



MASSACHUSETTS ASSOCIATION of REALTORS®



2017 LEGISLATIVE AGENDA



PRESIDENT'S WELCOME

BY PAUL YORKIS

Welcome Massachusetts Realtors® to the 32nd Annual Margaret C. Carlson Realtor® Day on Beacon Hill.

As Realtors®, we know the current state of the Massachusetts housing market first hand.

We understand the law of supply and demand and we know what it's like for clients who can't find a home they can afford because demand is so high.

We know that zoning reform must take place to provide for the construction of multi-family homes and apartments in every community in the Commonwealth.

We know that accessory dwelling units need to be permitted in every community in the Commonwealth as a matter of right.

Finally, we know that housing is a critical part of the Massachusetts economy and that real estate tax revenue resulting from residential construction is an important part of every community's budget.

Each of you has experiences that are important to share with members of the legislature. Please do all you can to help your legislators understand that we want strong communities and that home ownership is an important part of making that happen.

We are fortunate to have my friend and my State Senator Karen Spilka deliver our keynote address. As Chair of the Senate Ways and Means Committee, Senator Spilka plays a pivotal role with legislation that directly impacts our industry.

I sincerely appreciate you taking the time to be here today and I encourage you to share with Realtors® from your office our 2017 legislative program.

Realtor® Positions on Issues

REALTORS® SUPPORT:

S. 1507 First Time Homebuyer
Savings Accounts

H. 3337 Mortgage Forgiveness
Debt Relief

S. 94 / H. 1112 The H.O.M.E Bill

REALTORS® OPPOSE:

S. 3 Taxes on Homeownership
Transfer Taxes
Room Occupancy Tax
Increase in Recording
Surcharges

S. 1839 Mandatory Energy Scoring

Statement of Philosophy

The Massachusetts Association of Realtors® is dedicated to the right of the individual to own and freely use real property and to the extension of that right to every individual without exception. The Association is also dedicated to the free and full exercise of the “bundle of rights” (ie. possession, control, disposition, exclusion and quiet enjoyment) inherent in the ownership of real property and to the fullest possible enjoyment of the benefits conferred by these rights. The Association is further dedicated to the protection and preservation of the free enterprise system which provides the opportunity for fullest expression and enjoyment of the “bundle of rights;” the Association promotes an atmosphere of freedom for individual initiative, promotes free and open competition, and zealously safeguards human dignity by defending human rights. Finally, the Massachusetts Association of Realtors® is dedicated to the fundamental proposition of the National Association of Realtors® Code of Ethics to which every Realtor® swears allegiance that: “upon the highest and best use of the land and upon its most widely allocated ownership depend the survival and growth of free institutions and of our civilization.”

First Time Homebuyer Savings Accounts

ISSUE: First time homebuyers in Massachusetts face some of the highest housing costs in the country. In addition to high housing costs, more and more buyers are also facing high student loan payments. These issues make it even more difficult for first time homebuyers to save sufficient money to use as a down payment on a new home.

THE LEGISLATION: *S.1507 An Act authorizing the establishment of first-time homebuyer savings accounts.*

SPONSOR: Senator Julian Cyr (D-Truro)

LEGISLATIVE ACTIONS TO DATE: The Joint Committee on Revenue held a public hearing on 6/6/2017.

WHY MAR SUPPORTS S. 1507: Saving for a down payment and closing costs for a home is difficult. Programs like Homebuyer Savings Accounts provide a state tax-assisted avenue for individuals, couples, or family members to contribute to the purchase of a home. This program would allow future homebuyers to deposit up to \$5,000 per year into a First Time Homebuyer Savings Account and then claim that contribution as a deduction on their income tax. Additionally, any gains on the savings would be exempt from taxes. Each time a home is purchased there are many economic benefits to the community, including an average of \$75,000 of expenditures related to that home purchase. Furthermore, owning a home also provides stability for families and the communities in which they reside as there are many documented social benefits of homeownership.

