

Overshadowed by rent control debate, proposals for transfer taxes pick up steam in housing discussions

By [Emma Platoff](#) and [Matt Stout](#) Globe Staff, Updated May 7, 2023, 5:59 p.m.



Kirk Israel, of Boston Area Brigade of Activist Musicians, played his tuba during a March rally outside the State House urging state officials "to face the housing crisis head-on." CRAIG F. WALKER/GLOBE STAFF

The revival of rent control in Massachusetts has been [polled](#), protested, and picked over on Beacon Hill, where its odds appear slim, if not nil.

Meanwhile, more quietly — though not without controversy — backers have been steadily building support for another proposal, searching for the right combination of policy details and political environment to get it into law. And, with mounting pressure on the Legislature to act on housing, they hope they've found their moment.

Roughly a dozen cities and towns in Massachusetts are asking lawmakers for permission to impose a local transfer tax on the sale of real estate to raise revenue for affordable housing. While the proposals vary, most would impose a fee between half a percent and 2 percent on high-dollar real estate transactions.

Pushed fruitlessly for years by officials in Boston and neighboring cities, the Cape and Islands, and even by [major businesses such as Mass General Brigham](#), the proposed tax has been vociferously opposed by real estate industry groups. But the mounting urgency of the housing crisis, a new Democratic governor in the corner office, and the growing number of communities agitating for the tax are coming together to open a window that supporters say didn't exist before.

“We have built a huge amount of momentum for it,” said state Senator Lydia Edwards, who championed the transfer fee as a Boston city councilor and now co-chairs the Legislature's housing committee. “The conversation has never been more serious.”

ADVERTISING



As family shelters overflow, the shortage of mid-price homes grows more acute, and the cost of living continues to climb, state and local leaders all agree that housing is an urgent priority. They just don't agree on precisely what to do about it.

Even amid that robust debate, though, there is broad consensus that the response to the crisis must include the production of more housing. That's where transfer fees come in, proponents say, offering a revenue stream that could directly fund more affordable housing over time.

Without making an explicit commitment, Governor Maura Healey has signaled she's open to allowing local governments to levy transfer fees. And compared with rent control, the idea has had more time to marinate on Beacon Hill, and, so far, has collected more support from local officials.

Communities from Western Massachusetts to Cape Cod have filed their own versions of transfer tax proposals, so-called home-rule petitions that would allow specific cities or towns to impose the fees with legislative approval. Other state lawmakers are pushing bills that would give leaders of any community the right to pass their own version of a transfer tax.

The proposals filed by individual communities vary in which sales would be subject to the fees, the size of the fees, and who would be responsible for paying them.

Boston's plan, which builds on an earlier version signed by former mayor Martin J. Walsh in 2019, would impose a tax of up to 2 percent on any amount above \$2 million, with the fee paid by the seller. It also includes property tax breaks for low-income seniors. City officials estimate it would have generated \$100 million in 2021 and \$60 million in 2022.

Somerville would include all real estate sales, imposing a 1 percent fee on the seller and a 1 percent fee on the buyer, with exemptions on either party if the home is a primary residence. In Concord and on Martha's Vineyard, the fee would apply to home sales over \$1 million, and, like in Boston, would be assessed only on the portion of the sale exceeding that threshold.

“We’ve reached a point in this crisis where we need another resource,” said Matt Walsh, policy analyst for Metropolitan Area Planning Council and co-coordinator of the Local Option for Housing Affordability Coalition. “We’re tying the heat of the market to the resources that we have to deal with it.”



Stephanie Mashek, of Martha's Vineyard, wears a "Gimme Shelter" shirt as advocates from the island marched to the State House in March. DAVID L. RYAN/GLOBE STAFF

But the pitch hasn't worked yet. Provincetown submitted a request for a transfer fee as far back as [2011](#), and Nantucket first sent a home-rule petition to Beacon Hill in 2016.

Neither has been passed by the Legislature. In 2020, then-mayor Walsh called on the legislative leaders in the audience at his State of the City address to “let us take this step.” Three years later, they still haven’t.

The long slog shows the [headwinds that local bills face](#) on Beacon Hill, particularly when they raise taxes or fees — and highlights [the arcane legal structure](#) that empowers the Massachusetts Legislature to stall or kill even highly popular local initiatives.

