

## **Proposed Transfer Tax Home Rule Petition (HRP): Summary FAQ**

**What does the proposed Home Rule Petition do?** If approved by the City, the proposed Home Rule Petition (HRP) would be forwarded to the State Legislature requesting a special act to permit a transfer fee on the transfer of all real estate in Somerville. If and when a special act is passed, the City would then pass an ordinance in order to actually implement the transfer fee.

**What kinds of transfers would be exempted from the proposed transfer fee?** As described in Section 4 of the HRP, the following types of transfers of real property interests would be exempt from the transfer fee: (a) transfers between family members; (b) transfers of convenience involving a price less than \$100; and (c) transfers to the State or federal government, or any agency or subdivision thereof. The HRP allows for the future addition of other exemptions.

**What types of buyers and sellers would be exempted from the proposed transfer fee?** As described in Section 4 of the HRP, vulnerable seniors, as defined by the City, would be exempted. Also exempted would be sellers who had obtained residential property tax exemptions for the two years immediately preceding the transfer, and buyers who sign an affidavit at the time of purchase describing their intent to establish their residence in the property, and qualifying for a residential exemption after that purchase. Buyers who sign such an affidavit, but do not obtain the required residential exemption, would become subject to the transfer fee from which they had been provisionally exempted. The City could place a lien on the property to collect that fee.

**What happens after enactment of a special act? Can the City take away any of the exemptions promised in the Home Rule Petition?** If enacted, the special act would give the City permission to pass an ordinance creating the transfer fee. That Ordinance could establish more exemptions, but could not remove any of the exemptions described in the Home Rule Petition/Special Act.

**How much of a transfer fee would buyers and sellers pay, if the transfer was not exempt, and if they were not individually exempted?** The fee would be one percent (1%) for the seller and 1% for the buyer on the amount of the purchase price. For example, if the transfer itself was not exempt and the purchase price was \$500,000, a non-exempt seller would be required to pay \$5,000 and a non-exempt buyer would be required to pay \$5,000, for a total payment of \$10,000.

**How would the transfer fee be used?** Transfer fees collected would be paid into the Somerville Affordable Housing Trust Fund, as described in Section (2)(c) of the Home Rule Petition. The Somerville Affordable Housing Trust helps fund the development and protection of homeownership and rental housing in Somerville that is affordable to low- and moderate-income households, and assists eligible persons in obtaining and remaining in such housing.

The Trust is subject to requirements which address the goals and purposes of the Trust, income eligibility criteria, the allowed uses, how people and organizations can apply for assistance from the Trust, how funding decisions are made, and how the members of the Trust who make those decisions are appointed. The guidelines are at <https://www.somervillema.gov/sites/default/files/sahtf-guidelines.pdf>.

The proposed Home Rule Petition specifically mentions some possible uses (Section 6) and establishes annual reporting requirements (Section 7) for the City.