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*Subcommittees*

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THE MARYLAND HOUSE OF DELEGATES  
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**Testimony in Support of HB 826**  
Testimony by Delegate Vaughn Stewart  
February 20th, 2024 | Ways and Means Committee

**What the Bill Does**

HB 826 includes three separate provisions that collectively tackle the issues of housing affordability, local control, speculation, and blight.

First, the bill enables counties and Baltimore City to create a tax on vacant properties that are unfit for habitation. Second, the bill enables non-charter counties to regulate short-term rentals. Third, the bill requires LLCs that own property to annually provide the correct contact information for a company representation to the State Department of Assessments and Taxation (SDAT).

**Vacancy Taxes**

HB 826 is an attempt to tackle multiple issues related to housing in one fell swoop. First, vacant and uninhabitable properties impose serious costs on communities across our state. The measurable aspects of vacancy include spending on maintenance and lost tax revenue, but the costs of disinvestment and decline also extend to lost residents, public health impacts, and increased crime rates. Undeveloped vacant properties remove otherwise valuable housing stock from the supply while sinking property values for nearby homes.

In Baltimore City alone, vacant properties cost taxpayers more than \$100M in annual revenue. Vice Chair Boyce deserves credit for fighting for Baltimore City to get this authority, and we passed her HB231 last year 132-1. Now it's time for the Senate to follow suit, and for all jurisdictions to be given this flexibility. Vacancy taxes are a proven way to reduce vacancies while increasing local tax revenue. Local jurisdictions shouldn't be forced to impose them, but they also shouldn't be barred.

## **Short-Term Rentals**

Short-term rentals can provide affordable lodging choices for vacationers, and many of our constituents book long-term stays on short-term rentals websites as their primary residence. Because short-term rentals are typically in residential districts, they generate more neighborhood pushback than hotels located in commercial areas.

More importantly, several studies have found that short-term rentals contribute to rising rents. In Boston, researchers found that an increase in short-term rentals contributed to higher asking rents for long-term rentals.<sup>1</sup> A nationwide study found that a one percent increase in short-term rental listings within a ZIP Code led to a 0.18% increase in rents and a decrease in the supply of long-term rentals in the same area.<sup>2</sup> Outside of the US, a Portugal study found that a one percent point increase in the share of short-term rentals led to a 3.7% increase in house prices, with even greater increases in historical centers and tourist cities.<sup>3</sup>

This bill allows local jurisdictions to regulate short-term rentals. Non-charter counties already enjoy many tools to regulate short-term rentals, but other jurisdictions are limited in their ability. Under the bill, local jurisdictions would retain flexibility on how to regulate this industry, including by requiring registration.

## **Updating LLC Contact Information**

Many groups and advocates are invested in the redevelopment of vacant and abandoned housing. There has been a surge of interest in “whole-block” redevelopment of many vacant homes at once. But one barrier to redevelopment is that LLCs that own housing often do not have updated contact information, making them impossible to contact about an offer to purchase the building. The lack of contact information for owners can also be dangerous for existing tenants of occupied housing, especially during an emergency maintenance incident.

This bill requires LLCs that own residential real property to annually update the contact information of a company representative.

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<sup>1</sup> Mark Merante and Keren Merten Horns, *Is Home Sharing Driving up Rents? Evidence from Airbnb in Boston*, UMass Boston, [https://repec.umb.edu/RePEc/files/2016\\_03.pdf](https://repec.umb.edu/RePEc/files/2016_03.pdf).

<sup>2</sup> Kyle Barron et al, *The Sharing Economy and Housing Affordability: Evidence from Airbnb*, <https://static1.squarespace.com/static/5bb2d447a9ab951efbf6d10a/t/5bea6881562fa7934045a3f0/1542088837594/The+Sharing+Economy+and+Housing+Affordability.pdf>.

<sup>3</sup> Sofia F. Franco and Carlos Daniel Santos, *The Impact of Airbnb on Residential Property Values and Rents: Evidence from Portugal*, *Regional Science and Urban Economics*, <https://www.sciencedirect.com/science/article/abs/pii/S0166046221000272>.

### **Why the Committee Should Vote Favorably**

HB 826 will give our local jurisdictions more tools to combat blight and increase housing supply. This bill represents a small step toward a future where everyone has a stable roof over their head.

**I urge a favorable report.**