



September 9, 2025

The Honorable James B. Eldridge, Chair
Joint Committee on Revenue
State House, Room 511-C
Boston, MA 02133

The Honorable Adrian C. Madaro, Chair
Joint Committee on Revenue
State House, Room 34
Boston, MA 02133

RE: Testimony in support of *An Act granting a local option for a real estate transfer fee to fund affordable housing (H.3056/S.1937)*

Chair Eldridge, Chair Madaro and distinguished members of the Joint Committee on Revenue:

Thank you for the opportunity to submit written testimony in support of H.3056 and S.1937, *An Act granting a local option for a real estate transfer fee to fund affordable housing*. A real estate transfer fee can generate significant revenue that would allow communities to build vital affordable housing. It is more important now than ever that we give cities and towns the option to bring in additional revenue to support urgent housing needs.

MassBudget is a non-partisan, non-profit research and advocacy organization. We provide rigorous research and policy analysis, along with strategic advocacy in partnership with grassroots organizations. MassBudget offers expertise in many areas, including housing and tax & revenue policy, and has spent years researching the positive impact that [real estate transfer fees could have on the supply of affordable housing](#).

The bills before you would allow cities and towns to enact a local option to assess a real estate transfer fee on the sale of the highest-priced real estate, with the purpose of supporting and developing affordable housing. Massachusetts is in a housing crisis. A lack of affordable housing threatens the stability of our communities by exacerbating homelessness, worsening health outcomes and weakening the economy.¹ A real estate transfer fee is an effective method to help address this crisis.

Under the proposed legislation, cities and towns could impose a fee ranging from 0.5%-2.0% on property sales that exceed \$1 million or the county median sale price, whichever is lower.² This legislation would grant cities and towns that choose to exercise the transfer fee the authority to adjust the fee, tailor programs, structure exemptions, and target resources to meet local needs.

Revenue generated by the real estate transfer fee would be directed to a local Municipal Affordable Housing Trust (MAHT), which is a local public entity that exists to develop and preserve affordable housing and promote housing stability. Because revenue from real estate transfer fees are controlled locally through a MAHT, municipalities would retain control over how funds are used.

Communities across the Commonwealth are in favor of a real estate transfer fee. To date, nineteen communities have passed home rule petitions seeking state approval to enact a real estate transfer fee.³ State law places significant limits on the ways that cities and towns can raise revenue locally, and municipalities often lack the financial capacity to invest meaningfully in housing. A transfer fee would offer a reliable and dedicated funding stream for affordable housing trusts, significantly lowering the financial barriers to creating and sustaining affordable housing.

Major investments in affordable housing production are both urgent and long overdue. Recent research from the National Low Income Housing Coalition (NLIHC) shows that the Commonwealth faces a shortage of more than 205,000 housing units affordable to people with low incomes,⁴ and the Metropolitan Area Planning Council has recently found that the shortage may be even larger.⁵ Significant investment is needed to build housing that is affordable to residents with low incomes, as it is generally not profitable enough for developers to build without subsidies.

The affordable housing shortage disproportionately impacts lower-income renters. More than half of Massachusetts renters are rent-burdened, meaning that they spend more than 30 percent of their income on rent. Rent burden disproportionately impacts Black and Latino renters: over half of Black and Latino renters are rent-burdened compared to 47.2 percent of white renters. Additionally, Black and Latino residents of Massachusetts are much less likely to own a home, making them more vulnerable to displacement from high rents.⁶ Affordable housing investments are necessary for building an equitable Commonwealth.

Existing revenue sources are not enough. The Community Preservation Act (CPA), which allows cities and towns to add a surcharge to property tax bills to fund multiple local needs including affordable housing, is a critical resource.⁷ However, while it is necessary, it is not sufficient on its own to build and maintain affordable housing at the scale that is needed. MassBudget's research has found that in communities seeking a real estate transfer fee, a transfer fee of 1 percent on transactions larger than \$1 million would have raised \$213.7 million in 2022 while increasing CPA surcharges to the maximum would only have raised an additional \$60 million.⁸

A real estate transfer fee can generate thousands of new or preserved affordable housing units across the Commonwealth. MassBudget has conducted extensive research on affordable housing development and we have spoken with affordable housing trusts across the state. Our research on common affordable housing subsidy levels, combined with the revenue potential of a transfer fee, suggests that in just the 19 communities that have passed a home rule petition for a real estate transfer fee, the revenue can yield [1,000-2,000 more affordable housing units each year](#). As more of the Commonwealth's 351 cities and towns consider real estate transfer fees, the potential for new affordable homes is even greater.

All Massachusetts residents have the right to affordable, safe, and stable housing. We urge the Committee to report these bills out favorably. A local option for a real estate transfer fee is imperative to ensuring equitable access to housing.

Thank you for your time and consideration.

Respectfully submitted,

Victoria (Vicki) DiLorenzo
Housing Policy Analyst
Massachusetts Budget and Policy Center

Endnotes

¹ Commonwealth of Massachusetts Executive Office of Housing and Livable Communities, “A Home for Everyone: A Comprehensive Housing Plan for Massachusetts, 2025-2029,” accessed February 2025.

² Text of H.3056 and S.1937, *An Act granting a local option for a real estate transfer fee to fund affordable housing*.

³ Local Option for Housing Affordability Coalition, “Municipalities in Support of a Real Estate Transfer Fee,” accessed July 2025.

⁴ National Low Income Housing Coalition, “Housing Needs by State: Massachusetts,” accessed August 2025. NLIHC defines affordable housing as housing that is affordable to households earning less than the poverty guideline or less than 30 percent of their Area Median Income.

⁵ Metropolitan Area Planning Council, “Data Opens Doors: Measuring the Affordable Housing Gap in Massachusetts.” June 2025.

⁶ U.S. Census Bureau, “Gross Rent as a Percentage of Household Income in the Past 12 Months, Table B25070,” American Community Survey 2021, 2015, and 2010 5-year estimates for Massachusetts, accessed January 2025.

⁷ [Massachusetts General Law, Part I, Title VII, Chapter 44B, Section 6](#), accessed May 2025.

⁸ DiLorenzo, Victoria. June 26, 2025. MassBudget, “Local Revenue for Affordable Housing: Why the Community Preservation Act Isn’t Enough,” accessed July 2025.