## Respass, Charity

**From:** Colin McRae <colinm2718@gmail.com>
**Sent:** Wednesday, November 8, 2023 9:33 AM
**To:** Rigby, Christiana <crigby@howardcountymd.gov>
**Subject:** Rent control bill

[Note: This email originated from outside of the organization. Please only click on links or attachments if you know the sender.]

Hi Ms. Rigby,

I just got a text message from an unknown sender about a rent control bill in Howard County. I did not know of such a bill, but if there is one I thought I'd reach out to support at least the general idea of such a law -- not only to control rent, but to discourage owners from moving out of houses and renting them out.

For that reason, I would especially like this bill to apply to individual landlords as well as apartment complexes. In my neighborhood, too many (more than half) of the houses seem to be rented.

Thanks for your attention to this.

Colin McRae

| | |
|---|---|
| **From:** | IAN Ian |
| **To:** | CouncilMail |
| **Subject:** | Rent Control Opposition |
| **Date:** | Friday, November 17, 2023 3:23:30 PM |



Dear Howard County Council,

Greetings. As a Howard County Homeowner, I am urging you to OPPOSE CB 44-2023 on rent control.

While we do have a housing crisis in Howard County, rent control will only make the problem worse.

Experts and studies have proven that rent control leads to serial renters, and in Takoma Park it has done nothing to encourage home ownership. We can see from places like New York City, rent control only serves to make housing even less available, which drives up rents making any available units both fiercely competitive and unaffordable.

All of this hassle will discourage property owners from investing if they can't raise rents to meet inflation and pay for maintenance.

Please oppose this misguided rent control proposal and find solutions to make our housing crisis better!

Thank you for listening.
Best Regards,
Ian Alestock

## Respass, Charity

**From:** Council Web Inquiry <councilmail@howardcountymd.gov>
**Sent:** Friday, November 17, 2023 6:54 PM
**To:** CouncilMail
**Subject:** CB43-2023 & CB44-2023

**Follow Up Flag:** Follow up
**Flag Status:** Flagged

[Note: This email originated from outside of the organization. Please only click on links or attachments if you know the sender.]

| | |
|---|---|
| **Name** | Jim Greenfield |
| **Email** | jgreenfield@columbiabuildersinc.com |
| **Number** | 443-324-4732 |
| **Address** | 6420 Autumn Sky Way Columbia, Maryland. 21044 |
| **Subject** | CB43-2023 & CB44-2023 |
| **Message** | As a landlord in Howard County since 1980 and at times owning over 150 rental properties (50 detached SF homes & 100 townhomes) I would like to present some scenarios that the above two bills present to our group. Historically, our landlord philosophy has been to seldom raise rents and thus minimize re-rent costs. Long ago we figured out that keeping tenants that took care of our property made economic sense. We will not bore you with our proformas on that issue. We have slowly sold off much of our rental portfolio but the remaining tenants have leasing dates that average myriad years. Below, we will describe how each bill impacts landlords similar to our group. CB43-2023: We see this bill as placing the County in a position of the right of first purchase. This appears on its face as a cloud on title but we will let the lawyers handle that aspect. For our group this has huge impact on resale value as the sales process could be drastically slowed. As an example, without CB43-2023, if we decide to sell one of our rental properties, we would rehab it to the extent necessary then offer it to the market place. Even in slow times, our properties sell fast. Potential buyers (we always have 3 to 4 real ones) come in and we strike a deal, the contract is signed and settlement is set up. We have never gone more than 30 days on the market before a contract is signed. We believe this proposed legislation infringes on our property rights. Not sure everyone has thought this through. Hopefully our example sheds some light on how we, as landlords in Howard County view this. Sure am open to you changing our minds with facts that would do so. CB44-2023: Parts of this bill really doesn't work for us. We do not mind rent controls if there are caveats to raise rents above the typical rent controls. An example would be when propriety taxes go up, that increase should be able to be passed on outside the calculated rent control increase limitation. I guess the same would go for utilities. Rent increases are usually due to market conditions but also for the deterioration of the physical asset. Our per house turnover costs run about 20K to 25K per home. We have to set up a sinking fund for this future expense. Rent increases help us do that. Taking that ability aware seriously changes things. Not done yet. To quote from above:" Historically, our landlord philosophy has been to seldom raise rents and thus minimize re-rent costs." This results in tenants staying a reasonably long time as our tenants. We have a townhouse group of 5 homes and the length of tenure is tabulated below. Why is this important? Look at the actual rents vs. market rents. BillCB44-2023 as we understand it has the caveat of limiting rent increases for a new tenant based upon the prior tenants' rental amount. As an extreme example, our tenant at 10362 College Square has been a tenant for 19 years. His rent is \$2,060 with market rents being at least 3000/mos. We will spend over 40K to rehab that home before re-renting. If we are limited to a rent increase based off this tenant's rent, this home will be sold and there goes |

