



**House Bill 831 – Reducing Greenhouse Gas Emissions- Commercial and Residential Buildings
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 HB831 will impact future investments in Maryland from both a housing perspective as well as commercial venture side. It also would create financial burdens on current commercial owners and some multi family properties.

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 increase these same costs 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 given that in 2020, 60% of Maryland is powered by fossil fuels.

In addition to residential impacts, HB 831 will impact 17,000 Maryland commercial buildings which continue to struggle 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. These investments can be easily directed to our neighboring jurisdictions and only continue to raise the price of housing for our most vulnerable citizens.

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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