

Money On the Table:

*Beacon Hill Inaction Stalls Affordable
Housing Resources for Cities and Towns*

An IPS Inequality Briefing Paper

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The **Institute for Policy Studies** (www.IPS-dc.org) is a multi-issue research center that has been conducting path-breaking research on inequality for more than 20 years. The **IPS Program on Inequality and the Common Good** was founded in 2006 to draw attention to the growing dangers of concentrated wealth and power, and to advocate policies and practices to reverse extreme inequalities in income, wealth, and opportunity. The program has been investigating the intersection of inequality and race, taxation, philanthropy and the problem of hidden wealth.

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About the Luxury Real Estate Project of the Institute for Policy Studies.

The Luxury Real Estate Project, a project of the Program on Inequality and the Common Good at the Institute for Policy Studies, is undertaking several activities, including:

- Mapping the trends — local, national, global — at the intersection of global/hidden wealth and local real estate/luxury housing.
- Identifying the best policies and practices for reforming and regulating luxury real estate activities and hidden wealth practices.
- Generating city-by-city and national reports and series of articles and op-eds about the problems luxury real estate creates.
- Supporting local affordable housing coalitions as they press for rule changes and revenue for permanently affordable housing.

Other Reports

Chuck Collins and Emma de Geode, “Towering Excess: The Perils of the Luxury Real Estate Boom for Bostonians,” Institute for Policy Studies, September 10, 2018
<https://ips-dc.org/report-towering-excess/>

Chuck Collins, “Who is Buying Seattle? The Perils of the Luxury Real Estate Boom,” IPS, October 2019 <https://ips-dc.org/report-luxury-real-estate-seattle/>

CONTENTS

Summary	p. 6
Introduction	p. 8
Boston: Revenue from Two Luxury Building	p. 10
Potential of State Enabling Legislation	p. 16
Appendix: Town-by-Town Reports	p. 20
Braintree	
Chicopee	
Everett	
Gloucester	
Lowell	
Quincy	
Somerset	
Stoughton	

SUMMARY

Municipalities around the Commonwealth are facing affordable housing challenges exacerbated by the Covid-19 pandemic and resulting budget shortfalls. Seven individual municipalities -- Boston, Brookline, Concord, Nantucket, Provincetown, Somerville and Truro -- have put forward Home Rule petitions to the Massachusetts State legislature to levy transfer taxes for affordable housing. The City of Boston submitted a Home Rule petition to levy a 2 percent tax on luxury transactions over \$2 million, generating hundreds of millions for affordable housing.

Other pending legislative proposals would create an enabling legislative framework, similar to the Community Preservation Action, allowing local towns to enact such taxes. These towns and cities are asking Beacon Hill for the power to tax themselves to solve their local problems. Yet Beacon Hill has stalled these proposals and, in the case of Nantucket, failed to pass their home rule petition for over a decade.

Inaction has its costs. For example, as this report shows, a luxury real estate transfer tax applied to sales at just two luxury buildings in Boston would have generated more than \$16 million for the Neighborhood Housing Trust Fund. This is a substantial amount of revenue: In 2019, the city's Fund gave out \$17 million total. As part of Mayor Martin Walsh's housing plan, the Neighborhood Housing Trust will give out another \$16 million in 2020.¹

Beacon Hill could pass enabling legislation today to give all cities and towns the power to levy their own real estate transfer taxes.

As part of envisioning the potential of statewide enabling legislation, we have examined how much revenue would be raised in a sampling of 8 different towns and cities, with different real estate markets and populations. These eight towns are in five counties: Braintree (Norfolk), Chicopee (Hampden), Everett (Middlesex), Gloucester (Essex), Lowell (Middlesex), Quincy (Norfolk), Somerset (Bristol) and Stoughton (Norfolk).

Statewide enabling legislation would generate meaningful revenue for these communities to address local problems. If there had been a 2 percent real estate transfer tax on home sales valued over 140 percent of the current *median sale price* of \$463,000 in Braintree, for example, the city would have raised an estimated \$826,000 in revenue from 247 transactions between 2015 and 2020. A 0.5 percent real estate transfer tax would have raised over \$206,000.

Depending on how the local tax was structured –and the number of transfers covered –these eight communities could have raised as much as \$18.2 million total over the last 5 years. This report analyzes how these transfer taxes could be designed to generate different amounts of revenue.

Actions:

Beacon Hill should pass Home Rule Petitions for those 7 cities and towns that have requested these powers.

Beacon Hill should pass enabling legislation that allows all other municipalities to establish real estate transfer taxes with funds dedicated to affordable housing.

INTRODUCTION

The old adage that “Towns Send Home Rule Petitions to Beacon Hill to Die” doesn’t sound so funny today.

Cities and towns in the Commonwealth are reeling in the face of an acute, interconnected health and housing crisis as the Covid-19 pandemic continues. But due to state inaction, they are missing a useful revenue-raising tool to help provide housing relief and stability.

A leading group of seven cities and towns have petitioned the Commonwealth to give them the power to levy luxury real estate transfers taxes. Nantucket has been petitioning for over 10 years. They are effectively asking Beacon Hill for the power to tax themselves to solve their own problems.

Beacon Hill inaction now has dire consequences. The failure of Massachusetts lawmakers to act, shuffling proposals off to committees to expire, is causing suffering, precariousness, and death.

Waiting for State Action

Several municipalities have put forward Home Rule Petitions requesting the authority to levy real estate transfer taxes. These are Boston (H4514), Brookline (H5111), Concord (S2318), Nantucket (H3637), Provincetown (H3691), Somerville (H2423) and Truro (H4208).

The home rule petitions are each structured differently. The City of Boston’s Home Rule Petition requests the authority to levy a 2 percent tax on transactions over \$2 million. Nantucket’s bill would require the seller to pay half of 1 percent, with the first \$2 million in value exempt. The Concord proposal would require a buyer to pay 1 percent of the purchase price over \$600,000.

The Revenue Committee of the General Court has passed out favorable reports for Concord, Nantucket, Provincetown, Somerville and Truro.

These bills are presently at the Steering, Policy and Scheduling Committee. Boston and Brookline are still awaiting action from the Revenue Committee.

Other proposed legislation would establish a framework for any municipality to levy a local option transfer tax and direct funds to an Affordable Housing Fund at the municipal level. One enabling bill, introduced by Rep. Mike Connolly ([H.1769](#)) and Senator Joseph Boncore ([S.773](#)), would create a framework for any municipality to pass a transfer tax, ranging from 0.5 percent to 2 percent. This legislation has 45 co-sponsors and was recently reported out favorably from the Municipalities Committee to the Rules Committee.²

Another proposed act ([H 2552, “An Act establishing local options for generating affordable housing monies,”](#)) would also authorize a framework for local transfer taxes. It would exempt properties below 300 percent of the median property price in the county. Funds would also be directed to a municipal affordable housing fund. Introduced by Rep. Liz Malia and Senator Joanne Comerford, with 32 cosponsors, the legislation has been referred to study.

Money on the Table

This report looks at the costs of inaction in 9 different communities in seven counties across the Commonwealth. The communities are: Boston (Suffolk), Braintree (Norfolk), Chicopee (Hampden), Everett (Middlesex), Gloucester (Essex), Lowell (Middlesex), Quincy (Norfolk), Somerset (Bristol) and Stoughton (Norfolk).

In the city of Boston, we look at the revenue “left on the table” from two luxury buildings. Millions of dollars could have been raised if the city had been allowed to enact a luxury real estate transfer tax on transactions on these two properties.

For the other 8 communities, we do a five-year look back to analyze the amount of revenue that each town could have generated to address local housing problems if they had levied a luxury transfer tax. We identify a

number of scenarios and ways of determining the threshold for taxation (See “town by town” fact sheets in the Appendix).

The enabling statutes that are languishing in the General Court would allow towns and cities to have wide latitude regarding the design of their local transfer tax. In the Appendices, we have analyzed multiple scenarios for each town.

IPS does not have the capacity or resources to analyze every town in the Commonwealth, so the hope is that these diverse profiles, showing markets in urban, suburban, and small towns, will reflect the various housing markets. We urge localities to follow our methodology to construct local scenarios for revenue.

BOSTON: REVENUE FROM TWO LUXURY BUILDINGS

The City of Boston shoulders tremendous responsibility for affordable housing in the Commonwealth. Boston has more public and permanently affordable rental housing than any other city in the state.

More than a fifth of its housing stock is income restricted affordable housing, designed to help protect residents from the ups and downs of the private real estate market.³ This not only encompasses public housing, but also nonprofit-owned rental housing, including thousands of senior housing units.

