

Local Option Transfer Fee Legislation to Fund Affordable Housing

From Greater Boston to the Cape and Islands to the Pioneer Valley, cities and towns are grappling with the adverse effects of escalating home prices on their communities' economy, workforce, quality of life, and social identity. In many cities and towns, longtime local residents are being displaced by wealthy buyers or speculators often purchasing their second or third home or investment property. Housing demand in many communities across Massachusetts simply far outstrips supply.

The state has taken meaningful action to fund housing efforts but more action is undeniably needed. Empowering cities and towns to address this crisis locally is a critical next step. Transfer fees have proven to be an incredibly effective, efficient and equitable tool for raising the necessary revenue to communities.

Compromise legislation: The sponsors of enabling legislation including H.2457 (Rep. Fernandes); H.1769 (Rep. Connolly) and H.2552 (Rep. Malia and Sen. Comerford) and filers of local home rule petitions (Representatives Peake, Barber, Gouveia, Vitolo, Provost) have come together to draft new transfer legislation which would do the following:

- Authorize municipalities to charge a fee of between 0.5% and 2% for real estate transactions above statewide median sale price for single family homes (currently \$430,000)
- Authorize a municipality to charge a higher fee, up to 6%, for speculative real estate transfers that (a) exceed three times the Massachusetts statewide median sale price for single family homes; (b) involve the re-sale of a property within twelve months of a prior sale for purposes of speculative gain (i.e., excluding sales by owners who need to relocate for work or family, or to liquidate assets to address urgent needs)
- All funds raised by a municipality's transfer fee would pay for affordable housing in that municipality

Real estate transfer fees are a widely used revenue generating vehicle. According to a 2018 update by the National Council of State Legislatures, real estate transfer fees were assessed in 37 states (statewide, by counties, and/or by jurisdictions) and the District of Columbia.

The growing list of supporters of our proposed transfer fee enabling legislation includes:

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| ✓ Boston Tenants Coalition | ✓ Massachusetts Affordable Housing Alliance |
| ✓ Cambridge Residents Alliance | ✓ Massachusetts Association of Community Development Corporations (MACDC) |
| ✓ Chinese Progressive Association | ✓ Massachusetts Homeless Coalition |
| ✓ Citizens' Housing and Planning Association | ✓ Massachusetts Law Reform Institute |
| ✓ City Life Vida Urbana | ✓ Massachusetts Senior Action Cambridge/Somerville Chapter |
| ✓ Community Action Agency of Somerville | ✓ Massachusetts Alliance of HUD tenants |
| ✓ Concord Housing Foundation | ✓ Mayor Joseph Curtatone/City of Somerville |
| ✓ Equitable Arlington | ✓ Metropolitan Area Planning Council |
| ✓ Franklin County Continuing the Political Revolution | ✓ Our Revolution Somerville |
| ✓ Fresh Pond Residents Alliance | ✓ Planning Office for Urban Affairs |
| ✓ Green Cambridge | ✓ Progressive Massachusetts |
| ✓ Heading Home | ✓ Right to the City Boston |
| ✓ Homeowners Rehab Inc. of Cambridge | ✓ Somerville Community Corporation |
| ✓ HomeStart | ✓ Somerville Community Land Trust Working Group |
| ✓ Housing Corporation of Arlington | ✓ Somerville Homeless Coalition |
| ✓ Housing Families | ✓ Western Mass. Network to End Homelessness |
| ✓ Institute for Policy Studies | |
| ✓ Just-A-Start | |
| ✓ Lynn United for Change | |