

City of Cambridge

The Housing and Community Development Committee held a public meeting on Thursday, May 9, 1996, beginning at 3:15 pm in the conference room at the Community Development Department, 57 Inman Street for the purpose of continuing its discussion of the possibility of a transfer fee on real estate transactions.

Present at the hearing were Councillor Francis H. Duehay, Chair of the Committee, Vice Mayor Kathleen L. Born, Councillor Henrietta Davis, and City Clerk D. Margaret Drury. Also present were Susan Schlesinger, Assistant City Manager for Community Development, Roger Herzog and Carole Marks, Community Development Department, and Vali Buland, Law Department.

Councillor Duehay convened the meeting and explained the purpose. He asked Vali Buland and Carole Marks to provide the additional information that the Committee had requested at its last meeting. Vali Buland distributed an additional list of jurisdictions that utilize transfer taxes in other states. (Attachment A). Ms. Buland said that four Massachusetts cities and towns are preparing home rule legislation for the 1997 legislative session. She added that, in addition, Nantucket will submit a petition to increase its fee from two percent to four percent.

Carole Marks distributed materials entitled "Transfer Fee Potential Yields." Attachment B.

Vice Mayor Born stated that simplicity should be considered in the design. She also expressed some concern at the idea of a scheme with a different tax rate for properties over a certain price.

Ms. Schlesinger noted that it is important to decide on the policy considerations; for example, do you want to protect moderate income homebuyer, are you concerned with keeping a uniform rate, etc., and then after there is some consensus on the policies, a transfer fee can be designed to reflect the policy choices.

Vice Mayor Born stated that her policy priorities are simplicity, not skewing the real estate market and avoiding an adverse impact on moderate income homebuyers.

Linda Marley, Realtor, Hunneman and Company, Coldwell Bankers, said that the tax will impact moderate income homebuyers. An ill-conceived plan would be very harmful. She would prefer no plan, but if there is such a tax, it should be well thought out.

Councillor Duehay said that the City has long had a series of affordable housing programs other than rent control. He briefly described the range of programs. He noted that the need will always greatly exceed the availability of programs. Now the federal and state governments are cutting back. In this context, he believes a steady, predictable financial

support to produce affordable housing is very important.

Councillor Duehay continued that there is already a controversial home rule petition for expiring use at the legislature. The approach to the legislature should be careful and deliberate, with a major effort to develop local and legislative support. He is inclined to work within the community, and to work with the legislature next fall and introduce the legislation for the next session.

Linda Marley said that if the formerly ordained units were re-assessed to market value, there would be plenty of additional funds. There are several \$80,000 units listed for sale.

Ms. Schlesinger suggested additional cooperation between the City's affordable housing planners and the realtors.

Norhal Dernier, Cambridge Small Property Owner, and Realtor, said that there are not many units for the price of \$80,000.

Linda Marley said that she does not find very many buyers who meet the income guidelines for City programs. Most have higher incomes.

Gerry Bergman, Essex Street, said that he paid \$169,000 for his house. He needs more space for his family. It would cost him \$250,000. That means that he will be taxed \$2500. This is a disincentive for homeownership and keeps economic warfare going. The goal should not be affordable housing per se; it should be community stability. He suggests increasing the hotel tax for affordable housing; this is a tax already passed by the legislature.

Steve Meacham, Laurel Street, Eviction Free Zone (EVZ), stated that EVZ is not opposed to waiting for the next legislative session for the reasons outlined by Councillor Duehay. Mr. Meacham continued that, in addition, a shallow subsidy to add to Section Eight subsidies would help in situations where rents are going past what Section Eight would pay. Finally, a key feature of transfer tax is that it recoups some of the windfall profits that the end of rent control will bring.

Councillor Duehay requested that Ms. Schlesinger prepare basic information for a briefing about affordable housing need at an initial meeting of the Housing and Community Development Committee with a subcommittee a realtors.

Vice Mayor Born stated that this may be a time that realtors can be of great assistance to the City Council in this matter.

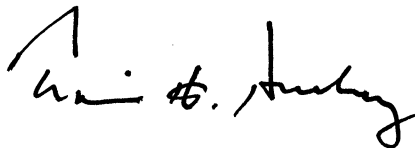
Fred Meyers, Cambridge Realtor, said if there is a transfer tax, it should be as low as possible and apply to all property equally without exemptions.

It was agreed without objection that this matter will remain in committee for the additional work suggested by Councillor Duehay.

Councillor Duehay thanked all those in attendance for their presence.

The meeting was adjourned at 4:10 p.m.

For the Committee,

A handwritten signature in black ink, appearing to read "Francis H. Duehay". The signature is written in a cursive style with a large initial "F" and a long, sweeping underline.

Councillor Francis H. Duehay, Chair

Committee Report #3

S-310

Report from Councillor Duehay, Chair,
Housing and Community Development
Committee, on a meeting held on
May 9, 1996 for the purpose of
continuing its discussion of the
possibility of a transfer fee on
real estate transactions.

In City Council June 3, 1996

*Report accepted by an
affirmative vote of
9 members.*