

PJC SB 582 FAV.pdf

Uploaded by: Albert Turner

Position: FAV



Albert Turner, Esq.
Public Justice Center
201 North Charles Street, Suite 1200
Baltimore, Maryland 21201
859.907.1022
turnera@publicjustice.org

SB 582: Sale of Residential Property - Taxes and Offers to Purchase (End Hedge Fund Control of Maryland Homes Act of 2025)

Hearing before the Senate Budget and Taxation Committee on February 26, 2025

Position: SUPPORT (FAV)

The Public Justice Center (PJC) is a nonprofit public interest law firm that stands with tenants to protect and expand their rights to safe, habitable, affordable, and non-discriminatory housing and their rights to fair and equal treatment by Maryland's landlord-tenant laws, courts, and agencies. PJC seeks the Committee's **Favorable report on SB 582** as it is a critical measure to ensure tenants have the full benefit of the housing market.

Maryland currently faces a crisis of housing affordability. While some of our housing challenges, including a supply shortage, will take years to remedy, others can be addressed immediately, including a strong ban on hedge funds owning and controlling large parts of the American housing market. **For tenants, properties that are owned by hedge funds are 68% more likely than small landlords to file for evictions and often impose high rent increases, inflated fees, and deteriorating housing conditions.¹ It is important that tenants know their landlord and property manager and be ensured that their landlord is actually in the business of being a landlord; not in the business of flipping a property at the slightest indication of a profit increase.**

In addition, the rise in the Artificial Intelligence (A.I.) property manager is a result of the increased control of hedge funds in the rental market. This control has led to a decrease of human interaction between the tenant and the landlord and the increase of boilerplate reactions to real immediate concerns artificial intelligence cannot solve; ie leaky plumbing.²

Predatory hedge funds disproportionately target Black families and vulnerable single parents, as revealed in a recent House Financial Services Committee report.³ The report found these investors focus on neighborhoods with larger Black populations and approximately 30% more single mothers than the national average.

The purchasing of single-family homes by hedge funds, especially in the current housing market, serves only to make profits for the investors and provides no value to the communities where these homes are located. People should not have to go up against hedge funds when they are trying to buy a home in their community. Banning hedge funds from the single-family housing market will help enable more families the opportunity to purchase a home and combat the growing large investor landlord model.

¹ <https://thedecisionmagazine.com/business/lessons/hedge-funds-the-new-landlords/>

² <https://www.nytimes.com/2024/06/26/business/ai-bots-property-managers.html>

³ <https://financialservices.house.gov/calendar/eventsingle.aspx?EventID=408381>

The Public Justice Center is a 501(c)(3) charitable organization and as such does not endorse or oppose any political party or candidate for elected office.

Passing **SB 582** is a step in the right direction for all Maryland. If you have any questions, please contact Albert Turner, Esq., turnera@publicjustice.org (410) 625-9409 Ext. 250.

SB0582-BT_MACo_SUP.pdf

Uploaded by: Dominic Butchko

Position: FAV



Senate Bill 582

Sale of Residential Property - Taxes and Offers to Purchase (End Hedge Fund Control of Maryland Homes Act of 2025)

MACo Position: **SUPPORT**

To: Budget & Taxation and Judicial Proceedings
Committees

Date: February 26, 2025

From: Dominic J. Butchko

The Maryland Association of Counties (MACo) **SUPPORTS** SB 582. This bill seeks to establish commonsense guardrails on large hedge funds and other Wall Street-backed firms, to prevent them from purchasing a disproportionate amount of any one county's housing supply.

Maryland is facing historic challenges this legislative session. Uncertainty over the state economy, how changes in Washington will affect Marylanders, lags in affordable housing production, a budding energy crisis brought on by nearby high energy-users, and myriad other important issues all need to be addressed by legislators in 2025. The single thread that binds all of these issues together is that a more resilient, faster-growing, diverse economy will largely insulate constituents from some of the worst headwinds still beyond the horizon. This bill gives counties a stronger tool to help build a broader economy in the communities that our mutual constituents call home.

Counties applaud the intent of SB 582. The challenges around affordable housing are multipronged, and to a meaningful extent are driven, or exacerbated, by the greed of out-of-state corporate interests looking to Maryland to profit from the widespread housing crisis. There is no silver bullet for lowering housing costs; Maryland needs a robust, diverse, and flexible strategy, including targeting the worst actors who artificially drive up the cost of housing and have no regard for the impact on local communities.

SB 582 includes smart, tactile, and badly needed solutions for modern housing challenges. For this reason, MACo urges the Committees to give SB 582 a **FAVORABLE** report.

SB 582 - Hedge Fund_Transfer Tax - UNF - REALTORS.

Uploaded by: Lisa May

Position: UNF



Senate Bill 582 – Sale of Residential Property - Taxes and Offers to Purchase (End Hedge Fund Control of Maryland Homes Act of 2025)

Position: Oppose

While Maryland REALTORS® has concerns over the uptick in institutional real estate investors in the marketplace and the impacts of hedge fund ownership on real estate markets, this act is not narrowly tailored to that issue. Several of the provisions of SB 582 would have negative impacts on the buying and selling of real estate and on home sellers, which we must currently oppose.

