

Anne Arundel County_FAV_SB566_.pdf

Uploaded by: Koch, Kathleen

Position: FAV



February 17, 2021

Senate Bill 566

Anne Arundel County - Transfer Tax – Special Revenue Fund

Position: FAVORABLE

Thank you for the opportunity to testify in support of Senate Bill 566, legislation that would enable Anne Arundel County to consider, and if approved by the County Council, enact legislation to establish a special revenue fund dedicated to providing affordable housing for low and moderate income families in Anne Arundel County. Arundel Community Development Services, Inc. (ACDS) serves as Anne Arundel County's nonprofit housing and community development agency, helping Anne Arundel County residents and communities thrive through the provision of affordable and sustainable housing opportunities, programs to prevent and end homelessness, and community development initiatives.

SB 566, which would authorize the County, through the local legislative process, to raise the transfer tax on real estate transactions over \$1,000,000, creates a dedicated fund that could be used to develop and preserve affordable homeownership and rental housing units serving our County's most cost burdened households. While the COVID-19 pandemic has left service industry workers, and households at the lower end of the economic spectrum in more precarious housing situations, the great need for affordable housing in this County was clearly demonstrated even before the current crisis began. In 2019, ACDS conducted a housing needs assessment which stated that over 21 percent of all renter households earning 80% of Area Median Income (AMI) or below were severely cost burdened, while 11,385 homeowner households at that same income level were severely cost burdened. The analysis also showed that the County had just about half of the necessary affordable rental stock that was needed to serve the over 17,000 households in the County earning \$50,000 or less.

One of the best ways to meet the unmet need for affordable housing is to develop and preserve income restricted units. Typically, these assisted units require deep subsidies to make them affordable for our workforce, people with disabilities and other income limited households, yet State subsidies are extremely competitive and are only awarded to a fraction of the development teams who apply for them. This tool would help leverage and stretch those competitive funds and allow the County to support the creation and preservation of additional units. Developing and preserving affordable units is good for our economy as it generates additional construction related jobs and helps house our workforce in our community in a sustainable matter.

For the reasons noted above, we urge a FAVORABLE report on SB 566.

AACo_FAV_SB 566.pdf

Uploaded by: Pittman, Stuart

Position: FAV



February 17, 2021

Senate Bill 566
Anne Arundel County – Transfer Tax – Housing Trust Special Revenue Fund
Senate Budget and Taxation Committee

Position: FAVORABLE

Senate Bill 566 would enable the County Council to create a Housing Trust fund with revenue from the County Transfer Tax on real estate transactions over \$1,000,000. This bill would not mandate a particular rate, and if passed, the Council would only have the authority to set the rate after a public hearing and vote. Additionally, it can only apply to the largest transactions, which account for just 5% - 7% of the transactions in the County.

Despite advocacy from the Chamber of Commerce and many business owners over the last several decades, the County has been unable to create housing that is affordable for our workforce, our young adults, and our seniors. My Administration has made strides toward creating additional affordable housing stock by working with the Council to pass the County's first fair housing legislation, a workforce housing bill, and putting millions in the budget for the rental housing production fund. Creating a funding mechanism for an Affordable Housing Trust Fund is the next step in that work, and SB566 is needed for us to move forward.

Even before the COVID-19 pandemic, affordable housing needs in Anne Arundel were great, especially for low- and moderate-income renters and homeowners. In June of last year, the County released its Five Year Consolidated Plan, which illustrated the affordability issues our county faces. A household paying more than 50% of its income on housing costs is considered severely cost burdened. In our county, moderate income equates to an annual household income of \$78,000 for a family of four. Twenty-one percent of moderate income renters in Anne Arundel County are severely cost burdened. Homeowner households are also severely cost burdened, as there are 11,385 moderate-income homeowner households who pay more than 50% of their income towards housing costs.

Our 2019 analysis showed there were 17,603 households earning \$50,000 or less per year in the County, but just 8,680 affordable rental units were available at the appropriate price level to serve those households. Just under half of these low-income households are being adequately served. Currently, our County Housing Commission has a waiting list of 23,800 unduplicated families for our programs.

The authority under this bill for a rate increase only applies to property transfers over \$1,000,000. That category makes up just 5% to 7% of total properties sold each year. Additionally, Anne Arundel County's transfer tax rate of 1% is the lowest rate among our neighboring jurisdictions - Prince George's County has a transfer tax rate of 1.4% and the City of Baltimore and Baltimore County both have rates of 1.5%. Any revenue associated with a rate

increase would go directly to a Housing Trust Fund dedicated to assisting low and moderate income residents.