more of Howard County's rental stock. If you care to look at the other tenant examples, the table allows you to do so. Lucky for us, we had two tenants buy homes so we had two new tenants at market rents Again help us understand how these examples make that aspect of this bill fair and just? Unit Start Date End Date Years Monthly Rent Market Rent Variance (-) = Below Market 10362 College Square 06/16/2005 06/30/2024 19 $2,060.00 3,000.00 (940) 10368 College Square 07/15/2018 07/31/2024 6 $2,159.00 3,000.00 (841) 10366 College Square 05/01/2022 05/31/2024 2 $2,600.00 3,000.00 (400) 10364 College Square 06/01/2023 05/31/2024 1 $3,200.00 3,000.00 200 10372 College Square 07/01/2023 06/30/2024 1 $3,000.00 3,000.00 0 Thank you for your time. You seldom hear from our group as we are low profile. Can't be that way on these two proposed bills. Jim Greenfield Columbia Builders Inc. PO Box 999 Columbia, MD 21044 443-324-4732 (Cell) jgreenfield@columbiabuildersinc.com

## Respass, Charity

**From:** James Hubbard <jphubbard65@gmail.com>
**Sent:** Sunday, November 19, 2023 9:28 AM
**To:** CouncilMail
**Subject:** HOCO Bill 44-2023

**Follow Up Flag:** Follow up
**Flag Status:** Flagged



Bill 44-2023 identifies a real problem.

Renter households in Howard County are hurting. Renter household comprise 26 percent of Howard County households. The median annual income of these households in $83,000, 65 percent of the County's overall median annual income. Half the renter households (15,000 out of 31,000) in Howard County are forced to pay more than 30 percent of their income for housing. In only 3.5 percent of rental units does the government subsidize the renter household. In the face of strong demand particularly for less expensive units, the vacancy rate has fallen to 1.5 percent. In the last three years, households that were already rent burdened have had to deal with rent increases totaling an average of 23 percent.

Left to themselves, conditions will only get worse. Although roughly 2,100 new units are scheduled to be available in the next three years, they will not be enough to satisfy existing demand. Like the units constructed in the last five years, they will be among the most expensive units in the County, a category where the supply already exceeds demand. Landlords will be able to take advantage of the low vacancy rate, especially in less expensive units to raise rents still further. Half the units are more than 35 years old. Landlords who carry out renovations will raise rents.

Bill 44-2023 tries to solve one of Howard County's housing problems, the rapid increase in rents in recent years. It proposes to cap rent increases to shield renters from their worst impacts. The proposed cap will not effective, however.

To be effective, a rent cap must be:

- significantly below the highest rent increases;
- applicable to all renters;
- permanent;
- without significant loopholes; and
- enforceable.

Howard County rents have increased by about 7 percent a year. To be effective a rent cap must be significantly below that figure, not the 10 percent included in the proposal. It should be either the increase in the CPI-Shelter or 3 percent whichever is less.

Bill 44-2023 exempts units in buildings less than 20 years old and units belonging to landlords who own five or fewer units in the County. The renter households in these building face the same financial pressures as other renter households. They should get the same protection.

