

Southern Maryland
Association of REALTORS®

PUBLIC POLICY STATEMENTS

The Voice for Real Estate in Southern Maryland®

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INTRODUCTION

The Southern Maryland Association of REALTORS® advocates for private property rights and serves with competency, integrity and professionalism.

In support of this mission, the members of the SMAR Legislative Committee develop a guiding philosophy on key issues that affect the communities where Southern Maryland REALTORS® live and work. This guiding philosophy provides the foundation for the background rationale and position statements that are promulgated during an open process of Committee dialogue, debate, and finally, consensus of opinion. This document is to be viewed as dynamic and one intended to change, grow, and develop in sync with our mission as well as our community and business environments.

GUIDING PHILOSOPHY

REALTORS® are dedicated, within the framework of a democratic free enterprise system to support and protect property rights and to place home ownership within reach of all who are financially able. Stable ownership of real property positively impacts neighborhoods, communities, and Southern Maryland's economic stability.

REALTORS® recognize that for some the renting of a home may be the best short term economic choice. REALTORS® support laws and regulations which strengthen the relationship and understanding between landlords and tenants. This mutual understanding is supported with the professional guidance, advice, and service offered to both customer bases by REALTORS®.

REALTORS® recognize that an important component for stable and dynamic neighborhoods is a fully functional and strong Home Owners Association or Condominium Association where one has been established. A neighborhood with a weak and/or underfunded association or one with lack of owner support and participation is vulnerable. Such a neighborhood is in danger of declining physically with resulting property value loss.

REALTORS® are dedicated to assist home owners in distress by providing assistance, advice, options and, where needed, referral to skilled professionals in allied disciplines to help homeowners remain in their homes or make the next best alternative decision.

REALTORS® support managed growth policies which encourage a balanced supply and demand of housing opportunities, business friendly economic growth and development policies, quality educational opportunities, adequate multi-modal transportation and a state-of-the-art communications infrastructure, while protecting the environment and quality of life that has made Southern Maryland a desirable place to live and work.

REALTORS® are committed to the proposition that all persons, regardless of race, color, religion, national origin, familial status, disability, gender, sexual orientation, or socio-economic status have a right to own real property. The "dream of homeownership" should be an achievable goal for those who are financially able.

REALTORS® support Fair Housing law. We believe equal opportunity in housing can best be achieved not only through observance of the law but through education, and mutual cooperation of the real estate industry and the public in a free and open housing market.

REALTORS® support broad-based general tax revenues to meet the cost of necessary government services to provide for individual and community needs which cannot be provided by individuals or private organizations.

REALTORS® oppose imposition of narrow-focused fees and taxes such as, impact fees, excise taxes, real estate transfer and recordation taxes, department-generated user fees, and other 'hidden taxes' that increase the cost of housing and reduce opportunities for homeownership.

GROWTH POLICIES & ECONOMIC DEVELOPMENT

BACKGROUND

Economic growth and development is critical to the long-term health and vibrancy of Southern Maryland. A diversity of economic activity will create jobs and ensure the future growth of Southern Maryland. The three Boards of County Commissioners must consistently pursue policies, which will support small business and attract the economic opportunities necessary to expand our tax base, create higher paying jobs, and deliver necessary services. REALTORS® are committed to the proposition that economic growth can take place while simultaneously protecting property rights, the environment and the integrity of a county's comprehensive plan.

Currently, developers incorporate public amenities into new projects. Those projects include roadways, and water and sewer infrastructures. Imposing impact fees unfairly shifts the burden of financing public facilities, used by the public at-large, to one small segment of the community. In addition, these fees are passed on to homebuyers forcing them to pay twice for public facilities -- first through increased home prices, and then through real estate property taxes..