This bill will not solve our affordability crisis, but it will help by allowing the County Council to create a dedicated revenue stream to address housing issues.

For those reasons, I urge a FAVORABLE report on Senate Bill 566.

Sincerely,



Steuart Pittman
County Executive

Toni Pratt.pdf

Uploaded by: Pratt, Toni

Position: FAV

Dear, Chairman Guzzone, Vice Chair Rosapepe and the AA County Delegation,

My name is Toni strong Pratt and I'm sending testimony in favor of bill ISO SB 566 and at the end of my testimony I pray that each of you will vote in favor of it as well.

It is with joy unspeakable joy that my husband and I are homeowners in the place that we grew up. This dream did not always seem attainable to us and frankly we had settled into the fact that we would be renters for the rest of our lives. We often wondered how this could be. We worked here for years we contributed our taxes just like others had but didn't have the means to purchase a home in such and expensive county!

The dream became a reality through a housing trust in Annapolis! In AA County to purchase a home is super expensive and so many people like us who work here can't afford to live here and that can change if you vote yes to this bill. We purchased our first home in 2019 through a lease to purchase affordable housing program the only one in our county might I add. We were half way there but they high closing cost threatened to halt the process once again!

We got a call from our property to let us know that homeownership was about to become a reality for us and in our county might I add!! The city of Annapolis would assist with a grant for closing cost through a similar trust fund in Annapolis. We were ecstatic! Not only had we grew up her. We raised our children here, helped build the wealth here, worked her, organized here but are now homeowner here.

We don't want this just to be our story but stories of others that will come after us and each of you can make this a reality just as the city helped make this a reality for us! Please join me in voting yes for bill ISO SB 566. We owe it to the people that work here and have lived here all their lives to be able to be homeowners here. Thank you

Toni Strong Pratt

ACT SB566 SUPPORT Letter.pdf

Uploaded by: Sirmons, Ryan

Position: FAV



ANNE ARUNDEL
CONNECTING TOGETHER



8 Carvel Circle, Edgewater, MD 21037 | www.actiaf.org | (667) 777-2565

February 15, 2021

**WE WANT TO LIVE IN OUR OWN HOMES
SUPPORT SB566/HB933**

"I bought my first home with the help of a housing trust fund in Annapolis. I worked hard to save the money, but needed help with the closing costs. I know so many others in my church who would benefit from this in the county."

–Grandmother and church leader, 2021

Dear Members of the Anne Arundel County State Delegation:

We ask for your support on SB 566/HB 933. Over the past three years, ACT, representing 26 congregations, non-profits, and small businesses across our county, has been *listening to our community*. Housing affordability is at the top of families' lists of concerns. Many of the thousands of people we have talked with have told us, over and over again, that they try to save, they work multiple jobs, but they cannot get over the hump of housing affordability as housing prices rise and rise in our county, outstripping the pace of wage increases. **A Housing Trust Fund is part of a package of solutions that give hardworking people a chance at housing security and affordability. This bill helps make their dream a reality.**

Working moms and dads are being left behind. Over four years, housing prices have surged over 10% across the county while wages have not kept up. Rents have increased accordingly. People are saving, but the realities of closing costs and other fees become too far a stretch to get on a housing ladder with a bottom rung that is ever being driven out of reach. We send the signal to them of never being able to fully be part of the American dream, no matter how hard they work. Included in this group are our teachers, law enforcement professionals, first responders, medical and dental technicians, and other middle class families who not only make our community whole, but have been essential to our community negotiating a pandemic. **We want them living in Anne Arundel County, but so many have told us they live farther away because it's too expensive to live here. Let's fix that.**

As leaders in the community, we want more of our citizens to feel fully invested and enjoy the hope of eventually getting on the housing ladder and own their own home. This bill helps provide a lifeline that maintains the integrity of our communities for the mutual benefit of everyone. **Support SB 566/HB 933.**

ACT MEMBER INSTITUTIONS

Annapolis Friends Meeting
Asbury UMC, Annapolis
Broadneck Baptist Church
First Presbyterian Church of Annapolis
Fresh Start Church, Glen Burnie
Joy Reigns Lutheran Church
New Life Fellowship, Hanover

St. Margaret's Episcopal Church, Annapolis
The United Church of Christ of Annapolis

A.A. Co. Muslim Council
Ark and Dove Presbyterian Church
Asbury Broadneck UMC
First Christian Community Church

