

SENATE . . . . . No. 868

The Commonwealth of Massachusetts

PRESENTED BY:

Joanne M. Comerford

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 adoption of the accompanying bill:

An Act empowering cities and towns to impose a fee on certain real estate transactions to support affordable housing.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	
Joanne M. Comerford	Hampshire, Franklin and Worcester	
Jason M. Lewis	Fifth Middlesex	2/24/2021
Jack Patrick Lewis	7th Middlesex	2/24/2021
Michael J. Barrett	Third Middlesex	2/26/2021
Erika Uytterhoeven	27th Middlesex	2/26/2021
Mindy Domb	3rd Hampshire	2/26/2021
James B. Eldridge	Middlesex and Worcester	3/9/2021
Adam G. Hinds	Berkshire, Hampshire, Franklin and Hampden	3/9/2021
Mary S. Keefe	15th Worcester	3/12/2021
Elizabeth A. Malia	11th Suffolk	3/16/2021
Sal N. DiDomenico	Middlesex and Suffolk	4/4/2021
Maria Duaiame Robinson	6th Middlesex	4/4/2021

**SENATE . . . . . No. 868**

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By Ms. Comerford, a petition (accompanied by bill, Senate, No. 868) of Joanne M. Comerford, Jason M. Lewis, Jack Patrick Lewis, Michael J. Barrett and other members of the General Court for legislation to empower cities and towns to impose a fee on certain real estate transactions to support affordable housing. Housing.

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**The Commonwealth of Massachusetts**

**In the One Hundred and Ninety-Second General Court  
(2021-2022)**

An Act empowering cities and towns to impose a fee on certain real estate transactions to support affordable housing.

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

1 Chapter 44 of the General Laws is hereby amended by inserting after section 55C the  
2 following section:—

3 Section 55D. (a) For purposes of this section, the following terms shall, unless the  
4 context clearly requires otherwise, have the following meanings:—

5 “Affordable Housing Purposes”, uses allowed by the municipal or state affordable  
6 housing trust fund into which funds are deposited, or, if the funds are deposited into a  
7 community preservation act fund, the housing uses allowed thereunder.

8 “Affordable Housing Restriction”, a recorded instrument held by a qualified holder which  
9 encumbers or restricts a real property interest so that the real property interest is perpetually or  
10 for a term of at least 30 years limited to use as a residence occupied by a low or moderate income

11 household which earns less than a specified income level, the upper limit of which may not  
12 exceed 175 per cent of the median income for a household in that city or town; provided,  
13 however that moneys derived from a transfer fee implemented pursuant to this section and  
14 deposited into a state or municipal Affordable Housing Trust Fund or Community Preservation  
15 Fund, may be subject to the lower income restrictions that govern said Fund. A “qualified  
16 holder” is a governmental body or charitable corporation or trust which qualifies under the terms  
17 of chapter 184 to hold an affordable housing restriction.

18 "Purchaser", the transferee, grantee or recipient of any real property interest.

19 "Purchase price" or “sale price,” all consideration paid or transferred by or on behalf of a  
20 purchaser to a seller or the seller’s nominee, or for the seller’s benefit, for the transfer of any real  
21 property interest, and shall include, but not be limited to: (i) all cash or its equivalent so paid or  
22 transferred; (ii) all cash or other property paid or transferred by or on behalf of the purchaser to  
23 discharge or reduce any obligation of the seller; (iii) the principal amount of all notes or their  
24 equivalent, or other deferred payments, given or promised to be given by or on behalf of the  
25 purchaser to the seller or the seller’s nominee; (iv) the outstanding balance of all obligations of  
26 the seller which are assumed by the purchaser or to which the real property interest transferred  
27 remains subject after the transfer, determined at the time of transfer, but excluding real estate  
28 taxes and other municipal liens or assessments which are not overdue at the time of transfer; (v)  
29 the fair market value, at the time of transfer, of any other consideration or thing of value paid or  
30 transferred by or on behalf of the purchaser, including, but not limited to, any property, goods or  
31 services paid, transferred or rendered in exchange for such real property interest.

32 "Real property interest", any present or future legal or equitable interest in or to real  
33 property, and any beneficial interest therein, including the interest of any beneficiary in a trust  
34 which holds any legal or equitable interest in real property, the interest of a partner or member in  
35 a partnership or limited liability company, the interest of a stockholder in a corporation, the  
36 interest of a holder of an option to purchase real property, the interest of a purchaser or seller  
37 under a contract for purchase and sale of real property, and the transferable development rights  
38 created under chapter 183A; but shall not include any interest which is limited to any of the  
39 following: the dominant estate in any easement or right of way; the right to enforce any  
40 restriction; any estate at will or at sufferance; any estate for years having a term of less than 30  
41 years; any reversionary right, condition, or right of entry for condition broken; and the interest of  
42 a mortgagee or other secured party in any mortgage or security agreement.

