



Bill Title: House Bill 0079, Environment - Climate Solutions Affordability Act of 2026

Committee: Environment and Transportation

Date: February 2, 2026

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 \$1,250 across all locations.

House Bill 79 provides the necessary economic guardrails for building owners that are required to comply with the greenhouse 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.

For years the multifamily industry in Maryland has been under attack by the Maryland and local legislative bodies by constantly increasing the costs to provide housing. Apartment owners are seeing rent control measures in Prince George's County and Montgomery County. Operators can no longer recover their actual expenses for failure to pay rent cases. Security deposits have been limited to one-month of rent exposing property owners for additional uncollectable rent. The Climate Solutions Now Act of 2022 requires covered buildings reduce greenhouse gas emissions and to meet EUI targets. These costs have reached a tipping point for housing providers and there needs to economic guardrails to avoid an affordability cliff for housing providers and renters. As presented in testimony last year, Atlantic Realty has studied these costs and in some instances the cost of compliance for BEPS is \$40,000 per apartment which would result in rent increases of \$400 per month in order to support the upgrade to the apartment.

Recent media releases from PJM and BGE have suggested that energy blackouts could start in 2026 due to the increasing high demand for electricity. There is enough evidence to support the lack of electricity in the Maryland and under the current BEPS law there are no guardrails to stop the unnecessary electrification of equipment in apartments. High electricity rates do not support the move from natural gas heating equipment to electric which is not economically feasible for our residents. A building owner could be installing new equipment that will not only increase the rent the resident, but will also increase the utility expense for the resident at the same time.

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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. To further explain, there could be situations where the value of the apartment is less than the required upgrades. Property owners may begin to default as their investment is worthless. This could upend the entire Maryland multifamily market in the very near future in which no new investors would want to enter the market.

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 0079.

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