



Bill Title: House Bill 1451, Environment - Climate Solutions Affordability Act of 2025

Committee: Environment and Transportation

Date: March 11, 2025

Position: Favorable

This testimony is offered on behalf of Atlantic Realty Group (ARG). ARG is a family- owned housing provider and property manager that operates over 1,900 apartments in Baltimore City and Baltimore County. The apartments are in naturally occurring affordable housing (NOAH) neighborhoods with average rents of \$1,270 across all locations.

House Bill 1451 provides a common sense approach for building owners that are required to comply with the green house gas reduction measures of the Climate Solutions Now Act of 2022. Without the guardrails of economically practicable, building owners will be faced with enormous costs and retrofits of their buildings.

Atlantic Realty Group has studied the costs to tackle the reduction in greenhouse gas emissions as required under the Climate Solutions Now Act of 2022 and the recent MDE BEPS regulations. Internal estimates put the costs of compliance at \$40,000 per unit. In prior testimony by various condominium groups, they are estimating costs of \$75,000 per unit. Should our small business be required to make the upgrades, rent will have to be increased by \$400 a month. This will greatly impact the already fragile affordable housing stock in Maryland. In the study described, these projects are not economically practicable, but more importantly are not economically practicable for the residents that we provide housing.

As a housing provider and investor, our company looks at the economic lifecycle of a multifamily community. Decisions are made on a typical 10-year cycle for the investment. The reason for this is lenders in the multifamily space will provide mortgages for 10 years. Once the loan matures in 10 years the investor will typically go through a disposition of the property. This bill provides certainty during the 10 year hold period and ensures rental housing remains affordable for renters.

There is a lack of grant funding and incentive programs within Maryland in order to complete energy efficient upgrades to apartments. This bill provides protection for times like these when there is no funding. Atlantic Realty Group wants sensible solutions to combat the impacts of energy inefficiencies in apartments and this bill will provide an economically sensible solution.



For these reasons, we respectfully request a favorable report on House Bill 1451.

Rick Briemann, Vice President, 240-751-3200

P.O. BOX 193 COCKEYSVILLE, MD 21030
P: 410-580-0010 F: 410-580-0022
LIVEATLANTIC.COM