Bill 44-2023 is scheduled to expire in four years. Housing conditions in Howard County are not likely to improve in that period. They will probably worsen. Renter households will still need protection from large rent increases.

Bill 44-2023 allows landlords to apply for an "fair return" exemption from the rent cap when doing so would result in a decrease in their net operating income. Bill 44-2023 does not, however, provide standards or procedures for determining whether the rate cap would have this impact. Takoma Park, which has had a rent stabilization program for several decades, has developed detailed procedures to do this. The Howard County program needs similar procedures.

To administer a rent stabilization program, Howard County needs yearly data about rents. Both Takoma Park and Montgomery County require landlords to submit annual reports. The Howard County proposal needs to do the same.

## Respass, Charity

**From:** Carol Irvin <cliorioles@gmail.com>
**Sent:** Monday, November 20, 2023 3:39 PM
**To:** CouncilMail
**Cc:** Carol Irvin; Kevin Beere
**Subject:** Rent Bill CB 44-2023

**Follow Up Flag:** Follow up
**Flag Status:** Flagged



This rent bill being introduced & voted on is a long time coming for change in Howard County.

Yes, there should be a cap of 3% for rent increases like Prince George & Montgomery counties have implemented.

Our landlord is raising our rent 9% in January, 2024. This is unacceptable. We are on a fixed income and this 9% increase is NOT sustainable.

One Page 7 of the bill, there should NOT be any exemptions if the landlord has less than 5 properties in Ho Co as well if the building is less than 20 years old. This should be taken out of the bill. The law should be effect corporate landlords and well as private ownership for these exemptions.

Please consider our concern about this bill. Thank you.

2 concerned citizens of Howard County, MD.

Carol Irvin & Kevin Beere

## Respass, Charity

**From:** Cidney Goodall <cid.gmuqt@gmail.com>
**Sent:** Monday, November 20, 2023 12:15 AM
**To:** CouncilMail
**Subject:** CB44-2023, which is the Rent Stabilization bill

**Follow Up Flag:** Follow up
**Flag Status:** Flagged

[Note: This email originated from outside of the organization. Please only click on links or attachments if you know the sender.]

"Good Evening Members of the Howard County Council, my name is _Cidney Goodall, and I live in _Oakland Mills_ (e.g. Elkridge, Oakland Mills, Wilde Lake, etc.).

I am testifying tonight as a member of the Howard County Rent Stabilization Coalition, and I have been a tenant in Howard County for _**17** years, and I think ***the rent is too damn high*** in Howard County! This past lease renewal, my landlord increased my rent by **4-5**_%! Unfortunately, my landlord was able to get away with this, because right now there is no law limiting how much a landlord can increase someone's rent.

A few things about me. I am a bachelor's degree educated woman with no children. I work in a union position at the local hospital. My salary increases less than $.50 each year. That is not nearly enough money to keep up with rental increases or market rate increases. I use **75-80%** of my income to pay for rent because I have no choice. I don't qualify for any special rental programs or any kind of assistance to help pay for rent or any other living expenses. You're only supposed to pay 30% of your paycheck. The modern times and inflation have not kept up with this rental expectation.
I live in one of the oldest apartment complexes here in Oakland Mills as I was told this is the oldest village because it was the first built here in Howard County. This apartment has very little insulation left as it was built in 1973. So, my BGE bill is outrageous and not fairly rated. That's another expense I have to incur with high rental rates. And the rest of my reasonable expenses like groceries and car expenses, ect are paid the best I can. The apartment also does not have modern infrastructure like cabinets ect. Everything is the original except maybe the refrigerator, oven and dish washer. If something is this old, the rent can only cost but soo much. The rent money that I pay is pure profit from the owners of this complex. So,the increase in rent is only seen as greed, at this point. There is very little money left to take in local entertainment in the Howard County community as I am usually making enough to cover basic expenses. That can't be good for the local economy. And, I know many others in my same circumstances. Since I work Full time at the local hospital, you would think I would received a discount for working in healthcare. But, I don't.