Gloria Dei! Lutheran Church, Arnold
Kingdom Celebration Center, Odenton
St. Andrew By the Bay Roman Catholic Church
St. Philip's Episcopal Church, Annapolis
Woods Memorial Presbyterian Church, Severna Park

NAACP A.A. Co. Branch
Bread and Butter Kitchen
Christ Our Anchor Presbyterian
New Creations Deliverance Ministries
Islamic Society of Annapolis
Light House, Annapolis
St. Anne's Episcopal Church, Annapolis
Unitarian Universalist Church of Annapolis

an affiliate of the Industrial Areas Foundation

SB0566 - Anne Arundel County Transfer Tax - NAIOP

Uploaded by: Ballentine, Tom

Position: UNF

February 15, 2021

The Honorable Guy Guzzone, Chair
 Senate Budget and Taxation Committee
 3 West Miller Senate Office Building
 Annapolis, MD 21401

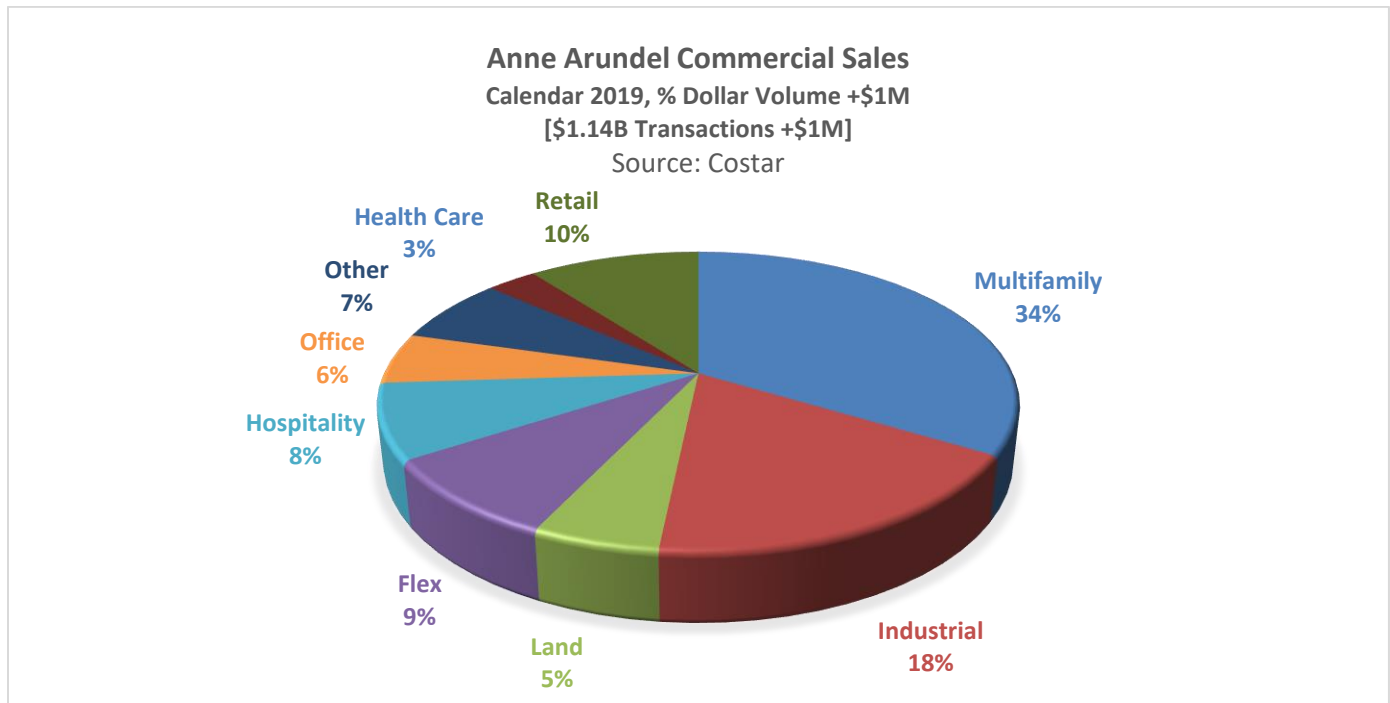
Oppose – SB 566 – Anne Arundel County Transfer Tax – Housing Special Revenue Fund

Dear, Chair Guzzone and Committee Members:

The NAIOP Maryland Chapters represent 700 companies involved in development and ownership of commercial, mixed-use, and light industrial real estate, including some of the largest property owners in Anne Arundel County. On behalf of our member companies, I am writing in opposition to SB 566 which would authorize a transfer tax surcharge on transfers of real estate valued at \$1 million or more. We oppose on policy and technical grounds.

