Call to Order

*The Ordinance Committee will meet to discuss the Real Estate Transfer Home Rule Petition.*

1. Real Estate Transfer Fee Home Rule Petition
WHEREAS: Housing costs in and around Cambridge have increased consistently and dramatically over the last 20+ years, resulting in a lack of affordability and causing displacement of long-term lower, moderate, and middle-income residents and a decrease in racial and economic diversity of households; and

WHEREAS: Between 2007 and 2017, home prices in the city-center areas of Boston, Cambridge, and Somerville rose from between 61 and 89 percent, according to the Urban Institute; and

WHEREAS: Based on the analysis of low- and middle-income groups, 45,000 individuals or 43% of the population are negatively impacted by the housing market, according to the 2017 Cambridge Needs Assessment; and

WHEREAS: The average rent for a Cambridge apartment was $2,337 for a one-bedroom unit, $2,689 for a two-bedroom and $2,827 for a three-bedroom unit in October 2018, according to the Cambridge Community Foundation; and

WHEREAS: In Cambridgeport a renter must earn $44 dollars per hour in order to afford a two-bedroom apartment, more than three times the current Massachusetts minimum wage, according to the National Low-Income Housing Coalition; and

WHEREAS: these circumstances are further compounded by a combination of regional housing demand and constrained supply as documented in the Metropolitan Area Planning Council’s projection of regional housing demand for the metro north Boston area and the 2017 Housing Report Card, which noted that the sharpest increases in housing costs are occurring in Boston’s inner-ring suburbs including Cambridge; and

WHEREAS: Cambridge’s Affordable Housing Trust Fund is established under M.G.L. c.44, §55C and is charged with the preservation and creation of new affordable rental and homeownership units in the City of Cambridge and the creation of programs that directly assist renters and homeowners; and

WHEREAS: The Cambridge City Council approved policy orders requesting the city solicitor draft a Transfer Fee Home Rule Petition on February 26, 2016, January 7, 2019 and March 16, 2020 but no draft was ever produced; now therefore be it

ORDERED: That the Cambridge City Council pass the attached Real Estate Transfer Fee Home Rule Petition; be it further
ORDERED: That this item be referred to the Ordinance Committee for discussion and deliberation.
AN ACT  AN ACT AUTHORIZING THE CITY OF CAMBRIDGE TO IMPOSE A REAL ESTATE TRANSFER FEE

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

SECTION 1. Findings and Purpose.

Whereas, housing costs in and around Cambridge have increased consistently and dramatically over the last 20+ years, resulting in a lack of affordability and causing displacement of long-term lower, moderate, and middle-income residents and a decrease in racial and economic diversity of households:

- Between 2007 and 2017, home prices in the city-center areas of Boston, Cambridge, and Somerville rose from between 61 and 89 percent, according to the Urban Institute
- Based on the analysis of low- and middle-income groups, 45,000 individuals or 43% of the population are negatively impacted by the housing market, according to the 2017 Cambridge Needs Assessment
- The average rent for a Cambridge apartment was $2,337 for a one-bedroom unit, $2,689 for a two bedroom and $2,827 for a three-bedroom unit in October 2018, according to the Cambridge Community Foundation.
- In Cambridgeport a renter must earn $44 dollars per hour in order to afford a two-bedroom apartment, more than three times the current Massachusetts minimum wage, according to the National Low-Income Housing Coalition.