ACTION NEEDED: Ask your legislator to support S. 1507

Mortgage Forgiveness Debt Relief

ISSUE: The general tax rule that applies to debt forgiven during a short sale or loan modification is that the amount forgiven, sometimes referred to as phantom income, is treated as taxable income to the borrower. This results in homeowners who are unable to afford their mortgages having to pay taxes on income they never received.

THE LEGISLATION: H. 3337 *An Act relative to the relief of mortgage debt.*

SPONSORS: Representative Malia, Senator Montigny, and Senator DiDomenico

LEGISLATIVE ACTIONS TO DATE: Reported favorably by the Joint Committee on Revenue to House Ways & Means

WHY MAR SUPPORTS H. 3337: This bill would allow homeowners to complete loan modifications, short sales and foreclosures without making them liable to pay state taxes on the forgiven debt. This bill would mirror the federal Mortgage Debt Relief Act of 2007, which was extended through 2016, to allow taxpayers to apply for this exclusion on their state tax return as well. If H.3337 is not enacted, many families across the Commonwealth will have to continue to pay income tax on “phantom income.” They will owe tax on money they’ve already lost and will be required to pay that tax at a time of dire hardship, when they are least likely to have the means.

ACTION NEEDED: Ask your legislator to support H. 3337 and urge the House Committee on Ways & Means to report the bill out favorably.

The H.O.M.E Bill

ISSUE: Massachusetts is currently dealing with a severe housing crisis due in large part to a low rate of housing production which has not kept pace with population growth and needs. Low housing supply has led to higher housing costs, making Massachusetts one of the least affordable states to buy a home in.

THE LEGISLATION: S.94 & H.1112 *An Act improving housing opportunities and the Massachusetts economy.*

SPONSORS: Senator Michael Rodrigues & Representative Angelo Puppolo, Jr.

LEGISLATIVE ACTIONS TO DATE: S.94 referred to Joint Committee on Community Development and Small Businesses. H.1112 referred to Joint Committee on Municipalities and Regional Government and heard on 5/2/17.

WHY MAR SUPPORTS THE H.O.M.E BILL: Due to the short supply of housing in Massachusetts, potential homeowners continue to face increasing housing costs. One of the many issues driving the reduced housing stock is the presence of barriers to production resulting from current zoning laws. The Massachusetts Association of Realtors® in conjunction with the Greater Boston Real Estate Board has developed legislation addressing these barriers. Several of the provisions include easing the production of cluster development housing; allowing accessory dwelling units (ADU's) by right; allowing multifamily housing construction by right; simplifying the dimensional variance burden and; approving special permits by a majority vote.



REALTORS® OPPOSE:

Other zoning proposals before the legislature contain provisions that will significantly increase the cost of housing production. Realtors® oppose the following policies that would increase the cost of housing production and exacerbate the Commonwealth's housing affordability problem.

Development impact fees increase the cost of new development, especially for residential projects, which will reduce the number of projects that are economically feasible. If an impact fee is imposed, typically those fees will be passed on to consumers in the form of higher prices, which will make housing less affordable.

Expressly authorizing municipalities to impose mandatory inclusionary zoning requirements would significantly impact the cost of development in these municipalities. Additionally, it would increase the cost of market rate housing to the detriment of first-time homebuyers and others looking to move into or remain in the community, many of whom who do not qualify for subsidized housing. The burden to provide affordable housing options should either be shared more broadly throughout the Commonwealth, or provided on a voluntary basis in response to meaningful incentives consistent with a plan for the creation of such housing.

Eliminating the use of approval not required subdivisions (ANR) would be significant because land divisions that formerly would have qualified for ANR would now be subject to review in a minor subdivision process, or full subdivision review. This type of review would involve additional time, less certainty, and more burdensome conditions than the current ANR process. While the concept of a minor subdivision on an existing street may be a good one in the abstract, it should not come at the expense of the sole means of expeditious land division under ANR endorsement.

