



Howard County

Internal Memorandum

Subject: Testimony on Council Bill No. __-2023, an ACT authorizing the County or Commission to assign the right to purchase to certain entities who may acquire or finance the purchase of rental housing.

To: Brandee Ganz, Chief Administrative Officer

From: Kelly Cimino, Director of Department of Housing and Community Development
K. Cimino

Date: October 25, 2023

Summary

Bill __-2023 supports an amendment to the existing Right of First Refusal bill (CB13-2020) to allow the County or Commission to assign the right to purchase to certain entities to acquire or finance the purchase of rental housing, clarifying the amount of time that an offer shall remain open and amending the minimum number of affordable units required when an assignment is made.

Background

The County Council approved CB13-2020 on July 6, 2020. This bill amended the County Code to establish a Notice and a Requirement to provide an offer to the County and Housing Commission to Purchase Rental Housing offered for sale in the County.

Owners of existing rental housing are required to provide a Notice of Sale to the County and Commission. Since October 2020, the County and Commission have received 31 notices of sale. As of 10/1/23, the Commission has exercised that right to purchase one time for a 135-unit development in Columbia. The County has declined to exercise its right to purchase any units during this time. This bill would allow the County or Commission to assign its right to purchase to an assignee by written agreement. This assignment will require the assignee to accept all responsibilities of the County or Commission as if the County or Commission were purchasing the rental housing.

This bill establishes an affordability requirement and a recorded covenant on the property. At least 20 percent and no more than 50 percent of the units of any rental housing purchase by the County or the Commission or an assignee shall be maintained as affordable for at least 40 years for households with income at levels at or below the moderate-income level as defined in Section 13.1303(i) of County Code.



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Fiscal Impact

The Department will work with an approved County vendor to complete an annual solicitation for assignees that are interested in accepting an assignment from the County or Commission. An eligible assignee may be a non-profit, governmental agency or other third-party entity. The assignee must agree to sign a written agreement with the County or Commission to accept the assignment and accept the terms of the recorded covenant related to the 40-year affordability period and number of affordable units required in a rental housing development. The cost of the yearly solicitation process is estimated to be \$7500. The Community Renewal fund would be used to pay this cost.

Conclusion

This bill provides an opportunity to support the creation and preservation of healthy and inclusive communities and increase access to housing for current and future residents of all income levels in the County. This bill could increase the availability of affordable rental units for low- and moderate-income households without the lengthy time associated with new housing unit construction and without an investment of County funds. It should also not negatively impact school capacity in existing schools.

If there are any questions, please contact my office. Thank you for your consideration.

Cc: Christiana Rigby, Council Chair
Opel Jones, Council Vice Chair
Elizabeth Walsh, Councilperson
Deb Jung, Councilperson
David Yungmann, Councilperson
Michelle Harrod, Administrator
Craig Glendenning, County Auditor