



PRINCE GEORGE'S COUNTY ASSOCIATION OF REALTORS®

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April 26, 2012

The Honorable Andrea Harrison, Chair
Prince George's County Council
14741 Governor Oden Bowie Drive
Upper Marlboro, MD 20772

RE: FY 2013 – Proposed Budget

Dear Council Chair Harrison,

The Prince George's County Association of REALTORS® has reviewed the County Executives budget proposal for fiscal year 2013. We applaud Mr. Baker's commitment to education and public safety; however, we have serious concerns regarding the proposal to increase the county real property transfer recordation fee by 20%. This budget disproportionately relies upon contributions from our citizen homeowners to the amount of 70% of County tax revenues.

Upfront buyer closing costs including recordation fees, transfer taxes, property taxes, down payments and lender fees are the largest impediment to homeownership. Much to our dismay, Prince George's leads the Maryland DC Metro area in closing costs. Using the median priced home value of \$162,000 as demonstrated in FY 2013 it is almost 3% less to close on a property in Anne Arundel County and Montgomery County, and almost 15% less in Calvert County versus Prince George's. In a statewide comparison, Prince George's ranks 3rd in closing cost expense, besting 21 other Maryland Counties. At 1.4% of the closing price, Prince George's ranks 1st statewide in transfer tax burden on the same \$162,000 home sale.

In 2008, Prince George's County raised property recordation fees by nearly 14% or \$97 using the same \$162,000 sale price example. The increase to \$3.00 per \$500, as proposed in FY 2013 adds an additional \$162 to close for a grand total of \$259 more compared to 2007 (or a total increase of approximately 37 %).

For another "first," Prince George's leads the Maryland DC metro area in property taxes. The annual property tax on a \$162,000 residential Prince George's property is \$2,137 versus \$1,484 in Montgomery County and Anne Arundel County. Calvert County property taxes are \$1,445 at a \$162,000 assessment. Prince George's bests these jurisdictions in property taxes by 30% and 32%, respectively.

The enclosed report clearly illustrates our point that Prince George's ranks first in Transfer tax, real property tax and settlement cost. You will note, our recordation rate appears moderately low compared to some of our neighboring jurisdictions; however, when combined the Prince George's transfer and recordation costs, would exceed that of Anne Arundel by \$3.00 per \$1,000 in sale price; even more for Charles and Calvert where we exceed them by \$10 per \$1,000. The report also demonstrates how we compare in property taxes (rates provided by SDAT).

We believe that our efforts to attract big and small businesses as well as Federal and state agencies to Prince George's County will be at a severe disadvantage in settlement cost comparisons with our neighboring jurisdictions. As our Prince George's leaders, we encourage you to help strengthen our local market and incentivize buyer investment in Prince George's County, not discourage it with higher taxes and fees.

Unfortunately, the County is experiencing a very challenging housing market. Prince George's single family property settlements are down 4.1% compared to March 2011. Prince George's Condominium settlements are down 5.7% compared to March 2011. Statewide, the average and median home sale prices are down nearly 8% and 10% respectively from 2009 to 2011. PGCAR membership is down 18% from our typical average of 3500 members. Foreclosures and short sales dominate the market and property values are at extreme lows compared to past values. Our industry traditionally leads the economy out of recession and we are poised to do that again as our market stabilizes. Increasing housing costs, however, is counterproductive to rebuilding our local economy and a barrier to stabilizing our local real estate market.

We urge you to **OPPOSE** any increase in the County recordation fee.

Thank you for considering our position.

Sincerely,

Alease Bowles
President