Yet Boston is the third most “intensely gentrified” city in the U.S., according to a new report from the National Community Reinvestment Coalition. Only San Francisco and Denver have seen a more disruptive rise in real estate values.⁴ One elegant solution is to capture some of this rise in property values and direct funds to solving the city’s affordable housing crisis.

In December 2019, the Boston City Council passed an ordinance creating a luxury transfer tax of 2 percent on transactions above \$2 million. The City petitioned the General Court to grant a home rule petition to enact the law.⁵

In his January 2020 State of the City address, Mayor Walsh announced plans to raise \$500 million over five years to address Boston's affordable housing shortage.⁶ Passage of the luxury transfer tax home rule petition is a key component of the City's strategy to meet this goal.⁷

To put into perspective the revenue-raising potential of a real estate transfer fee, the entire sum of linkage funds allocated by the Neighborhood Housing Trust for affordable housing projects in 2019 was \$17 million. The revenue that would have been raised just from condominium sales in two luxury buildings – more than \$16 million – would have nearly equaled the Neighborhood Housing Trust's 2019 expenditures.

Since initiating the home rule petition, the city has been facing a full-blown eviction and foreclosure crisis due to economic impacts of the Covid-19 pandemic. According to a recent report by City Life/Vida Urbana, hundreds of eviction cases were filed in court by landlords between March 1 and April 20. While eviction cases are temporarily suspended due to Governor Baker's moratorium, court data demonstrates that 78 percent of suspended eviction cases were located in communities of color.⁸ Additional funds generated by a luxury transfer tax would give the City additional resources to alleviate and strengthen the community's housing resilience in the face of the pandemic.

A Transfer Tax on Two Luxury Buildings

The Covid-19 pandemic notwithstanding, the city of Boston has been experiencing a boom in the construction of luxury real estate.⁹ While the long-term impact on the market is still unknown, it is clear that the average resident cannot afford to purchase a \$5 million apartment. The

Boston City Council's call to action seeks to address this growing housing affordability crisis head-on.

Here we survey two luxury condominium buildings: One Dalton Place and Pier 4.

As of July 14, 2020, 100 out of the 171 units at One Dalton Place – located in Boston's Back Bay neighborhood – have been sold, ranging in sale price from studio units under \$1 million (thus exempt from the transfer tax) to a penthouse unit that sold for \$34 million.

The total sales for the 100 units have been \$585.1 million, more than a half a billion dollars in real estate value. Exempting the first \$2 million, a transfer fee on these transactions would have generated an estimated \$7.8 million for the city of Boston. The \$34 million sale of the penthouse alone would have generated \$640,000.¹⁰

The average value of each unit sold at One Dalton Place is \$5.9 million. Consequently, the remaining sales could be over \$425 million, generating an additional \$5.6 million in potential revenue. This is a conservative estimate since many of the complex's "inexpensive" units have already been sold.

If a real estate transfer tax had been in place for the \$1 billion in sales at One Dalton, it would have generated an estimated \$13.4 million in total revenue. This is a significant amount of cash that could be reserved for and invested in affordable housing in Boston.

Another luxury condominium complex is the Seaport District's Pier 4. Since being placed on the market in early 2019, all but 13 of its 106 units have been sold for a total of \$310.9 million, yielding more than \$2.6 million in potential transfer tax revenue. If the remaining 13 units sold at its average sale price, \$3.3 million, an additional \$350,000 would be raised, bringing total potential revenue close to \$3 million.

In short, One Dalton Place and Pier 4 could have raised an estimated \$16.4 million in revenue for the City.

Boston is expected to continue to have strong structural advantages as a city going into the future. Prior to the Covid-19 pandemic, Boston outperformed the country in various indices: it has robust economic and job growth and a low unemployment rate, and it is endowed with cultural capital and a strong real estate market. A real estate transfer tax has the potential to boost significant city revenue that can then be invested in low-cost housing units.¹¹

Otherwise, Boston will continue to face difficult challenges in relation to housing affordability and stability, thus diminishing opportunity and displacing much of the city's low-income and middle-class residents.

Capturing Revenue from Absentee Buyers

Who is buying these luxury units? In one of One Dalton's internal newsletters, the building's exclusive sales and marketing agent, Tracy Campion, is asked an all-important question: considering how luxury real estate normally attracts non-resident investors, "How is One Dalton different" from other luxury properties? Her answer is straightforward.

"We are not marketing to speculative investors," Campion replies. "Our developer is acutely aware of all the other luxury properties that have sold to investors, some as much as 100 percent. With that model you create lots of renters which can lead to a building remaining partially uninhabited." Campion indicates that One Dalton will be a livelier and more engaging building because the owners will actually live in their units.¹²

Despite Campion's intention not to sell to speculative investors, the jury is still out on whether many people will make One Dalton Place their actual home. One Dalton Place is being aggressively marketed to foreign investors. Its marketing video touts the number of nonstop international flights, with a graphic showing flights from Asia, Europe and the Middle East. As the video touts,

No detail has been overlooked. Concierge services, twenty-four-hour doorman, and private elevators to your residence deliver an experience reserved for the world's most discerning clientele. Four Seasons is the most prestigious luxury brand worldwide.

And Boston, with over fifty daily nonstop international flights, is now more accessible than ever before.¹³

While no one can predict the future of upscale housing in the post-Covid-19 era, billionaire wealth is surging during the pandemic. In the 12 weeks between March 18 and June 11, 2020, the combined wealth of the U.S. billionaire class increased \$636 billion, to a total of a staggering \$3.5 trillion.¹⁴ It is, therefore, safe to assume that the demand for luxury apartments will continue to increase and luxury housing construction will carry on.

Within the U.S. and globally, high net worth individuals – those with \$30 million or more in financial wealth – will be looking to diversify the asset holdings of their portfolios and hide money from taxing authorities as the multi-trillion-dollar bills come due for Covid-19 stimulus and recovery.

Properties like One Dalton Place are attractive to the globe's oligarchic class because they can serve as a tax haven and "wealth storage" unit. The affluent can purchase and invest in luxury apartments through shell corporations where the beneficial owner is not required to be disclosed. This anonymity gives them the ability to hide their wealth, avoid taxation and protect them from any personal accountability. However, such a mechanism could incentivize a number of bad actors to establish a network of anonymous shell corporations to carry out a number of problematic activities.

Anonymous Ownership

The reality is we don't know who is buying One Dalton Place. Of the 100 units that have been sold at One Dalton Place, only 34 have disclosed the beneficial owners. Thirty-five of the units are owned by Limited Liability Companies (LLCs), and 31 are owned by trusts, both of which mask the beneficial owners of the property. In other words, about two-thirds of the building is owned by non-individual entities.

Thirty-three different LLCs have purchased units at One Dalton Place. Twenty-three of them are registered in Massachusetts, six in Delaware, one in Florida, one in New York, one in Utah, and one in California.

At Pier 4, 39 of the 93 units sold were purchased by LLCs and trusts. This is approximately 42 percent of all sales in the building. Ten different LLCs purchased units at Pier 4. Seven of them are registered in Massachusetts, two in Delaware, and one in South Dakota, the premiere jurisdiction for dynasty trusts.

The increase of anonymous ownership has a direct impact on both housing and rental markets. They help fuel the demand for high end development – thus pushing housing and rental prices up even as they sit empty – and ensure that the demand for and production of low-cost housing units are given lip service but not truly taken into account.

This opacity has other sociopolitical costs, as we discuss in the 2018 report, *Towering Excess: The Perils of the Luxury Housing Boom for Bostonians*.¹⁵

THE POTENTIAL OF STATE ENABLING LEGISLATION: EXAMPLES OF OTHER CITIES AND TOWNS ACROSS COMMONWEALTH

What follows is a brief summary of how much revenue can potentially be raised if a number of cities and towns throughout the Commonwealth imposed a transfer fee on real estate transactions. For full details of each city and town and a note on methodology and how we determined the median sale prices at the city, state, and county level, see our appendices.

- More than \$28.3 million would have been raised if a 2 percent transfer tax was levied on the city median sale price in all 8 cities and towns.
- An estimated \$11.3 million would have been raised if a 2 percent transfer tax was levied on 140 percent of the city median sale price in all 8 cities and towns.
- An estimated \$4.8 million would have been raised if a 2 percent transfer tax was levied on 175 percent of the county median sale price in all 8 cities and towns.
- More than \$5 million would have been raised if a 2 percent transfer tax was levied on 200 percent of the state median sale price in all 8 cities and towns.

BRAINTREE

The city of Braintree is home to 37,250 residents. Nearly half of its renters and a fifth of its homeowners are cost-burdened, meaning more than 30 percent of their incomes are spent on expenses related to housing. Nearly a quarter of renters in Braintree spend more than half of their income on housing, a condition known as “shelter poverty.” As a result, not all of their basic necessities are fully met.

