



Senate Bill 528 – Climate Solutions Now Act of 2022

Position: Unfavorable

Maryland REALTORS® are committed to advocating for Maryland private property owners rights and acknowledge there is a need to balance climate mitigation with the growing challenge of affordable housing. We are concerned that SB 528 will impact housing costs of some multi-family housing as well as new construction.

Maryland is currently estimated to have a housing undersupply of over 80,000 units which includes both for sale and residential rental property. Moreover, according to the “Maryland Housing Needs Assessment and 10-Year Strategic Plan (Needs Assessment),” Maryland will be adding 178,000 new households between 2020 and 2030. The Needs Assessment also estimates that in 2030 more than half of all new households in Maryland will qualify as low-income. As the requirements for new additional units expand to meet the eventual net-zero requirements, the cost impacts on new residential housing are unclear. While costs today would certainly impact affordability, it is unclear how technology will change in the next 15 years. It is also unclear what sources of energy will provide the electric generation that will be needed for housing and transportation.

In addition to residential impacts, HB 528 will impact 17,000 Maryland commercial buildings which have struggled during the global pandemic. Commercial lending volume decreased approximately 60% in 2020, and it is important to note, lender losses in the commercial sector exceeded those of the 2008 financial crisis. National economists also predict short-term price declines for retail, office, and hotel properties of 4-7%. The unknown of the commercial recovery from Covid must be considered particularly as it is affected by retrofit requirements.

The upfront costs to construct a net-zero commercial building can be up to 15% more than conventional construction. A combination of increased construction costs and decreased lending availability will pose challenges to many projects including adaptive reuse of existing structures, which remains an important component of smart growth.

While Maryland can continue to be a leader in Climate Change legislation, advancing net-zero requirements for buildings by 2045 will make this job more costly and impact both residential and commercial property affordability. For these reasons, the REALTORS® recommend an unfavorable report.

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