



CITY OF CAMBRIDGE
COMMUNITY DEVELOPMENT DEPARTMENT

SUSAN B. SCHLESINGER,
*Assistant City Manager for
Community Development*

To: Robert W. Healy, City Manager

From: Susan Schlesinger, Assistant City Manager for Community Development

Date: March 20, 1996

Re: Council Order #104 dated March 4, 1996
Transfer Fee for Affordable Housing

Council Order #104 requests information related to alternatives for a transfer fee on luxury housing to be used to support affordable housing. Specifically, the order calls for an assessment of revenues to be gained by various structures, a description of the legislative process at the state level, and a description of programs in other jurisdictions.

A transfer fee is a fee that is levied on the sale of either commercial or residential real estate. Transfer fees have been used in a number of other jurisdictions, including Nantucket County, Massachusetts, the States of Vermont, New Jersey, Florida, Maine, to raise revenue for affordable housing. Other municipalities use other kinds of fees (for example, a linkage fee in Boulder, Colorado, and a condominium formation fee in Boston.)

There is no clear definition of a "luxury" sale, either in law or in state or federal standards. Consequently, we considered a number of approaches to developing a standard, including calculating median and average sale prices, and assessing what households at different income levels, and typical first time buyers can afford. We recommend charging a fee on sales above \$250,000. This would affect approximately 288 sales (based on 1995 calendar year sale volume adjusted for anticipated increases in condominium sales), out of a total of 1260 sales. The value of \$250,000 was chosen because it is the amount that a family of three earning 150% of median income (\$76,275 annually) can afford if they are using 30% of their income to pay housing costs. It is higher than both the average (\$230,000) and median (\$170,000) 1995 sale values for Cambridge residential properties sold at over \$10,000. We have also provided information on the yield if properties over \$500,000 (74 sales) were charged, and if a graduated approach was used that applied a 1% rate to properties priced over \$250,000 and a 2% rate to properties priced over \$500,000.

There are a number of choices to be made in designing a transfer fee program, including what kinds of properties will be subject to the fee, whether it will be assessed against buyers or sellers, what kinds of transfers, if any, are exempted, penalties, and the rate. The attached draft assumes:

1. All property used in whole or in part for residential purposes will be subject to the fee.
2. The fee is paid by the purchaser, who cannot record a deed until the fee is paid.
3. Any funds received will be allocated to the Cambridge Affordable Housing Trust, to be expended for affordable housing purchases. They will be held by the Cambridge City Treasurer in an interest bearing account until expended.
4. The fee will affect all transfers, including those to or from individuals, corporations and trusts.
5. There are limited exemptions, including gifts, property conveyed by operation of law without consideration as a result of death or bankruptcy (including inheritance), partitions of property under certain circumstances, transfers for affordable housing, certain changes in corporations or partnerships that do not result in the transfer of the controlling interests, divisions of marital assets, and transfers by eminent domain.
6. Penalties for noncompliance include interest, 5% per month of the fee amount, and, in the case of fraud, a penalty equal to the amount of the fee. A lien may be placed on the property, and the City may also file a civil suit to collect.

Assessment of Revenues

A transfer fee that exempts non-luxury housing can be applied in two ways: it can exempt all transfers under a given value, or can exempt a portion of the value of all transfers. The following chart shows alternative values for a transfer fee that would apply on all sales over a given level, at two different rates, as well as a graduated approach that assesses all sales over \$250,000 at 1%, with a 1% additional fee applied to all sale value over \$500,000. Estimated revenues are based on all 1995 residential sales, and can be expected to fluctuate from year to year, depending on actual sales.

	Estimated annual revenue		
	1% rate	2% rate	graduated rate
Sales over \$250,000	\$1,350,000	\$2,710,000	
Sales over \$500,000	\$ 630,000	\$1,260,000	
1% on sales over \$250,000, and additional 1% on value over \$500,000			\$1,980,000

Legislative Process

Attached is draft legislation for a Cambridge transfer fee, which was drafted based on programs operating in other jurisdictions. It has been reviewed by the Law Department.