+ Tax Policy Concerns

A tax surcharge on transactions of \$1m or more would hit commercial real estate especially hard including multifamily apartments. During 2019 multifamily transactions were the largest segment of commercial transactions at 34%. Apartments accounted for more than \$383m of the \$1.1b commercial transfer market. Land transfers made up only



5% of the commercial transfers but were usually related to steps in the land development process. Stacking of taxes at the transfer of raw land, developed lots and then when buildings are sold creates a value added tax at every stage of development that worsens affordability.

A transfer tax surcharge would make worse the already disproportionately high percentage of county services funded by commercial real estate taxes. Since the end of the Great Recession the commercial tax base has increased, backfilling weakness in the residential tax base that was slower to recover and only reached pre-recession levels in 2019. During the years 2010-2019 increases in the value of commercial property accounted for almost all the \$7.3b increase in total real estate tax base. In 2019 commercial real estate accounted for 23.3% of total tax base compared to 17% in 2010. This 6.3% increase means that commercial property is paying higher taxes and funding a higher percentage of county services. Because commercial real estate requires fewer public services, it already provides more net tax revenue than other classes of taxpayers.

The Commercial Real Property Tax Base in Anne Arundel Increased \$7.1b 2010-2019

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	10-19
<i>Residential</i>	69.2	66.6	61.4	58.1	57.5	59.8	62.5	64.4	67.0	69.2	0
<i>Commercial</i>	14.2	14.9	15.5	14.9	16.0	17.8	18.7	19.7	20.6	21.3	7.1
<i>Total Base</i>	84.0	82.1	77.6	73.6	74.1	78.2	81.7	84.7	88.2	91.3	7.3

Values in Billions of Dollars, Source: SDAT Annual Reports

+ Land Use Policy Concerns

The factors contributing to housing affordability problems in the county are complex and interconnected. A housing trust fund may be part of the solution, but it is unlikely to have a meaningful impact until land use and other policy decisions that limit the supply and drive up the cost of housing in Anne Arundel County are addressed.

NAIOP’s members believe the direction Anne Arundel County takes over the next 20 years will be pivotal to regional economic and environmental outcomes. The County’s road, rail, aviation, and maritime infrastructure make it a driver for economic growth. Its Chesapeake Bay shoreline and river systems are critical to water quality. Both Maryland’s climate mitigation strategies and plans to restore Chesapeake Bay water quality depend on concentrating employment and household growth in the growth areas of Anne Arundel and the other central Maryland Counties.

Remaining development capacity has been drawn down by population growth and policy restrictions to levels that may not accommodate forecasted growth. The draft general development plan uses a 2040 household growth projection that is about 20% lower than the Baltimore Metropolitan Council Round 9A Cooperative Forecast for County growth. Given the already constrained supply of residential and non-residential land, a gap of this magnitude could be problematic and worsen housing affordability.

We are concerned about the distribution of residential capacity shown in the current plan estimates. The tables in the technical volume show about 50% of future residential capacity is in three commercial zones [C-1, C-2, C-3]. While this may provide some mixed-use opportunities and needed market flexibility, these areas are also expected to absorb future employment growth.

The high percentage of future housing that is expected from already improved land raises concerns about market liquidity and project economics. Complications related to small parcel sizes, retiring existing uses and upgrading aged infrastructure are costly impediments to redevelopment projects particularly in submarkets that do not have strong rent potential. A growth strategy that depends so heavily on redevelopment will require strong zoning incentives and procedural advantages that provide a catalyst for transformational redevelopment an approach than can provide more housing at lower costs than the trust fund model.

+ **Technical Concerns**

The bill removes the 1% limit on transfer tax rates but provides no replacement limit on the tax surcharge. [pg. 2, ln. 7] There is also no prerequisite spending plan specific eligibility criteria for expenditures from the fund.

While it may be inferred, it is not clear that the new authority to impose the surcharge [pg. 2 ln. 11-15] can only be imposed on instruments presented for recording in the land record or whether the authority is subject to the limitations exempting transfers between related business entities and other provisions of TP 12-103 [pg. 2, ln 2-6].

It is our understanding that Anne Arundel County enacts taxes via a council bill rather than by resolution as provided for in the authorizing language [pg. 2, ln 12]. Among the important differences are that the council bill requires approval of the county executive and council bill is subject to a ballot petition.