If there had been a 2 percent real estate transfer tax on home sales valued over 140 percent of the current *median sale price* of \$463,000 in Braintree, the city would have raised an estimated \$826,461.92 in revenue from 247 transactions between 2015 and 2020. A 0.5 percent real estate transfer tax would have raised \$206,615.48

CHICOPEE

The city of Chicopee is home to 55,582 residents. An estimated 48.1 percent of renters and 19 percent of homeowners are cost-burdened. Over 23 percent of Chicopee renters are experiencing “shelter poverty.”

If there had been a 2 percent real estate transfer tax on home sales valued over 140 percent of the current *median sale price* of \$187,200 in Chicopee, the city would have raised an estimated \$292,337.48 in revenue from 232 transactions between 2015 and 2020. A 0.5 percent real estate transfer tax would have raised \$73,084.37.

EVERETT

The city of Everett is home to 46,880 residents. More than half of renters and nearly a third of homeowners are cost-burdened. More than a quarter of renters are experiencing “shelter poverty.”

If there had been a 2 percent real estate transfer tax on home sales valued over 140 percent of the current *median sale price* of \$411,700 in Everett, the city would have raised more than \$1.2 million in revenue from 370 transactions between 2015 and 2020. A 0.5 percent real estate transfer tax would have raised \$303,694.80.

GLOUCESTER

The city of Gloucester is home to 30,401 residents. An estimated 46.9 percent of renters and 29.9 percent of homeowners are cost-burdened. Over 21 percent of renters are experiencing “shelter poverty.”

If there had been a 2 percent real estate transfer tax on home sales valued over 140 percent of the current *median sale price* of \$377,900 in Gloucester, the city would have raised more than \$4.5 million from 518 transactions between 2015 and 2020. A 0.5 percent real estate transfer tax would have raised more than \$1.1 million.

LOWELL

The city of Lowell is home to 111,670 residents. More than half of renters and more than a fifth of homeowners are cost-burdened. Over a quarter of renters are experiencing “shelter poverty.”

If there had been a 2 percent real estate transfer tax on home sales valued over 140 percent of the current *median sale price* of \$283,600 in Lowell, the city would have raised more than \$1.17 million in revenue from 577 transactions between 2015 and 2020. A 0.5 percent real estate transfer tax would have raised \$294,871.81.

QUINCY

The city of Quincy is home to 94,580 residents. An estimated 44.4 percent of renters and more than a quarter of homeowners are cost-burdened. Over 20 percent of renters are experiencing “shelter poverty.”

If there had been a 2 percent real estate transfer tax on home sales valued over 140 percent of the current *median sale price* of \$441,000 in Quincy, the city would have raised more than \$2.7 million in revenue from 836 transactions between 2015 and 2020. A 0.5 percent real estate transfer tax would have raised \$689,506.77.

SOMERSET

The town of Somerset is home to 18,181 residents. An estimated 32.7 percent of renters and 22 percent of homeowners are cost-burdened.

If there had been a 2 percent real estate transfer tax on home sales valued over 140 percent of the current *median sale price* of \$302,100 in Somerset, the city would have raised \$78,885.40 in revenue from 52 transactions between 2015 and 2020. A 0.5 percent real estate transfer tax would have raised more than \$19,721.35.

STOUGHTON

The town of Stoughton is home to 28,950 residents. More than half of renters and more than a fifth of percent of homeowners are cost-burdened. Over a quarter of renters in Stoughton are experiencing “shelter poverty.”

If there had been a 2 percent real estate transfer tax on home sales valued over 140 percent of the current *Stoughton median sale price* of \$361,500, the city would have raised \$306,569.48 in revenue from 144 transactions between 2015 and 2020. A 0.5 percent real estate transfer tax would have raised more than \$76,642.37.

APPENDIX: Town-by-Town Reports

Braintree Housing Needs & Impact of Real Estate Transfer Tax

Braintree Housing Needs

The city of Braintree, Massachusetts, like many communities in the Commonwealth is facing an acute housing emergency.

Everyone knows someone facing financial pressure:

- 47.5% of renters and 21.1% of homeowners in Braintree are cost-burdened, meaning they pay over a third of their incomes on housing costs.
- 23% of renters in Braintree spend more than half of their income on housing, a condition called “shelter poverty,” where basic necessities are not met due to housing costs crowding out other living expenses.
- 73.8% of Braintree residents own their own home, including condominiums.

Impact on Braintree of Real Estate Transfer Tax

The legislature is considering Statewide legislation for a Local Option Transfer Fee which would allow cities and towns to choose to enact a small fee on high-value real estate sales, in order to create and support affordable housing. Three similar Legislative bills were filed and heard, and legislative sponsors have agreed on shared language. Simultaneously, several municipalities, including Boston, Brookline, Concord, Nantucket, Provincetown and Somerville have passed their own local Home Rule petitions, each of which now requires approval by the State House. Other towns, including Arlington, Cambridge, and Watertown are actively considering a Home Rule petition.

The Statewide Local Option Transfer Fee legislation would reduce the burden on Towns to individually submit Home Rule petitions, and would permit any town or city to enact a transfer fee of 0.5 to 2 percent on higher-value real estate transactions, allowing municipalities to design their own transfer fees within certain parameters to address their local affordable housing challenges.

How Many Units and Potential Revenue

What would have been the impact if Braintree had instituted a two percent transfer tax in 2015? Or a 0.5 percent transfer tax? What would happen if it was linked to the median sale price at the city, county, or state-level?

We surveyed the sales information of Braintree from January 1, 2015 until March 23, 2020 – a total of 2,213 sales – and projected multiple scenarios to inform policymakers (See table below).

Here are a few examples:

If there had been a 2% real estate transfer tax on home sales valued over **200%** of the current ***Braintree median sale price*** of \$463,000, the city would have raised an estimated \$309,733.40 in revenue from 15 transactions between 2015 and 2020. A 0.5% real estate transfer tax would have raised \$77,433.35.

If there had been a 2% real estate transfer tax on home sales valued at **100%** of the current ***statewide median sale price*** of \$394,100, the city would have raised more than \$4.4 million from 1,410 transactions between 2015 and 2020. A 0.5% transfer tax would have raised more than \$1.1 million.

TRANSFER TAX REVENUE BASED ON 100% MEDIAN SALE PRICES

MEDIAN HOME SALE PRICE	# of UNITS	TRANSFER FEE REVENUE COLLECTED (2%)	TRANSFER FEE REVENUE COLLECTED (.05%)
\$463,000 (City)	951	\$2,830,961.22	\$707,740.31
\$394,100 (State)	1,410	\$4,445,854.86	\$1,111,463.72
\$490,000 (County)	805	\$2,361,274.94	\$590,318.74

TRANSFER TAX REVENUE BASED ON 140% MEDIAN SALE PRICES

MEDIAN HOME SALE PRICE	# of UNITS	TRANSFER FEE REVENUE COLLECTED (2%)	TRANSFER FEE REVENUE COLLECTED (.05%)
\$648,200 (City)	247	\$826,461.92	\$206,615.48
\$551,740 (State)	529	\$1,541,997.38	\$385,499.34
\$686,000 (County)	179	\$668,794.72	\$167,198.68

TRANSFER TAX REVENUE BASED ON 175% MEDIAN SALE PRICES

MEDIAN HOME SALE PRICE	# of UNITS	TRANSFER FEE REVENUE COLLECTED (2%)	TRANSFER FEE REVENUE COLLECTED (.05%)
\$810,250 (City)	61	\$392,657.96	\$98,164.49
\$689,675 (State)	175	\$655,852.22	\$163,963.06
\$857,500 (County)	38	\$345,241.40	\$86,310.35

TRANSFER TAX REVENUE BASED ON 200% MEDIAN SALE PRICES

MEDIAN HOME SALE PRICE	# of UNITS	TRANSFER FEE REVENUE COLLECTED (2%)	TRANSFER FEE REVENUE COLLECTED (.05%)
\$926,00 (City)	15	\$309,733.40	\$77,433.35

\$788,200 (State)	75	\$422,370.96	\$105,592.74
\$980,000 (County)	9	\$297,023.40	\$74,255.85

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A NOTE ON METHODOLOGY

We calculated these estimates based on data from the Multiple Listing Services, between 2015 and 2020. Not all transactions are listed on MLS but this is a highly representative sample. We are looking at the number of transactions based on the 2020 median home sale price. In some jurisdictions, the home prices may have increased as much as 35% between 2015 and 2020, so this is a conservative estimate of revenue and impact. Further, due to the lack of available sources, the median sale price for both Braintree and Norfolk County was retrieved from Zillow on March 10, 2020. Due to the increased use of Zillow in academic and government literature, we regard it as a reliable and important source of data.