If the City Council votes favorably on the home rule petition to implement the transfer fee, the City Clerk will transmit the petition to the Cambridge legislative delegation who will file it with the Clerk of the House of Representatives. The Clerk will refer the bill to certain committees at his discretion.

The Clerk refers the majority of home rule petitions to the Committee on Local Affairs. If this bill is referred to Local Affairs, the Committee is likely to hold a public hearing prior to reporting it out. Assuming that the bill is reported favorably out of the Local Affairs Committee, the Clerk might determine that the Committee on Taxation is appropriate. This Committee is currently chaired by Senator Warren Tolman who represents a portion of Cambridge.

The Committee on Ways and Means is another likely stopping point. If the bill is reported favorably out of all of the committees, the Clerk will send it to the House floor for a reading. It should then go to the Committee on Third Readings, where House Counsel reviews it before it goes to a floor vote for engrossment.

Assuming that it is approved by a majority vote of the House, the bill then goes through the Senate. After a second and a third reading in the Senate, it goes to the Senate floor for engrossment. Assuming a favorable vote in the Senate, it goes back to the House for enactment and then to the Senate for enactment.

At this point, the bill will reach the Governor's desk. The Governor has the option of approving it, sending it back for recommitment, or vetoing the legislation. A two-thirds vote in the house and a two-thirds vote in the Senate would be required to override a veto.

Pursuant to the new reform rules, the current legislative session will end on July 31st. Any bills requiring a roll call vote will not be acted on after that date. Since this bill may engender some controversy, it must either be passed prior to the end of the session or it will be put over to the next legislative session. Whether or not it gets acted upon in the current session depends in part on the complexity of other pending bills and in part on active sponsorship in each branch of the Legislature.

Administration

In order to implement the fee, it would be necessary to have a collecting agency, an individual responsible for researching transactions to determine whether transfers are subject to the fee, and resources for enforcement.

Transfer Fee Programs in Other Jurisdictions

General information on transfer fee programs in other jurisdictions is attached.

Home Rule Petition on Real Estate Transfer Fee Summary of the Draft Legislation

The first section contains definitions.

Section 2. This section imposes a fee on the transfer of residential property in Cambridge. Payment of the fee is the responsibility of the buyer. The fee must be paid to the City of Cambridge ("City") and allocated to the Cambridge Affordable Housing Trust (the "Trust") before the deed can be recorded at the Registry of Deeds. The Register of Deeds for Middlesex County will not be permitted to record or register any deed, except a mortgage deed, unless the City has affixed a certificate indicating that the fee has been paid or that the transaction is exempt from the fee and stating the basis for the exemption. The amount of the fee and the amount of value upon which the fee will be assessed have been left blank in this draft.

Section 3. This section requires payment of the fee in instances where the property is held or owned by a corporation and the controlling stockholders transfer their interests of the stock of the corporation. The fee must also be paid upon the transfer of a minority stockholder's shares if it results in the transferee acquiring the right to occupy a cooperatively held apartment. This section further requires that the fee be paid when property is held in the name of a partnership and a change in the composition of said partnership results in the transfer of more than fifty percent of the total capital interests within such partnership or results in a change of the ownership rights to profit interests..

Section 4. If for any reason the property transfer is not consummated, the fee is refundable within fourteen days after the issuance of the Certificate.

Section 5. This section provides for exemptions from payment of the fee in certain circumstances including: gifts; property conveyed by operation of law without consideration as a result of death or bankruptcy; partitions of property under certain circumstances; transfers of affordable housing as defined by the Cambridge Affordable Housing Trust; certain changes in corporations and/or partnerships that do not result in the transfer of the controlling interests; property taken by eminent domain.

Section 6. This section provides for the payment of interest and penalties in the event that the buyer fails to pay the required transfer fee.