The House three years ago overwhelmingly rejected an amendment to allow local officials across the state to impose transfer fees. And it’s unclear whether legislators want to allow for another tax in an uncertain economic environment. Voters just six months ago approved a constitutional amendment raising taxes on the state’s wealthiest residents, many of whom could also be hit by this additional fee when buying or selling an expensive home.

Healey and lawmakers are also pursuing a wide-ranging proposal to slash taxes — not raise them — whose own fate suddenly became complicated after [tax collections cratered in the month of April](#), muddying the state’s revenue picture.

In Massachusetts, inventory is already scarce, said David McCarthy, president of Massachusetts Association of REALTORS, which opposes transfer taxes. According to association data, there were 4,200 single-family homes on the market in March, less than half the number in March 2019 and just a fraction of the more than 15,000 on the market during the same month in 2016.

“Transfer fees will do nothing more than increase home prices,” he said. “You’re creating barriers of entry.”

Supporters of transfer taxes have sought to refine the concept, proposing to allow a variety of exemptions, such as for first-time home buyers. But how best to win lawmakers’ approval is “a question we continue to ask ourselves,” said Dan O’Connell, a

former state economic development secretary helping advocate for the home rule petitions from Nantucket and Martha's Vineyard.

"We need an answer now," O'Connell said. "We're not asking for a penny in state tax money. We're only asking for the ability to put in place a local option. A community doesn't have to collect this. They choose to collect this."

Wu's administration has been relying on hundreds of millions of dollars in federal COVID relief dollars to fund affordable housing efforts. But that money will expire in the next few years while the needs remain, she said.

"We need many, many more years of housing creation," Wu told the Globe this week. "We're asking for support to keep the momentum going."

More communities, in Massachusetts and beyond, are making a similar pitch. Last year alone, the Legislature's revenue committee approved home rule petitions for transfer fees from at least nine cities and towns, including [Boston](#) — an early sign of progress for the policy. But none got a full vote in either the House or Senate.

Now, bills have flowed in from Martha's Vineyard, Truro, and Wellfleet. In Western Massachusetts, Amherst officials, too, are pushing a local option. Officials in Great Barrington in the Berkshires [are studying](#) one as well. On the other side of the country, Los Angeles voters last year approved a "mansion tax" that targets real estate sales over \$5 million.

"We're reaching a critical mass here," said state Senator Julian Cyr, a Truro Democrat who's pushing for transfer fees. Cyr said he himself can't afford to buy a home in the Cape district he represents, and lately, even people making double the region's median income need subsidized housing. "It is so clear to me that we must change course."

Even some major real estate developers have signaled openness to transfer tax proposals.

“The broader real estate and business community recognize that we have an urgent housing challenge,” said Steve Samuels, a [developer](#) credited with helping transform the Fenway area. “A transfer fee, in concert with other tools the city could employ, can be part of the package required to address this challenge.”

Still, neither House Speaker Ronald Mariano nor Senate President Karen Spilka has endorsed a transfer tax. Mariano said in a statement that the transfer fee proposals would “be reviewed through the formal legislative process.” Spilka told the Globe last month the Senate was still considering the various proposals, but noted she doesn’t believe there should be a one-size-fits-all response.

“I think there may be, and probably will be, different solutions for different regions,” the Ashland Democrat said.

Healey has not explicitly backed the policy, though she has voiced broad support for local efforts. “I support communities that feel [it’s] appropriate ... to take those steps,” she [said on the Cape in January](#).

That’s a striking contrast from former governor Charlie Baker, a Republican who [flatly said](#) last year, “I don’t support these sorts of things.”

The push for the transfer fee was perhaps never more apparent than in March, when [hundreds from Nantucket and Martha’s Vineyard](#) hopped on a ferry and then a fleet of charter buses to rally and meet with lawmakers at the State House.

The show of force, said Senator Jo Comerford, who’s filed legislation for a statewide option, was a clear indication of an issue “on the move.”

“That,” she said, “will be a day I’ll never forget.”

Emma Platoff can be reached at emma.platoff@globe.com. Follow her on Twitter [@emmaplatoff](https://twitter.com/emmaplatoff). Matt Stout can be reached at matt.stout@globe.com. Follow him on Twitter [@mattpstout](https://twitter.com/mattpstout).