I am testifying tonight on CB44, and while I am pleased to see that some sort of action is being taken to try to address rising rent costs in Howard County, this bill as currently proposed does not go ***nearly far enough*** to truly be able to provide any meaningful protections to tenants like myself, and for that reason, the bill needs many strengthening amendments to make it worthwhile.

I decided to testify on this issue because it is personal to me. This past lease renewal, my landlord increased my rent by **4-5**_%! Unfortunately, my landlord was able to get away with this, because right now there is no law limiting how much a landlord can increase someone's rent. This leaves tenants like myself vulnerable to being pushed and priced out of the County and community that we've become members of, forcing a lot of unnecessary hardship on our families in the process. The goal of any serious Rent Stabilization bill should be to prevent that from happening, by only allowing affordable and reasonable rent increases, but sadly this is not what CB44 does!

The Howard County Rent Stabilization Coalition put out a strong model for what would provide reasonable protections for tenants like myself: a permanent bill that covers ALL TENANTS, and caps rent increases at no more than 3% in a single year. CB44 does not even ***come close*** to that, and still would allow for rent increases as high as 10% in a single year! Beyond that, it leaves out significant groups of tenants, including those who live in affordable housing, non-profit housing and nursing homes, and those who live in housing owned by “small landlords”. These represent some of the most vulnerable groups of tenants who need protections ***the most***, not the least! Similarly, CB44 as proposed would also not apply Rent Stabilization to units the first 20 years that they’re built, which alone will leave out over 30% of tenants in the County.

If all of that wasn’t bad enough, not only is the bill very watered down, but even with the watered down bill, the County Executive still apparently was not willing to commit to taking permanent measures! Instead, the bill will expire after the year 2027, which will once again leave tenants like myself unprotected against large rent increases. Tenants need strong and permanent protections, not temporary and performative band aid solutions!

If Howard County truly wants to be able to call themselves protectors of tenants, and for that to actually mean anything, I call on the Howard County Councilmembers to amend CB44 to be in line with the Howard County Rent Stabilization Coalition’s proposal of a ***permanent bill*** which caps rent increases at ***3% in a single year***, and that covers ***all tenants***! Thank you all for hearing me out tonight.”

---

Bruce A. Harvey
Written Testimony 11/20/2023
Howard County Council
Bill CB44-2023 – Rent Stabilization

My name is Bruce Harvey, and I am President of Williamsburg Homes. I live on Elmwood Road in Fulton, MD. I am writing as opposed to Council Bill CB44 rent stabilization.

The purpose of rent stabilization or rent control is laudable, however, in practice it has the opposite impact, making rental prices higher over time for families. The biggest challenge is new developments, which will be less desirable from the rent control legislation. Even though there is a 20-year exclusion included in this bill, developers and investors will hesitate to make new investments with the legislation in place because of the uncertainty of achieving the necessary returns. If new housing is restricted, the pressure to increase rent will be greater because of demand exceeding supply.

For older multi-family properties, the incentive of rent stabilization is to spend less on improvements. This will turn landlords into slumlords. If revenue is limited by caps on rental increases, then the owner will want to limit their costs. While there are procedures for capital improvements in the bill, the required administrative time will lead to fewer being requested.

The bill contains provisions that limit rent increases even for properties that turnover for up to one year. This is unusual. An owner should be able to charge market rate rent for a new tenant. This creates inequity between properties based upon their status in the pipeline.

We need to remember that the best tenant for an owner is an existing tenant. The cost of turnover is significant in cleaning, painting and lost rent during the vacancy period. Owners are therefore eager to get tenants to renew their lease with rent increases more modest for an existing tenant than a new tenant. But with rental caps, the incentive will be to charge closer to the maximum with the fear of inflation and cost increases down the road.

I strongly encourage you to vote no on CB44-2023.