Section 7. A purchaser is entitled to an administrative hearing and review by a Court if fees or penalties are imposed. The Trust is entitled to pursue additional remedies including a lien on the property and a civil lawsuit if the required fee is not paid.

Section 8. The Trust is empowered to issue rules and regulations to further the purposes of the Act.

Section 9. In the event that the Affordable Housing Trust is dissolved, the City of Cambridge shall take over all of its legal obligations with respect to the transfer fee.

Sections 10 and 11. Standard legal language regarding the validity and construction of this Act, should it become the law.

ATTACHMENT 1

TRANSFER AND RELATED TAXES IN OTHER JURISDICTIONS

In response to the Council's request for a description of some "...other municipal taxes...", our research has determined that most transfer tax programs are created at the state level with some mechanism for distribution of the funds to municipalities. The following summary of tax provisions is provided:

I. REAL ESTATE TRANSFER TAX PROGRAMS

1. Nantucket County, Massachusetts

Nantucket County imposes a fee equal to two percent (2%) of the purchase price upon the transfer of any real property in the County. The fee is paid by the purchaser to the Nantucket Islands Land Bank Commission. This Commission uses the funds generated by this transfer tax for conservation purposes.

The draft of the home rule legislation that we are submitting to the Council is modeled on Nantucket's legislation. Since Nantucket is the only locality that has successfully enacted a transfer tax in Massachusetts, we chose to learn from their experience.

2. State of Vermont

The State of Vermont created a Housing and Conservation Trust Fund in 1987 and created a dedicated revenue source for the Fund by creating a Property Transfer Tax. The tax is currently set at one and one quarter percent (1.25%) of the sales price. One hundred thousand dollars (\$100,000) of value of a principal residence is taxed at one half of one percent (0.5%) and the balance is taxed at one and one quarter percent (1.25%). All transfers other than residential are also taxed at one and one quarter percent (1.25%). Annual revenue has ranged from \$1.45-2.7 million, but is now capped at \$1.5 million per year. This revenue is used by the Trust Fund for both affordable housing and conservation projects.

3. State of New Jersey

The State of New Jersey has created a Neighborhood Preservation Balanced Housing Program and provides a dedicated revenue source to the Program through a Real Estate Transfer Fee. The fee is structured as a graduated tax, as follows:

- a. \$1.75 for each \$500.00 (0.35%) of consideration up to \$150,000.
- b. \$2.50 for each \$500.00 (0.5%) of consideration in excess of \$150,000.

The revenue has ranged from \$10-28 million in a given year. These funds are used to support affordable housing development.

4. State of Florida

The State of Florida created a State Housing Initiatives Partnership and established a dedicated revenue source by increasing its a Documentary Stamp Tax (transfer tax) on deeds. The tax was increased by \$0.10 per \$100 (0.1%) of value. The estimated annual revenue from the tax is \$116 million. The Partnership allocates these funds to counties and municipalities to support affordable housing activities.

5. State of Maine

The State of Maine created the Housing Opportunities for Maine Program and provided a dedicated revenue source by expanding the existing real estate transfer tax of \$1.10 per \$500 (0.22%) of value of commercial and residential properties to apply to both buyers and sellers, effectively doubling the tax collected. Forty five percent (45%) of the revenues collected are deposited into the Program, which supports affordable housing.

Each of the programs summarized above contains exemptions more or less comparable to the exemptions contained in the draft home rule petition submitted with this report.