Whereas, these circumstances are further compounded by a combination of regional housing demand and constrained supply as documented in the Metropolitan Area Planning Council’s projection of regional housing demand for the metro north Boston area and the 2017 Housing Report Card, which noted that the sharpest increases in housing costs are occurring in Boston’s inner-ring suburbs including Cambridge; and

Whereas, Cambridge’s Affordable Housing Trust Fund is established under M.G.L. c.44, §55C and is charged with the preservation and creation of new affordable rental and homeownership units in the City of Cambridge and the creation of programs that directly assist renters and homeowners, now;

Therefore, the purpose of this act is to establish a sustainable revenue source for the Cambridge Affordable Housing Trust Fund as further set forth below:
SECTION 2. Except where otherwise exempted pursuant to this act, the City of Cambridge may impose a fee of up to two (2) % of the purchase price above one million dollars ($1,000,000) upon the transfer of any real property interest or a controlling interest in a trust, limited liability company, or other entity that directly or indirectly holds such real property interest, in any real property situated in the City of Cambridge, as follows: (A) a fee in the amount of _______1______% of said purchase price shall be due and payable by the seller; and (B) a fee in the amount of _______1______% of said purchase price shall be due and payable by the buyer. In the case of a transfer of a controlling interest, the City of Cambridge may define by ordinance what constitutes a controlling interest and the calculation of the fee. The City of Cambridge is hereinafter referred to as the “City”.

(a) Exempt Transfers. The following transfers of real property interests shall be exempt from the fee established by this act:
   (i) transfers between family members as defined by ordinance; (ii) transfers of convenience with consideration under $100.00 as defined by ordinance; and (iii) transfers to the government of the United States or any other instrumentality, agency of subdivision thereof, or the Commonwealth or any instrumentalit or subdivision thereof.

(b) Exempt Sellers; Fee Due by Non-Exempt Seller. The seller of residential real property in the City shall be exempt from the fee authorized in Section 2, if the seller of such real property is:
   (i) a vulnerable senior, as defined by the City or

If the seller is not exempt, the fee shall be due and payable by the seller to the City at the time set forth in Section 3.

(c) Exempt Purchasers; Fee Due by Non-Exempt Purchaser. The purchaser shall be exempt from the fee authorized in Section 2 if:
   (i) that purchaser is a vulnerable senior, as may be defined by ordinance or

(d) The fee shall be paid to the City/Town of Cambridge. The City is authorized to adopt an ordinance to provide for the collection and lien of any outstanding transfer fee. The City shall have such remedies to collect said amount as provided by law with respect to the collection of real property taxes.

(e) The City shall deposit all fees received pursuant to this act into the Cambridge Affordable Housing Trust Fund established by the City.

SECTION 3. A copy of the deed or other instrument evidencing such transfer shall be provided to the City and shall be accompanied by, (a) an affidavit signed under oath or under the pains and penalties of perjury by the purchaser and seller attesting to the purchase price, (b) the applicable fee owed, (c) the basis, if any, upon which the transfer or one or both of the parties to the transfer is claimed to be exempt in whole or in part from said fee, and (d) if applicable, an affidavit of intent to seek a residential exemption for that property by the purchaser. Upon receipt of such payment and/or satisfactory
evidence of exemption, the City or its designee shall promptly thereafter issue a certificate indicating that the fee has been paid or that the purchaser or seller, or the transfer, is exempt from the fee. The Middlesex South Register of Deeds shall not record or register a deed unless the deed is accompanied by such certificate.

SECTION 4. The City may, by ordinance, adopt additional requirements, exemptions, and regulations to implement or enforce said fee, consistent with this act. The City is not authorized to eliminate or reduce any exemption set forth in this act.

SECTION 5. The Affordable Housing Trust Fund, as permitted by the ordinance establishing said Affordable Housing Trust Fund and its governing documents, shall use revenue from the fees raised pursuant to this act to fund affordable housing programs including, but not limited to, limited equity arrangements, community land trusts, purpose-built housing, and other programs to underwrite the affordability of properties with a preference, where permitted by applicable law, for current and recent Cambridge residents and employees.

SECTION 6. The City shall prepare and issue an annual report that (i) identifies fee receipts by payer category including buyers and sellers; (ii) quantifies affordable housing programs funded, including type and purpose, and (iii) evaluates the impact of said affordable housing programs, including but not limited to, to the extent reasonably possible and permitted by applicable law, the number and demographics of individuals and families served as well as measures of housing stability and wealth generation in the community.