

## **State House News Service: Housing Focus Fueling Optimism Among Transfer Tax Supporters**

By Sam Drysdale  
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STATE HOUSE, BOSTON, MARCH 23, 2023.....Hundreds of housing advocates planned a rally at the State House in support of local real estate transfer fees on Martha's Vineyard and Nantucket, but were first allowed to flood into the Senate Chamber where they heard directly from one of Beacon Hill's most powerful elected officials.

Sen. Julian Cyr arranged for the group to use the chamber, and they were addressed by Senate President Karen Spilka and Housing Committee Co-Chair Lydia Edwards. "Housing is a big issue," Spilka said to the advocates, who sat in senators' chairs and filled the public galleries. "We know that people can't thrive, they can't raise their families, it's just so much harder for children and families or individuals if they can't afford to live in an area where they're working."

Bills imposing new fees on higher-dollar housing transactions to pay for affordable housing investments have been proposed for years, but have never gained much traction among Democratic legislative leaders. Supporters hope that worsening cost and affordability trends will spur lawmakers to allow cities and towns to try new approaches.

Real estate industry officials have long opposed transfer tax bills, arguing against making costs even higher for buyers and noting the array of state and federal government programs focused on housing.

Last session, the Revenue Committee endorsed local bills proposing transfer fees in Somerville, Provincetown, Concord, Arlington, Cambridge, Nantucket, Chatham and Boston, but the bills never emerged for serious debate in the House and Senate.

Legislation that would have allowed municipalities wishing to adopt transfer taxes to do so without having to go through a home-rule petition on Beacon Hill (H 1377 / S 868) were sent to dead-end study orders.

While she did not express support for any particular approach, the Senate president's move to address the advocates at the State House on Thursday could indicate a change in tune for leadership's attitude toward the measure.

"I realize we also need to have some policy reform to help as well, coupled with the resources and the funding for more housing across the state and particularly on the Cape and the Islands as well," Spilka said. "This is a major focus of the Senate. We will continue to look and take action on increasing our affordable housing and increasing production across the state."

She said work would continue on the issue, and indeed a swath of housing-related bills are pending and await public hearings.

"I know there are specific concerns that all of you folks have, we will continue through Julian and other senators to work on those issues," she said. "So keep lifting your voices, keep letting us know what your issues are, how things are going. This is

not a one and done concern. This will take a while, but I promise you we will stay at this with you to try to help resolve a lot of the concerns that you have."

Advocates spoke with members of House Speaker Ron Mariano's staff, but did not speak with the Speaker himself.

Edwards, who newly chairs the Joint Committee on Housing, said she supports local option transfer fees and that "housing should pay for housing."

"In many cases, we're an outlier. Other states have implemented much more aggressive transfer fees that pay for all sorts of things. But in this case, I think they should pay for housing," Edwards said.

The Legislature has been reluctant in the past to legislate in the area of local zoning, a position that many analysts say is necessary to force change, and have faced challenges coming up with housing solutions that work for all 351 cities and towns.

"You have Nantucket and Boston asking for the same tool, they're very different communities, the largest city in the state and the most geographically isolated community in the state. That should really say something," Cyr said on Thursday.

While different in many ways, the islands and Boston share one thing in common: a fair number of high-dollar real estate transactions. Under Rep. Dylan Fernandes and Cyr's home-rule petition filed on behalf of the Vineyard, a 2 percent transfer fee would be applied to most real estate transactions over \$1 million. Nantucket is seeking a 0.5 percent fee on transactions above \$2 million. And with local approval in Boston, Rep. Brandy Fluker Oakley is proposing an up to 2 percent fee on property transfers in the city, exempting the first \$2 million of the purchase price. (H 2793)

Martha's Vineyard and Nantucket have joined a number of regional areas and municipalities that have filed home-rule petitions so far this session to create affordable housing funded by transfer fees. The Vineyard's proposal has been endorsed by voters in all six island towns, according to The Vineyard Gazette.

In addition to sponsoring the local transfer tax bills, Cyr has also filed a bill that would eliminate the requirement that towns, cities and regional areas go through the State House via a home-rule petition to impose a transfer tax.

It also requires that a regional affordable housing commission or municipality must meet four of seven qualifications before it can impose a transfer fee, which include enacting accessory dwelling unit bylaw, creating a smart growth zoning district, designating a minimum of 5 percent of residential zoned area as multi-family in towns or regional areas over 2,500 residents, and dedicating at least 50 percent of Community Preservation Act funds to housing creation two years prior to transfer fee enactment.

"The critique we hear from transfer fee opponents is that a number of these municipalities have not done enough on housing themselves, or used the available tools. I think this is a good place to start for that conversation," Cyr said.

Rep. Mike Connolly of Cambridge and Sen. Jo Comerford of Northampton's transfer tax bills (H 2747 / S 1771) so far have 21 and 13 co-signers, respectively. Though

there are some differences to the bills, they would all give local governments the opportunity to vote directly on if they would like to implement the fee.