II. OTHER TAX PROGRAMS

1. Boulder, Colorado

The City of Boulder Colorado created a Housing Excise Tax/Linkage Fee on new development, which is similar to Cambridge's Incentive Zoning Ordinance. The revenues are deposited in the general fund subject to the intention that the revenues be appropriated only for the purposes of the Community Housing Assistance Plan. The ordinance requires payment by an applicant prior to the issuance of a building permit of a tax on the construction according to the following schedule:

a. Residential development:

<u>Year</u>	<u>Rate Per Sq. Ft. of Floor Area</u>
1991	\$0.322
1992	0.292
1993	0.259
1994	0.228
1995 and after	0.197

b. Commercial development:

<u>Year</u>	<u>Rate Per Sq. Ft. of Floor Area</u>
1991	\$0.272
1992	0.325
1993	0.379
1994	0.433
1995 and after	0.486

This tax is expected to generate \$350,000 per year.

2. City of Boston, Massachusetts

In 1982, the City of Boston established an excise tax upon the creation of any condominium or subdivision in the City. For condominiums, the tax rate is five hundred dollars for each unit in excess of one unit; for subdivision, the tax rate is five hundred dollars for each lot in excess of two lots. Although the revenues generated by this tax were not directed to affordable housing, the City has generated significant funds particularly at the height of the real estate boom in the mid to late 1980's.



The Commonwealth of Massachusetts

IN THE YEAR ONE THOUSAND NINE HUNDRED AND NINETY-SIX

AN ACT AUTHORIZING THE IMPOSITION OF A FEE ON THE TRANSFER OR CONVEYANCE OF REAL PROPERTY INTERESTS IN THE CITY OF CAMBRIDGE.

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. For purposes of this act, the words and phrases set forth in this section shall have the following meanings:

"Affordable Housing Trust Fund" or "Trust", shall refer to the "Cambridge Affordable Housing Trust Fund", as enacted, c. 482 of the Acts of 1991.

"Board", shall refer to the Board of Trustees of the Affordable Housing Trust Fund as established by §2 of c. 482 of the Acts of 1991.

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

"Purchase Price", all consideration paid or transferred by or on behalf of a purchaser to a seller or his nominee, or for his benefit, for the transfer of any real property interest, and shall include, but not be limited to, all cash or its equivalent so paid

or transferred; all cash or other property paid or transferred by or on behalf of the purchaser to discharge or reduce any obligation of the seller; the principal amount of all notes or their equivalent, or other deferred payments, given or promised to be given by or on behalf of the purchaser to the seller or his nominee; the outstanding balance of all obligations of the seller which are assumed by the purchaser or to which the real property interest transferred remains subject after the transfer, determined at the time of the transfer, but excluding real estate taxes and other municipal liens or assessments which are not overdue at the time of the transfer; the fair market value, at the time of the transfer, of any other consideration or thing of value paid or transferred by or on behalf of the purchaser, including but not limited to, any property, goods or services paid, transferred or rendered in exchange for such real property interest.

"Real Property Interest", any present or future legal or equitable interest in or to real property, and any beneficial interest therein, including the interest of any beneficiary in a trust which holds any legal or equitable interests in real property; but shall not include any interest which is limited to any or all of the following: the dominant estate in any easement or right of way; the right to enforce any restriction; any estate at will or at sufferance, and any estate of years having a term of less than thirty years; any reversionary right, condition, or right of entry for condition broken; the interest of a mortgage or other secured property in any mortgage or security agreement; and the

interest of a stockholder in a corporation, or a partner in a partnership.

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

"Time of transfer", of any real property interests shall mean, the time at which such transfer is legally effective as between the parties thereto, and, in any event, with respect to a transfer evidenced by an instrument recorded with the appropriate registry of deeds or filed with the assistant recorder of the appropriate registry district, not later than the time of such recording or filing.