43 "Seller", the transferor, grantor or immediate former owner of any real property interest.

44 "Speculative sale" the sale of property for more than 3 times the state median sale price  
45 for a single family home, within 1 year of the purchase of that property by the person or entity  
46 selling the property; provided, however, that a sale of owner occupied residential property shall  
47 not be deemed speculative if the sale of the property is necessitated by the seller's need to  
48 relocate for employment or family reasons or by the seller's need to liquidate their assets for  
49 other compelling reasons, or for other reasons established by the city or town opting to impose a  
50 higher transfer fee for speculative sales.

51 "Time of transfer" of any real property interest shall mean the time at which such transfer  
52 is legally effective as between the parties thereto, and, in any event, with respect to a transfer  
53 evidenced by an instrument recorded with the appropriate registry of deeds or filed with the

54 assistant recorder of the appropriate registry district, not later than the time of such recording or  
55 filing.

56 (b) A city or town may impose a fee upon the transfer of any real property interest in any  
57 real property situated in the city or town, as defined and as subject to conditions and exemptions  
58 described herein.

59 (i) The amount of the transfer fee of shall be no less than .5 per cent and up to 2 per cent  
60 on the purchase price of such property; provided, however, that if the sale of said property  
61 constitutes a speculative sale as defined herein, the amount of the fee may be up to 6 per cent of  
62 the purchase price.

63 (ii) The city or town shall have the authority to designate whether the fee shall be borne  
64 by the buyer, the seller, or how it will be allocated between the two.

65 (iii) The fee shall be paid to the city or town, or its designee, and shall be accompanied by  
66 a copy of the deed or other instrument evidencing such transfer, if any, and an affidavit signed  
67 under oath or under the pains and penalties of perjury by the purchaser or the purchaser's legal  
68 representative and the seller or the seller's legal representative, attesting to the true and complete  
69 purchase price and the basis, if any, upon which the transfer is claimed to be exempt in whole or  
70 in part from the fee imposed hereby. The city or town, or its designee, shall promptly thereafter  
71 execute and issue a certificate indicating that the appropriate fee has been paid or that the transfer  
72 is exempt from the fee, stating the basis for the exemption.

73 (iv) The register of deeds for the county in which the city or town is located, and the  
74 assistant recorder for the registry district of the county in which the city or town is located, shall  
75 not record or register, or receive or accept for recording or registration, any deed, except a

76 mortgage deed, to which has not been affixed such a certificate executed by the city or town or  
77 its designee. Failure to comply with this requirement shall not affect the validity of any  
78 instrument.

79 (v) The treasurer of the city or town shall deposit all fees received hereunder in the city or  
80 town's Municipal Affordable Housing Trust Fund established pursuant to section 55C or any  
81 other municipal affordable housing trust fund established by a law of the commonwealth  
82 providing for the creation and preservation of affordable housing in municipalities for the benefit  
83 of low and moderate income households or for the funding of community housing, as defined in  
84 and in accordance with chapter 44B. If no such Affordable Housing Trust Fund exists in a city or  
85 town, the treasurer shall deposit all fees into the city or town's Community Preservation Fund  
86 pursuant to section 7 of chapter 44B, provided that funds derived from transfer fees shall be used  
87 exclusively for affordable housing purposes. If neither an Affordable Housing Trust Fund, nor a  
88 Community Preservation Fund exist in said city or town, the treasurer of said city or town shall  
89 pay such funds to the treasurer and receiver general who shall deposit such funds in the  
90 Affordable Housing Trust Fund established by chapter 121D, and earmark those funds for  
91 affordable housing purposes for that city or town.

92 (vi) The fee imposed hereunder shall be due simultaneously with the time of transfer of  
93 the transfer upon which it is imposed. Notwithstanding the foregoing, whenever there is a  
94 conveyance of real property interests and a conveyance of personalty related thereto at or about  
95 the same time, the allocations of payments between real estate and personalty agreed to by the  
96 purchaser and seller shall not determine the amount of the fee due pursuant to this section;  
97 instead, the city or town may require payment of the fee referred to in real property interests so  
98 conveyed as determined by the city or town.

99 (c) At any time within 7 days following the issuance of the certificate of payment of the  
100 fee imposed by this section, the purchaser or the purchaser's legal representative may return said  
101 certificate to the city or town or its designee for cancellation, together with an affidavit signed  
102 under oath or under the pains and penalties of perjury that the transfer, with respect to which  
103 such certificate was issued, has not been consummated, and thereupon the fee paid with respect  
104 to such transfer shall be forthwith returned to the purchaser or the purchaser's legal  
105 representative.

