



The Commonwealth of Massachusetts

AN ACT AUTHORIZING THE CITY OF SOMERVILLE TO IMPOSE A REAL ESTATE TRANSFER FEE

AN ACT

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

SECTION 1. Findings and Purpose.

Whereas, housing costs in and around Somerville have increased consistently and dramatically over the last 10+ years, with the median selling price of single family homes up 62% since 2005, and;

Whereas, there is a significant need for more affordable and workforce housing as evidenced by the 36% of Somerville renters who are currently considered rent burdened by paying at least 30% of their income on rent, and the multi-year long waitlists that exist for every affordable housing opportunity currently available in Somerville, and with the Housing Division receiving an average of 41 applications for each affordable inclusionary rental unit, and;

Whereas, these circumstances are further compounded by a combination of regional housing demand and constrained supply as documented in the Metropolitan Area Planning Council’s projection of regional housing demand for the metro north Boston area and the 2017 Housing Report Card, which noted that the sharpest increases in housing costs are occurring in Boston’s inner-ring suburbs including Somerville, now;

Therefore, the purpose of this Act is to establish a sustainable revenue source for the Somerville Affordable Housing Trust Fund.

SECTION 2. The City of Somerville may impose a fee of up to two per cent (2%) of the purchase price upon the transfer of any real property interest in any real property situated in the City of Somerville, as follows: (a) A fee in the amount of one per cent (1%) of said purchase price shall be due and payable by the seller; and (b) A fee in the amount of one per cent (1%) of said purchase price shall be due and payable by the purchaser. The City of Somerville is hereinafter referred to as the “City”.

(a) **Exemption; Fee Due by Seller.** The seller shall be exempt from the fee authorized in Section 2, if the seller of such real property is a taxpayer approved by the City of

Somerville for an exemption for residential real property with respect to such real property classified as Class One, residential, in the City of Somerville, pursuant to section 5C of chapter 59 of the General Laws or any special law for the property to be transferred (referred to as the “residential exemption”) for the two immediately preceding years as of the date of the deed or other instrument evidencing such transfer or such other date as may be defined by the City.

If the seller of such real property is an heir-at-law or devisee, and the transfer of said real property is within one year from the date of demise of the deceased owner of such real property and such owner met the above residential exemption requirement, the seller shall be exempt from said fee.

If the seller is not exempt, the fee shall be due and payable by the seller to the City at the time set forth in Section 3.

(b) **Exemption; Fee Due by Purchaser.** The fee amount authorized in Section 2 which is due and payable by the purchaser shall be subject to an exemption subject to the requirements of this section.

(i) If the purchaser of such real property submits an affidavit of intent to the City to seek a residential exemption for that property, on a form approved by the City, at the time of transfer of any real property interest, the purchaser shall be exempt from the fee in Section 2, subject to this section. Said purchaser shall apply to the City of Somerville for the residential exemption with respect to such real property for the first year following the date of transfer in which the purchaser would first be eligible to apply for said exemption, and shall maintain a residential exemption on said property for two consecutive years.

If the purchaser does not submit said affidavit, the fee shall be due and payable by the purchaser to the City at the time set forth in Section 3.

(ii) If said purchaser fails to meet the residential exemption application and status requirement in subsection (i), the purchaser shall no longer be exempt from said fee and the full fee amount shall become due and payable by the purchaser to the City, and the City is authorized to adopt an ordinance to provide for the collection and liening of any such outstanding amount. The City shall have such remedies to collect said amount as provided by law with respect to the collection of real property taxes.

(c) Said fee amounts shall be set forth by City ordinance. The fee shall be paid to the City of Somerville. The City shall deposit all fees received into the Somerville Affordable Housing Trust Fund established by the City.

SECTION 3. The fee shall be paid to the City and shall be accompanied by a copy of the deed or other instrument evidencing such transfer, an affidavit signed under oath or under the pains and penalties of perjury by the purchaser and seller attesting to the purchase price and the basis, if any, upon which the transfer is claimed to be exempt in whole or in

part from said fee, and/or an affidavit of intent to seek a residential exemption for that property by the purchaser. The City or its designee shall promptly thereafter issue a certificate indicating that the fee has been paid or that the purchaser or seller, or the transfer, is exempt from the fee. The register of deeds for the county in which the real property is located shall not record or register a deed unless the deed is accompanied by such certificate.

SECTION 4. The following transfers of real property interests shall be exempt from the fee established by this act: (a) transfers between family members as defined by the City; (b) transfers of convenience with consideration under \$100.00 as defined by the City; (c) transfers to the government of the United States or any other instrumentality, agency of subdivision thereof, or the commonwealth or any instrumentality or subdivision thereof; and (d) vulnerable seniors as defined by the City.

SECTION 5. The City may, by ordinance, adopt additional requirements, exemptions, and regulations to implement or enforce said fee, consistent with this act. The City is not authorized to eliminate any exemption set forth in this act. The City shall have the authority to establish one or more exemptions from such fee should it choose to do so. Exemptions may include, but are not limited to (i) purchasers with annual income below 80% of Area Median Income as established by the U.S. Department of Housing and Urban Development for the City; and (ii) residential transfers with a purchase price below the mean purchase price for the City over the previous twelve month period.

SECTION 6. The City shall use revenue from the fees raised pursuant to this act to fund affordable housing programs including, but not limited to, limited equity arrangements, community land trusts, purpose-built housing, and other programs to underwrite the affordability of properties with a preference, where permitted by applicable law, for current and recent Somerville residents and employees.

SECTION 7. The City shall prepare and issue an annual report that (i) identifies fee receipts by payer category including buyers and sellers; (ii) quantifies affordable housing programs funded, including type and purpose, and (iii) evaluates the impact of said affordable housing programs, including but not limited to, to the extent reasonably possible and permitted by applicable law, the number and demographics of individuals and families served as well as measures of housing stability and wealth generation in the community.

