

# Affordable Housing for Brookline



## WA 9

Co-petitioners: Wendy MacMillan, TMM P 4; David Lescohier, TMM P 11; Deborah Brown, TMM, P 1

# Brookline's housing crisis

- According to Brookline's Housing Production Plan, in 2016, 29% Brookline households have low or moderate Income (7,300 households).
- Over 27% spend more than 30 % of their income on rent & utilities, or mortgage, tax, insurance, & utilities.
- Only 3% of vacant rental housing units are affordable.

# Renters

- The median income Brookline household of 4 can afford a rent of \$2,700, but the average rent for a 3 bedroom unit is \$3,533.
- 47% of Brookline renters are living in housing that they cannot afford.

# Owners

- There are no available affordable units for sale in Brookline.
- Only 35 low income homeowners live in units that are actually affordable.
- 20% of homeowners with income above the 'low income threshold' nevertheless pay more than 30% for housing.

## Young Households (25 – 34)

- Young households are locating in Brookline, but they generally aren't buying homes.
- According to Census Bureau data, two-thirds of young households are renting rather than buying.

.

## Households age 65+

- After retirement, over time, more older residents become renters.

Age	Proportion renting
65 - 74	Slightly more than one-quarter
75 -84	Almost four out of ten
85+	Almost one-half

- Relocating seniors, when selling, may move into a lower housing cost situation. Thanks to Brookline's high cost and desirability, selling seniors frequently become beneficiaries of a substantial profit.

# Production

- From 2011 through 2018, according to Census Bureau data, Boston permitted 24,953 units, the vast majority in mid-size and larger buildings.
- Brookline permitted 274 units, nearly half of them single-family homes.



# Waiting and hoping

- According to the Brookline Housing Production Plan, 1,500 seniors and 1,300 families are on Brookline Housing Authority waiting lists.
- The waiting lists for other affordable senior housing programs are 2 - 10.
- Without a preference status, the wait can be 15 or more years.



# Affordable Housing Trust Fund

- The Housing Trust, since inception in 1998, has collected over \$12 million.
- Inclusionary zoning payments and Town free cash are the primary funding sources.
- The Trust has expended \$9 million and developed 358 units.

# Stepping up...

- “Boston’s neighboring cities and towns need to step up and build affordable housing to lighten the capital city’s load...People want to build housing but they don’t necessarily want to build affordable housing...We’re going to constantly push that.” (Mayor Walsh, BBJ, 10/9/2019)

“...We’re going to constantly push that...”

- Communities currently pursuing real estate transfer fee home rule petitions:
  - Cambridge
  - Somerville
  - Arlington
  - Concord
  - Boston
  - Provincetown
  - Nantucket
  - Brookline?



Wendy MacMillan, TMM , P 4

## **The Warrant Article 9 ask:**

Vote to authorize the Select Board to file a home rule petition requesting the Massachusetts Legislature grant the Town the power to levy a real estate transfer Fee (RETF).

## **The benefit:**

Transfer fee revenue will be deposited in the Affordable Housing Trust Fund, dedicated to increasing Brookline's affordable housing.

# Real estate transfer fee process

“A municipality has essentially three options when it approves a home rule petition:

(a) General vote.

The General Court may reasonably vary the form and substance of this requested legislation which shall be within the scope of the general public objectives of this petition.”

*\* House & Senate Legislative Drafting Manual, Part 6.B.4.a*

# Real estate transfer fee process

- WA 9 is a 'general vote' home rule petition in the form of a resolution. This resolution is simply a general framework, not even remotely a final version.

“If a draft bill is not approved, the legislation may be drafted by the municipal executive (the mayor, manager or selectmen), the state legislator who files it, or their respective counsel.”

# Real estate transfer fee process

- Therefore, once the Governor has signed the enabling session law our state representative and Select Board, may draft the actual legislative language.
- Voters must approve via a Town election ballot question.



## General Framework: Minimum real estate transfer fee threshold

- Under the terms of this WA, the Brookline RETF could cover all real estate transactions, not just residential, and could levy the fee on the purchase price beyond a minimum threshold of at least \$500,000.
- The Town could increase the threshold and employ a tiered threshold structure.

## General Framework: Maximum real estate transfer fee rate

- The fee may not exceed 2.0 %, but optionally, could be decreased.
- The Town could employ a tiered rate structure.
- In addition to the exemptions mentioned in the WA, the Town could define additional exemptions, the procedures for the calculation and collection of the fee, and other provisions.

# General Framework: Financial implications

- Brookline real estate transactions vary from 700 to 1,400 for potential RETF revenue of between \$5 - \$15 million per year.
- If Brookline set the threshold at beyond \$750,000 and the fee at 1.0%, then the revenue could be around \$6 million per year.



# Why employ a transfer fee, not the property tax?

- A transfer tax is a preferable, modest, one-time payment. It is a small percentage deducted from a large real estate transaction.
- Unfortunately, the burden of property tax falls more heavily on lower income households because it affects monthly household budgets.
- Further, contrary to conventional opinion, available studies have found that transfer fees have minimal impact on real estate values or sales volume, as long as the fee is modest.

# Summary and conclusions

- Affordable housing won't happen by itself.
- The private sector won't do it.
- Therefore, the Town should seek to raise earmarked revenue for affordable housing production, protection, and subsidy.
- To accomplish this, WA 9 is asking for the power to collect a transfer fee.
- The transfer fee is appropriate because it diverts a modest amount derived from high priced transactions and earmarks it for affordable housing investments.