The 30-day lockout and transfer tax provisions in the bill have long been opposed by REALTORS® because they are a severe penalty on current Maryland homeowners. An offer from an institutional investor may be the best – or only – option a seller receives, depending on current market conditions or the condition of the property being sold. Also, because transfer taxes are typically split between buyers and sellers, Maryland residents would also be subject to the financial penalties in this bill, which would greatly reduce or completely eliminate what equity they have gained in their homes.

What's more, the excise tax and limitations on property ownership affect all property investors, not just large, national hedge funds. As properties are divested from investor portfolios, as contemplated in this bill, other investors would need the ability to purchase those properties if they are to remain rental options for Maryland residents. If even Maryland-based, smaller-scale investors are subject to the property ownership restrictions in this bill, current tenants of these properties will be displaced, and fewer rental options will exist in the state.

If the bill were limited to only hedge fund investors, as defined in the bill, and provisions on transfer taxes and purchase lock out periods were removed, there may be an opportunity to craft a bill that would receive REALTOR® support. However, as currently drafted, we must oppose SB 582.

We look forward to continued discussions with the sponsors and other stakeholders on alternative approaches to the issue.

For more information contact
lisa.may@mdrealtor.org or christa.mcgee@mdrealtor.org

MBIA Letter of Opposition SB 582.pdf

Uploaded by: Lori Graf

Position: UNF

February 11, 2025

The Honorable Guy Guzzone
Chair, Budget and Taxation Committee
3 West Miller Senate Office Building
Annapolis, Maryland 21401

RE – SB582 - Sale of Residential Property - Taxes and Offers to Purchase (End Hedge Fund Control of Maryland Homes Act of 2025)

Dear Chair Guzzone:

The Maryland Building Industry Association, representing 100,000 employees statewide, appreciates the opportunity to participate in the discussion surrounding Sale of Residential Property - Taxes and Offers to Purchase (End Hedge Fund Control of Maryland Homes Act of 2025) . MBIA **Opposes** the Act in its current version.

SB582 would authorize a person who offers for sale to a third party improved single-family residential real property, for the first 30 days, to accept an offer to purchase the property made only by an individual, a community development organization, a nonprofit organization, or a real estate enterprise that owns an interest in less than 3% of all residential real property in the county.

MBIA has concerns about the unintended consequences this bill would bring for potential buyers, as well as a substantial costs. This bill would limit the potential purchasers for a home on the market to buyers that own less than 3% of the total real estate market in the county for 30 days. The bill would also establish an excise tax on large real estate holders the amount of up to 50% of the fair market value of a residence. The new trend of build to rent as a way to supply housing while home prices remain high and mortgage rates will drive more demand into the sector. Build to rent demand was strong even when debt was cheap and homes were selling. This caters to an underserved niche of the market for middle/upper income households who've graduated past the apartment stage of life but aren't yet ready/willing to buy a house for various reasons, and prefer the conveniences of newer homes with on-site management.

MBIA respectfully opposes this measure the establishment of an excise tax on large scale real estate holdings is an unfair tax that would raise the cost of buying homes for individual purchasers. These taxes will be priced into the cost of any homes for sale, driving up costs to individual consumers, and making houses less accessible across the state of Maryland.

For the reasons stated above we would ask the committee for a un Favorable report.

For more information about this position, please contact Lori Graf at 410-800-7327 or lgraf@marylandbuilders.org.

cc: Members of the Senate Budget and Taxation Committee

MLTA SB582 testimony (unfavorable).pdf

Uploaded by: Mark Glazer

Position: UNF



1783 Forest Drive, Suite 305, Annapolis, MD 21401 | (443) 620-4408 ph. | (443) 458-9437 fax

To: Members of the Senate Budget & Taxation Committee
From: MLTA Legislative Committee
Date: February 24, 2025 [Hearing date: February 26, 2025]
Subject: **SB 0582** – Sale of Residential Property - Taxes and Offers to Purchase (End Hedge Fund Control of Maryland Homes Act of 2025)
Position: **Unfavorable**

The Maryland Land Title Association (MLTA) is a professional organization working on behalf of title industry service providers and consumers and is comprised of agents, abstractors, attorneys, and underwriters. **MLTA is opposed to Senate Bill 582 – Sale of Residential Property - Taxes and Offers to Purchase (End Hedge Fund Control of Maryland Homes Act of 2025).**

While the MLTA understands and supports the apparent goal of the bill – to make single family housing more widely available – we do not believe this bill is an effective manner of doing so. The bill would limit the seller of a single family residence for the first 30 days to accepting offers only from “an individual, a community development organization, a non-profit organization, or a real estate enterprise that owns an interest in less than 3% of all residential real property located within the county...” Our concern is that a seller has no way of determining if an entity meets that definition of a real estate enterprise, and thus no way of knowing if they are engaging in prohibited conduct by accepting an offer from an entity that is not a non-profit or CDA. Sellers should not have to guess or wait to accept offers in order to make sure they are not running afoul of the law.

For these reasons, the MLTA respectfully requests that you return an unfavorable recommendation for Senate Bill 582.