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DATE: February 20, 2024

BILL NO.: House Bill 826

TITLE: Real Property – Taxation of Vacant Property, Certification of Company Representatives, And Short-Term Rentals

COMMITTEE: House Ways and Means Committee

Letter of Support

Description of Bill:

House Bill 826 authorizes counties and Baltimore City to set a special property tax rate for residential property that has been cited as vacant and unfit for habitation or other use, creates a new statutorily defined class of vacant residential property that is unfit for habitation or other use, requires entities owning residential real property in Maryland to provide to the State Department of Assessments and Taxation contact information for an authorized representative of the entity, and authorizes counties and Baltimore City to adopt rules and regulations relating to high-intensity use of short-term rentals in areas lacking adequate affordable housing.

Background and Analysis:

While Maryland has one of the lowest overall residential vacancy rates in the country, there are over 200,000 vacant housing units across the state – 15,000 in Baltimore City alone. Widespread vacancies are associated with a number of problems, including safety hazards and contribution to neighborhood blight and instability, and represent an inefficient use of land that could be used to house Marylanders. Allowing local jurisdictions to disincentivize vacancy through special tax rates will help address these problems, along with Maryland's 96,000-unit housing shortage.

The expansion of the short-term rental business in recent years – largely via real estate investors purchasing homes and offering them for short-term rental via companies such as AirBnB and VRBO – has had a significant impact on the housing market. Studies have shown that there is a strong correlation between higher numbers of short-term rental listings and higher rents and shortages of available housing in many markets. Allowing local jurisdictions to regulate these short-term rentals in areas facing affordable housing shortages will help address this issue in ways tailored to local needs. Requiring entities operated by these investors, along with other entities owning residential property in Maryland, to provide contact information for an authorized representative will help keep these businesses accountable.

DHCD Position:

The Department of Housing and Community Development respectfully requests a **favorable** report on House Bill 826.