SECTION 2. There is hereby imposed a fee on the transfer or conveyance of any real property interests in real property in the City of Cambridge used in whole or in part for residential purposes. Said fee shall be in the amount of ____ percent of the purchase price, on the amount in excess of \$____. Notwithstanding any general or special law to the contrary, no adjustment shall be made pursuant to section four of chapter sixty-two F of the General Laws on account of revenues received from any excise established by this section. Said fee shall be the liability of the purchaser of such real property interest, and any agreement between the purchaser and the seller or any other person with reference to the allocation of the responsibility for bearing said fee shall not affect such liability of the purchaser. The fee shall be paid to the City of Cambridge ("City") and allocated to the Cambridge Affordable Housing Trust Fund and shall be accompanied by a copy of

the deed or other instrument evidencing such transfer, if any, and an affidavit signed under oath or under the pains and penalties of perjury by the purchaser or his legal representative, attesting to the true and complete purchase price and the basis, if any, upon which the transfer is claimed to be exempt in whole or in part from the fee imposed hereby. The City shall promptly thereafter execute and issue a certificate indicating that the appropriate fee has been paid or that the transfer is exempt, in whole or in part, from the fee, stating the basis for the exemption. The Register of Deeds for Middlesex County, shall not record or register, or receive or accept for recording or registration, any deed, except a mortgage deed, to which has not been affixed such a certificate executed by the Trust. Failure to comply with this requirement shall not affect the validity of any instrument. All money collected pursuant to this Act shall be used in a manner that is consistent with the purposes of the Trust as set forth in the Declaration of Trust and in accordance with the powers granted to the Trust by c. 482 of the Acts of 1991. The Treasurer of the City of Cambridge shall prudently invest the sums collected and all income thereon shall accrue to the Trust. The fee imposed hereunder shall be due simultaneously with the time of transfer of the transfer upon which it is imposed. Notwithstanding the foregoing, whenever there is a conveyance of real property interests and a conveyance of personalty related thereto at or about the same time, the allocations of payments between real estate and personalty agreed to by the purchaser and seller shall

not determine the amount of the fee due pursuant to this section; instead the Trust may require payment of the fee referred to in real property interests so conveyed as determined by the Board.

Section 3. Unless exempted pursuant to section five infra, but notwithstanding the exemptions referred to in section 5, paragraphs (g) and (h), the following fees shall be imposed:

(a) A fee equal to ____ percent of the purchase price on the amount in excess of \$_____ of the fair market value of real property interests in real property used in whole or in part for residential purposes held in the name of or otherwise owned by a corporation, shall be paid upon the transfer of the controlling stockholders of their interests of the stock of such corporation, and upon the transfer of a minority stockholder's shares if said transfer gives the transferee the right to occupy a residential unit in cooperatively held housing accommodations. This fee is due on or before the time of transfer of the stock.

(b) A fee equal to ____ percent of the purchase price on the amount in excess of \$_____ on the fair market value of real property interests in real property used in whole or in part for residential purposes held in the name of a partnership or otherwise owned by a partnership, upon the change in composition of such partnership either in one transaction or a series of related transactions which change in composition results in a transfer of capital interests in excess of fifty per cent of the total capital interests within such partnership or results in a transfer of the ownership rights to profit interests within such partnerships.

Section 4. At any time within fourteen days following the issuance of the certificate of payment of the fee imposed by section two, the purchaser or his legal representative may return said certificate to the City for cancellation, together with an affidavit signed under oath or under the pains and penalties of perjury that the transfer, with respect to which such certificate was issued, has not been consummated, and thereupon the fee paid with respect to such transfer shall be forthwith returned to the purchaser or his legal representative.

Section 5. The following transfers of real property interest shall be exempt from the fee established by section two. Except as otherwise provided, the purchaser shall have the burden of proof that any transfer is exempt hereunder.

(a) Transfers to the government of the United States, the Commonwealth, and any of their instrumentalities, agencies or subdivisions.

(b) Transfers which, without additional consideration, confirm, correct, modify or supplement a transfer previously made.

(c) Transfers made as gifts without consideration.

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

(e) Transfers made in partition of land and improvements thereto, under chapter two hundred and forty-one of the General Laws.

(f) Transfers to a mortgagee in foreclosure of the mortgage held by such mortgagee, and transfers of property subject to a mortgage to the mortgagee in consideration of the forbearance of the mortgagee from foreclosing said mortgage.

