$20m from just six buildings: Study tallies take from stalled tax on high-end real estate in Boston.

A think tank analyzed several luxury buildings over three years, after a 2 percent fee on pricey real estate sales was first proposed at City Hall.

By Diti Kohli Globe Staff, Updated October 12, 2022, 12:01 a.m.

One Dalton in the Back Bay. Unit sales in the 61-story skyscraper would have generated over $12 million in fees if the transfer tax rule was instated in spring 2019. CRAIG F. WALKER/GLOBE STAFF

Boston would have at least $20 million more in its affordable housing funds from just five luxury condo developments, if Beacon Hill had passed a tax on high-dollar real estate sales three years ago, a new report found.

The Institute for Policy Studies, a left-leaning think tank, published a study Wednesday quantifying the ramifications of the real estate transfer tax, a proposal that would tack a 2 percent fee on residential and commercial property sales above $2 million in Boston.

Researchers found that if the tax — first proposed under former mayor Martin J. Walsh and later pushed forward by his successor Michelle Wu — had been enacted in spring 2019, the city would have accrued $19.8 million by Sept. 1, 2022, from sales in six buildings: One Dalton, Pier 4, The Archer, The Sudbury, and 133 and 135 Echelon.

It's evidence, the report says, that bureaucratic barriers have stopped the city from reaching "perhaps hundreds of millions" in funds to help expand its housing infrastructure and release the pressure valve on an unusually tough rental market.

While the institute's report focuses on a handful of high-end condo buildings, the fee applies to all real estate sold for more than $2 million, and the Wu administration estimates it would have raised nearly $100 million in 2021.

The study "highlights the need for us to move with urgency," she added in a statement Tuesday. "Our legislation would create a critical, reliable funding source for housing affordability with targeted support to help seniors afford to stay in their homes across our neighborhoods."

Real estate groups have fought the transfer tax, arguing it would only drive up the cost of development.

Regardless, its progress has been slow on Beacon Hill, despite support from a number of cities beyond Boston. (Nantucket, Concord, and Brookline are among other communities that have made similar proposals.)

Last month, the House gave the proposed tax in Boston a positive vote. But with the

Legislature in informal sessions, during which even a single "no" vote can kill a bill, passage would appear unlikely this year.

Boston's City Council first approved the legislation in late 2019, and sent it — as a home rule petition — to state lawmakers for approval. It fizzled in the session that ended in early 2021. Earlier this year, Wu tried again, to no avail.

Omar Ocampo, an institute researcher and coauthor of the study, said residents have struggled in the interim. Nearly 50 percent of Boston tenants spend half of their income or more on housing, according to the 2020 American Community Survey, and rents climbed 7.9 percent between August 2021 and 2022.

An earlier study from Harvard University's Joint Center for Housing Studies found that a Massachusetts household needs to earn $180,000 to buy a home in Greater Boston. Even then, a third of homeowners spend a disproportionate amount of income on mortgage payments, according to the Census Bureau.

Money from the transfer tax "could have funneled toward building and improving housing stock for everyone and relieving some of this burden," Ocampo added. "Because we don't just want these luxury units, which are not affordable for your average household."

Of the 841 units in the six buildings analyzed, 654 have sold — sometimes more than once — since spring 2019, according to real estate filings reviewed by the institute. The units went for an average of $4.1 million, meaning the vast majority would have been subject to the transfer tax.

Potential transfer tax revenue from six luxury buildings

Sales of over 600 top-dollar Boston units would have raised $19.8 million from spring 2019 to September 2022.

Building	Total Units	Units Sold	Number of Sales	Total Sales Amount	Revenue Generated by Proposed Transfer Tax
133 Echelon	255	222	239	$419,123,616	$1,239,679
135 Echelon	192	142	148	$239,645,339	$576,540
One Dalton	171	137	161	$893,601,851	$12,105,623
Piers 4	106	106	136	$460,076,465	$4,289,828
The Archer	62	29	30	$85,137,600	$634,800

The Seaport condominium complex 133 Echelon, for example, saw 239 sales that would have generated almost $1.3 million in taxes. In Pier 4, 136 sales topped 2 million and would have yielded $4.28 million for Boston.

One Dalton, a 61-story Back Bay skyscraper that reigns as the priciest of the bunch, saw 161 sales, totaling $893 million. That would have generated over $12 million for the city. In fact, researchers found that a single unit — No. 2048 — first sold for $2.8 million in March 2020 and then again 15 months later, for $150,000 more. Altogether, those transactions would have landed $35,000 in city coffers.

Read the full report here:

REPORT-The-High-Cost-of-Beac

1