



House Bill 474

Sale of Residential Real Property - Offers to Purchase and Transfer Tax

MACo Position: **SUPPORT**

To: Environment and Transportation and
Ways and Means Committees

Date: February 21, 2023

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The Maryland Association of Counties (MACo) **SUPPORTS** HB 474. This bill seeks to use multiple tools to curb institutional real estate investors from purchasing large volumes of housing stock quickly, artificially inflating the cost of housing.

The economic reverberations from the COVID-19 pandemic are still felt in nearly all parts of the economy, but nowhere more so than in the housing market. Due to a variety of historic and economic factors, the production and preservation of affordable housing stock has lagged behind the growth of our society. Today, the cost of housing has become a significant line item in many household budgets, far exceeding the longtime standard of 30 percent of gross income.

HB 474 seeks to address a major concern for many first-time homebuyers: significant competition from private equity. Increasingly during the COVID-19 pandemic, major real estate investors have been buying up large swaths of housing stock as soon as it hits the market, with the intention of either re-selling those properties at a higher rate or turning them into rentals. These investors vastly outgunned many prospective Maryland homebuyers, denying a sizeable portion the ability to build lasting equity.

The guard rails set by HB 474 include a limited duration “preference period” for owner-occupied purchasers, and a special transfer tax rate applied to properties that are eventually converted to investor-owned for-lease facilities. Both tools have the potential to boost the prospects for owner-occupied properties, which offer a foundation for stronger communities in many regards.

Counties support the intent of HB 474 and applaud this approach as one potential component in a long term Maryland strategy to encourage affordable housing opportunities across our many residential areas. For this reason, MACo **SUPPORTS** HB 474 and urges a **FAVORABLE** report.