(g) Transfers made to a corporation or partnership at the time of its formation, pursuant to which transfer no gain or loss is recognized under the provisions of section three hundred and fifty-one or seven hundred and twenty-one of the Internal Revenue Code of 1986, as amended; provided, however, that such transfer shall be exempt only in the event that (i) with respect to a corporation the transferor retains a controlling interest in such corporation after such formation or (ii), with respect to a partnership, the transferor retains after such formation rights to capital interests in excess of fifty per cent of the capital interests within such partnership or retains rights to profit interests within such partnership in excess of fifty per cent of the total profit interests within such partnership.

(h) Transfers made to a stockholder of a corporation in liquidation of the corporation, and transfers made to a partner of a partnership in dissolution of the partnership; provided, however, that such transfer shall be exempt only in the event that (i) with respect to a corporation, the transferee had prior to the transfer a controlling interest in such corporation or (ii) with respect to a partnership, the transferee had prior to the transfer rights to capital interests in excess of fifty per cent of the total capital interests within such partnership or had rights to profit interests

within such partnership in excess of fifty per cent of the total profit interests within such partnership.

(i) Transfers consisting of the division of marital assets under the provisions of section thirty-four of chapter two hundred and eight of the General Laws or other provisions of law.

(j) Transfers of property consisting in part of real property interests situated in the City of Cambridge and in part of other property interests, to the extent that the property transferred consists of property other than real property situated in the City of Cambridge; provided that the purchaser shall furnish the Trust with such information as it shall require or request in support of the claim of exemption and manner of allocation of the consideration for such transfers.

(k) All transfers under \$_____.

(l) All transfers of "affordable housing", as that term is defined in regulations promulgated by the Trust.

(m) Transfers consisting of property taken by eminent domain.

Section 6. A purchaser who fails to pay all or any portion of the fee established by section two on or before the time when the same is due shall be liable for the following additional payments in addition to said fee:

(a) Interest: Interest on the unpaid amount of the fee to be calculated from the time of the transfer at a rate equal to fourteen percent per annum.

(b) Penalties: Any person who, without fraud or willful intent to defeat or evade the fee established by section three,

fails to pay all or a portion of the fee within thirty days of the time of transfer, shall pay a penalty equal to five percent of the outstanding fee as determined by the Board for each month or portion thereof thereafter that the fee is not paid in full; provided, however, that in no event shall the amount of any penalty imposed hereunder exceed twenty-five percent of the unpaid fee due at the time of transfer. Whenever the Board determines that all or a portion of a fee due under this act was not paid due to fraud or with intent to defeat or evade the fee imposed by this act, a penalty equal to the amount of said fee shall be paid by the purchaser in addition to said fee.

Section 7. (a) The Board shall notify a purchaser by registered or certified mail of any failure to discharge in full the amount of the fee due under this act and any penalty or interest assessed. The Board shall grant a hearing on the matter of the imposition of said fee or any penalty or interest assessed, if a petition requesting such hearing is received by the Board within thirty days after the mailing of said notice. The Board shall notify the purchaser in writing by registered or certified mail of its determination concerning the deficiency, penalty or interest within fifteen days after said hearing. Any party aggrieved by a determination of the Board, concerning a deficiency, penalty or interest may, after payment of said deficiency, appeal to the district or superior court within thirty days after the mailing of notification of the determination by the Board. Upon the failure to timely petition for a hearing, or appeal to said courts within

the time limits hereby established, the purchaser shall be bound by the terms of the notification, assessment or determination, as the case may be, and shall be barred from contesting the fee, and any interest and penalty, as determined by the Board. All decisions of said courts shall be appealable to the Massachusetts Appeals Court in the same manner as civil actions. Every notice to be given under this section by the Board shall be effective if mailed by certified or registered mail to the purchaser at the address stated in a recorded or registered instrument by virtue of which the purchaser holds any interest in land, the transfer of which gives rise to the fee which is the subject of such notice; and if no such address is stated or if such transfer is not evidenced by an instrument recorded or registered in the public records in Middlesex County, such notice shall be effective when mailed to the purchaser in care of any person appearing of record to have a fee interest in such land, at the address of such person, as set forth in an instrument recorded or registered in Middlesex County.

