



The Commonwealth of Massachusetts

AN ACT

REQUIRING THAT BROKER FEES IN THE CITY OF SOMERVILLE BE PAID BY THE PARTY WHO SOLICITS A LICENSED BROKER

WHEREAS, Greater Boston, including Somerville, is one of the only major rental markets where tenants are commonly required to pay brokers' fees in addition to first and last month's rent and security deposit for a total of four months rent;

WHEREAS, Based on the median price of a two-bedroom apartment in Somerville an applicant for an apartment is generally required to pay approximately \$14,000 to move into a Somerville unit; and

WHEREAS, The shortage of housing stock in Greater Boston enables property owners to pass broker fees onto tenants even when the realtor was engaged by the owner.

Somerville's vacancy rate also known as a real-time availability rate of 2.18% at the end of 2024 makes it exceedingly difficult for tenants to effectively negotiate around rental start-up costs including realtor's fees; and

WHEREAS, According to The Boston Foundation's 2024 Greater Boston Housing Report Card, half of all renters in the region are cost-burdened, with increasing numbers of renter households spending over 30 percent of their income on rent; and

WHEREAS, Real estate brokers and salespersons who negotiate agreements for the sale, rental, or lease of property are regulated under sections 87PP to 87DDD1/2 of

chapter 112 of the Massachusetts General Laws and Title 254 of the Code of Massachusetts Regulations (CMR), which includes requirements for written disclosure of broker fees to prospective tenants under 254 CMR 7.00; and

WHEREAS, Studies continue to expose systemic housing discrimination by real estate brokers: *Qualified Renters Need Not Apply* (2020) by The Boston Foundation and Suffolk University Law School found brokers perpetuate inequities and recommended eliminating broker fees; the 2023 Fair Housing Trends Report by the National Fair Housing Alliance documented record housing discrimination complaints, including rental-related racial bias; and investigations by the Housing Rights Initiative revealed widespread discriminatory practices; and

WHEREAS, A provision requiring owners to pay their own realtor fees when they have sought and obtained services from a realtor will help to enable all tenants, and especially low and moderate income tenants, who seek to remain in or move to Somerville to be able to afford rental start-up fees in Somerville;

NOW THEREFORE,

Be it enacted by the Senate and House of Representative in General Court assembled, and by the authority of same, as follows:

SECTION 1. Notwithstanding any general or special law to the contrary, in the city of Somerville, any person who performs real estate brokerage activities and is licensed or registered pursuant to sections 87PP to 87DDD1/2, inclusive, of chapter 112 of the General Laws may solely contract with a prospective tenant to find for rent residential property for a tenant and present an offer to lease to the landlord or landlord's agent and negotiate on behalf of the tenant or may solely contract with a landlord or landlord's

agent to find a tenant for a property. Any fee shall only be paid by the party, lessor or tenant who originally engaged and entered into a contract with the licensed broker or salesperson.

SECTION 2. This act shall take effect upon its passage.

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PETITION _____

CHIEF SPONSOR:

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court Assembled.

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying bill or resolve.

PETITIONERS: LEGISLATOR/CITIZEN	DISTRICT/FULL MAILING ADDRESS

Use "TABLE > INSERT > ROWS BELOW" to add more lines for petitioners' signatures.