

COMMERCIAL REAL ESTATE INSIGHT & NEWS

The Bowditch & Dewey Real Estate Blog

Boston's Effort to Create and Preserve Affordable Housing: Real Estate Transfer Fees and Senior Property Tax Relief

BY JOSEPH R. DUQUETTE • NOVEMBER 2, 2022

In a further effort to create and preserve affordable housing, the Massachusetts House of Representatives recently advanced House Bill 4637, "An Act Relative to Real Estate Transfer Fees and Senior Property Tax Relief" ("H.B. 4637"), which would create a new "transaction fee" of up to 2% on real estate transactions valued over $2 million in the City of Boston, to be paid by the seller. Under the proposed legislation, the new transaction fees would be deposited into the Neighborhood Housing Trust (established by the city in 1956) or otherwise be appropriated by the City Council for housing acquisition, affordability, creation, preservation, low-income renter stability, or related purposes to address disparities in housing access and opportunity. The Bill was ordered to a third reading on September 19, 2022.

Those following H.B. 4637 point out that Boston City Councilors Lydia Edwards and Kim Janey offered a Home Rule petition for special legislation filed on February 4, 2020 as H.D. 4866 to authorize an investor and commercial property transfer fee.

The Institute for Policy Studies estimates that had the General Court acted on Boston's 2019 Home Rule petition, Boston would have raised "over $20 million from transfers in just six luxury buildings if the [then-proposed transfer] tax had been in place."

Despite the report and the stated goals of H.B. 4637, there is concern that the newly proposed transfer fee may actually harm the communities it seeks to benefit. Opponents of the bill assert that the City of Boston has hundreds of millions of dollars to spend on housing already and questions the need for the transfer fee.

Boston is not alone in trying to find new ways to address the housing crisis. Concord, Somerville, and Brookline have similar bills pending in the Legislature. Stay tuned for future development on this matter.

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