(b) All fees, penalties and interest required to be paid pursuant to this chapter shall constitute a personal debt of the purchaser and may be recovered in an action of contract or in any other appropriate action, suit or proceeding brought by the Board; said action, suit or proceeding shall be subject to the provisions of chapter two hundred and sixty.

(c) If any purchaser liable to pay the fee established by this act neglects or refuses to pay the same, the amount, including any interest or penalty thereon, shall be a lien in favor of the

Board upon all property and rights to property, whether real or personal, belonging to such purchaser. Said lien shall arise at the time of the transfer and shall continue until the liability for such amount is satisfied. Said lien shall not be valid as against any mortgagee, pledgee, purchaser or judgment creditor unless notice thereof has been filed by the Board: a) with respect to real property or fixtures, in the registry of deeds for Middlesex County, or b) with respect to personal property, in the office in which a security or financing statement or notice with respect to the property would be filed in order to perfect a nonpossessory security interest belonging to the person named in the relevant notice, subject to the same limitations as set forth in section fifty of chapter sixty-two C of the General Laws.

In any case where there has been a refusal or neglect to pay any fee, interest or penalties imposed by this act, whether or not levy has been made, the Board, in addition to other modes of relief, may direct a civil action to be filed in a district or superior court of the Commonwealth to enforce the liens of the Board under this section with respect to such liability or to subject any property of whatever nature, of the delinquent, or in which he has any right, title or interest, to the payment of such liability.

The Board may issue a waiver or release of any lien imposed by this section, pursuant to standards set forth in regulations promulgated by the Board. Such waiver or release shall be conclusive evidence that the lien upon which the property covered

by the waiver or release is extinguished.

Section 8. The Affordable Housing Trust Fund is hereby empowered to promulgate rules and regulations governing the application of the transfer fee to the transfer of any real property interest within the City of Cambridge in furtherance of the provisions of this Act.

Section 9. Upon termination or dissolution of the Affordable Housing Trust Fund, the title to all funds and other properties owned by it or owed to it which remain after payment or the making of provision for payment of all bonds, notes and other obligations of the Trust shall vest in the City of Cambridge.

Section 10. This act, being necessary for the welfare of the City of Cambridge and its inhabitants, shall be liberally construed to effect the purposes hereof.

Section 11. The provisions of this act are severable, and if any provision hereof, including without limitation any exemption from the fee imposed hereby, shall be held invalid in any circumstances such invalidity shall not affect any other provision or circumstances. This act shall be construed in all respects so as to meet all constitutional requirements. In carrying out the purposes and provisions of this act, all steps shall be taken which are necessary to meet constitutional requirements whether or not such steps are required by statute.

Section 12. The provisions of this Act shall take effect on

_____. 19____.



5.

CITY OF CAMBRIDGE
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TEL. 349-4300
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EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

RICHARD C. ROSSI
Deputy City Manager

March 25, 1996

To The Honorable, The City Council:

Please find attached a response to Awaiting Report Item No. 19, regarding options for the enactment and levying of a real estate transfer tax aimed at "luxury" properties, received from Assistant City Manager for Community Development Susan Schlesinger.

Very truly yours,

Robert W. Healy
City Manager

RWH/mec
attachment

Consent Agenda #5

S-158

Relative to Awaiting Report Item
Number Nineteen, regarding options
for the enactment and levying of
real estate transfer tax aimed at
"luxury" properties.

In City Council March 25, 1996

Referred to the Housing and Community
Development Committee.

3/28/96 sent to C. Dukey
gwj