"The Legislature has taken important steps to require local zoning for more housing in more municipalities. But now we must provide those municipalities with tools to ensure the new housing that gets built is affordable to residents," Connolly said. "That's why a local option real estate transfer fee is so important. It will enable our cities and towns to raise revenue fairly and equitably for local affordable housing."

Real estate groups, who have long been the voice of opposition to real estate taxes, continued to say on Thursday that transfer taxes are not the answer to Massachusetts' housing crisis.

"While we understand with and agree on the need to create more affordable housing in Massachusetts, transfer taxes are not the way to achieve this," CEO of the Greater Boston Real Estate Board Greg Vasil said in a statement. "Transfer taxes create unnecessary, additional costs that make it harder for all - from first-time buyers to retirees - to own a home. Instead, cities and towns should focus on utilizing the Community Preservation Act, which already exists as a local option tool to fund and create affordable housing."

The Massachusetts Association of Realtors said in a statement that the policy increases the cost of housing, "which is already dramatically inflated in many areas of the state because of highly restrictive zoning and other land use limitations," and that they support building more housing instead.

Despite opposition, advocates who filled the halls of the State House on Thursday were hopeful.

Dan O'Connell, former secretary of housing and economic development under Gov. Deval Patrick, lives on Martha's Vineyard and was rallying with other Islanders on Thursday. He said he feels the "stars are aligning" this session for local transfer fees.

"With the new housing chair Lydia Edwards, she's expressed her support for transfer fees, and Gov. Healey expressed her support, so we think the stars are aligning," O'Connell said.

Healey has not explicitly stated that she supports eliminating the current home-rule petition process for transfer fees, but defaulted to the line she has used in the controversial rent control debate as well, that it is "up to cities and towns to decide."

"With respect to transfer fees and the like, I've said for a long time, I think that's up to communities," the governor said to WCAI in January. "And I support communities that feel [it's] appropriate to take to take those steps. Absolutely."

For both transfer fees and rent control, if a bill to allow municipalities and regional housing commissions to make those decisions themselves without state input lands on the governor's desk, she will have to decide then whether or not to sign on.

Cyr said he believes the governor would support such a bill.

"Those are pretty clear remarks. I don't want to speak for the governor, but many times in the past the prior governor would say 'We'll take a look when it comes,' but that's not what Gov. Healey is saying here," he said.

Healey repeatedly said on the campaign trail that housing was among her top priorities, as residents around the state have demonstrated that it is becoming increasingly unaffordable to live in Massachusetts.

"I think we may see an omnibus housing bill this session," O'Connell said. "There's a lot of other issues floating around, including rent control. We need to make sure that transfer fees are included in that bill if it happens."

On Nantucket and Martha's Vineyard specifically, the tourism economy and seasonal rentals has made the housing market even hotter, O'Connell said.

"We call it the shuffle on the island. You can find a place to live from November through April, but May comes around and they want to turn it into an Airbnb, and you're shuffled out of your house with your children," he said. "People have been living in tents in the summer because of the lack of being able to find housing. I don't use the word crisis casually, but this truly is one."

Noah Lipnick, a shellfish farmer and member of the Coalition to Create the Martha's Vineyard Housing Bank, said he is preparing to move out of his apartment in May when his lease ends and will likely have to move back in with his parents.

The 24-year-old said he and other young adults are being priced out of living on the Vineyard.

"We need young people to feel as though they have a place to stay and are independent of their families," he said. "The effects of the housing crisis are far reaching, and it affects the mental health of people who lose their homes and have to leave, or have to move back home."

Other advocates who were lobbying legislators said their small businesses were impacted by the housing shortage on the island, as lower-wage workers are priced off the islands. The tourism industry, which relies heavily on waiters, bartenders and other part-time workers, is also suffering, they said.

"At the hospital a third of the physicians' positions are open because staff who they're trying to hire can't find housing," O'Connell said. "They're providing dormitories for nurses who have come in from off the island for 48-hour shifts," he said. "It's affecting the people we need most -- farmers and fishermen, public safety officers, firefighters and EMTs who you want nearby."

He added that the median housing price on Martha's Vineyard is above \$1.5 million, and the median price on Nantucket is over \$3 million. According to Cyr, only three houses on Martha's Vineyard were for sale under \$1 million last year.

Meanwhile, the number of year-round residents on the Vineyard climbed from 16,000 to 20,000 over the last three years, while thousands of housing units were turned into Airbnbs in the last decade to accommodate more tourism, O'Connell said.

"This is a tried and true policy that works in seasonal communities where their real estate market is driven by a second-house market," Cyr said, adding that Vail and Aspen in Colorado have a similar policy to the one proposed. "We are losing our

year-round community, we're losing our culture. The state needs to authorize this tool so we can solve this problem locally."