



Testimony Regarding House Bill 380  
Before the Economic Development/Banking/Insurance/Commerce Committee  
May 2, 2018

My name is Bayard Williams, and I am the 2018 President of the Delaware Association of REALTORS®, a trade association that represents more than 3,800 members across the state of Delaware.

The Delaware Association of REALTORS® supports HB 380, An Act to Amend Titles 9 and 30 of the Delaware Code Relating to Realty Transfer Tax.

As background, the percentage of first-time homebuyers in Delaware was already trending more than 10 points below the national average before the General Assembly raised the realty transfer tax a full 1 percent at the end of the last session — a 33 percent increase. Even before that Act was passed, Delaware’s state realty transfer tax was already among the highest in the United States.

Please understand. Realty transfer taxes are extremely unfair, since a tiny percentage of the population pays a steep tax which benefits everyone in the state. In fact, a number of states in the past several years have abolished their transfer tax, and some have amended their state constitutions to prohibit them altogether.

In Delaware, our realty transfer tax has created a major impediment to home ownership, because the tax must be paid in cash at the settlement table; transfer taxes cannot be rolled into the mortgage. According to the National Association of REALTORS®, 41 percent of first-time homebuyers carry student loan debt of more than \$29,000, and their total average household income is \$75,000. As you can see, that hurdle alone makes it extremely difficult for most first-time buyers to be able to afford to purchase a home even before taking into consideration other barriers to entry, such as saving for a down payment and closing costs, and now paying rapidly rising interest rates.

Home sales, particularly sales to first-time homebuyers, create an economic ripple effect throughout a community. New homeowners need things like furniture, paint, rugs, landscaping, and other services. Therefore, the sale of one home sends tens of thousands of dollars into a local community.

Homeownership also creates stable communities and stable households for raising children. Study after study shows that children who grow up in homes that are owned achieve higher grades, are more likely to go on to higher education, and are less likely to be involved with drugs and crime than their counterparts in rented homes.

Governor Carney has recently stated that the most important thing for Delaware’s economy is a highly skilled workforce. If aspiring first-time homebuyers are unable to afford the up-front costs to purchase a home in Delaware, many would be in a position to move to another state, taking their skill and talent elsewhere.

Additionally, the health and strength of our state’s housing market depends heavily on first-time homebuyers keeping the market moving forward. House Bill 380 could make the crucial difference for many first-time buyers to be able to purchase a home in The First State.

The Delaware Association of REALTORS® believes that House Bill 380 is a good first step toward helping first-time buyers achieve the American Dream of homeownership. We hope that, in the future, the General Assembly will consider three things: First, exempting first-time homebuyers from the rest of their portion of the state realty transfer tax. Second, using the federal definition of first-time homebuyer, which is a person who hasn't owned a home in three years. As the second-highest ranked foreclosure state in the U.S., Delaware has a large number of former homeowners who lost their homes due to the financial industry's misdeeds which precipitated the financial collapse of 2009. And finally, we hope that consideration will be given to applying the cap on this legislation to all three counties.

We stand ready to work with the General Assembly to help this bill pass.

Thank you for your time and consideration.

A handwritten signature in black ink, appearing to read "Bayard Williams". The signature is fluid and cursive, with a large initial "B" and a long, sweeping tail.

Bayard Williams

2018 President, Delaware Association of REALTORS®