



Frequently Asked Questions on Local Option Transfer Fees in the Affordable Homes Act

Q: What is a local option real estate transfer fee?

A: An OPTION for your city/town to charge a one-time fee when high-end properties change ownership to fund local affordable housing

Q: Why is a local option transfer fee included in the Affordable Homes Act?

A: Massachusetts needs to produce more housing to become more affordable.

Building more housing, particularly Affordable housing, is expensive, and municipal revenue sources for affordable housing have not kept pace with growing costs. Without more public support, Affordable housing will not be built at the rate we need.

Q: What would happen on day 1 if local option transfer fees are included in the Affordable Homes Act?

A: Nothing!

Cities and towns would need to go through the local deliberative process to pass local ordinances which establish the fee and set local parameters. This provision simply gives them the choice to use the tool.

Q: What would the local option transfer fee included in the Affordable Homes Act mean?

A: The local option transfer fee policy in the AHA allows cities and towns to choose to collect a small fee (0.5% - 2%) on property sales that exceed \$1 million, including both residential and commercial properties.

Under the current language, this fee would only apply to the amount above \$1 million and would be paid by the seller, though the Coalition supports allowing fees to be applied to be paid by either buyers or sellers or split between the two, and to be levied on the full transaction amount at a municipality's discretion. All proceeds from the fee would be dedicated to producing and preserving Affordable housing. There are several mandatory exemptions to protect Affordable housing sales, transfers between families, transfers without consideration, and more.

Questions? Contact Matt Walsh (mwalsh@mapc.org) or Mark Martinez (mmartinez@mlri.org)

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Q: If a home is sold for \$X,XXX,XXX, how much would the seller pay?

A: Assuming the AHA's current floor of a \$1 million property threshold...

- ***\$1 million or less, no fee assessed***
- \$1.5 million, \$2,500 (.5% fee) - \$10,000 (2% fee)
- \$5 million, \$20,000 (.5% fee) - \$80,000 (2% fee)
- \$10 million, \$45,000 (.5% fee) - \$180,000 (2% fee)

However, the AHA proposal allows communities to customize and set higher thresholds, based on local market conditions! For example, Boston has proposed setting a threshold of \$2 million dollars, since their home prices are much higher. A community could even choose a local option transfer fee that only applies to transactions over \$10 million, exempting the first \$10 million of a property sale from the fee. The LOHA Coalition also believes communities with significantly lower property values should have the option to set a lower threshold that suits their local market.

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questions?**

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**Still have
questions?**

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