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CTU CAMBRIDGE TENANTS UNION

May 5, 1997

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Cambridge City Council
City Hall
795 Massachusetts Avenue
Cambridge, Mass. 02139

To the Honorable; the City Council:

Please find enclosed a copy of the written testimony submitted by the Cambridge Tenants Union to the Joint Committee on Taxation of the Massachusetts State Legislature in support of proposed home-rule legislation allowing the City of Cambridge to put in place a real estate transfer tax to help maintain affordable housing.

Respectfully submitted,

Michael H. Turk,
Co-chair

1151 MASSACHUSETTS AVENUE, CAMBRIDGE, MA 02138 (617) 576-1006

CTU CAMBRIDGE TENANTS UNION

May 5, 1997

Joint Committee on Taxation
State Legislature
Commonwealth of Massachusetts
State House
Boston, Massachusetts

Dear Members of the Joint Committee on Taxation:

On behalf of the Cambridge Tenants Union I would like to express our strong support for proposed legislation that would allow the City of Cambridge to put in place a real estate transfer tax (designated as House Bill 4444).

The funds generated by this proposed real estate transfer tax would be used to help maintain affordable housing in the city. The need is great. Over many years Cambridge has been able to retain a wide diversity of incomes among its residents through its stock of affordable rental housing. In the 1990 U.S. Census, Cambridge ranked fourth among Massachusetts cities in number of rental units, after Boston, Worcester, and Springfield. However, with the end of rent control, the affordability of rental housing in Cambridge has declined dramatically.

For some years as well Cambridge real estate has been highly priced and prized, and this has generated huge pressures on the city's supply of affordable housing that have only accelerated since the end of rent control. The city's real estate market is almost invariably hot, giving rise to a thriving trade in condominiums, among other consequences. In April 1997, for example, Cambridge accounted for 14 percent of all condominium sales in Middlesex County (see Exhibit #1).

The proposed real estate transfer tax links the high end of Cambridge's hot real estate market with the preservation of some affordable housing for lower-income households. As such, the proposed legislation meets an important and desirable public policy goal.

Moreover, real estate transfer taxes or fees have been implemented elsewhere and succeeded in generating revenues without disturbing the real estate market. The State of New Jersey has a real estate transfer fee that applies to all residential sales at a rate of $1.75 per $500 of sale value, up to $150,000, with a discount for seniors. There is no evidence that this fee has

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roiled real estate markets in New Jersey, which, with its older cities and large-scale suburbs, bears some resemblance to Massachusetts.

It should be noted that the proposed real estate transfer tax for Cambridge is more progressive in its effects than the one in place in New Jersey. By setting a minimum threshold of $300,000 in sale value, the Cambridge proposal will affect only the high end of the city's real estate market and hence the most affluent of purchasers. A comparison of this threshold and average sale prices for single-family homes and condominiums across Massachusetts and for Cambridge is instructive. According to the Massachusetts Association of Realtors, the average sale price of a single-family home in Massachusetts in March 1997 was $186,353, while the average price of condominiums sold statewide in the same period was $118,191 (reported in the Boston Globe, April 26, 1997). Cambridge is clearly more pricey. Nonetheless, according to the County Data Corp., the median residential sale in Cambridge, excluding condominiums, was $226,500 in April 1997, while the median condominium sale in Cambridge in the same period was $165,000. (See Exhibit #1.) A more detailed review of recent Cambridge sales makes clear that the vast majority of residential transactions would be exempted under this legislation.

For all the above reasons, we urge the Joint Committee on Taxation to act favorably upon this proposed legislation and recommend to the State Legislature as a whole that this important piece of legislation be approved.

Respectfully submitted,

Michael H. Turk,
Co-chair
Cambridge Tenants Union

cc: Members of the Cambridge delegation
Cambridge City Council

Exhibit #1 3

COUNTY DATA CORP
136 West Canal Street
Winooski, VT 05404-0428
1-800-332-6500 OR (802) 655-5888

