



## House Bill 751

### *Sale of Residential Real Property - Offers to Purchase and Transfer Tax*

MACo Position: **SUPPORT**

To: Environment and Transportation and  
Ways & Means Committees

Date: February 20, 2024

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **SUPPORTS** HB 751. This bill creates a process to enable local buyers to purchase properties to become owner occupied, before the sale becomes available to other actors who may seek to purchase the property for other uses. It also creates a tax disincentive for residential properties that are converted to a use other than owner-occupied residence.

Private equity and hedge funds are driving up housing prices. While convoluted ownership through investors' use of limited liability companies makes it challenging to determine precisely how much of the market they control, a recent study by MetLife Investment Management found that institutional investors could control 40% of single-family rental homes by 2030. While there is no one silver bullet to address the affordable housing crisis, this bill levels the playing field and expands access to affordable housing for Marylanders who live and work in our communities.

Advancing comprehensive housing solutions is a 2024 MACo Legislative Initiative. While there are no simple solutions to a vexing issue like affordable housing, addressing challenges like workforce, financing, interest rates, supply chain issues, and significant out-of-state corporate interests requires a multi-pronged approach from federal, state, and local policymakers.

HB 751 addresses a primary concern for Maryland's housing market: significant competition from corporate investors treating housing stock as a short-term, high-yield investment vehicle. Increasingly, out-of-state firms are buying up large swaths of housing stock as soon as it hits the market, intending to flip the properties for profit or become corporate landlords.

The bill imposes two commonsense guardrails to curb this pervasive practice. First, the bill imposes a limited "preference period" for owner-occupied purchasers. Second, the bill raises the state transfer tax rate to 15% for sales of owner-occupied property to real estate enterprises. Both tools can increase housing stock and boost affordability for our shared constituents.

Accordingly, MACo urges the Committee to issue a **FAVORABLE** report on HB 751.