



**TO: Senate Budget and Taxation Committee**

**FROM: Maryland Multi-Housing Association**

**SUBJECT: Senate Bill 566, Anne Arundel County – Transfer Tax – Housing Trust Revenue Fund**

**DATE: February 17, 2021**

**POSITION: Unfavorable**

This testimony is offered on behalf of Maryland Multi-Housing Association (MMHA). We are a professional trade association established in 1996, whose members consists of owners and managers of more than 210,000 rental housing homes in over 958 apartment communities. Our members house over 556,000 residents of the State of Maryland and we have 250 associate member companies who supply goods and services to the multi-housing industry.

Senate Bill 566, Anne Arundel County – Transfer Tax – Housing Trust Revenue Fund Established, authorizes the governing body of Anne Arundel County to increase the transfer tax rate imposed on instruments coveting title to a property or leasehold interest in real property for conveyances of titles over \$1 million, and requires revenue from the higher transfer tax to be distributed to a Housing Trust Special Revenue Fund. Money from the fund shall be dedicated and appropriated to provide affordable housing in moderate and low-income individuals in the county including the City of Annapolis.

As housing providers, we witness firsthand the impact Maryland’s housing affordability crisis has on residents, a problem that COVID-19 has exacerbated. MMHA members are not immune to the financial challenges their residents are facing. According to MMHA’s ongoing delinquency surveys, most C class apartment communities are averaging around 33% delinquency monthly, a crushing blow to revenue.

An increased transfer tax rate, especially after property and income taxes were raised in recent years, and in during a time of such unprecedented financial hardship for property owners and managers, would devastate the rental and commercial real estate industries. The bill’s lack of limit on how high the transfer tax rate could be is cause for great concern as well.

The current transfer taxes and recordation taxes generated over \$300 million for Anne Arundel County from FY2019-FY2020. Increasing the transfer tax rate after a year of unprecedented revenue losses for property owners harms both owners and residents alike, as increased expenses will likely eventually be passed onto residents. If County leaders want to fund affordable housing, they should do so without raising taxes.

For these reasons, we respectfully request an unfavorable report from the Committee.



MARYLAND **MULTI-HOUSING** ASSOCIATION, INC.

**For more information, please contact Jessie Keller at 410.413.1420**