ACTION NEEDED: Ask your legislator to support S.94, The H.O.M.E. Bill and oppose H2420 and S81, which contain anti-production zoning provisions that would further increase the cost of housing in Massachusetts.

Taxes on Homeownership

ISSUE: New taxes and fees tied to homeownership or the transfer of real property set the wrong precedent for the Commonwealth's tax policy. If adopted, new taxes and fees will continue to make the goal of homeownership even more difficult for Massachusetts residents to achieve or increase the cost maintaining a home.

Real Estate Transfer Taxes

THE LEGISLATION: H.2638 *An Act authorizing the town of Provincetown to impose a 0.5% real estate transfer fee.*

SPONSORS: Representative Peake (D-Provincetown)

LEGISLATIVE ACTIONS TO DATE: Referred to the Joint Committee on Revenue.

THE LEGISLATION: H.2794 *An Act authorizing the Town of Nantucket to impose a real estate transfer fee for affordable and workforce housing.*

SPONSORS: Representative Fernandes (D-Falmouth)

LEGISLATIVE ACTIONS TO DATE: Referred to the Joint Committee on Revenue.

THE LEGISLATION: H.2595 *An Act relative to the Clean Water Trust.*

SPONSORS: Representative Garballey (D-Arlington)

LEGISLATIVE ACTIONS TO DATE: Referred to the Joint Committee on Revenue and heard 5/16/17.

WHY MAR OPPOSES H. 2794: These bills authorize the creation of a new transfer tax on the sale of property in a city or town. Transfer taxes create an entrance or exit fee to homeownership and would have serious implications for the Massachusetts housing economy. These taxes single out home buyers and sellers and raise the bottom line price of many homes by thousands of dollars. Transfer taxes would increase the bottom-line price of many homes by thousands of dollars. These bills single out home buyers and sellers and subjecting them to this new tax only further exemplifies the inequitable nature of this taxing scheme.

ACTION NEEDED: Ask your legislator to continue to oppose transfer tax legislation.

Room Occupancy Tax

THE LEGISLATION: S. 3 *An Act making appropriations for fiscal year 2018 (Senate Budget).*

LEGISLATIVE ACTIONS TO DATE: The Senate included the room occupancy tax as part of their annual budget.

WHY MAR OPPOSES ROOM OCCUPANCY TAXES: Occupancy tax proposals promote the creation of a new tax on homeowners who choose to rent their homes for a short term. In addition to established businesses like hotels, motels, and bed and breakfast establishments, these proposals would allow a city or town to charge a tax on any apartment, single or multiple family housing, cottage, condominium or timeshare unit. Private homeowners would then be responsible for the collection, handling, and remittance of these taxes to the Department of Revenue. The collection, handling, and remittance of these taxes is something that private individuals are not familiar with, as they have never been required to handle them and inadvertent errors in handling could result in sanctions. If passed, the homeowner would be required to comply with onerous business regulations that were never intended for the average homeowner.

ACTION NEEDED: Ask your legislators to ask that the budget conference committee not adopt the Senate provision.

OTHER LEGISLATION AUTHORIZING ROOM OCCUPANCY TAXES: H. 2634 Rep. Sarah Peak; H. 2640 Rep. Sarah Peak; H. 2641 Rep. Sarah Peak; H. 2642 Rep. Sarah Peak; H. 3454 Rep. Aaron Michlewitz; H. 3525 Rep. Brian Murray S. 1553 Senator Eric Lesser; S. 1616 Senator Michael Rodrigues.

ACTION NEEDED: Ask your legislators to oppose these new taxes.

Increase in Recording Surcharges

ISSUE: These proposals seek to increase the surcharges at the Registry of Deeds to fund the Community Preservation Trust Fund. Fees are charged to all purchasers of property in Massachusetts regardless of whether the municipality in which the property is located participates in the Community Preservation Act.

THE LEGISLATION: S. 3 *An Act making appropriations for fiscal year 2018 (Senate Budget).*

LEGISLATIVE ACTIONS TO DATE: The Senate included an increase from \$20 to \$45 in the recording fee surcharge as an amendment to their annual budget.

