

October 24, 2023



Dear State Sen. Creem and State Reps. Balsler, Khan, and Lawn –

At the end 2021, the Newton City Council passed a resolution urging the legislature to allow for a local option power to municipal governments to create an appropriately tailored real estate transfer fee, which would provide funding to Newton’s newly created Affordable Housing Trust.

Governor Healey has just announced a proposal for such a local option real estate transfer fee in her bond bill. <https://commonwealthmagazine.org/housing/healey-wades-in-on-real-estate-transfer-fee-2/>

The undersigned Newton City Councilors urge you to support a local option for a transfer fee to fund, including the proposed exemptions for low-income and first-time homebuyers, transfers between family members, and deed-restricted affordable units.

We do, however, encourage caution on setting an overly restrictive threshold for the local option. The proposal from Governor Healey is to set a threshold of \$1 million or the county median sale price, whichever is greater.

Although this might be appropriate for Newton at the moment (the county median is below \$1 million and most discussions for a hypothetical Newton threshold have focused on \$1 million or greater), it would completely leave out many communities in other parts of Massachusetts, whose affordable housing needs are also great but where homes rarely if ever sell for more than \$1 million.

The state and region’s housing needs can only be solved through collective action. All communities should retain the flexibility to pass a locally appropriate transfer fee system for generating affordable housing dollars.

We urge you to adopt a real estate transfer fee local option but also enshrine local flexibility. The real estate market is different in each municipality and thus the crafting of specific thresholds and fee rates should be left to local control as much as possible.

The City of Newton has officially recognized the shortage of affordable housing in the Metro West Boston area, including Newton. Newton has responded to the shortage of affordable housing by implementing an Inclusionary Zoning Ordinance which requires projects of 7 or more housing units to provide a percentage of those units for income restricted tenants or owners. The City of Newton wants to increase the number of affordable units, especially deeply affordable units, beyond what is possible through the Inclusionary Zoning Ordinance alone.

We need to generate revenues for creating and preserving additional affordable housing through our new Affordable Housing Trust, and Community Preservation Funds are not sufficient for this need.

Fees on real estate transfers would represent a source of revenue for our Affordable Housing Trust to be drawn from a relatively small number of large dollar real estate sale transactions, which would not affect most sales and transfers in Newton. At the moment, without this local option, our Assessors have

calculated that we are potentially missing out on tens of millions of dollars each year that could be going into our Trust.

Respectfully,

Newton City Councilors

Bill Humphrey, Chris Markiewicz, Pam Wright, John Oliver, Andreae Downs, Julia Malakie, Emily Norton, Andrea Kelley, Tarik Lucas, Holly Ryan, Alicia Bowman, Brenda Noel, Maria Greenberg, Alison Leary, Victoria Danberg, David Kalis, Deb Crossley, and Council President Susan Albright.