



March 11, 2021

House Bill 933

Anne Arundel County – Transfer Tax – Housing Trust Special Revenue Fund House Environment and Transportation Committee

Position: FAVORABLE

House Bill 933 would enable the County Council to create a Housing Trust fund with revenue from the County Transfer Tax on real estate transactions over \$1,000,000. This bill would not mandate a particular rate, and if passed, the Council would only have the authority to set the rate after a public hearing and vote. Additionally, it can only apply to the largest transactions, which account for just 5% - 7% of the transactions in the County.

Despite advocacy from the Chamber of Commerce and many business owners over the last several decades, the County has been unable to create housing that is affordable for our workforce, our young adults, and our seniors. My Administration has made strides toward creating additional affordable housing stock by working with the Council to pass the County's first fair housing legislation, a workforce housing bill, and putting millions in the budget for the rental housing production fund. Creating a funding mechanism for an Affordable Housing Trust Fund is the next step in that work, and HB933 is needed for us to move forward.

Even before the COVID-19 pandemic, affordable housing needs in Anne Arundel were great, especially for low- and moderate-income renters and homeowners. In June of last year, the County released its Five Year Consolidated Plan, which illustrated the affordability issues our county faces. A household paying more than 50% of its income on housing costs is considered severely cost burdened. In our county, moderate income equates to an annual household income of \$78,000 for a family of four. Twenty-one percent of moderate income renters in Anne Arundel County are severely cost burdened. Homeowner households are also severely cost burdened, as there are 11,385 moderate-income homeowner households who pay more than 50% of their income towards housing costs.

Our 2019 analysis showed there were 17,603 households earning \$50,000 or less per year in the county, but just 8,680 affordable rental units were available at the appropriate price level to serve those households. Just under half of these low-income households are being adequately served. Currently, our County Housing Commission has a waiting list of 23,800 unduplicated families for our programs.

The authority under this bill for a rate increase only applies to property transfers over \$1,000,000. That category makes up just 5% to 7% of total properties sold each year. Additionally, Anne Arundel County's transfer tax rate of 1% is the lowest rate among our

neighboring jurisdictions - Prince George's County has a transfer tax rate of 1.4% and the City of Baltimore and Baltimore County both have rates of 1.5%. Any revenue associated with a rate increase would go directly to a Housing Trust Fund dedicated to assisting low and moderate income residents.

This bill will not solve our affordability crisis, but it will help by allowing the County Council to create a dedicated revenue stream to address housing issues.

For those reasons, I urge a FAVORABLE report on House Bill 933.

Sincerely,

A handwritten signature in blue ink that reads "Stuart Pittman". The signature is fluid and cursive, with the first name "Stuart" and last name "Pittman" clearly legible.

Steuart Pittman
County Executive