REALTORS® POSITION

- ✓ REALTORS® advocate streamlining the permitting process to reduce the time and administrative hurdles businesses face when trying to expand or become established in Southern Maryland.
- ✓ REALTORS® support the construction of a multi-modal transportation infrastructure adequate to serve the needs of our commuter population, as well as those who travel to and within the Southern Maryland region.
- ✓ REALTORS® are committed to the preservation of property rights and believe that government laws and regulations for the downzoning, devaluing and/or taking of private property should be exercised conservatively with just compensation for affected property owners. The role of government in a transferable development rights programs (TDRs) as a means to compensate rural landowners for participating in land preservation programs should be limited to the development of a program with incentives to make it viable in a free market system between landowners and developers.
- ✓ REALTORS® strongly oppose the use of the broadly interpreted powers of eminent domain found in *Kelo vs. City of New London* as a tool to enhance economic development.
- ✓ REALTORS® believe the Southern Maryland Boards of County Commissioners should fund from their existing property and income tax bases the necessary public facilities such as schools, water and sewer, transportation and other public facilities at a rate to keep up with the growth in population.
- ✓ REALTORS® oppose impact fees, development excise taxes, and other “nuisance” taxes, which rob equity and discourage home ownership and economic growth.
- ✓ REALTORS® oppose sales and use taxes on real estate services or commissions. A real estate transaction is already subject to double taxation when one considers the real estate transfer taxes paid at conveyance and the income tax paid by a REALTOR® on the commissions they earn annually. Adding another layer of tax further erodes the ability of a REALTOR® to contribute to the economic growth of the region.
- ✓ REALTORS® support “Live Where You Work” economic
- ✓ development and Smart Growth policies that encourage the growth of small
- ✓ businesses, attracts large businesses, and the revitalization of older, densely
- ✓ developed areas into new walkable urban centers.
- ✓ REALTORS® support the relocation of Federal Government agencies and activities to Southern Maryland as this will create regional centers for local employment. The decentralization of the Federal Government to Southern Maryland promotes the goals and objectives of homeland security, eases commuter traffic congestion, and reduces commuter drive times to and from employment center resulting in an overall improvement to the region's quality of life.

GROWTH POLICIES & ECONOMIC DEVELOPMENT CONTINUED

- ✓ REALTORS® support the establishment of additional Federal Government telework locations in Southern Maryland.
- ✓ REALTORS® support the improvement and expansion of broadband and wireless communications in Southern Maryland. A state-of-the-art communications infrastructure is an important component of a modern economic development plan. Widely available wireless and broadband communications network in Southern Maryland is not an optional accessory in today's business environment.

CLOSING COSTS

BACKGROUND

The burden of costs such as property tax escrows, real estate transfer taxes and recordation fees have a negative impact on homeownership and economic growth.

High closing costs discourage housing opportunities for first-time homebuyers and others from making their home in our community. As a result, Southern Maryland loses the opportunity to attract new business investment to respond to the increased demand for goods and services. Charles, St. Mary's, and Calvert Counties need to attract and retain the talents of people who can expand their tax bases.

Reducing closing costs will eliminate a major hurdle faced by homebuyers and will keep Southern Maryland an affordability attractive place to live. New homeowners stimulate demand for new goods and services thereby fueling economic expansion.

REALTORS® POSITION

- ✓ REALTORS® oppose all efforts to impose or increase local transfer and recordation taxes as a means to increase general county revenues, and supports the elimination of all taxes on the transfer of real property.

IMPACT FEES & DEVELOPMENT EXCISE TAXES

BACKGROUND

Economic vitality is critical to sustaining Southern Maryland. A healthy housing market builds strong communities, enhances the tax base, and creates new employment opportunities. The imposition of impact fees and development excise taxes discourages new businesses from locating in Southern Maryland, existing businesses from expanding here, and inflates the cost of new housing.

Impact fees and development excise taxes place the burden for funding public facilities on a small segment of the housing community; however, the entire county benefits from these improvements. Good public policy allocates the financial responsibility for public facilities equitably among the broadest base possible.

Impact fees, excise, sales, and property taxes are imposed on building materials for new home construction and lot development. In most cases, the builder passes these costs on to the homebuyer which increases the cost of new housing.

REALTORS® POSITION

- ✓ REALTORS® oppose impact fees, development excise taxes and the concept of system development charges and any efforts to increase them.
- ✓ REALTORS® are committed to working with County officials to identify alternate means of financing additional public facilities such as tax credits for providing certain public improvements.

HOME OWNERSHIP MATTERS

BACKGROUND

Since 2000, the Maryland Association of REALTORS® has calculated a Housing Affordability Index (HAI) for first-time homebuyers. An index of 100 indicates that a first-time homebuyer has the income necessary to purchase a typical starter home with a 5% down payment. In the 4th quarter of 2014, the HAI jumped Maryland to 83.0. This means that in the 4th quarter of 2014 Maryland first time homebuyers had 83 percent of the income they needed to purchase the typical starter home. A higher HAI helps to ease the road to homeownership, especially for Millennials. This is good news for first-time home buyers and the real estate market in Southern Maryland.

