

Office of the County Auditor

Auditor's Analysis

Council Bill No. 43-2023

Introduced: November 6, 2023

Auditors: Diane Zagorski

Fiscal Impact:

The fiscal impact of this legislation is an estimated annual cost of \$7,500 that is associated with creating a qualified list of assignees through an annual solicitation process. This estimate was provided by the Director of Housing and Community Development and would be paid for from the Community Renewal Fund.

Purpose:

Council Bill 43-2023 expands the County's ability to acquire rental housing through assignment to a non-profit, governmental agency, or other third-party entity. This legislation would allow the County or Commission to assign its right to purchase through a written agreement and will require the assignee to accept all responsibilities of the County or Commission as if the County or Commission were purchasing the rental housing. Assignees must be chosen from a qualified list of candidates.

It also adds provisions to (1) change the priority order to provide the Commission with the first opportunity to exercise its right to purchase, (2) require the County to annually create a list of qualified potential assignees through a solicitation process, (3) increase the days an offer is open from 45 to 50, and (4) require that no more than 50 percent of the rental housing units purchased by the County, Commission, or assignee must be maintained as affordable for at least 40 years per a recorded covenant.

Other Comments:

Since October 2020, the County and Commission have received 31 notices of sale to consider their right to purchase. Of these, the Commission has exercised the right to purchase one 135-unit development in Columbia.

The purchased property, located at 7260 Eden Brook Drive, was acquired in March 2023 for \$29,500,000. Of this, \$3,000,000 was financed by the County with a grant out of the Community Renewal Fund. The property requires that at least 20% of its units (27 units) be occupied by households with incomes at or below 60% and at least 30% of units (41 units) be occupied by households with incomes at or below 80% of the Howard County median income.

Properties purchased and owned by the County or the Housing Commission are exempt from the County portion of real property taxes. However, properties that are purchased and owned by assignees of the Commission or County will not be exempt from the County tax portion of real property taxes.