



# Real Estate Transfer Fees



LOCAL IMPLEMENTATION  Implemented on Cape Cod

## OVERVIEW

A real estate transfer fee, also known as a conveyance fee or a deed transfer tax, is a fee imposed by governments (usually local governments) when property ownership changes hands. This fee is typically calculated based on the property's sale price or appraised value, and is collected at the time of closing. Although the fee is typically paid by the seller, it can be negotiated to be paid by the buyer. The fee may apply to all home sales but commonly only applies to home sales over a certain amount (for example, sales over \$1 million). Funds collected from this fee can support affordable and attainable housing and can potentially be more flexible in the programs it funds compared to other sources such as Community Preservation funds, which can only fund programs providing support up to a certain area median income.

## CHALLENGES ADDRESSED

- Not Allowed to Build Multi-family Housing
- Too Expensive to Build New Housing
- Too Expensive to Secure or Maintain Housing
- Hard to Find Year-round Housing

## POTENTIAL BENEFITS & CONSIDERATIONS

- Real estate transfer fees can provide a source of revenue for local governments, in particular for housing and infrastructure initiatives
- Transfer fees can be applied to higher cost sales so as not to add to affordability challenges for those struggling to afford housing
- Currently, instituting a real estate transfer fee in Massachusetts requires Town Meeting/Council approval for a home rule petition or changes to state legislation (currently pending)
- Depending on the housing market, transfer fees could have a more or less pronounced effect on deterring home sales

## RESOURCES

**Cape Cod Housing Finance Research** - One of the recommendations of the research done on funding and financing as part of the Regional Housing Strategy is the introduction of a local option real estate transfer fee. More information about this can be found on page 60 of the memo.

**Nantucket Transfer Fee** - Nantucket currently has a transfer fee of 2% for certain real estate transfers, allowed through specific state legislation, which funds the Nantucket Land Bank (a conservation organization).

## CASE STUDY: CITY OF ASPEN, CO, REAL ESTATE TRANSFER FEES

Since the late 1970s, the City of Aspen has levied real estate transfer taxes to support different city initiatives. The initial fee was 0.5% on real estate transfers to support visual and performing arts. In 1989, City voters approved an additional 1% tax to collect funds to address their housing challenges, excluding the first \$100,000 of the property sale from the tax, and it exempts all deed-restricted affordable housing units from the tax entirely. The transfer taxes are paid by the purchaser.

More information can be found [here](#).