SOURCES/NOTES

Information on housing need, percentage of cost burden households, and percentages of homeownership comes from Mass Housing Partnership. 2020. “Data Town.” Retrieved from: <https://mhpcenterforhousingdata.shinyapps.io/DataTown/#>

Estimates of Braintree median home sale prices come from Zillow. 2020. “Braintree Home Prices & Values.” Retrieved from: <https://www.zillow.com/braintree-ma/home-values/>

Estimates of Norfolk County median home sale prices comes from Zillow. 2020. “Norfolk County Home Prices & Values.” Retrieved from: <https://www.zillow.com/norfolk-county-ma/home-values/>

Chicopee Housing Needs & Impact of Real Estate Transfer Tax

Chicopee Housing Needs

The city of Chicopee, Massachusetts, like many communities in the Commonwealth is facing an acute housing emergency.

Everyone knows someone facing financial pressure:

- 48.1% of renters and 19% of homeowners in Chicopee are cost-burdened, meaning they pay over a third of their incomes on housing costs.
- 23.5% of renters in Chicopee spend more than half of their income on housing, a condition called “shelter poverty,” where basic necessities are not met due to housing costs crowding out other living expenses.
- 57% of Chicopee residents own their own home, including condominiums.

Impact on Chicopee of Real Estate Transfer Tax

The legislature is considering Statewide legislation for a Local Option Transfer Fee which would allow cities and towns to choose to enact a small fee on high-value real estate sales, in order to create and support affordable housing. Three similar Legislative bills were filed and heard, and legislative sponsors have agreed on shared language. Simultaneously, several municipalities, including Boston, Brookline, Concord, Nantucket, Provincetown and Somerville have passed their own local Home Rule petitions, each of which now requires approval by the State House. Other towns, including Arlington, Cambridge, and Watertown are actively considering a Home Rule petition.

The Statewide Local Option Transfer Fee legislation would reduce the burden on Towns to individually submit Home Rule petitions, and would permit any town or city to enact a transfer fee of 0.5 to 2 percent on higher-value real estate transactions, allowing municipalities to design their own transfer fees within certain parameters to address their local affordable housing challenges.

How Many Units and Potential Revenue

What would have been the impact if Chicopee had instituted a two percent transfer tax in 2015? Or a 0.5 percent transfer tax? What would happen if it was linked to the median sale price at the city, county, or state-level?

We surveyed the sales information of Chicopee from January 1, 2015 until March 23, 2020 – a total of 2,983 sales – and projected multiple scenarios to inform policymakers (See table below).

Here are a few examples:

If there had been a 2% real estate transfer tax on home sales valued over 200% of the current **Chicopee median sale price** of \$187,200, the city would have raised \$93,132.00 in revenue from 33 transactions between 2015 and 2020. A 0.5% real estate transfer tax would have raised \$23,283.00.

If there had been a 2% real estate transfer tax on home sales valued at 100% of the current **statewide median sale price** of \$394,100, the city would have raised \$82,398.00 from 24 transactions between 2015 and 2020. A 0.5% transfer tax would have raised \$20,599.50.

TRANSFER TAX REVENUE BASED ON 100% MEDIAN SALE PRICES

MEDIAN HOME SALE PRICE	# of UNITS	TRANSFER FEE REVENUE COLLECTED (2%)	TRANSFER FEE REVENUE COLLECTED (.05%)
\$187,200 (City)	1,096	\$1,170,406.18	\$292,601.55
\$394,100 (State)	24	\$82,398.00	\$20,599.50
\$204,800 (County)	829	\$837,433.20	\$209,358.30

TRANSFER TAX REVENUE BASED ON 140% MEDIAN SALE PRICES

MEDIAN HOME SALE PRICE	# of UNITS	TRANSFER FEE REVENUE COLLECTED (2%)	TRANSFER FEE REVENUE COLLECTED (.05%)
\$262,080 (City)	232	\$292,337.48	\$73,084.37
\$551,740 (State)	6	\$47,291.20	\$11,822.80
\$286,720 (County)	124	\$206,773.06	\$51,693.27

TRANSFER TAX REVENUE BASED ON 175% MEDIAN SALE PRICES

MEDIAN HOME SALE PRICE	# of UNITS	TRANSFER FEE REVENUE COLLECTED (2%)	TRANSFER FEE REVENUE COLLECTED (.05%)
\$327,600 (City)	58	\$133,362.00	\$33,340.50
\$689,675 (State)	3	\$35,519.50	\$8,879.88
\$358,400 (County)	39	\$104,356.00	\$26,089.00

TRANSFER TAX REVENUE BASED ON 200% MEDIAN SALE PRICES

MEDIAN HOME SALE PRICE	# of UNITS	TRANSFER FEE REVENUE COLLECTED (2%)	TRANSFER FEE REVENUE COLLECTED (.05%)
\$374,400 (City)	33	\$93,132.00	\$23,283.00
\$788,200 (State)	3	\$29,608.00	\$7,402.00
\$409,600 (County)	19	\$75,678.00	\$18,919.50

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A NOTE ON METHODOLOGY

We calculated these estimates based on data from the Multiple Listing Services, between 2015 and 2020. Not all transactions are listed on MLS but this is a highly representative sample. We are looking at the number of transactions based on the 2020 median home sale price. In some jurisdictions, the home prices may have increased as much as 35% between 2015 and 2020, so this is a conservative estimate of revenue and impact. Further, due to the lack of available sources, the median sale price for both Chicopee and Hampden County was retrieved from Zillow on March 10, 2020. Due to the increased use of Zillow in academic and government literature, we regard it as a reliable and important source of data.

SOURCES/NOTES

Information on housing need, percentage of cost burden households, and percentages of homeownership comes from Mass Housing Partnership. 2020. “Data Town.” Retrieved from:

<https://mhpcenterforhousingdata.shinyapps.io/DataTown/#>

Estimates of Chicopee median home sale prices come from Zillow. 2020. “Chicopee Home Prices & Values.” Retrieved from: <https://www.zillow.com/chicopee-ma/home-values/>

Estimates of Hampden County median home sale prices comes from Zillow. 2020. “Hampden County Home Prices & Values.” Retrieved from: <https://www.zillow.com/hampden-county-ma/home-values/>

Everett Housing Needs & Impact of Real Estate Transfer Tax

Everett Housing Needs

The city of Everett, Massachusetts, like many communities in the Commonwealth is facing an acute housing emergency.

Everyone knows someone facing financial pressure:

- 52.3% of renters and 31.9% of homeowners in Everett are cost-burdened, meaning they pay over a third of their incomes on housing costs.
- 26.9% of renters in Everett spend more than half of their income on housing, a condition called “shelter poverty,” where basic necessities are not met due to housing costs crowding out other living expenses.
- Only 37.9% of Everett residents own their own home, including condominiums.

Impact on Everett of Real Estate Transfer Tax

The legislature is considering Statewide legislation for a Local Option Transfer Fee which would allow cities and towns to choose to enact a small fee on high-value real estate sales, in order to create and support affordable housing. Three similar Legislative bills were filed and heard, and legislative sponsors have agreed on shared language. Simultaneously, several municipalities, including Boston, Brookline, Concord, Nantucket, Provincetown and Somerville have passed their own local Home Rule petitions, each of which now requires approval by the State House. Other towns, including Arlington, Cambridge, and Watertown are actively considering a Home Rule petition.

The Statewide Local Option Transfer Fee legislation would reduce the burden on Towns to individually submit Home Rule petitions, and would permit any town or city to enact a transfer fee of 0.5 to 2 percent on higher-value real estate transactions, allowing municipalities to design their own transfer fees within certain parameters to address their local affordable housing challenges.

How Many Units and Potential Revenue

What would have been the impact if Everett had instituted a two percent transfer tax in 2015? Or a 0.5 percent transfer tax? What would happen if it was linked to the median sale price at the city, county, or state-level?

We surveyed the sales information of Everett from January 1, 2015 until March 23, 2020 – a total of 1,636 sales – and projected multiple scenarios to inform policymakers (See table below).

Here are a couple of examples:

If there had been a 2% real estate transfer tax on home sales valued over **200%** of the current ***Everett median sale*** price of \$411,700, the city would have raised \$341,590.26 in revenue from 52 transactions between 2015 and 2020. A 0.5% real estate transfer tax would have raised \$85,397.57.

If there had been a 2% real estate transfer tax on home sales valued at **100%** of the current ***statewide median sale price*** of \$394,100, the city would have raised more than \$3.6 million from 1,083 transactions between 2015 and 2020. A 0.5% transfer tax would have raised \$922,566.06.