APARTMENT AND OFFICE BUILDING ASSOCIATION OF METROPOLITAN WASHINGTON

November 20, 2023

Howard County Council
George Howard Building
3430 Court House Drive
Ellicott City, Maryland 21043-4392

Dear Chair Christiana Rigby,

On behalf of the Apartment and Office Building Association (AOBA) of Metropolitan Washington, we formally oppose Council Bill 44-2023, which seeks to cap rents for one year, which creates serious financial challenges for our members operating in the County.

AOBA is the premier organization representing the owners and managers of approximately 172 million square feet of commercial office space and some 400,000 multifamily residential units across the Washington metropolitan region. In Prince George's County, AOBA members own and manage over 66,000 of the County's 127,000 rental units across 220 professionally managed apartment communities. AOBA members comprise 20% of all housing in Prince George's County.

CB-44-2023 ignores the economic realities and financial perils housing providers face while failing to address the underlying supply shortages that drive our housing affordability crisis. With record-high inflation, supply chain, and employee shortages, housing providers have faced staggering cost increases over the last several years. Combined with persistent tenant delinquencies they have been forced to carry since the COVID-19 pandemic, housing providers face a severe challenge in maintaining apartment communities. As costs rise, capping rent increases will create an untenable situation for providers of market rate and naturally occurring affordable housing who already find themselves operating on razor-thin margins, lacking large financial reserves, and contending with increased operating and maintenance expenses.

CB-44-2023 would cap allowable rent increases at CPI plus 5% with a hard cap of 10%. This is less than the rate of inflation and disregards the myriad of other costs the rental housing industry has been forced to shoulder over the last three years, which far exceeds even the rate of inflation reflected in the consumer price index. Implementing temporary or temporary rent control would further exacerbate housing providers' economic hardships and jeopardize the County's ability to meet its housing goals by discouraging much-needed investment in existing and new rental housing. The County's need for new housing supply is well documented.

By adopting CB-44-2023, the County risks developers electing to take much-needed investment dollars to neighboring jurisdictions that operate without punitive restrictions on reasonable rent increases.

1025 Connecticut Avenue, NW Suite 1005 Washington, DC 20036
p: 202.296.3390 f: 202.296.3399
www.aoba-metro.org

In addition to driving away investment in new housing development, CB-44-2023 also threatens existing rental housing communities, which rely on the availability of financing to maintain operations. Financiers tend to look unfavorably upon policies that restrict the ability of housing providers to increase revenues to address operating and capital costs.

With the rise in costs, there has been no talk of concessions related to property taxes, rental licensing fees, or any substantive assistance to the rental housing industry. Instead, housing providers must maintain housing and utilities for residents who have not paid rent since the beginning of the pandemic. These situations aggregate to create financial burdens that most industries could not bear. Ultimately, AOBA fears there may be a point where the market becomes so inhospitable that we will see a loss of affordable housing stock.

The negative consequences of rent control are far-reaching and directly inhibit the County from producing desperately needed apartment housing across the income spectrum. For these reasons, AOBA urges the County Council to oppose Bill 44-2023. If Councilmembers have questions or comments, please contact Ryan Washington by emailing rwashington@aoba-metro.org or calling 202-770-7713.

## Respass, Charity

**From:** Tim Wright <tim.terp0@gmail.com>
**Sent:** Monday, November 20, 2023 1:00 PM
**To:** CouncilMail
**Subject:** Why I support Rent Control



Good Morning,

My name is Tim, and I live in Columbia. I am testifying tonight on CB44, and while I am pleased to see that some sort of action is being taken to try to address rising rent costs in Howard County, this bill as currently proposed does not go ***nearly far enough*** to truly be able to provide any meaningful protections to tenants like myself, and for that reason, the bill needs many strengthening amendments to make it worthwhile.

Opponents of rent control will all use the same talking point: that it will hurt housing inventory. While it makes sense through a lens of abstract economics, it has not played out that way in the real world. Multiple long term studies have shown that cities with frequent rent control laws show no impact on the overall supply of housing. New buildings will be constructed where it is profitable to do so based on the economic and local conditions, regardless of how much they can raise rent.