106 (d) The following transfers of real property interests shall be exempt from the fees  
107 established by this section; provided, however, that any city or town may adopt further  
108 exemptions in addition to those provided herein; and provided, further, that except as otherwise  
109 required, the seller or purchaser or both parties, as specified in the city or town Ordinance  
110 adopted pursuant to this section, shall have the burden of proving that any transfer is exempt; and  
111 provided, further, that any otherwise exempt transfer shall not be exempt in the event that such  
112 transfer, by itself or as part of a series of transfers, was made for the primary purpose of evading  
113 the fee established pursuant to this section.

114 (i) Transfers for less than 100 per cent of the state median sale price of a single family  
115 home, except where the median sale price for a single family home in a municipality seeking to  
116 implement this fee is below that of 100 per cent of the state median single family sale price, in  
117 which case transfers for less than 100 per cent of the county median sales price for a single  
118 family home, as determined annually by April 1st of each calendar year by the department of  
119 housing and community development, shall be exempt in their entirety; provided, however, that  
120 the amount of this threshold for imposing a transfer fee may be increased by the implementing  
121 city or town;

122 (ii) Transfers made as gifts with consideration less than \$100; provided, however, that in  
123 any proceedings to determine the amount of any fee due hereunder, it shall be presumed that any  
124 transfer for consideration of less than fair market value of the real property interest transferred  
125 was made as a gift without consideration to the extent of the difference between the fair market  
126 value of the real property interest transferred and the amount of consideration claimed by the  
127 purchaser to have been paid or transferred, if the seller shall have been at the time of transfer the  
128 spouse, the lineal descendant, or the lineal ancestor of the purchaser, by blood or adoption, and  
129 otherwise it shall be presumed that consideration was paid in an amount equal to the fair market  
130 value of the real property interest transferred, at the time of transfer;

131 (iii) Transfers to the government of the United States, the Commonwealth and any of  
132 their instrumentalities, agencies or subdivisions, including but not limited to transfers to the city  
133 or town;

134 (iv) Transfers which, without additional consideration, confirm, correct, modify or  
135 supplement a transfer previously made;

136 (v) Transfers by operation of law without actual consideration, including but not limited  
137 to transfers occurring by virtue of the death or bankruptcy of the owner of a real property  
138 interest;

139 (vi) Transfers made in partition of land and improvements thereto, under chapter 241;

140 (vii) Transfers to any charitable organization, as defined in clause Third of section 5 of  
141 chapter 59, or any religious organization, provided that the real property interest so transferred  
142 will be held by the charitable or religious organization solely for affordable housing-related uses  
143 that are consistent with the uses allowed by the municipality's affordable housing trust, if one



144 exists, or with the Commonwealth's affordable housing trust if no such municipal trust exists;  
145 and provided, further, that such uses must be available to the general public;

146 (viii) Transfers to a mortgagee in foreclosure of the mortgage held by such mortgagee,  
147 and transfers of the property subject to a mortgage to the mortgagee in consideration of the  
148 forbearance of the mortgagee from foreclosing said mortgage;

149 (ix) Transfers consisting of the division of marital assets under the provisions of section  
150 34 of chapter 208 or other provisions of law;

151 (x) Transfers of residential property that include 1 or more units governed by affordable  
152 housing restrictions; provided, however, that the fee imposed under the provisions of this section  
153 on such a property shall be proportionately reduced based on the percentage of residential units  
154 with affordable housing restrictions, as compared to the total number of residential units in that  
155 property;

156 (e) The city or town's treasurer shall keep a full and accurate account stating when, from  
157 or to whom, and on what account money has been paid or received relative to the activities of the  
158 Affordable Housing Trust Fund or Community Preservation Act fund, whichever is applicable.

159 (f) (i) The establishment of a transfer fee pursuant to this section, the determination of the  
160 fee amount, the determination as to whether the ordinance establishing the fee shall have a time-  
161 limited sunset provision, and the adoption of any non-mandatory exemptions shall be determined  
162 by a majority vote by the city or town's legislative body.

163 (ii) A city or town that establishes a transfer fee pursuant to this section may provide for  
164 the collection and liening of any outstanding transfer fee. The city or town shall have the same

165 remedies to collect said amount as provided by law with respect to the collection of real property  
166 taxes.

167 (iii) A city or town enacting a real estate transfer fee pursuant to this section is authorized  
168 to issue rules, policies and procedures to effectuate its terms.

169 (iv) A city or town that adopts this section shall provide to the Regional Planning Office  
170 publicly available reports on the total fees collected and disbursed in accordance with this  
171 section.