



## **Senate Bill 764 – Workgroup on Adaptive Reuse of Vacant Commercial Spaces**

### **Position: Support with Amendments**

The Maryland REALTORS® supports SB 764 which seeks to create a workgroup examining the reuse of vacant and underutilized commercial properties as mixed-use and residential properties. We believe that a representative of an organization representing real estate agents and brokers should also be a member of the group. In addition, we believe the representative of a commercial developer should be a representative of an organization representing commercial developers.

In a 2020 study, Freddie Mac listed Maryland as the state with the 11<sup>th</sup> highest housing deficit in the country. The housing deficit cited in the study referred to both residential real estate for purchase and rental. This is reflected in Marylander's attitudes on housing in Maryland too. In a recent poll, a majority of state residents agreed that there is not enough affordable housing to meet current needs.

Other statistics point to challenges in housing supply too. Our average and median housing prices have increased nearly 30% in the last five years. Over 52% (the highest percentage in the last 100 years) of adult children are living with their parents. And the percentage of first-time homebuyers remains at thirty-year lows for the last 4 years.

This undersupply of housing underlies many of the lingering challenges in our housing market. The undersupply of rental real estate leads to higher rents, more competition between tenants finding rental units and more difficulty finding affordable units in neighborhoods where renters want to live. The undersupply leads to higher housing prices, greater competition between buyers (which is a component to increased prices), and ultimately delayed home purchases which sets homebuyers back in creating and growing household wealth.

The commercial real estate market is facing significant challenges due to COVID and other market changes that preceded COVID. Creating additional flexibility for these properties by expanding housing opportunities can return important value to these properties. Our industry has discussed numerous law changes that can help this goal, including expanding development rights through density bonuses, creating by right development opportunities or creating a statewide housing density variance targeted to these underutilized properties.

For these reasons, we recommend a favorable report.

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[susan.mitchell@mdrealtor.org](mailto:susan.mitchell@mdrealtor.org), or [lisa.may@mdrealtor.org](mailto:lisa.may@mdrealtor.org)**

## **Amendment 1**

On page 2, line 4, strike “representative of a commercial real estate developer” and substitute “representative of an organization for commercial real estate developers”

On page 2, after line 12, insert:

“(vi) one representative of an organization representing real estate agents and brokers”