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:

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