TRANSFER TAX REVENUE BASED ON 100% MEDIAN SALE PRICES

MEDIAN HOME SALE PRICE	# of UNITS	TRANSFER FEE REVENUE COLLECTED (2%)	TRANSFER FEE REVENUE COLLECTED (.05%)
\$411,700 (City)	980	\$3,125,716.84	\$781,429.21
\$394,100 (State)	1,083	\$3,690,264.23	\$922,566.06
\$524,700 (County)	535	\$1,670,912.16	\$417,728.04

TRANSFER TAX REVENUE BASED ON 140% MEDIAN SALE PRICES

MEDIAN HOME SALE PRICE	# of UNITS	TRANSFER FEE REVENUE COLLECTED (2%)	TRANSFER FEE REVENUE COLLECTED (.05%)
\$576,380 (City)	370	\$1,214,779.18	\$303,694.80
\$551,740 (State)	442	\$1,416,866.23	\$354,216.56
\$734,580 (County)	114	\$472,863.06	\$118,215.77

TRANSFER TAX REVENUE BASED ON 175% MEDIAN SALE PRICES

MEDIAN HOME SALE PRICE	# of UNITS	TRANSFER FEE REVENUE COLLECTED (2%)	TRANSFER FEE REVENUE COLLECTED (.05%)
\$720,475 (City)	134	\$511,659.74	\$127,914.94
\$689,675 (State)	185	\$607,094.74	\$151,773.69
\$918,225 (County)	28	\$267,469.00	\$66,867.25

TRANSFER TAX REVENUE 200% MEDIAN

MEDIAN HOME SALE PRICE	# of UNITS	TRANSFER FEE REVENUE COLLECTED (2%)	TRANSFER FEE REVENUE COLLECTED (.05%)
\$823,400 (City)	52	\$341,590.26	\$85,397.57
\$788,200 (State)	71	\$384,260.26	\$96,065.07
\$1,049,400 (County)	18	\$212,691.00	\$53,172.75

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A NOTE ON METHODOLOGY

We calculated these estimates based on data from the Multiple Listing Services, between 2015 and 2020. Not all transactions are listed on MLS but this is a highly representative sample. We are looking at the number of transactions based on the 2020 median home sale price. In some jurisdictions, the home prices may have increased as much as 35% between 2015 and 2020, so this is a conservative estimate of revenue and impact. Further, due to the lack of available sources, the median sale price for both Everett and Middlesex County was retrieved from Zillow on March 10, 2020. Due to the increased use of Zillow in academic and government literature, we regard it as a reliable and important source of data.

SOURCES/NOTES

Information on housing need, percentage of cost burden households, and percentages of homeownership comes from Mass Housing Partnership. 2020. “Data Town.” Retrieved from:

<https://mhpcenterforhousingdata.shinyapps.io/DataTown/#>

Estimates of Everett median home sale prices come from Zillow. 2020. “Everett Home Prices & Values.” Retrieved from: <https://www.zillow.com/everett-ma/home-values/>

Estimates of Middlesex County median home sale prices comes from Zillow. 2020. “Middlesex County Home Prices & Values.” Retrieved from: <https://www.zillow.com/middlesex-county-ma/home-values/>

Gloucester Housing Needs & Impact of Real Estate Transfer Tax

Gloucester Housing Needs

The city of Gloucester, Massachusetts, like many communities in the Commonwealth is facing an acute housing emergency.

Everyone knows someone facing financial pressure:

- 46.9% of renters and 29.9% of homeowners in Gloucester are cost-burdened, meaning they pay over a third of their incomes on housing costs.
- 21.9% of renters in Gloucester spend more than half of their income on housing, a condition called “shelter poverty,” where basic necessities are not met due to housing costs crowding out other living expenses.
- 62.9% of Gloucester residents own their own home, including condominiums.

Impact on Gloucester of Real Estate Transfer Tax

The legislature is considering Statewide legislation for a Local Option Transfer Fee which would allow cities and towns to choose to enact a small fee on high-value real estate sales, in order to create and support affordable housing. Three similar Legislative bills were filed and heard, and legislative sponsors have agreed on shared language. Simultaneously, several municipalities, including Boston, Brookline, Concord, Nantucket, Provincetown and Somerville have passed their own local Home Rule petitions, each of which now requires approval by the State House. Other towns, including Arlington, Cambridge, and Watertown are actively considering a Home Rule petition.

The Statewide Local Option Transfer Fee legislation would reduce the burden on Towns to individually submit Home Rule petitions, and would permit any town or city to enact a transfer fee of 0.5 to 2 percent on higher-value real estate transactions, allowing municipalities to design their own transfer fees within certain parameters to address their local affordable housing challenges.

How Many Units and Potential Revenue

What would have been the impact if Gloucester had instituted a two percent transfer tax in 2015? Or a 0.5 percent transfer tax? What would happen if it was linked to the median sale price at the city, county, or state-level?

We surveyed the sales information of Gloucester from January 1, 2015 until March 23, 2020 – a total of 1,797 sales – and projected multiple scenarios to inform policymakers (See table below).

Here are a few examples:

If there had been a 2% real estate transfer tax on home sales valued over **200%** of the current ***Gloucester median sale price*** of \$377,900, the city would have raised more than \$2.9 million in revenue from 256 transactions between 2015 and 2020. A 0.5% real estate transfer tax would have raised \$727,409.43.

If there had been a 2% real estate transfer tax on home sales valued at **100%** of the current ***statewide median sale price*** of \$394,100, the city would have raised more than \$6.3 million from 883 transactions between 2015 and 2020. A 0.5% transfer tax would have raised more than \$1.5 million.

TRANSFER TAX REVENUE BASED ON 100% MEDIAN SALE PRICES

MEDIAN HOME SALE PRICE	# of UNITS	TRANSFER FEE REVENUE COLLECTED (2%)	TRANSFER FEE REVENUE COLLECTED (.05%)
\$377,900 (City)	952	\$6,669,357.27	\$1,667,339.32
\$394,100 (State)	883	\$6,372,808.27	\$1,593,202.07
\$424,500 (County)	780	\$5,872,016.45	\$1,468,004.11

TRANSFER TAX REVENUE BASED ON 140% MEDIAN SALE PRICES

MEDIAN HOME SALE PRICE	# of UNITS	TRANSFER FEE REVENUE COLLECTED (2%)	TRANSFER FEE REVENUE COLLECTED (.05%)
\$529,060 (City)	518	\$4,575,000.17	\$1,143,750.04
\$551,740 (State)	477	\$4,348,801.17	\$1,087,200.29
\$594,300 (County)	429	\$3,964,844.66	\$991,211.16

TRANSFER TAX REVENUE BASED ON 175% MEDIAN SALE PRICES

MEDIAN HOME SALE PRICE	# of UNITS	TRANSFER FEE REVENUE COLLECTED (2%)	TRANSFER FEE REVENUE COLLECTED (.05%)
\$661,325 (City)	336	\$3,460,322.50	\$865,080.62
\$689,675 (State)	305	\$3,278,620.22	\$819,655.05
\$742,875 (County)	263	\$2,976,897.32	\$744,224.33

TRANSFER TAX REVENUE BASED ON 200% MEDIAN SALE PRICES

MEDIAN HOME SALE PRICE	# of UNITS	TRANSFER FEE REVENUE COLLECTED (2%)	TRANSFER FEE REVENUE COLLECTED (.05%)
\$755,800 (City)	256	\$2,909,637.72	\$727,409.43
\$788,200 (State)	230	\$2,751,696.32	\$687,924.08
\$849,000 (County)	195	\$2,495,535.57	\$623,883.89

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A NOTE ON METHODOLOGY

We calculated these estimates based on data from the Multiple Listing Services, between 2015 and 2020. Not all transactions are listed on MLS but this is a highly representative sample. We are looking at the number of transactions based on the 2020 median home sale price. In some jurisdictions, the home prices may have increased as much as 35% between 2015 and 2020, so this is a conservative estimate of revenue and impact. Further, due to the lack of available sources, the median sale price for both Gloucester and Essex County was retrieved from Zillow on March 10, 2020. Due to the increased use of Zillow in academic and government literature, we regard it as a reliable and important source of data.

SOURCES/NOTES

Information on housing need, percentage of cost burden households, and percentages of homeownership comes from Mass Housing Partnership. 2020. “Data Town.” Retrieved from:

<https://mhpcenterforhousingdata.shinyapps.io/DataTown/#>

Estimates of Gloucester median home sale prices come from Zillow. 2020. “Gloucester Home Prices & Values.” Retrieved from:

<https://www.zillow.com/gloucester-ma/home-values/>

Estimates of Essex County median home sale prices comes from Zillow. 2020. “Essex County Home Prices & Values.” Retrieved from: <https://www.zillow.com/essex-county-ma/home-values/>

Lowell Housing Needs & Impact of Real Estate Transfer Tax

Lowell Housing Needs

The city of Lowell, Massachusetts, like many communities in the Commonwealth is facing an acute housing emergency.

