest coops such as artists coops) are also limited equity coops. Accordingly, the bill would prohibit elderly living communities—and other communities of interest—that are limited equity coops from forming. Limited equity coops are the form most often used in cooperative housing to promote and preserve affordability. I am concerned that this bill undermines the efforts of my Administration to enhance affordable housing options and protect vulnerable populations, such as the elderly, from the housing crisis.

For these reasons, I return House Bill No. 1224 unsigned.

Respectfully submitted,

DEVAL L. PATRICK,
Governor

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