



**Testimony submitted to the Joint Committee on Revenue
In Support of H2747/S1771 An Act Granting a Local Option
for a Real Estate Transfer Fee to Fund Affordable Housing
By Lucy Kennedy, LWVMA Affordable Housing Specialist
October 11, 2023**

The League of Women Voters of Massachusetts supports H2747/S1771, An Act granting a local option for a real estate transfer fee to fund affordable housing.

Affordable housing is an urgent crisis across the Commonwealth. Most cities towns in the Commonwealth are looking for new ways to finance affordable housing. The challenge of providing affordable housing is particularly acute in markets where second homeowners and vacationers have led to a concentration of high-priced homes. Communities that attract vacationers, especially the Berkshires, Cape Cod and the Islands, have been hard hit by escalating real estate prices and have trouble housing seasonal workers that are essential to the economy. A similar situation is now affecting farmers who need to hire seasonal agricultural workers.

Studies in Boston and other cities have projected millions of dollars that could be targeted to affordable housing from transfer taxes each year.¹ In Somerville a 1% tax would have netted \$6.6 to 9.1 million a year.²³ Another study of eight smaller Mass. communities concluded that they could have collected over \$18 million over five years.

H2747/S1771 lays out processes and timing for handling transfers and sets ranges for fees and other conditions such that Commonwealth wide affordable housing goals can be advanced while communities retain flexibility. Examples of flexibility within a range include options for cities and towns to set the transfer tax level from 0.5% to 2% of the sales price, determine whether seller or purchaser pay the tax. The legislation also standardizes exemptions such as a floor relative to median county home selling price on the price at which the tax will take effect and on transfers within a family such as inheritance or divorce settlement.

The League believes that state and local governments should assist by establishing effective agencies to aid, promote, coordinate, and supplement the housing programs of the federal government and the private sector. Government at all levels must make available sufficient funds for housing-assistance programs.

¹ Fishkind, Hank, Economic Impact of a Real Estate Transfer Tax for the City of Boston, PFM Group Consulting, October, 2019.

²² RKG Associates, Real Property Transfer Fee Impact Analysis, October 2017.

³ Collins, Chuck & Ocampo, Omar, Money on the Table: Beacon Hill Inaction Stalls Affordable Housing Resources for Cities and Towns, Institute for Policy Studies, July 2020.

Towns with home rule petitions to support a real estate transfer fee include Amherst, Aquinnah, Arlington, Boston, Brookline, Cambridge, Chatham, Chilmark, Concord, Edgartown, Nantucket, Oak Bluffs, Provincetown, Somerville, Tisbury, Truro, Wellfleet, and West Tisbury.

The number of towns that seek approval to use this source of funding for affordable housing continues to grow and legislative guidelines are badly needed. H2747/S1771 delivers this much needed guidance.

The Massachusetts League is made up of 44 local Leagues from the Berkshires to Cape Cod. We urge the Joint Committee on Revenue to report this bill favorably out of committee and guide its passage during this 193rd session.