I decided to testify on this issue because it is personal to me. In the past two years, my rent has increased from $1390 to $1910. If rent increases by more than 5%, I will have to move for the 4th time in under 3 years. I seek nothing more than to have a monthly rent smaller than my paycheck.

The Howard County Rent Stabilization Coalition put out a strong model for what would provide reasonable protections for tenants like myself: a permanent bill that covers ALL TENANTS, and caps rent increases at no more than 3% in a single year. CB44 does not even ***come close*** to that, and still would allow for rent increases as high as 10% in a single year! Beyond that, it leaves out significant groups of tenants, including those who live in affordable housing, non-profit housing and nursing homes, and those who live in housing owned by “small landlords”. These represent some of the most vulnerable groups of tenants who need protections ***the most***, not the least! Similarly, CB44 as proposed would also not apply Rent Stabilization to units the first 20 years that they’re built, which alone will leave out over 30% of tenants in the County.

If Howard County truly wants to be able to call themselves protectors of tenants, and for that to actually mean anything, I call on the Howard County Councilmembers to amend CB44 to be in line with the Howard County Rent Stabilization Coalition’s proposal of a ***permanent bill*** which caps rent increases at ***3% in a single year***, and that covers ***all tenants***!

Best,
Tim Wright

MARYLAND BUILDING INDUSTRY ASSOCIATION
11825 West Market Place | Fulton, MD 20759 | 301-776-6242

November 20, 2023

**Re: OPPOSITION TO Bill 44-23**

Dear Counsel Chair Rigby and Members of the Howard County Council:

The Howard County Chapter of the Maryland Building Industry Association (MBIA) writes in opposition to Council Bill 44-23, which implements a cap on rent increases in the County. MBIA represents over 100,000 individuals and companies across the state, with our offices located here in Howard County.

MBIA recognizes the importance of addressing the need for affordable housing, however we do not believe rent stabilization is the way to address that need. Research has proven repeatedly that rent control does nothing to alleviate the root causes of housing affordability issues. Rent control disincentivizes housing across markets, particularly in communities that already often have few affordable options. According to a study done by the National Association of Realtors, over a six-year period, implementing rent control across the state of Maryland will lead to: 10,033 fewer multifamily units being constructed, $4.2 billion of forgone construction expenditures due to unconstructed units and will never be spent by developers in the economy, $648.5 million of foregone rental revenues will not be realized, $220.7 million will be lost by Multifamily businesses, and 48,192 jobs lost. Our state simply cannot afford to lose the number of units and the amount of revenue found in the study, especially while we are in a housing crisis.

Implementing failed policies such as mandatory rent control will create instability in an already challenged market and undermine the important goals of fostering a healthy and equitable housing market, increasing supply, and creating successful communities where people of all backgrounds can build their lives. We are seeing this on display in St. Paul, Minnesota, a major city that has recently implemented one of the strictest rent control laws in the Country. The city is already walking back this policy decision as developers put projects on hold. After seeing the effects of the destructive rent control policy, Mayor Melvin Carter said that “Turning off our supply of new housing would be disastrous for us as a community.” We believe the same holds true here in Howard County.

We are also concerned with the requirement that capital improvements be vetted through an administrator, adding time and expense to any property improvements. Landlords should be allowed to make material improvements to their properties without this administrative hurdle. We want housing to meet the quality standards that the residents and renters expect in the county. This regulatory requirement will make it much more difficult and expensive to meet the high standards Howard County residents demand.

For these reasons, MBIA respectfully requests the Council vote against CB 44-2023. Thank you for your attention to this vital issue and your continued support of the local home building industry. If you have any questions about these comments and would like to discuss MBIA’s position further, please do not hesitate to contact our government affairs team at aandelsman@marylandbuilders.org.

Best regards,

Alex Andelsman, Director of Legislative and Regulatory Affairs

Cc: Counsel Chair Christiana Rigby
Vice-Chair Deb Jung

County Executive Calvin Ball
Councilmember Opel Jones
Councilman David Yungmann
Councilmember Liz Walsh

## Respass, Charity

**From:** Joan P <joanpontius@gmail.com>
**Sent:** Tuesday, November 21, 2023 8:03 AM
**To:** CouncilMail
**Subject:** CB 44-2023. Please amend!

