

LOCAL OPTION TRANSFER FEE FOR AFFORDABLE HOUSING

An Act enabling a local option for a real estate transfer fee to fund affordable housing
(H.3056 / S.1937)

Rep. Connolly, Rep. Gentile, Sen. Comerford

ABOUT THE BILL

From Greater Boston to the Cape and Islands to the Pioneer Valley, **affordable housing should be an option for everyone.**

Wealthy out-of-staters and investment groups are buying the available housing stock. Residents are being priced out of their homes and communities, and cities and towns are grappling with the adverse effects of escalating home prices on their communities' economy, workforce, quality of life, and social identity.

Together, we can give communities an **effective, efficient and equitable** tool for raising necessary revenue for affordable housing without hurting the real estate market.

A local option transfer fee would give communities the **option** to collect a **small, one-time fee on high-end real estate sales to support affordable housing.**



FLEXIBLE, LOCAL OPTION POLICY

Simply allows cities and towns to enact, if they choose, and customize a transfer fee that fits their communities needs.



SUPPORTS AFFORDABLE HOUSING

Studies show that a small real estate transfer fee would generate millions of dollars each year for local affordable housing programs.



ONLY APPLIES TO HIGH- END REAL ESTATE

The fee only applies to transactions over \$1,000,000 or the county median sale price, whichever is lower.



MA SUPPORTS A TRANSFER FEE

19 municipalities have already passed local home rule petitions, each of which now requires approval by the State House. Other municipalities are actively considering such policies.

LEARN MORE

For more information, contact:
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SCAN HERE

For more information on the bill and ways to support.

ABOUT LOHA

The Local Option for Housing Affordability Coalition (LOHA) is a diverse coalition of more than 100 organizations, housing and planning agencies, and municipalities from the Cape and Islands to Greater Boston and the Berkshires that support a local option transfer fee on high end real estate sales to fund affordable housing.

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BILL DETAILS



ABOUT THE FEE

HD.1112 / SD.1216 authorizes municipalities to set a transfer fee (0.5% and 2%) on real estate transactions above \$1,000,000 or the county median sale price for a single family home, whichever is lower. Municipalities can also decide who pays the fee, the amount of the purchase price that the fee applies to, and establish different fee amounts for different types of properties.

HOW THE FEE SUPPORTS AFFORDABLE HOUSING

Building more housing, particularly affordable housing, is expensive, and municipal revenue sources for affordable housing have not kept pace with growing costs. Without more public support, affordable housing will not be built at the rate we need. All funds raised by a local transfer fee would be deposited to a city or town's municipal affordable housing trust fund, or regional affordable housing commission and are **dedicated to affordable housing production and preservation**.

WHO WILL BE IMPACTED BY A TRANSFER FEE

If all 351 Massachusetts cities and towns enacted a transfer fee in 2022, less than 6,000 individuals would have paid a fee. Since this is a local option bill, that number would have been lower in reality.

This bill is focused on **high-end real estate transactions**, meaning people with lower incomes will not be impacted by this fee. No median-income household in MA, regardless of race, can afford to buy a \$1 M home without saving more than twice their annual income, then spending more than eighty percent of that same annual income for 30 years.

HOW A TRANSFER FEE WILL EFFECT HOUSING COSTS

Evidence suggests impacts are muted, but that transfer fees marginally **reduce the price of homes subject to the fee**. While some claim that transfer fees will inflate housing prices, numerous studies suggest fees have the opposite impact, lowering the sale price by roughly the amount of the fee on transactions where one would apply.

LOCAL FLEXIBILITY AND EXEMPTIONS

Each municipality seeking to adopt a transfer fee must first engage in a local process to determine if a transfer fee is right for their municipality. Some exemptions are mandated, including on properties sold for less than \$1,000,000 or county median sale price, but cities and towns can **tailor additional exemptions, terms and conditions to meet the unique needs of their community**.