Everyone knows someone facing financial pressure:

- 52.2% of renters and 21.8% of homeowners in Lowell are cost-burdened, meaning they pay over a third of their incomes on housing costs.
- 26.2% of renters in Lowell spend more than half of their income on housing, a condition called “shelter poverty,” where basic necessities are not met due to housing costs crowding out other living expenses.
- Only 42.4% of Lowell residents own their own home, including condominiums.

Impact on Lowell of Real Estate Transfer Tax

The legislature is considering Statewide legislation for a Local Option Transfer Fee which would allow cities and towns to choose to enact a small fee on high-value real estate sales, in order to create and support affordable housing. Three similar Legislative bills were filed and heard, and legislative sponsors have agreed on shared language. Simultaneously, several municipalities, including Boston, Brookline, Concord, Nantucket, Provincetown and Somerville have passed their own local Home Rule petitions, each of which now requires approval by the State House. Other towns, including Arlington, Cambridge, and Watertown are actively considering a Home Rule petition.

The Statewide Local Option Transfer Fee legislation would reduce the burden on Towns to individually submit Home Rule petitions, and would permit any town or city to enact a transfer fee of 0.5 to 2 percent on higher-value real estate transactions, allowing municipalities to design their own transfer fees within certain parameters to address their local affordable housing challenges.

How Many Units and Potential Revenue

What would have been the impact if Lowell had instituted a two percent transfer tax in 2015? Or a 0.5 percent transfer tax? What would happen if it was linked to the median sale price at the city, county, or state-level?

We surveyed the sales information of Lowell from January 1, 2015 until March 23, 2020 – a total of 5,268 sales – and projected multiple scenarios to inform policymakers (See table below).

Here are a couple of examples:

If there had been a 2% real estate transfer tax on home sales valued over **200%** of the current **Lowell median sale** price of \$283,600, the city would have raised an estimated \$362,665 in revenue from 87 transactions between 2015 and 2020. A 0.5% real estate transfer tax would have raised \$90,666.25.

If there had been a 2% real estate transfer tax on home sales valued at **100%** of the current **statewide median sale price** of \$394,100, the city would have raised over \$1.2 million from 607 transactions between 2015 and 2020. A 0.5% transfer tax would have raised \$303,553.21.

TRANSFER TAX REVENUE BASED ON 100% MEDIAN SALE PRICES

MEDIAN HOME SALE PRICE	# of UNITS	TRANSFER FEE REVENUE COLLECTED (2%)	TRANSFER FEE REVENUE COLLECTED (.05%)
\$283,600 (City)	2,215	\$4,114,380.87	\$1,028,595.22
\$394,100 (State)	607	\$1,214,212.82	\$303,553.21
\$524,700 (County)	125	\$447,279.00	\$111,819.75

TRANSFER TAX REVENUE BASED ON 140% MEDIAN SALE PRICES

MEDIAN HOME SALE PRICE	# of UNITS	TRANSFER FEE REVENUE COLLECTED (2%)	TRANSFER FEE REVENUE COLLECTED (.05%)
\$397,040 (City)	577	\$1,179,487.22	\$294,871.81
\$551,740 (State)	93	\$390,224.60	\$97,556.15
\$734,580 (County)	30	\$198,758.00	\$49,689.50

TRANSFER TAX REVENUE BASED ON 175% MEDIAN SALE PRICES

MEDIAN HOME SALE PRICE	# of UNITS	TRANSFER FEE REVENUE COLLECTED (2%)	TRANSFER FEE REVENUE COLLECTED (.05%)
\$496,300 (City)	165	\$526,343.00	\$131,585.75
\$689,675 (State)	37	\$228,216.50	\$57,054.13
\$918,225 (County)	16	\$122,068.00	\$30,517.00

TRANSFER TAX REVENUE BASED ON 200% MEDIAN SALE PRICES

MEDIAN HOME SALE PRICE	# of UNITS	TRANSFER FEE REVENUE COLLECTED (2%)	TRANSFER FEE REVENUE COLLECTED (.05%)
\$567,200 (City)	87	\$362,665.00	\$90,666.25
\$788,200 (State)	24	\$171,422.00	\$42,855.50
\$1,049,400 (County)	13	\$85,816.00	\$21,454.00

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A NOTE ON METHODOLOGY

We calculated these estimates based on data from the Multiple Listing Services, between 2015 and 2020. Not all transactions are listed on MLS but this is a highly representative sample. We are looking at the number of transactions based on the 2020 median home sale price. In some jurisdictions, the home prices may have increased as much as 35% between 2015 and 2020, so this is a conservative estimate of revenue and impact. Further, due to the lack of available sources, the median sale price for both Lowell and Middlesex County was retrieved from Zillow on March 10, 2020. Due to the increased use of Zillow in academic and government literature, we regard it as a reliable and important source of data.

SOURCES/NOTES

Information on housing need, percentage of cost burden households, and percentages of homeownership comes from Mass Housing Partnership. 2020. “Data Town.” Retrieved from:

<https://mhpcenterforhousingdata.shinyapps.io/DataTown/#>

Estimates of Lowell median home sale prices come from Zillow. 2020. “Lowell Home Prices & Values.” Retrieved from: <https://www.zillow.com/lowell-ma/home-values/>

Estimates of Middlesex County median home sale prices comes from Zillow. 2020. “Middlesex County Home Prices & Values.” Retrieved from: <https://www.zillow.com/middlesex-county-ma/home-values/>

Quincy Housing Needs & Impact of Real Estate Transfer Tax

Quincy Housing Needs

The city of Quincy, Massachusetts, like many communities in the Commonwealth is facing an acute housing emergency.

Everyone knows someone facing financial pressure:

- 44.4% of renters and 26.3% of homeowners in Quincy are cost-burdened, meaning they pay over a third of their incomes on housing costs.
- 20.4% of renters in Quincy spend more than half of their income on housing, a condition called “shelter poverty,” where basic necessities are not met due to housing costs crowding out other living expenses.
- Only 46.7% of Quincy residents own their own home, including condominiums.

Impact on Quincy of Real Estate Transfer Tax

The legislature is considering Statewide legislation for a Local Option Transfer Fee which would allow cities and towns to choose to enact a small fee on high-value real estate sales, in order to create and support affordable housing. Three similar Legislative bills were filed and heard, and legislative sponsors have agreed on shared language. Simultaneously, several municipalities, including Boston, Brookline, Concord, Nantucket, Provincetown and Somerville have passed their own local Home Rule petitions, each of which now requires approval by the State House. Other towns, including Arlington, Cambridge, and Watertown are actively considering a Home Rule petition.

The Statewide Local Option Transfer Fee legislation would reduce the burden on Towns to individually submit Home Rule petitions, and would permit any town or city to enact a transfer fee of 0.5 to 2 percent on higher-value real estate transactions, allowing municipalities to design their own transfer fees within certain parameters to address their local affordable housing challenges.

How Many Units and Potential Revenue

What would have been the impact if Quincy had instituted a two percent transfer tax in 2015? Or a 0.5 percent transfer tax? What would happen if it was linked to the median sale price at the city, county, or state-level?

We surveyed the sales information of Quincy from January 1, 2015 until March 23, 2020 – a total of 5,282 sales – and projected multiple scenarios to inform policymakers (See table below).

Here are a few examples:

If there had been a 2% real estate transfer tax on home sales valued over **200%** of the current ***Quincy median sale price*** of \$441,000, the city would have raised \$862,991.50 in revenue from 124 transactions between 2015 and 2020. A 0.5% real estate transfer tax would have raised \$215,747.88.

If there had been a 2% real estate transfer tax on home sales valued at **100%** of the current ***statewide median sale price*** of \$394,100, the city would have raised more than \$10.8 million from 3,074 transactions between 2015 and 2020. A 0.5% transfer tax would have raised more than \$2.7 million.