[Note: This email originated from outside of the organization. Please only click on links or attachments if you know the sender.]

Regarding Council Bill 44-2023, I'd like to recommend that the council review page 5 Lines 19-21.

These lines provide the allowed RENT INCREASE which is to be the lesser of:
the consumer price index plus 5%; OR 10%.

This seems problematic, because the Consumer Price Index increase already includes an increase for the landlord's fair return. Even by itself, a CPI increase allows the landlord to maintain the profit made year after year.

By adding 5% to that, the landlord would be making 5% more profit with each lease renewal. Say the landlord makes 10% profit in one year. Is it really rent stabilization to ask the tenant to pay an additional 5% on top of the cost of living increase, so that the landlord can make 15% profit with the next lease? These tenants are already spending in excess of 30% of their wages on rent. Where are they supposed to come up with this extra payment? If these increases are allowed, after 10 years of yearly lease renewals, the tenant will need not 30% of their income to pay rent, but 40%.

It seems to me that, in spite of the multiple "WHEREAS" justifications which summarize the need for renter protections, this part of the bill allows undue hardship on renters, and benefits only the landlords, by allowing landlords to increase their return by 5% with each lease renewal.

Joan Pontius
Ellicott City

## Anderson, Isaiah

**From:** Harris, Michael
**Sent:** Monday, November 27, 2023 4:41 PM
**To:** Anderson, Isaiah; Harrod, Michelle; Respass, Charity
**Cc:** Jones, Opel; Alston, Ashley
**Subject:** Fw: RENT CONTROL

**Follow Up Flag:** Follow up
**Flag Status:** Flagged

Isaiah,

Thank you for your assistance and support. David Barrett would like to add his statement below to the public record on Council Bill 44-2023.

If you have any questions, please feel free to contact me. I look forward to hearing from you soon.

Have a great evening!

Sincerely,
**Michael Harris, Jr.**
Chief of Staff
Councilmember Opel Jones, District Two
Howard County Council
3430 Court House Drive, Ellicott City, MD 21043
mrharris@howardcountymd.gov
(410) 313-2001

Sign up for our newsletter!

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**From:** David Barrett <dhugo4511@gmail.com>
**Sent:** Monday, November 27, 2023 2:55 PM
**To:** Harris, Michael <mrharris@howardcountymd.gov>
**Subject:** RENT CONTROL



Dear Councilman Jones,

In memory of the late Sherman Howell, a longtime affordable housing activist, I am writing in ***support*** of rent control as expressed in CB 44 before the council in today's work.  I am aware that a property-owners group,  (MMHA) is attempting to mobilize community support against CB 44. claiming it would be bad for it will hurt our economy, reduce housing options, and contribute to a decline in property values. what they do not say is how it would hurt renters.

Thank you.

David H. Barrett
8491 Grove Angle Rd

Please buy and promote my book, ***A Newark Childhood***: ***A  Memoir*****.** It's available **NOW** on Amazon, BarnesAndNoble.com, Walmart.com and on my website www.davidhugobarrett.com,

"Not every question asked can be answered; but, no question can be answered unless it is asked." James Baldwin

## Respass, Charity

**From:** Jung, Debra
**Sent:** Friday, December 15, 2023 2:20 PM
**To:** Anderson, Isaiah
**Subject:** FW: Rent Control

---

**From:** Nanette Schweitzer <nanettemschweitzer@gmail.com>
**Sent:** Tuesday, November 28, 2023 11:53 AM
**To:** Jung, Debra <djung@howardcountymd.gov>
**Subject:** Rent Control



Deb,

As the owner of a building with five apartments in Baltimore County, I would like to share my opinion on the Rent Control issue. I am in favor of the legislation. I will share what happened
three days ago. We have an apartment available in our building and a resident from Ellicott City came to view it, I believe he was given only 30 days' notice that his rent was going from $1800 to $2200 effective December 26. He is a single father with a fifteen year old son at Mt. Hebron.
This rent increase is life changing to this family. I have seen posts on NextDoor where residents were posting about rent increases and the one that really stood out to me was a woman whose rent went up $700. Renters expect there may be an increases but not what is happening in HC

Wishing you and your family a wonderful Holiday Season!

