REFILE OF PREVIOUS MATTER: BILL #: OF YEAR:

The Commonwealth of Massachusetts

AN ACT

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

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, data presented in the October, 2017 Real Property Transfer Fee Impact Analysis performed by RKG Associates, Inc. for the City of Somerville demonstrates that housing costs in and around Somerville have increased consistently and dramatically over the last 10+ years, and that just between 2010 and 2016:
• the average annual increase in the median per-unit sale price of single family, two-family, and three-family homes, and apartments in small buildings ranged from 10.1% to 14% per year, resulting in six-year overall increases of between 60.5% and 85%,
• the average annual increase in the median per-unit sale price of condominiums was 8.8%, resulting in a six-year overall increase that exceeded 52%; and

Whereas, the December 2015 Somerville Housing Needs Assessment prepared by LDS Consulting Group, LLC found that significant increases in housing prices have elevated the risk of displacement for low and moderate income renters and jeopardized the financial stability of moderate income homebuyers, such that even in 2013, 17.8% of Somerville renters and 19% of Somerville homeowners were paying in excess of 50% of their incomes towards housing costs and an additional 21% of Somerville renters and 19.4% of Somerville homeowners were paying between 30% and 50% of their income towards housing costs; 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; and

Whereas, Somerville's Affordable Housing Trust Fund is established under M.G.L. c.44, §55C and is charged with the preservation and creation of new affordable rental and homeownership units in the City of Somerville and the creation of programs that directly assist renters and homeowners, now;

Therefore, the purpose of this act is to establish a sustainable revenue source for the Somerville Affordable Housing Trust Fund as further set forth below:

SECTION 2. Except where otherwise exempted pursuant to this act, 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 or the transfer of a controlling interest in a trust, limited liability company, or other entity that directly or indirectly holds an 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. In the case of a transfer of a controlling interest, the City of Somerville may define by ordinance what constitutes a controlling interest and the calculation of the fee. The City of Somerville is hereinafter referred to as the "City".

(a) **Exempt Transfers**. The following transfers of real property interests shall be exempt from the fee established by this act: (i) transfers between family members as may be defined by ordinance; (ii) transfers of convenience as may be defined by ordinance; and (iii) transfers to the government of the United States or any other instrumentality, agency or subdivision thereof, or the Commonwealth or any instrumentality or subdivision thereof.

(b) **Exempt Sellers; Fee Due by Non-Exempt Seller.** The seller of residential real property in the City shall be exempt from the fee authorized in Section 2, if the seller of such real property is:

(i) a vulnerable senior, as may be defined by ordinance or
(ii) a taxpayer approved by the City for an exemption for residential real property 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"), or meets all qualifications for approval of same, 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 ordinance. This exemption shall not apply to residential real property which contains four or more dwelling units.

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, or would have met all qualifications for approval of same, 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.

(c) **Exempt Purchasers; Fee Due by Non-Exempt Purchaser.** The purchaser shall be exempt from the fee authorized in Section 2 if:

(i) that purchaser is a vulnerable senior, as may be defined by ordinance or
(ii) prior to the recording of any deed, 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, in which case the purchaser shall be provisionally exempt from the fee in Section 2, subject to this section. Such provisional exemption for such transaction shall be made permanent, and the fee shall be

permanently waived, if said purchaser is approved by the City for a residential exemption with respect to such real property for the first two years following the date of transfer in which the purchaser would first be eligible to apply for said residential exemption. 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. If the purchaser does not obtain residential exemptions during the first two years following the date of transfer, the fee shall be due and payable by the purchaser upon a failure to obtain either required exemption. This exemption shall not apply to residential real property which contains four or more dwelling units.

(d) The fee shall be paid to the City of Somerville. The City is authorized to adopt an ordinance to provide for the collection and liening of any outstanding transfer fee. The City shall have such remedies to collect said amount as provided by law with respect to the collection of real property taxes.

