

Help Massachusetts Cities and Towns Address Their Affordable Housing Crises

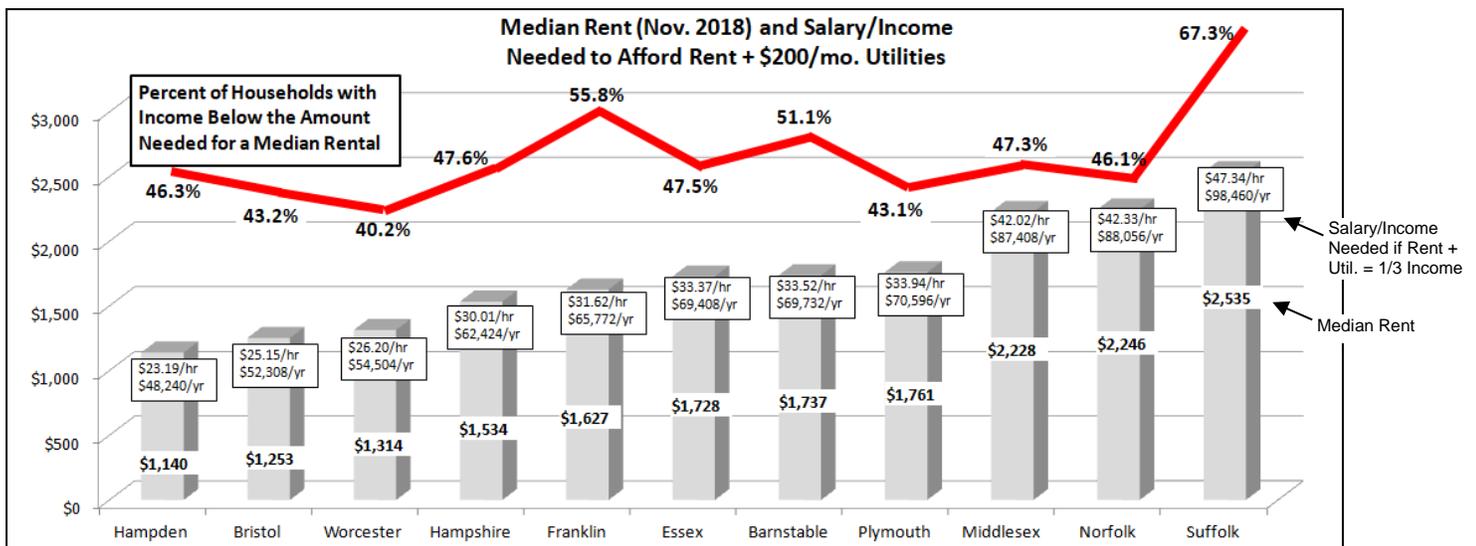
Please support Transfer Fee Enabling Legislation sponsored by Rep. Mike Connolly (HD-414) and Sen. Joseph Boncore (SD-334)

→ → → Legislators: Please sign on as a Co-Sponsor ← ← ←

THE PROBLEM

Massachusetts has an affordable housing crisis and municipalities need new tools to address this crisis. Throughout the Commonwealth more and more municipalities are identifying the costs of housing and displacement of long term residents as one of their most critical problems. Ongoing population shifts and economic trends have put more and more upward pressure on rents and home prices. Skyrocketing housing prices contributed to Massachusetts experiencing the second largest increase in homeless population in the nation between 2017-2018.

Part of the problem could be solved by building more housing. **But building more housing will only help low and moderate income households if that housing is affordable to those households** -- which increasingly isn't the case, unless development costs are subsidized. With the federal government pretty much out of the picture when it comes to new affordable housing, **there just isn't enough subsidy money to meet the need for affordable housing**, even with state resources that will be generated by the recent housing bond bill, and with other available funding sources. **Municipalities facing unprecedented levels of displacement of low and moderate income residents -- even moderate income working families whose incomes used to be adequate to cover their costs -- need new sources of funding to help preserve the affordability of their communities.**



Sources: (1) Rental Values: Data from ZRI Time Series Multi-Family <https://www.zillow.com/research/data/> (Retrieved 1/10/2019). Zillow suggests the \$200/mo. utility bill estimate. **Note:** Zillow does not provide summary data for **Berkshire, Dukes, or Nantucket** Counties. (2) **Income Data:** 2013-2017 American Community Survey (U.S. Census) 5-Year Estimates Selected Economic Characteristics https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_17_5YR_DP03&src=pt

As illustrated in the above chart, in most parts of the state, families need an annual income in excess of \$60,000 to afford* a median rent apartment. In Metro Boston and Middlesex and Norfolk Counties, families need close to \$90,000 for a median rental. While rents tend to cluster around the median, a high percentage of families with below-median incomes have substantially lower incomes that can't even begin to cover their housing costs, let alone other essentials. More than 25% of Massachusetts households have incomes under \$35,000. **For these families and an increasing number of moderate income working families, market rents are out of reach; a rent increase or landlord's decision not to renew their lease puts such households at serious risk of displacement from their community.**

*A standard assumption is that rent plus utilities should be less than 1/3 of income, to ensure housing affordability for low/middle income households.

ONE IMPORTANT SOLUTION

A local option transfer fee could help cities and towns build a new supply of affordable housing. HD-414 and SD-334 authorize cities and towns to enact legislation to assess a fee of between 0.5 and 2 percent of the purchase price on residential and commercial real estate transactions. Each city and town would set the actual rate and determine the type of transactions which would be included or exempted (e.g., residential vs. commercial, transactions involving owner occupants vs. investors, transactions involving low income seniors or persons with disabilities, etc.), and whether the fee was paid by the buyer or seller. **The fee would be paid to the jurisdiction's properly constituted Affordable Housing Trust Fund, and funds could only be used to address housing affordability** in accordance with the rules and guidelines governing the Trust Fund.

Real estate transfer fees are a widely used revenue generating vehicle. As of 2017, real estate transfer fees were assessed by 38 states, numerous counties and jurisdictions, and the District of Columbia. (See <http://www.ncsl.org/research/fiscal-policy/real-estate-transfer-taxes.aspx>.)

The growing list of supporters of this legislation includes

- ✓ Boston Tenants Coalition
- ✓ Cambridge Residents Alliance
- ✓ Chinese Progressive Association
- ✓ Community Action Agency of Somerville
- ✓ Fresh Pond Residents Alliance
- ✓ Green Cambridge
- ✓ Heading Home
- ✓ HomeStart
- ✓ Housing Corporation of Arlington
- ✓ Housing Families
- ✓ Just A Start
- ✓ Lynn United for Change
- ✓ Massachusetts Association of Community Development Corporations (MACDC)
- ✓ Massachusetts Coalition for the Homeless
- ✓ Massachusetts Law Reform Institute
- ✓ Mayor Joseph Curtatone/City of Somerville
- ✓ Our Revolution Somerville
- ✓ Progressive Massachusetts
- ✓ Somerville Community Corporation
- ✓ Somerville Community Land Trust Working Group
- ✓ Somerville Homeless Coalition

More Information:

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- Senate Contact: Juan Jaramillo (617-722-1634 or Juan.Jaramillo@masenate.gov)

To list your organization as a supporter of this legislation or for additional information:

- Somerville Office of Housing Stability: Ellen Shachter (617-625-6600 x2580 or eshachter@somervillema.gov)
- SCC Affordable Housing Organizing Committee: Fred Berman (617-501-1404 or fred.berman.2018@gmail.com)