REALTORS® POSITION

- ✓ REALTORS® support the preservation and protection of the home mortgage interest and real property tax deductions at the Federal and state level.
- ✓ REALTORS® support a concerted effort to protect and promote responsible and affordable home ownership.
- ✓ REALTORS® support home ownership because it strengthens our communities.
- ✓ REALTORS® know that owning a home is one of the best ways to build long-term wealth, providing both equity accumulation and tax benefits over time.
- ✓ REALTORS® support the notion that anyone who is able and willing to assume the responsibility of owning a home should have the opportunity to pursue that dream.
- ✓ REALTORS® recognize the financial circumstances in which many homeowners find themselves.
- ✓ REALTORS® dedicate themselves to assist homeowners by providing advice, assistance, and options consistent with the limits of licensing law to help homeowners maintain their homes and reduce foreclosures.
- ✓ REALTORS® know that when people lose their homes to foreclosure, our communities and our economy all suffer.
- ✓ REALTORS® support laws and policies that strengthen homeowner associations and condominium associations consistent with owner's rights, where they are in place, with the goal of sustaining the quality of the neighborhood and property values.
- ✓ REALTORS® support effective and comprehensive local code enforcement and administration to sustain and improve the quality of housing stock, regardless of occupant, and reduce the number of distressed housing units thus maintaining the quality of neighborhoods.
- ✓ REALTORS® support rental housing as an option when home ownership is not a financial option; and for short term residents, such as military, congressional staff, political appointees, etc., and others whose interests may not be served by purchase of a home. REALTORS® acknowledge the role of investors in providing and maintaining the rental housing stock.
- ✓ REALTORS® support flexible site and architectural standards and guidelines that encourage a diverse range of dwelling unit sizes and types designed to meet the diverse needs of today's home buying market.
- ✓ REALTORS® support Housing Authorities in Southern Maryland empowered to establish responsible financial assistance programs such as housing trust funds and sweat equity programs that assist qualified first-time home buyers.
- ✓ REALTORS® oppose a regulatory environment that creates an imbalance in the supply and demand of homes.

EDUCATION

BACKGROUND

Probably no single factor other than cost discourages home purchases in a community more than the real or perceived poor quality of education and educational infrastructure. Striving for an excellent public education system throughout Southern Maryland public schools is critical to the continued economic growth and prosperity of the region.

REALTORS® POSITION

- ✓ REALTORS® support smaller classes, caring teachers and staff, and courses of study that are academically challenging and which keep up with changing times.
- ✓ REALTORS® support the notion that schools provide a desirable and far reaching general social benefit to Southern Maryland and its quality of life. Good schools are a social necessity such as police, fire, and health protection, therefore, schools should be funded by the full tax base.
- ✓ REALTORS® support school funding mechanisms that provide a broad based and predictable stream of income for the sufficient operations of our school systems.

TRANSPORTATION INVESTMENT

BACKGROUND

Expansion of our capacity to transport people represents the most important investment in the future growth of our economy and the community-at-large in Southern Maryland. By investing in a multi-modal transportation network, the quality of life is maintained and enhanced and economic potential is increased with the ability to move people efficiently to shopping, work, and schools. The failure of transportation systems in Southern Maryland to meet the ever-growing demands placed on it has reached a critical point.

Failure to make improvements to the transportation system inhibits economic growth and lowers the quality of life.

REALTORS® POSITION

- ✓ REALTORS® support the expansion of Metrorail beyond its current termination points in Prince George's County.
- ✓ REALTORS® support light rail and rapid transit bus routes.
- ✓ REALTORS® support using the Metrobus and the local County bus systems.
- ✓ REALTORS® support construction of safe bikeways and sidewalks.
- ✓ REALTORS® support making infrastructure improvements a priority in the capital budgets of all three Southern Maryland counties.
- ✓ REALTORS® support the improvement and upgrade of Route 301 through Waldorf and La Plata.
- ✓ REALTORS® support improvements and upgrades to the Harry Nice and Thomas Johnson bridges.

ENVIRONMENT

BACKGROUND

A healthy environment is critical to sustaining the high quality of life we enjoy in Southern Maryland. The effects of global pollutants are as serious a threat to environmental quality as is the deteriorating condition of the Chesapeake Bay and its tributaries that surround our region. Everyone is a stakeholder in the environment and the public and private sectors must work cooperatively together to develop practical solutions which provide environmental benefits without damaging the local economy.

REALTORS® POSITION

- ✓ REALTORS® support initiatives that promote a green business environment through the facilitation and use of electronic technology in the daily practice of real estate from ratification to recording to significantly decrease the amount of paper consumed by our industry.
- ✓ REALTORS® encourage local governments to take the lead by developing policies that support environmental quality. Such policies may include:
 - * improving the efficiency of fleet vehicles
 - * improving the energy efficiency of public buildings
 - * becoming a paperless workplace
 - * improving and expanding public transit facilities
 - * promoting transit-oriented development
 - * upgrade technologically outdated public water and sewer treatment plants
 - * proactively addressing the correction of failing septic areas
- ✓ REALTORS® support the implementation of environmental regulations that are, in most circumstances, voluntary to the private sector and provide incentives as the means to offset the high cost associated with improving environmental quality.
- ✓ REALTORS® oppose unfunded environmental mandates imposed by government especially downzoning and devaluation of private property, bans on individual private septic systems, and point-of-sale mandates that require a seller of real property to perform environmental audits or retrofit real property to conform to environmental regulations in order realize a conveyance.