



House Bill 1188 – Excess Ownership of Single-Family Residences Excise Tax (End Hedge Fund Control of Maryland Homes Act of 2026)

Position: Favorable with Amendments

While Maryland REALTORS® has concerns over the uptick in institutional real estate investors in the marketplace, we believe that HB 1188 as currently drafted would have a negative impact on the real estate market and on current Maryland renters.

We appreciate the sponsor's attention to the growing concern regarding hedge fund and large institutional ownership of single-family homes. The impact of certain institutional investors on housing supply, rent levels, and local market stability warrants thoughtful review and targeted policy responses.

According to the National Association of REALTORS®, approximately 3.7% of Maryland homes are owned by "corporate investors" of any size. However, hedge funds represent only a subset of that broader category. The majority of Maryland-based "corporate" owners are small, local investors who own a limited number of properties and provide critical single-family rental housing to Maryland residents.

Emerging evidence suggests that large institutional investors, particularly those operating at scale across multiple markets, may charge higher rents and file eviction actions more frequently than smaller property owners. Additionally, while Maryland trails many states in overall investor ownership, concentrations of investor-owned properties exist in certain neighborhoods and regions that exceed statewide averages. If economic conditions shift or rental demand slows, large corporations seeking to meet shareholder return expectations may rapidly divest their holdings, potentially destabilizing housing markets at the local level.

These concerns merit careful legislative consideration.

However, while the title and stated intent of HB 1188 are directed toward hedge fund ownership and profit in residential real estate, several provisions extend far beyond hedge funds and would apply broadly to smaller, Maryland-based investment property owners. These local owners are not associated with the documented risks attributed to large institutional investors. Instead, they provide essential single-family rental options for Maryland families, including residents who are not yet ready or able to purchase a home.

Conflating hedge funds with small-scale Maryland investors and imposing the same financial penalties on both is misguided. Such an approach would have several unintended consequences:

- It would reduce the availability of single-family rental housing.
- It would increase operating costs for responsible local property owners, costs that may ultimately be passed on to tenants.
- It would limit the ability of Maryland-based investors to acquire properties that hedge funds divest as a result of the bill's restrictions.
- It would further constrain housing supply and drive up rental prices for Maryland residents.

Maryland REALTORS® supports efforts to level the playing field between individual homebuyers and large institutional purchasers. We share the concern about the potential market impacts of hedge fund activity in the single-family housing sector. However, HB 1188 should be amended to narrowly and clearly target hedge funds and similarly structured large institutional investors, without sweeping in small, locally owned rental housing providers.

We respectfully request amendments to:

1. Clearly define and limit the scope of the bill to hedge funds and large, publicly traded, or institutional investment entities.
2. Exempt small and mid-sized Maryland-based property owners who own a limited number of single-family rental properties.
3. Ensure that any reporting, taxation, or penalty provisions apply only to the specific class of institutional investors the bill intends to address.

With these amendments, the legislation could more effectively address legitimate concerns regarding large-scale institutional ownership while preserving essential rental housing options for Maryland families.

We look forward to further collaboration with the sponsor and members of the Committee to refine this legislation and develop a balanced approach that protects housing stability without harming responsible local housing providers.

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