

Recent Cases

Local Taxes

Unquity House Corp. v. Milton Assessors,
ATB 2021-22 (February 16, 2021)

- **Unquity House is a non-profit corporation recognized by the IRS as an exempt entity under 26 U.S.C. § 501(c)(3)**
- **Taxpayer owns a single residential building consisting of 40 260 sq. ft. studio apartments and 99 400 sq. ft. one-bedroom apartments, and multiple common areas including a library, lobby, dining area, communal sitting room, laundry, hair salon, resident-operated convenience store, café and commercial kitchen**
- **Taxpayer claimed exemption under G.L. c. 59, § 5, Clause Third and filed a Form 3ABC and Form PC**

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- **During fiscal year 2019, taxpayer operated a Rental Assistance Demonstration (“RAD”) under the US Dept of Housing and Urban Development (“HUD”)**
- **Eligible residents required to be over 62 years old and have an income no more than 50% of Average Median Income for the area. The ceiling in FY 19 was \$42,000 for one person and \$47,400 for two people**
- **HUD and others supplemented below-market rents. In 2016, taxpayer received \$867,866 in rental income and \$1,158,297 in rental subsidies from HUD and municipal housing authorities**

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- **A security deposit is required and rent can be changed at any time for certain reasons, *inter alia*:**
 - **Change in Lessor's Rent Schedule**
 - **Change in HUD allowances for utilities or services**
 - **Change in income, number of residents or other factors change**
 - **Changes are required by recertification or subsidy termination procedures**
 - **Section 8 housing assistance contract is terminated**
 - **Residents' failure to provide required information**

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- **Termination of tenancy provided for material non-compliance with the lease, including one substantial or multiple minor violations of the lease, failure to supply timely required information, non-payment of rent, or lessee's refusal to accept changes to the lease if the HUD subsidy ends**
- **Services provided to tenants at the subject property included daily social or educational activities, food programs, and subsidized transportation**
- **All residents have emergency alert cords such that the live-in maintenance worker is immediately dispatched to unit in an emergency**

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- **South Shore Elder Services evaluated resident needs and, if appropriate, provided responsive services**
- **Greater Boston Food Bank supplied provisions distributed to residents. Hebrew Senior Life provided some nursing services as a part of a grant**
- **Lease authorizes the lessor's access to units without advance consent only in cases of emergency**

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- Taxpayer failed to show that its dominant mission was traditionally charitable, or that it provided community benefits to the Town of Milton
- The provision of moderately priced housing to low-income persons was held not to be a charitable endeavor in *Charlesbank Homes v. Boston*
- Charitable services were largely rendered by third parties

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- Taxpayer failed to detail or substantiate charitable services provided to residents beyond those inherent in the relationship of landlord to tenant
- Taxpayer failed to prove its presence in residents' units to perform charitable activities
- Exemption claim denied