



**House Bill 1149 – Department of Housing and Community Development – Social Housing Subprogram (Social Housing Act)**

**Position: Oppose**

The Maryland REALTORS® oppose HB 1149 which seeks to create more public housing, in part, by taxing other housing and making it less affordable.

HB 1149 would increase the transfer tax on homes sold at more than \$1 million. The bill would also lower the transfer tax for homes sold for \$250 thousand or less. But all transactions would now also pay a \$75 recordation surcharge. For the homes valued at \$250 thousand or less, a homeowner may save close to \$100. Homeowners over \$1 million would likely pay over \$3,000 or more. The commercial impact of this legislation will be much greater.

Real estate is not an undertaxed asset. It is already subject to 8 taxes: 2 transfer taxes (state and local); a recordation tax; a recording fee; 2 property taxes; a bay restoration property surtax; and a stormwater fee. Increasing taxes on housing to fund more affordable housing undermines the overall goal.

In addition, real estate is already contributing over \$200 million of new revenue each year to the counties because of increasing property assessments and the fact that most counties do not hold the property tax rate to the constant yield tax rate (in the last fiscal year 22 of 24 counties did not implement a constant yield tax rate). There is already more revenue raised by real estate to local and state government each year through the tax on newly assessed value than what is raised by increasing the taxes in this bill. Rather than increasing the taxes specified in HB 1149, the state and local governments should prioritize the new funding received each year through increasing property assessments.

Finally, the creation of a social housing project funded and run by government should be carefully considered. Many public housing projects over the last 30 years failed. The reasons for this are many, but one factor is clearly the cost of running and maintaining this housing and taxpayer's willingness to prioritize it among other important programs.

For these reasons, the REALTORS® recommend an unfavorable report.

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