## OFFERED BY COUNCILORS LIZ BREADON, RUTHZEE LOUIJEUNE, ENRIQUE PEPÉN, DURKAN, FERNANDES ANDERSON, FITZGERALD, MEJIA, WEBER AND WORRELL



# **CITY OF BOSTON**

# IN THE YEAR TWO THOUSAND TWENTY-FIVE

## HOME RULE PETITION

- *WHEREAS,* Boston remains one of the last major rental markets where prospective tenants are commonly required to pay broker fees, in addition to first and last month's rent and a security deposit—costs that can be equivalent to four months' rent; *and*
- *WHEREAS,* The shortage of housing stock in the Greater Boston area enables property owners to pass broker fees onto tenants, even when tenants did not solicit these services, worsening inequities in a market where renters face limited options; *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,* In February 2020, the Mayor of the City of Boston announced a working group to study the impact of broker fees on the Boston rental market; however, the COVID-19 pandemic prevented its appointment before its work began; *and*
- *WHEREAS,* Recently proposed legislation in the 194th General Court presents varying approaches to prohibiting unsolicited tenant-paid broker fees, including Senate Docket Nos. 35 and 138, House Docket Nos. 157 and 238, and provisions in the Governor's Fiscal Year 2026 budget outlined in House Document No. 1; *and*
- *WHEREAS,* Legislative proposals to prohibit tenant-paid broker fees for landlord-requested services emphasize affordability and flexibility by reducing upfront costs and alleviating financial barriers, while also promoting renter protections and equitable practices by requiring licensed brokers or salespersons to contract with only one party—either a tenant or a landlord—and ensuring broker fees are paid solely by the party engaging the broker, fostering transparency and fairness in rental housing transactions; *NOW, THEREFORE BE IT*

ORDERED: That a petition to the General Court, accompanied by a bill for a special law relating to the City of Boston, to be filed with an attested copy of this Order be, and hereby is, approved under Clause (1) of Section 8 of Article 2, as amended, of the Articles of Amendment to the Constitution of the Commonwealth of Massachusetts, provided, that the Legislature may reasonably vary the form and substance of the requested legislation within the scope of the general public objectives of this petition: —

#### PETITION FOR A SPECIAL LAW RE: AN ACT REQUIRING THAT BROKER FEES IN THE CITY OF BOSTON BE PAID BY THE PARTY WHO SOLICITS A LICENSED BROKER

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

- SECTION 1. Notwithstanding any general or special law to the contrary, in the city of Boston, 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 or commercial real 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. No licensed real estate broker or other person or entity engaged in the rental or leasing of residential real estate in the city of Boston as agent of the landowner, landlord, lessor, or sub-lessor shall demand, receive, or retain any payment, fee, commission or other charge from a tenant or prospective tenant for any services on behalf of such landowner, landlord, lessor, or sub-lessor for the listing, showing, qualifying of prospective tenants, preparation and execution of documents, or otherwise arising out of the leasing of a residential rental unit in said city.
- SECTION 3. No landowner, landlord, lessor, or sub-lessor shall demand or require that a tenant or prospective tenant retain, hire or engage a rental agent or broker and pay such agent or broker a fee or commission as a condition to applying for or leasing a residential rental unit in the city of Boston, and no such landowner, lessor, or sub-lessor shall demand or require that a tenant or prospective tenant make any payment in violation of section 2 of this act.
- SECTION 4. Violation of this act shall constitute an unfair or deceptive act or practice in the conduct of a trade or commerce in violation of section 2 of chapter 93A.
- SECTION 5. The city of Boston may by ordinance impose a penalty for violation of this act, not to exceed the amount established by section 35 of chapter 448 of the acts of 1854, as most recently amended by chapter 360 of the acts of 2024.
- SECTION 6. This act shall take effect upon passage.
- Filed on: February 12, 2025