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**NEW NATIONAL REPORT FINDS REAL ESTATE TRANSFER TAXES
SUPPRESS HOUSING SUPPLY, HARM LOWER-INCOME FAMILIES,
AND FAIL TO DELIVER ON PROMISED REVENUES**

**Findings should serve as a cautionary tale for policymakers looking for
‘quick fix’ revenue measures**

WASHINGTON, D.C.: A new study by the [Sage Policy Group](#) shows that real estate transfer taxes, one-time levies on property sales, cause serious unintended consequences in jurisdictions across the United States that have approved them. Instead of solving local budget issues, these taxes trap families in their homes, slow commercial development, and reduce housing construction, all while falling billions short of expected revenue.

The report, *The Economic and Fiscal Consequences of High Transfer Tax Rates* (September 2025), commissioned by the Community Tax Coalition, examines recent transfer tax hikes in major cities, including Los Angeles, San Francisco, Philadelphia, and Pittsburgh. The results should serve as a warning to policymakers across the country who are considering similar “quick fix” revenue measures.

Key Findings:

- **Housing Mobility Crushed:** Even modest transfer taxes reduce home sales by double digits, trapping families in homes that no longer meet their needs. In Finland, a half-point increase reduced apartment mobility by 7.2%. In Toronto, a 1.1% tax drove home sales down 15%.
- **Low-Income Families Hit Hardest:** Because homes account for a greater share of wealth for working families, transfer taxes impose a regressive burden. A 1% transfer tax equals 12% of annual income for a household earning under \$20,000.
- **Fewer Apartments, Higher Rents:** After the City of Los Angeles enacted a higher-tiered transfer tax in 2022, multifamily housing construction dropped 18%, nearly 2,000 fewer units annually, including about 170 affordable units per year.

- **Commercial Real Estate Chilled:** Cities with recent transfer tax hikes saw sharper-than-average collapses in office market activity. City of Los Angeles office sales plummeted 54% after its 2023 increase, while Pittsburgh transactions fell 84% after its 2020 hike.
- **Revenue Promises Broken:** In the City of Los Angeles, Measure ULA was projected to raise \$900 million annually. Actual collections came in 63% short of projections. San Francisco saw similar volatility, with transfer tax revenues swinging wildly from year to year.
- **Construction Jobs Lost:** A \$245 million reduction in construction spending tied to higher transfer taxes eliminates nearly 2,700 jobs and over \$600 million in annual economic activity nationwide.

“Cities are promising voters easy money from transfer taxes, but the reality is quite different,” said Dr. Anirban Basu, Chairman & CEO of Sage Policy Group. “These taxes inhibit mobility, discourage redevelopment, and weaken the very property tax base that funds schools, public safety, and community services.”

The findings echo the experience of Chicago voters, who in March 2024 rejected the “Bring Chicago Home” transfer tax proposal despite heavy backing from organized labor and progressive groups. The measure, which claimed it would generate \$100 million annually, was defeated after a broad coalition of civic and community leaders raised concerns about transparency, fairness, and economic harm.

“The Community Tax Coalition urges local officials, lawmakers, and voters nationwide to carefully examine proposed transfer taxes,” said Jamie Gregory, President, Community Tax Coalition. “These taxes might seem like an easy way to fund public services, but in reality, they worsen housing shortages, harm working families, and undermine local budgets.”

What the Industry is Saying:

Building Owners and Managers Association International– “Transfer taxes not only depress economic activity, but their bite also reduces property values, encourages vacant buildings, and reduces the economic activity of a town's commercial zone. Instead, elected officials should work with owners to lower the barriers so investors, entrepreneurs, and others can invest in ideas that will bring economic activity and vitality to their downtown,” said Mary Lue Peck, President & Chief Operating Officer, BOMA International.

International Council of Shopping Centers - “Transfer taxes may look like an easy source of revenue, but they create long-term challenges for communities,” said Phillips Hinch, Vice President of Tax Policy at ICSC. “These levies stall commercial projects, deter investment, and ultimately drive-up costs for consumers and small businesses. The findings in this report make clear that policymakers need to consider the broader economic harm these taxes can cause.”

National Apartment Association - “For far too long, communities across our country have grappled with affordability challenges fueled by a lack of housing at all price points,” said NAA President and CEO Bob Pinnegar. “This important study highlights the unintended consequences of transfer taxes, which are hindering critical housing development and increasing costs across

the board. Now is the time for local lawmakers nationwide to ensure their tax and housing policies are sustainable and supply-oriented.”

National Association of REALTORS® - “The National Association of REALTORS® is grateful to the Community Tax Coalition & Sage Policy Group for commissioning this study on real estate transfer taxes. What this study makes clear is that high real-estate transfer taxes are far from the ‘easy revenue’ that some policymakers assume. If we’re serious about sustaining local services, we need solutions that build, not erode, the economic foundation of our communities,” said Shannon McGahn, Chief Advocacy Officer and Executive Vice President of the National Association of REALTORS®.

About the Community Tax Coalition:

The Community Tax Coalition (CTC) was established in response to a wave of real estate document transfer tax proposals across the country. CTC unites real estate professionals, community stakeholders, and policy experts to educate voters and policymakers about the hidden costs of transfer taxes and to advocate for fiscally responsible alternatives that enhance housing affordability, economic competitiveness, and government accountability. To learn more, visit communitytaxcoalition.org.

[Download a copy of the Sage Policy Group study.](#)