

Office of the County Auditor
Auditor's Analysis

Council Bill No. 13-2020

Introduced: March 2, 2020

Auditor: Michelle R. Harrod

Fiscal Impact:

Although the Howard County Housing Commission (the Commission) has indicated there would be a biannual administrative cost of \$50,000 to perform a rental housing survey, the full fiscal impact of this legislation cannot be determined.

To estimate cost of rental properties purchased by the County or the Commission, the attached **Table A** provides a list of apartment complexes that have sold in the past three years along with the purchase price.

Additional impacts of this legislation could be the cost of rental property purchased by the County and possible administrative costs to oversee the process. In addition, cost of enforcement and reporting to the Council may increase operating costs.

Purpose:

This bill would amend the County Code to establish an option for the County or Commission to purchase rental housing units under the Housing and Community Development title. **Table B**, attached, provides a summary of changes to Title 13, Subtitle 14.

Other Comments:

The Department of Housing and Community Development (the Department) has indicated that it does not have access to gather or maintain all the information noted under the reporting requirements. It further indicates that the Department is not equipped to handle enforcement.

The Department of Inspections, Licenses and Permits (DILP) has also raised concern regarding their role in enforcement of this proposed legislation. It indicated that the County would have limited authority for enforcement once a rental unit has been sold.

According to the Department, there are no current plans for the County to purchase rental housing units. It is more likely that the Commission would purchase rental housing units.

As the Commission is an independent organization, costs incurred by them should not impact the County. *To quantify potential County impact, we have requested information regarding historical funding the County has provided to the Commission.*

Table A

**Apartment Complexes Sold
FY 2018 through YTD FY 2020**

Seller	Purchasing Property Owner	Address	Year	Property Tax Acct ID	Purchase Date	Price	# Units
Azure Orchard LP	Orchard Meadows Apartments Owner LLC	3201 West Spring Dr	FY 2018	02-316986	5/4/2018	\$ 50,500,000	
Azure Orchard LP	Orchard Meadows Apartments Owner LLC	3300 Sonia Trail	FY 2018	02-331896			
Azure Orchard LP	Orchard Meadows Apartments Owner LLC	3411 Sonia Trail	FY 2018	02-593692			
Azure Orchard LP	Orchard Meadows Apartments Owner LLC	3410 Sonia Trail	FY 2018	02-593693			
Azure Orchard LP	Orchard Meadows Apartments Owner LLC	3150 N Ridge Rd	FY 2018	02-353563			
Goldstar Ashbury LLC	GK Tri-Texas, LLC	10095 Washington Blvd	FY 2018	06-397018	8/31/2017	\$ 27,250,000	
Community Homes Housing, Inc.	Enterprise Community Homes Housing, LLC	Eliots Oak Rd	FY 2018	15-009055	12/22/2017	\$ 5,488,000	
Community Homes Housing, Inc.	Enterprise Community Homes Housing, LLC	Twin Rivers Rd	FY 2018	15-009063	12/22/2017	\$ 5,684,000	
Community Homes Housing, Inc.	Enterprise Community Homes Housing, LLC	Cedar Ln	FY 2018	15-009071	12/22/2017	\$ 6,076,000	
Community Homes Housing, Inc.	Enterprise Community Homes Housing, LLC	Harpers Farm Rd	FY 2018	15-009098	12/22/2017	\$ 8,134,000	
Community Homes Housing, Inc.	Enterprise Community Homes Housing, LLC	Little Patuxent Pkwy	FY 2018	15-009101	12/22/2017	\$ 4,018,000	
DOH, Inc.	MLSFP Columbia I LLC	5361 Brook Way #3	FY 2018	15-017430	10/2/2017	\$ 64,000,000	
DC Start Cary LLC	Clary's Crossing Apartments LLC	11311 Little Patuxent Pk	FY 2018	15-067454	3/8/2018	\$ 38,385,556	
MP Cedar Lane Apartments LLC	KMF XI Ashton Green, LLC	5320 Cedar Ln	FY 2018	15-089016	7/20/2017	\$ 33,900,000	
Stellar Ashton Woods, LLC	Elms At Falls Run, LLC	8401 Oakton Lane Ellicott City	FY 2018	01-222678	10/12/2017	\$ 40,087,500	
Fairway Partners	Combined Columbia Glade LLC	5029 Columbia Rd	FY 2019	15-079673	10/22/2018	\$ 39,500,000	
Ryan Hamilton	Anil Abraham	9140 Baltimore St. Savage	FY 2019	06-430392	11/9/2018	\$ 450,000	
Lazy Hollow Partners	JB Timbers, LLC	8786 Cloudleap Ct	FY 2020	16-101087	1/3/2020	\$ 34,050,000	
API Columbia Town Center, LLC	Columbia 531, LLC	10360 Swift Stream Pl	FY 2020	15-019980	12/26/2019	\$ 133,700,000	
Oakland Place LLC	Oakland Heritage LLC	7525 Oakland Mills Rd	FY 2020	06-424910	12/10/2019	\$ 4,500,000	

Information obtained through Department of Assessment and Taxation (<https://sdat.dat.maryland.gov/RealProperty/Pages/default.aspx>) and Maryland Land Records (<https://mdlandrec.net/>)

We have requested the number of units from Department of Inspections, Licenses and Permits

**Table B – Title 13 – Housing and Community Development,
Subtitle 14 – Notice and Right to Purchase – Sale of Rental Housing**

Code Reference	Details
Sec 13.1402(a) and Sec 13.1403(a)	The proposed legislation requires owners of rental housing units to provide the County or Howard County Housing Commission (Commission) the first opportunity to purchase these units when selling their property.
Sec 13.1402(a) and Sec 13.1403(b)	The property owner may enter into a contract of sale provided it is contingent upon the County’s or Commission’s waiver of their right to purchase.
Sec 13.1402(b)	The owner must send notice of the execution of a bona fide contract of sale by certified return receipt requested mail to any tenant organization; the Department of Inspections, Licenses and Permits; and the Commission.
Sec 13.1403(c)	Information regarding the rental units and access to inspect the property must be granted to the County and the Commission.
Sec 13.1403(d)(2) and Sec 13.1403(d)(3)	The real estate commission cannot exceed 3 percent of the sales price. Sale must be complete within 180 days.
Sec 13.1403(f)	Certain sales are not subject to Right to Purchase; these are “forced sales” such as foreclosure, court ordered, or under a will.
Sec 13.1403(g) and Sec 13.1405	A minimum of 20 percent of units purchased by the County or Commission must be maintained as affordable in perpetuity.
Sec 13.1402(d)	The Department of Housing and Community Development is charged with enforcement of this statute.
Sec 13.1407	Additional detail will be required in the Annual Report to the Council.