TRANSFER TAX REVENUE BASED ON 100% MEDIAN SALE PRICES

MEDIAN HOME SALE PRICE	# of UNITS	TRANSFER FEE REVENUE COLLECTED (2%)	TRANSFER FEE REVENUE COLLECTED (.05%)
\$441,000 (City)	2,471	\$8,210,014.64	\$2,052,503.66
\$394,100 (State)	3,074	\$10,806,296.26	\$2,701,574.06
\$490,000 (County)	1,913	\$6,062,446.02	\$1,515,611.50

TRANSFER TAX REVENUE BASED ON 140% MEDIAN SALE PRICES

MEDIAN HOME SALE PRICE	# of UNITS	TRANSFER FEE REVENUE COLLECTED (2%)	TRANSFER FEE REVENUE COLLECTED (.05%)
\$617,400 (City)	836	\$2,758,027.08	\$689,506.77
\$551,740 (State)	1290	\$4,141,715.86	\$1,035,428.97
\$686,000 (County)	480	\$1,873,347.24	\$468,336.81

TRANSFER TAX REVENUE BASED ON 175% MEDIAN SALE PRICES

MEDIAN HOME SALE PRICE	# of UNITS	TRANSFER FEE REVENUE COLLECTED (2%)	TRANSFER FEE REVENUE COLLECTED (.05%)
\$771,750 (City)	260	\$1,264,891.50	\$316,222.88
\$689,675 (State)	470	\$1,838,362.24	\$459,590.56
\$857,500 (County)	146	\$929,191.50	\$232,297.88

TRANSFER TAX REVENUE BASED ON 200% MEDIAN SALE PRICES

MEDIAN HOME SALE PRICE	# of UNITS	TRANSFER FEE REVENUE COLLECTED (2%)	TRANSFER FEE REVENUE COLLECTED (.05%)
\$882,000 (City)	124	\$862,991.50	\$215,747.88
\$788,200 (State)	230	\$1,183,797.50	\$295,949.38
\$980,000 (County)	90	\$652,863.50	\$163,215.88

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A NOTE ON METHODOLOGY

We calculated these estimates based on data from the Multiple Listing Services, between 2015 and 2020. Not all transactions are listed on MLS but this is a highly representative sample. We are looking at the number of transactions based on the 2020 median home sale price. In some jurisdictions, the home prices may have increased as much as 35% between 2015 and 2020, so this is a conservative estimate of revenue and impact. Further, due to the lack of available sources, the median sale price for both Quincy and Norfolk County was retrieved from Zillow on March 10, 2020. Due to the increased use of Zillow in academic and government literature, we regard it as a reliable and important source of data.

SOURCES/NOTES

Information on housing need, percentage of cost burden households, and percentages of homeownership comes from Mass Housing Partnership. 2020. “Data Town.” Retrieved from:

<https://mhpcenterforhousingdata.shinyapps.io/DataTown/#>

Estimates of Quincy median home sale prices come from Zillow. 2020. “Quincy Home Prices & Values.” Retrieved from: <https://www.zillow.com/quincy-ma/home-values/>

Estimates of Norfolk County median home sale prices comes from Zillow. 2020. “Norfolk County Home Prices & Values.” Retrieved from: <https://www.zillow.com/norfolk-county-ma/home-values/>

Somerset Housing Needs & Impact of Real Estate Transfer Tax

Somerset Housing Needs

The town of Somerset, Massachusetts, like many communities in the Commonwealth is facing an acute housing emergency.

Everyone knows someone facing financial pressure:

- 32.7% of renters and 22% of homeowners in Somerset are cost-burdened, meaning they pay over a third of their incomes on housing costs.
- 81.8% of Somerset residents own their own home, including condominiums.

Impact on Somerset of Real Estate Transfer Tax

The legislature is considering Statewide legislation for a Local Option Transfer Fee which would allow cities and towns to choose to enact a small fee on high-value real estate sales, in order to create and support affordable housing. Three similar Legislative bills were filed and heard, and legislative sponsors have agreed on shared language. Simultaneously, several municipalities, including Boston, Brookline, Concord, Nantucket, Provincetown and Somerville have passed their own local Home Rule petitions, each of which now requires approval by the State House. Other towns, including Arlington, Cambridge, and Watertown are actively considering a Home Rule petition.

The Statewide Local Option Transfer Fee legislation would reduce the burden on Towns to individually submit Home Rule petitions, and would permit any town or city to enact a transfer fee of 0.5 to 2 percent on higher-value real estate transactions, allowing municipalities to design their own transfer fees within certain parameters to address their local affordable housing challenges.

How Many Units and Potential Revenue

What would have been the impact if Somerset had instituted a two percent transfer tax in 2015? Or a 0.5 percent transfer tax? What would happen if it was linked to the median sale price at the town, county, or state-level?

We surveyed the sales information of Somerset from January 1, 2015 until March 23, 2020 – a total of 1,136 sales – and projected multiple scenarios to inform policymakers (See table below).

Here are a few examples:

If there had been a 2% real estate transfer tax on home sales valued over **200%** of the current **Somerset median sale price** of \$302,100, the city would have raised \$13,530.00 in revenue from 5 transactions between 2015 and 2020. A 0.5% real estate transfer tax would have raised \$3,382.50

If there had been a 2% real estate transfer tax on home sales valued at **100%** of the current **statewide median sale price** of \$394,100, the city would have raised \$116,599.00 from 82 transactions between 2015 and 2020. A 0.5% transfer tax would have raised \$29,149.75.

TRANSFER TAX REVENUE BASED ON 100% MEDIAN SALE PRICES

MEDIAN HOME SALE PRICE	# of UNITS	TRANSFER FEE REVENUE COLLECTED (2%)	TRANSFER FEE REVENUE COLLECTED (.05%)
\$302,100 (Town)	353	\$477,560.78	\$119,390.20
\$394,100 (State)	82	\$116,599.00	\$29,149.75
\$309,500 (County)	327	\$427,568.78	\$106,892.20

TRANSFER TAX REVENUE BASED ON 140% MEDIAN SALE PRICES

MEDIAN HOME SALE PRICE	# of UNITS	TRANSFER FEE REVENUE COLLECTED (2%)	TRANSFER FEE REVENUE COLLECTED (.05%)
\$422,940 (Town)	52	\$78,885.40	\$19,721.35
\$551,740 (State)	10	\$21,550.00	\$5,387.50
\$433,300 (County)	45	\$68,878.00	\$17,219.50

TRANSFER TAX REVENUE BASED ON 175% MEDIAN SALE PRICES

MEDIAN HOME SALE PRICE	# of UNITS	TRANSFER FEE REVENUE COLLECTED (2%)	TRANSFER FEE REVENUE COLLECTED (.05%)
\$528,675 (Town)	11	\$26,303.50	\$6,575.88
\$689,675 (State)	2	\$8,713.00	\$2,178.25
\$541,625 (County)	10	\$23,573.00	\$5,893.25

TRANSFER TAX REVENUE BASED ON 200% MEDIAN SALE PRICES

MEDIAN HOME SALE PRICE	# of UNITS	TRANSFER FEE REVENUE COLLECTED (2%)	TRANSFER FEE REVENUE COLLECTED (.05%)
\$604,200 (Town)	5	\$13,530.00	\$3,382.50
\$788,200 (State)	2	\$4,772.00	\$1,193.00
\$619,000 (County)	4	\$12,230.00	\$3,057.50

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A NOTE ON METHODOLOGY

We calculated these estimates based on data from the Multiple Listing Services, between 2015 and 2020. Not all transactions are listed on MLS but this is a highly representative sample. We are looking at the number of transactions based on the 2020 median home sale price. In some jurisdictions, the home prices may have increased as much as 35% between 2015 and 2020, so this is a conservative estimate of revenue and impact. Further, due to the lack of available sources, the median sale price for both Somerset and Bristol County was retrieved from Zillow on March 10, 2020. Due to the increased use of Zillow in academic and government literature, we regard it as a reliable and important source of data.

SOURCES/NOTES

Information on housing need, percentage of cost burden households, and percentages of homeownership comes from Mass Housing Partnership. 2020. “Data Town.” Retrieved from:

<https://mhpcenterforhousingdata.shinyapps.io/DataTown/#>

Estimates of Somerset median home sale prices come from Zillow. 2020. “Somerset Home Prices & Values.” Retrieved from: <https://www.zillow.com/somerset-ma/home-values/>

Estimates of Bristol County median home sale prices comes from Zillow. 2020. “Bristol County Home Prices & Values.” Retrieved from: <https://www.zillow.com/bristol-county-ma/home-values/>

Stoughton Housing Needs & Impact of Real Estate Transfer Tax

Stoughton Housing Needs

The town of Stoughton, Massachusetts, like many communities in the Commonwealth is facing an acute housing emergency.

Everyone knows someone facing financial pressure:

- 52% of renters and 21.2% of homeowners in Stoughton are cost-burdened, meaning they pay over a third of their incomes on housing costs.
- 27.5% of renters in Stoughton spend more than half of their income on housing, a condition called “shelter poverty,” where basic necessities are not met due to housing costs crowding out other living expenses.
- 70.6% of Stoughton residents own their own home, including condominiums.

