
To: Members of The House Environment and Transportation Committee

From: William A. O'Connell, Real Property Section Legislative Chair

Date: February 28, 2020

Subject: HB 1149 - Department of Housing and Community Development - Social Housing Subprogram (Social Housing Act)

Position: Oppose

The Maryland State Bar Association (MSBA) Real Property Section **opposes House Bill 1149** - Department of Housing and Community Development - Social Housing Subprogram (Social Housing Act). HB 1149 will significantly increase the cost of buying and selling real property in Maryland and increase the costs associated with obtaining financing secured by real property. The bill seeks to add a \$75 surcharge on *any* document recorded in the land records and increase the state transfer and recordation taxes in an obscene amount. According to at least one study, Maryland already has the third highest closing costs in the county. It appears that this bill would make them the highest by far.

HB1149 also eliminates the First Time Maryland Homebuyer Credit for all purchasers of homes over \$250,000.00. In many counties across Maryland average home values are greater than \$250,000.00 so there is no choice but to purchase a home over \$250,000.00. Eliminating this credit will make it more difficult for those cash-poor Maryland residents who want to purchase a home. Every single dollar of closing costs and taxes is paid out of the buyer's pocket. If the goal is to deter people from pursuing the American dream of owning a home, this bill will succeed in that pursuit. It is not uncommon for Maryland buyers to be use every dollar of their savings and even to dip into their retirement accounts in order to come up with the necessary funds to purchase their first home. Every dollar of additional tax or fee on the purchase of real estate makes home buying that much more difficult for the average Maryland Resident.

All HB 1149 will do is increase the need for more rental housing and reduce the need for new and existing homes. By increasing the cost to buy a home, Marylander's will choose to rent instead. Thus, increasing the need for more rental housing. The very problem this bill apparently seeks to address will become worse as a result of this bill.

The changes proposed warrant further study due to their potential social and economic consequences. In the past, this body has established commissions to study issues of far less range



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and consequence than the measures proposed under this bill. For these reasons we **oppose HB1149** and request that you issue an **unfavorable** report.

Should you have any questions, please contact The MSBA's Legislative Office at (410)-269-6464 / (410)-685-7878 ext: 3066 or at Richard@MSBA.org and Parker@MSBA.org