For these reasons NAIOP respectfully recommends your unfavorable report on SB 566.

Sincerely,



Tom Ballentine, Vice President for Policy
NAIOP Maryland Chapters -*The Association for Commercial Real Estate*

cc: Senate Budget and Taxation Committee Members
Nick Manis – Manis, Canning Assoc.

Oppose HB933 SB566 (Final).pdf

Uploaded by: Brand, Jason

Position: UNF



The Anne Arundel County Association of REALTORS® along with the Maryland REALTORS®, the Maryland Land Title Association and the Maryland Mortgage Bankers and Brokers Association OPPOSE HB933 (SB566).

To be clear, we are not opposed to the idea of funding a Housing Trust—we are opposed to using an increase in transfer taxes and recordation taxes as the funding mechanism. We also believe that Anne Arundel real estate has, even recently, contributed enough money to the County’s revenues to fund a Housing Trust, should the County Administration choose to fund it. Finally, we question the timing of this proposal.

Revenues from transfer taxes are *extremely* volatile and have a negative impact on housing costs and economic development. If the economy and the real estate market are weak, revenues are low. Moreover, these depressed revenues occur precisely when the County would most need a stable revenue base to fund an increased demand for services. **This bill does not even have a cap** on how high the special transfer tax rate might be.

Currently, Anne Arundel real estate contributes almost \$1 billion/year to the County revenues.

At 2.2%, Anne Arundel has one of the highest rates in the State for total recordation taxes (.7%) and transfer taxes (1.5%) while Maryland itself ranks 5th in US for highest closing costs including taxes.

Anne Arundel leads the State in anticipated revenue increases for FY21, with a growth rate of 4.4%.

From FY2019 to FY2021, Anne Arundel County had the highest Average Annual increase of Property Tax Revenue in the State at 5.6%. This resulted in an additional \$86 Million in County revenues. Additionally, the existing transfer taxes and recordation taxes have contributed an additional \$300 million. And this doesn’t even include revenue from the Land Record Improvement Fund or additional revenues from the constant yield.

Maryland REALTORS are concerned because this is the fourth bill they have reviewed this session that calls for a transfer tax increase.

During Covid, Anne Arundel County real estate has been the golden goose for county revenues and has largely held up the County economy. It seems a particularly bad time to authorize an additional tax on real estate, especially since this Administration only recently raised both income taxes and property taxes.

Finally, the commercial real estate market is in tatters. Retail, restaurants, and entertainment facilities are failing. Office buildings are empty. Authorizing an additional tax to this already struggling sector would be a terrible idea.

Please do no harm. Vote No on HB933 (SB566).

SB566.pdf

Uploaded by: Graf, Lori

Position: UNF

February 17, 2021

Chairman Guy Guzzone
3 West
Miller Senate Office Building
Annapolis, MD 21401

RE: SB 566 (Anne Arundel County- Transfer Tax- Housing Trust Special Revenue Fund).

Dear Chairman Guzzone,

The Maryland Building Industry Association (MBIA), representing 100,000 employees of the building industry across the State of Maryland, writes in opposition to SB 566 (Anne Arundel County- Transfer Tax- Housing Trust Special Revenue Fund).

This bill would grant the County the authority to increase the transfer tax on residential and commercial properties sold in Anne Arundel County that are valued over \$1 million to fund a Housing Trust. MBIA opposes this measure on the following grounds.

Residents of Anne Arundel County already pay numerous fees and taxes including a recording fee; a state property tax; a county property tax; a Bay restoration fund fee; and a stormwater management fee. Additional fees may be added atop these universal charges as well depending on the nature of the property. Additionally, from fiscal year 2010-2021 the total real estate taxes collected by the county have increased 57% without the imposition of new taxes. Additionally, the real estate market is cyclical and would not produce consistent revenues for the county which could see massive revenue reductions due to overexposure in the event of a market downturn.

These taxes would drive up housing costs and the state of Maryland currently has a housing affordability crisis. By imposing additional costs on developers Anne Arundel county would drive up the price of residential units which would make it difficult for those units to be priced low enough that low income buyers could afford them. This bill has no cap on how high the special transfer tax could get, which means if the imposed tax is high enough it could conceivably obliterate the affordable housing market entirely by making it impossible to price new units low enough.

For these reasons, MBIA respectfully requests the Committee give this measure an unfavorable report. Thank you for your consideration.