STATISTICAL REPORT FOR APRIL, 1997 IN MIDDLESEX COUNTY

CITY OR TOWN	NUMBER OF SALES UNDER $150,000	OVER $150,000	TOTAL NUMBER*	TOTAL $ VALUE	NUMBER OF RES	CNDO	OTHR	MEDIAN RESIDENTIAL SALE	MEDIAN CONDOMINIUM SALE
ACTON	11	27	38	$9,227,902	17	17	4	$272,000	$135,000
ARLINGTON	9	27	36	$6,680,250	26	8	2	$212,000	$108,000
ASHBY	5	1	6	$617,500	3		3	$129,000	
ASHLAND	19	25	44	$6,758,274	20	18	6	$187,500	$158,990
AYER	10	4	14	$1,739,066	11	1	2	$115,500	$94,500
BEDFORD	2	16	18	$5,674,701	10	7	1	$255,000	$314,000
BELMONT	3	16	19	$4,910,366	14	2	3	$250,000	$150,000
BILLERICA	22	26	48	$10,679,398	36	6	6	$161,900	$52,000
BOXBORO	6	6	12	$2,214,958	5	4	3	$349,900	$49,250
BURLINGTON	7	13	20	$3,523,900	13	4	3	$178,000	$215,900
CAMBRIDGE	27	65	92	$25,421,962	28	51	13	$226,500	$165,000
CARLISLE		6	6	$2,010,500	4		2	$325,000	
CHELMSFORD	35	32	67	$9,709,829	40	22	5	$168,700	$93,000
CONCORD	1	22	23	$9,611,650	18	3	2	$390,000	$171,000
DRACUT	27	5	32	$3,319,196	21	8	3	$126,000	$68,500
DUNSTABLE	2	1	3	$488,500	3			$145,500	
EVERETT	24	6	30	$3,489,255	21	3	6	$130,000	$68,000
FRAMINGHAM	49	38	87	$17,641,626	66	10	11	$160,000	$68,500
GROTON	5	11	16	$3,267,057	11		5	$258,684	
HOLLISTON	6	16	22	$4,378,096	17	2	3	$198,900	$53,000
HOPKINTON	4	23	27	$17,148,900	18	3	6	$275,000	$165,000
HUDSON	9	14	23	$5,539,240	16	4	3	$153,000	$84,375
LEXINGTON	4	36	40	$13,637,150	31	7	2	$339,000	$157,000
LINCOLN		2	2	$2,145,000			2		
LITTLETON	5	3	8	$1,181,999	4		4	$145,000	
LOWELL	104	4	108	$8,097,820	71	9	28	$85,000	$50,000
MALDEN	40	19	59	$7,062,979	36	9	14	$135,000	$64,000
MARLBORO	30	26	56	$10,150,048	29	17	10	$229,900	$141,500
MAYNARD	9	4	13	$1,708,188	7	3	3	$165,000	$144,500
MEDFORD	31	27	58	$31,969,482	32	16	10	$157,000	$88,000
MELROSE	7	15	22	$4,076,500	15	5	2	$192,000	$125,000
N. READING	8	7	15	$2,293,049	9	5	1	$160,000	$56,500
NATICK	22	32	54	$11,523,920	28	17	9	$210,000	$85,000
NEWTON	7	75	82	$25,524,584	51	22	9	$314,000	$185,000
PEPPERELL	15	8	23	$2,914,749	12	3	8	$187,900	$70,250
READING	11	20	31	$5,960,930	19	9	3	$187,000	$116,000
SHERBORN		9	9	$4,966,000	7		2	$444,500	
SHIRLEY	8	1	9	$1,042,041	4	1	4	$137,000	$71,000
SOMERVILLE	13	25	38	$21,746,436	26	4	8	$178,500	$84,900
STONEHAM	18	26	44	$9,339,048	27	10	7	$170,000	$95,000
STOW	3	2	5	$544,500	4		1	$90,000	
SUDBURY	4	22	26	$8,706,619	13		13	$355,500	
TEWKSBURY	21	18	39	$5,586,433	21	9	9	$173,000	$119,000
TOWNSEND	10	4	14	$1,496,350	10		4	$145,000	
TYNGSBORO	9	10	19	$3,262,260	11	4	4	$160,000	$82,000
WAKEFIELD	5	16	21	$4,195,784	19		2	$199,900	
WALTHAM	13	29	42	$15,443,382	29	5	8	$185,000	$113,500
WATERTOWN	9	30	39	$8,989,625	22	13	4	$230,000	$140,000
WAYLAND	3	15	18	$8,538,750	15	2	1	$300,000	$272,000
WESTFORD	8	29	37	$12,585,190	20	9	8	$260,000	$210,000
WESTON	3	25	28	$18,822,456	13	4	11	$575,000	$94,500
WILMINGTON	8	14	22	$4,632,000	19		3	$165,000	
WINCHESTER	2	23	25	$8,918,000	19	4	2	$312,000	$78,000
WOBURN	14	36	50	$13,530,869	30	6	14	$169,900	$158,500
TOTALS FOR COUNTY	727	1,012	1,739	$434,644,267	1,071	366	302	$185,000	$118,000

* Includes commercial, bare land, and intra-family sales as well as residential and condo sales.
This report is offered free of charge to all COUNTY DATA CORP subscribers. If there is any way we can improve our service to you, please let us know. We appreciate the opportunity to serve you.

Consent Communication #3 S-287

Communication ws received from
Michael H. Turk, Co-chair, Cambridge
Tenants Union transmitting a copy of
written testimony in support of
proposed home-rule legislation
on the transfer tax.

In City CouncilMay 12, 1997

Placed on file