ACTION NEEDED: Ask your legislators to ask that the budget conference committee not adopt the Senate provision.

THE LEGISLATION: H. 2615 / H. 3662 & S. 1504 *An Act to sustain the community preservation revenue.*

SPONSORS: Representative Stephen Kulik (D-Worthington) & Senator Cynthia Creem (D-Newton)

LEGISLATIVE ACTIONS TO DATE: Reported favorably by Joint Committee on Revenue.

WHY MAR OPPOSES AN INCREASE IN THE RECORDING SURCHARGE: While Realtors® support the spirit and mission, this policy would further exacerbate the inequitable manner of funding the CPA with recording fee surcharges. In effect, purchasers of homes and other properties are paying to fund the CPA, which provides benefits to the entire community. Buyers in those communities who have not adopted the CPA will be paying more to provide municipal benefits to communities who have adopted it. In addition, changes in the real estate marketplace, along with the increasing number of municipalities who adopt the CPA, make this arrangement an unreliable funding source. While this fee increase may seem minor, this would lead to an increase in the overall cost of housing in the Commonwealth.



Mandatory Energy Scoring

ISSUE: This proposal would require sellers to perform a Mass Save energy audit prior to listing a home for sale and disclose to any prospective buyer the information in the energy audit. Additionally, the bill commissions the design and implementation of an energy scoring and labeling system. Mandatory energy audits at or prior to the transfer of property can disrupt sales and therefore have a negative impact on the Massachusetts housing economy. Additionally, requiring energy efficiency scoring on homes in Massachusetts will stigmatize older homes causing a substantial decline in home value.

THE LEGISLATION: S. 1839 *An Act relative to home energy efficiency.*

SPONSORS: Former Senator Donnelly

LEGISLATIVE ACTIONS TO DATE: Referred to the Joint Committee on Telecommunications, Utilities & Energy.

WHY MAR OPPOSES S. 1839: Interferes with the market - Requiring an energy audit prior to listing will lead to delays in the homebuying process while affecting the negotiation of contracts regarding the acceptability of the audit.

Impact on Middle Class - The bill does not help middle class homeowners achieve energy efficiency. Homeowners who cannot afford energy efficient upgrades would be unfairly impacted by this proposal.

Current system works - Massachusetts residential consumers currently pay a surcharge on their energy bill for energy audits that they can have performed on their homes at no additional cost. According to publicly available information on www.massavedata.com, in 2016, over 75,000 MassSave energy audits were conducted with a 39% closure rate for home insulation and a much higher closure rate when including other program benefits.

Negative impact on older homes - Older homes are typically not as energy efficient as newer homes. Massachusetts has the second oldest housing stock in the nation, and many of those homes are located in less affluent communities where residents have few resources to upgrade their homes. The ratings resulting from mandatory energy evaluations could cause stigmatization of those older or historic houses.

ACTION NEEDED: Ask your legislator to oppose S. 1839.

The Massachusetts Association of Realtors® (MAR), a state affiliate of the National Association of Realtors® (NAR), comprises approximately 24,000 members in 13 Local Associations organized throughout the Commonwealth. The Association represents all facets of the real estate industry and provides the administrative structure, resources, and collective unity required by its members for greater professionalism in business practice and increased effectiveness in service to the public.

The 13 Local Associations which comprise the State Association are:

Berkshire Realtors®

Cape Cod & Islands Association of Realtors®

Greater Boston Association of Realtors®

Greater Fall River Association of Realtors®

Greater Newburyport Association of Realtors®

Northeast Association of Realtors®

North Central Massachusetts Association of Realtors®

North Shore Association of Realtors®

Realtor® Association of Central Massachusetts

Realtor® Association of Pioneer Valley

Realtor® Association of Southeastern Massachusetts

Realtor® Commercial Alliance of Massachusetts

South Shore Realtors®



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