For more information about this position, please contact Lori Graf at 410-800-7327 or lgraf@marylandbuilders.org.

MMHA - SB566 HB933 Anne Arundel County - Transfer

Uploaded by: Keller, Jessie

Position: UNF



TO: Senate Budget and Taxation Committee

FROM: Maryland Multi-Housing Association

SUBJECT: Senate Bill 566, Anne Arundel County – Transfer Tax – Housing Trust Revenue Fund

DATE: February 17, 2021

POSITION: Unfavorable

This testimony is offered on behalf of Maryland Multi-Housing Association (MMHA). We are a professional trade association established in 1996, whose members consists of owners and managers of more than 210,000 rental housing homes in over 958 apartment communities. Our members house over 556,000 residents of the State of Maryland and we have 250 associate member companies who supply goods and services to the multi-housing industry.

Senate Bill 566, Anne Arundel County – Transfer Tax – Housing Trust Revenue Fund Established, authorizes the governing body of Anne Arundel County to increase the transfer tax rate imposed on instruments coveting title to a property or leasehold interest in real property for conveyances of titles over \$1 million, and requires revenue from the higher transfer tax to be distributed to a Housing Trust Special Revenue Fund. Money from the fund shall be dedicated and appropriated to provide affordable housing in moderate and low-income individuals in the county including the City of Annapolis.

As housing providers, we witness firsthand the impact Maryland’s housing affordability crisis has on residents, a problem that COVID-19 has exacerbated. MMHA members are not immune to the financial challenges their residents are facing. According to MMHA’s ongoing delinquency surveys, most C class apartment communities are averaging around 33% delinquency monthly, a crushing blow to revenue.

An increased transfer tax rate, especially after property and income taxes were raised in recent years, and in during a time of such unprecedented financial hardship for property owners and managers, would devastate the rental and commercial real estate industries. The bill’s lack of limit on how high the transfer tax rate could be is cause for great concern as well.

The current transfer taxes and recordation taxes generated over \$300 million for Anne Arundel County from FY2019-FY2020. Increasing the transfer tax rate after a year of unprecedented revenue losses for property owners harms both owners and residents alike, as increased expenses will likely eventually be passed onto residents. If County leaders want to fund affordable housing, they should do so without raising taxes.

For these reasons, we respectfully request an unfavorable report from the Committee.



MARYLAND **MULTI-HOUSING** ASSOCIATION, INC.

For more information, please contact Jessie Keller at 410.413.1420

SB 566-AOBA--UNF- JPR.pdf

Uploaded by: Washington, Ryan

Position: UNF



Bill No: SB 566—Anne Arundel County- Transfer Tax- Housing Trust Revenue Fund

Committee: Judiciary Proceedings

Date: 2/17/2021

Position: Oppose

The Apartment and Office Building Association of Metropolitan Washington (AOBA) represents members that own or manage more than 23 million square feet of commercial office space and 133,000 apartment rental units in Montgomery and Prince George's Counties. Some of the management companies that we represent have property throughout the state, including in Anne Arundel County.

Senate Bill 556 would authorize Anne Arundel County to increase transfer taxes on residential and commercial properties sold in the County that are valued over \$1 million to fund a Housing Trust Special Revenue Fund that will be appropriated to provide affordable housing to moderate and low income to residents in the County.

Many commercial and multifamily housing properties have seen a drastic loss of income due to the Covid-19 pandemic and this bill will exacerbate that economic hardship for the real estate community. Simply put, this is not the time to authorize another tax on this industry as it will cause greater turmoil.

Further, the real estate industry contributes a great deal to County coffers. From FY2010- FY2021, Anne Arundel's total real estate tax revenues have increased nearly \$350 million from \$604 million in FY2010 to \$950 million in FY2021-- a 57% increase. Also, of note, Anne Arundel County has the 4th highest local transfer tax rate in the state.

AOBA represents local companies that house Marylanders—predominately in class B and C properties which provide quality unsubsidized affordable housing for working families. Members are well acquainted with the need for increased affordable housing options. However, new and increased taxes will not improve conditions for residents in need of affordable housing. Rather, additional taxes harm the very residents the bill seeks to help as increased expenses may impact residents in various ways.

AOBA would be happy to work with County officials to seek innovative means to fund affordable housing that do not impose an additional tax burden on a financially struggling industry.

For these reasons AOBA requests and unfavorable report on SB 566.

For further information contact Erin Bradley, AOBA Vice President of Government Affairs, at 301-904-0814 or ebradley@aoba-metro.org .