(e) The City shall deposit all fees received pursuant to this act into the Somerville Affordable Housing Trust Fund established by the City.

SECTION 3. A copy of the deed or other instrument evidencing such transfer shall be provided to the City and shall be accompanied by, (a) an affidavit signed under oath or under the pains and penalties of perjury by the purchaser and seller attesting to the purchase price, (b) the applicable fee owed, (c) the basis, if any, upon which the transfer, or one or both of the parties to the transfer, is claimed to be exempt in whole or in part from said fee, and (d) if applicable, an affidavit of intent to seek a residential exemption for that property by the purchaser. Upon receipt of such payment and/or satisfactory evidence of exemption, 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 Middlesex South Register of Deeds shall not record or register a deed unless the deed is accompanied by such certificate.

SECTION 4. 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 or reduce any exemption set forth in this act.

SECTION 5. The Affordable Housing Trust Fund, as permitted by the ordinance establishing said Affordable Housing Trust Fund and its governing documents, 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 6. 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.

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

PETITION _____

CHIEF SPONSOR:

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court Assembled.

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying bill or resolve.

PETITIONERS: LEGISLATOR/CITIZEN	DISTRICT/FULL MAILING ADDRESS
	WARD 2
Mary Jo Rossetti	Alderman At Large
	Ward 4
	Alderman at Large
	Ward 3
	Ward 6
Stephanie Hansen	Alderman at Large
Mark Niedergang	Ward 5 Alderman
Matthew McLaughlin	Ward 1 Alderman
Katjana Ballantyne	Ward 7 Alderman
	Mayor

Use "TABLE > INSERT > ROWS BELOW" to add more lines for petitioners' signatures.

CITY OF SOMERVILLE, MASSACHUSETTS
JOSEPH A. CURTATONE
MAYOR

May 25, 2018

To Whom It May Concern:

This is to certify that I, Joseph A. Curtatone, Mayor of the City of Somerville, approved on May 25, 2018, the vote of the Board of Aldermen at a regular meeting on May 24, 2018 to petition the legislature to file special legislation, being An Act Authorizing the City of Somerville to Impose a Real Estate Transfer Fee, as provided in a Home Rule Petition, Docket #206007.

Respectfully Submitted,

Joseph A. Curtatone

CITY HALL • 93 HIGHLAND AVENUE • SOMERVILLE, MASSACHUSETTS 02143
(617) 625-6600, EXT. 2100 • TTY: (866) 808-4851 • FAX: (617) 625-3434 • www.somervillema.gov
E-mail: mayor@somervillema.gov

One Call to City Hall
3 1 1
City of Somerville

CITY OF SOMERVILLE, MASSACHUSETTS
BOARD OF ALDERMEN

Docket # 206007
Officer's Communication
Home Rule Petition

Regular Meeting, May 24, 2018
Item ID 18776

SUMMARY: Asst. City Solicitor submitting an updated Home Rule Petition to Impose a Real Estate Transfer Fee.

COMPLETE TEXT:

To the Honorable Board:

Per our discussion, attached for your consideration and approval is the amended home rule petition to authorize the city to impose a real estate transfer fee. Please note that the Board of Aldermen's amendments are reflected in red and the Law Department's amendments are shown in blue.

As always, please contact me with any questions you may have.

Respectfully,

David P. Shapiro
Assistant City Solicitor

RESULT:	**APPROVED [UNANIMOUS]**
AYES:	Hirsch, Rossetti, White Jr., McLaughlin, Scott, Ewen-Campen, Clingan, Niedergang, Davis, Ballantyne
ABSENT:	Mbah

APPROVED BY THE BOARD OF ALDERMEN OF THE CITY OF SOMERVILLE, MA, AT A REGULAR MEETING ON THE 24th DAY OF MAY, 2018.

APPROVED BY THE MAYOR OF THE CITY OF SOMERVILLE, MA, ON THE 25th DAY OF MAY, 2018.

ATTEST:

John J. Long, City Clerk