Impact on Stoughton of Real Estate Transfer Tax

The legislature is considering Statewide legislation for a Local Option Transfer Fee which would allow cities and towns to choose to enact a small fee on high-value real estate sales, in order to create and support affordable housing. Three similar Legislative bills were filed and heard, and legislative sponsors have agreed on shared language. Simultaneously, several municipalities, including Boston, Brookline, Concord, Nantucket, Provincetown and Somerville have passed their own local Home Rule petitions, each of which now requires approval by the State House. Other towns, including Arlington, Cambridge, and Watertown are actively considering a Home Rule petition.

The Statewide Local Option Transfer Fee legislation would reduce the burden on Towns to individually submit Home Rule petitions, and would permit any town or city to enact a transfer fee of 0.5 to 2 percent on higher-value real estate transactions, allowing municipalities to design their own transfer fees within certain parameters to address their local affordable housing challenges.

How Many Units and Potential Revenue

What would have been the impact if Stoughton had instituted a two percent transfer tax in 2015? Or a 0.5 percent transfer tax? What would happen if it was linked to the median sale price at the town, county, or state-level?

We surveyed the sales information of Stoughton from January 1, 2015 until March 23, 2020 – a total of 1,958 sales – and projected multiple scenarios to inform policymakers (See table below).

Here are a few examples:

If there had been a 2% real estate transfer tax on home sales valued over **200%** of the current ***Stoughton median sale price*** of \$361,500, the city would have raised \$112,408.00 in revenue from 16 transactions between 2015 and 2020. A 0.5% real estate transfer tax would have raised \$28,102.00.

If there had been a 2% real estate transfer tax on home sales valued at **100%** of the current ***statewide median sale price*** of \$394,100, the city would have raised more than \$1.2 million from 567 transactions between 2015 and 2020. A 0.5% transfer tax would have raised \$318,149.01.

TRANSFER TAX REVENUE BASED ON 100% MEDIAN SALE PRICES

MEDIAN HOME SALE PRICE	# of UNITS	TRANSFER FEE REVENUE COLLECTED (2%)	TRANSFER FEE REVENUE COLLECTED (.05%)
\$361,500 (Town)	786	\$1,712,101.78	\$428,025.45
\$394,100 (State)	567	\$1,272,596.04	\$318,149.01
\$490,000 (County)	257	\$544,859.18	\$136,214.80

TRANSFER TAX REVENUE BASED ON 140% MEDIAN SALE PRICES

MEDIAN HOME SALE PRICE	# of UNITS	TRANSFER FEE REVENUE COLLECTED (2%)	TRANSFER FEE REVENUE COLLECTED (.05%)
\$506,100 (Town)	215	\$468,907.18	\$117,226.80
\$551,740 (State)	144	\$306,569.48	\$76,642.37
\$686,000 (County)	22	\$124,535.50	\$31,133.88

TRANSFER TAX REVENUE BASED ON 175% MEDIAN SALE PRICES

MEDIAN HOME SALE PRICE	# of UNITS	TRANSFER FEE REVENUE COLLECTED (2%)	TRANSFER FEE REVENUE COLLECTED (.05%)
\$632,625 (Town)	49	\$164,311.74	\$41,077.94
\$689,675 (State)	22	\$124,718.50	\$31,179.63
\$857,500 (County)	9	\$85,258.00	\$21,314.50

TRANSFER TAX REVENUE BASED ON 200% MEDIAN SALE PRICES

MEDIAN HOME SALE PRICE	# of UNITS	TRANSFER FEE REVENUE COLLECTED (2%)	TRANSFER FEE REVENUE COLLECTED (.05%)
\$723,000 (Town)	16	\$112,408.00	\$28,102.00
\$788,200 (State)	9	\$97,732.00	\$24,433.00
\$980,000 (County)	7	\$66,810.00	\$16,702.50

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A NOTE ON METHODOLOGY

We calculated these estimates based on data from the Multiple Listing Services, between 2015 and 2020. Not all transactions are listed on MLS but this is a highly representative sample. We are looking at the number of transactions based on the 2020 median home sale price. In some jurisdictions, the home prices may have increased as much as 35% between 2015 and 2020, so this is a conservative estimate of revenue and impact. Further, due to the lack of available sources, the median sale price for both Stoughton and Norfolk County was retrieved from Zillow on March 10, 2020. Due to the increased use of Zillow in academic and government literature, we regard it as a reliable and important source of data.

SOURCES/NOTES

Information on housing need, percentage of cost burden households, and percentages of homeownership comes from Mass Housing Partnership. 2020. “Data Town.” Retrieved from:

<https://mhpcenterforhousingdata.shinyapps.io/DataTown/#>

Estimates of Stoughton median home sale prices come from Zillow. 2020. “Stoughton Home Prices & Values.” Retrieved from:

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Estimates of Norfolk County median home sale prices come from Zillow. 2020. “Norfolk County Home Prices & Values.” Retrieved from:

<https://www.zillow.com/norfolk-county-ma/home-values/>

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¹ Patterson, Kenneal. "Walsh announces \$69m in housing funds." *The Bay State Banner*, February 13, 2020. <https://www.baystatebanner.com/2020/02/13/walsh-announces-69m-in-housing-funds/>

² The Senate and House bills are identical, but have overlapping as well as different cosponsors. There are 38 cosponsors on Connolly and 22 on Boncore. There are 45 unique signers combined.

³ Valencia, Milton J. "City survey finds 1 in 5 units are income restricted." *The Boston Globe*, November 8, 2018. Retrieved from: <https://www.bostonglobe.com/business/2018/11/08/city-review-says-percent-housing-boston-income-restricted/T7i5hxlciIVQeVF52Yt8J/story.html>

⁴ Deanna Pan, "Boston 3rd most 'intensely gentrified' city," *Boston Globe*, July 12, 2020. <https://www.bostonglobe.com/2020/07/10/metro/boston-is-third-most-intensely-gentrified-city-united-states-study-says/>

⁵ Betancourt, Sarah. "Boston approves fee on real estate transactions." *Commonwealth Magazine*. Retrieved from: <https://commonwealthmagazine.org/housing/boston-approves-fee-on-real-estate-transactions/>

⁶ Rios, Simón. "In State of the City address, Walsh touts plan to raise \$500 million for affordable housing." *WBUR*. January 8, 2020. Retrieved from: <https://www.wbur.org/news/2020/01/08/mayor-marty-walsh-state-of-the-city-affordable-housing-education-transportation>

⁷ The original proposal, introduced on January 16, 2019 by Boston City Councilors Kim Janey and Lydia Edwards, would have levied a transfer tax up to 6 percent with the potential to raise an estimated \$1.1 billion over the previous three years.

⁸ Robinson, David and Justin Steil. "Evictions in Boston: The Disproportionate Effects of Forced Moves on Communities of Color 2020." *City Life/Vida Urbana*. Retrieved from: <https://www.bostonevictions.org/>

⁹ Collins, Chuck and Emma de Goede. "Towering Excess: The Perils of the Luxury Real Estate Boom for Bostonians." *The Institute for Policy Studies*. Retrieved from: <https://ips-dc.org/wp-content/uploads/2018/09/ToweringExcessReport-Sept10.pdf>

¹⁰ See our data worksheets, as of July 14, 2020, on these two buildings at

https://docs.google.com/spreadsheets/d/1yhI-Sr_4pfp9PrkEcwE3YGYZ1W1Psbq71RVA3EoJf50/edit?ts=5f0e243b#gid=250493754

¹¹ PFM Group Consulting. "Economic Impact of a Real Estate Transfer Tax for the City of Boston." 2019.

¹² "An Interview with Tracy Campion, Exclusive Sales Agent for One Dalton." *One Dalton*, 2018. [www.onedalton.com/interview-tracy-campion-exclusive-sales-agent-one-dalton/?utm_source=eblast&utm_medium=email&utm_campaign=Sept26](http://onedalton.com/interview-tracy-campion-exclusive-sales-agent-one-dalton/?utm_source=eblast&utm_medium=email&utm_campaign=Sept26) and http://onedalton.com/newsletter/dist/base_i3.html

¹³ See promotional video at www.onedalton.com

¹⁴ See "Billionaire Bonanza 2020" (April 2020) <https://ips-dc.org/billionaire-bonanza-2020/> and regular updates on billionaire wealth: <https://inequality.org/billionaire-bonanza-2020-updates/>

¹⁵ Collins, Chuck and Emma de Goede. "Towering Excess: The Perils of the Luxury Real Estate Boom for Bostonians." *The Institute for Policy Studies*. Retrieved from: <https://ips-dc.org/wp-content/uploads/2018/09/ToweringExcessReport-Sept10.pdf>