February 8, 2022

Dear Senate President Karen Spilka and Speaker of the House Ronald Mariano,

On behalf of more than 27,000 members of the Massachusetts Association of Realtors® and 13,000 members of the Greater Boston Real Estate Board, we are writing to express our grave concerns about several recently advanced bills that would permit cities and towns to impose a sales tax on homes.

A sales tax on homes, even on more expensive homes, will increase the bottom-line price of housing by thousands of dollars. And allowing this new tax sets a dangerous precedent that we believe would damage the housing market and our economy.

The home sellers forced to pay these transfer taxes would face tax bills starting at $10,000, based on current median home prices and bill proposals. That tax increase will be passed along to hit buyers even harder. For example, a $10,000 price increase for a $500,000 home (the median homes sale price in December 2021 was $525,000) would add $2,000 in down payment cost (the single largest hurdle for many) and $14,240 total over a 30-year mortgage at current rates. That’s on top of all the other costs already implicit in homeownership.

Taxing homes will worsen the state’s housing crisis. For every $1,000 increase, another 2,093 Massachusetts residents are priced out of a home. These cost increases carry over to rentals, where they are passed along to tenants. They also harm the local economy, diverting funds that new homebuyers would otherwise use to improve their property.

A sales tax on homes also stifles housing diversity and inclusivity. It violates principles of tax fairness, discriminating against the 2.5 percent of people in the state who buy or sell a home annually. It also increases the price to get into already expensive towns, discriminating against those looking to enter in favor of those who are already there.

However, the state does not lack affordable housing solutions. MAR and GBREB continue to support meaningful efforts to produce affordable housing including:

- Chapter 40B promotes housing development in which at least 20 percent of the units have long-term affordability restrictions.
- The Community Preservation Act authorizes municipalities to install a property tax surcharge of up to 3 percent and unlock matching state funds to use for certain enumerated causes, including affordable housing. The CPA has raised over $2 billion that could have been allocated to affordable housing.
- The Housing Choice Initiative and MBTA Communities law which scale back local powers to block development and will allow for the creation of more homes.
- Significant recent funding allocations including doubling the Low Income Housing Tax Credit and allocating $620 million in federal ARPA funds to support housing creation.
Through these and other measures, the Legislature has created an effective pathway to affordable housing funding and creation that many communities are using successfully. For the foregoing reasons we urge you to oppose transfer taxes.

Thank you for consideration. We would welcome the opportunity to discuss this issue with you further.

Sincerely,

Theresa Hatton
CEO Massachusetts Association of Realtors

Greg Vasil
CEO Greater Boston Real Estate Board