Nanette Schweitzer
.
.

## Respass, Charity

**From:** ronchrismer@verizon.net
**Sent:** Wednesday, November 29, 2023 1:52 PM
**To:** CouncilMail
**Subject:** Yote "No" on Howard County Council Bill #44

[Note: This email originated from outside of the organization. Please only click on links or attachments if you know the sender.]

Howard County Council November 29, 2023
Howard County, MD

Dear Council Members,

As a long-time resident, homeowner and landlord for renters in Howard County, I graciously request that you vote "No" on Council Bill #44, in order to defeat the implementation of rent control in our County.

Rent control is a bad idea as it would seriously harm the economics and availability for affordable lodging, renting and homeownership in our beloved County. Please vote "No".

Please feel free to contact me if you wish to have receive further input or have discussion with me on this important issue.

Respectfully submitted,

Ronald M. Chrismer
8810 Cardinal Court, MD 20723
(301-490-9539)

## Respass, Charity

**From:** Christopher J. Alleva <jens151@yahoo.com>
**Sent:** Sunday, December 3, 2023 5:57 PM
**To:** CouncilMail
**Subject:** Christopher Alleva Testimony CB 44-2023 Rent Bill
**Attachments:** CB 44 2023 Rent Bill Presentation 11-20-2023.pdf

[Note: This email originated from outside of the organization. Please only click on links or attachments if you know the sender.]

TO: The Howard County Council

From: Christopher Alleva

Please find an outline of my testimony along with a presentation that includes supporting evidence.

I strongly urge the Council to reject this bill. It will do nothing to address the issue. This bill pretends to fix the problem, instead it ensnares innocent landlords while letting the biggest offender get away. Voting for this bill will punish landlords that have faithfully provided affordable housing to Howard Countians for decades while protecting a very narrow special interest.

1. Based on a survey of rental apartments in Downtown Columbia and the surrounding sub-markets of Hickory Ridge, Oakland Mills, and Wilde Lake the unusually high rent increases appear largely confined to Downtown Columbia.

2. Howard Hughes has repeated disclosures to investors that have in their words: "monopoly like control." They claim that the County has granted this monopoly like control.

3. It appears they took advantage of this monopoly like control over the new construction market in Columbia to jack up rents up at double digit rates.

4. The owners of the Metropolitan and 10 M Apartments, including Howard Hughes were paid out a special dividend of $23.868 million in 2022.

Please stop pretending and end this monopoly.

HOWARD HUGHES CORP's
"MONOPOLY LIKE CONTROL" OVER
Columbia resulted in massive rent
increases triggering a Rent Control bill CB
44-2023
November 20, 2023

To end the monopoly, the Council may
amend this bill by repealing Section
125.0.F.1. of the Zoning Regulations and
enacting an amendment to Section 125.0
directing that DPZ cease recognizing any
covenant control by Howard Hughes.

Christopher Alleva, 11/20/2023

# CB44-2023 Rent Bill

Table of Contents

The Howard County Council and Executive granted hundreds of millions of dollars of entitlements on the Howard Hughes Corp and passed regulations that they say in their own words gives them "monopoly like control" This is the result.

The 2009 Howard County Council and Executive. From left, Council Members Greg Fox, Mary Kay Sigaty, Courtney Watson, Calvin Ball, and seated County Executive Ken Ulman

# Howard Hughes Monopoly Like Control Plan:

- Pages 3-10

November 29. 2011, Howard Hughes Corp cashes in the first $20 million pay day courtesy of the 2009 $200+ million entitlement grant given by the people's representatives, the **Howard County Council**.

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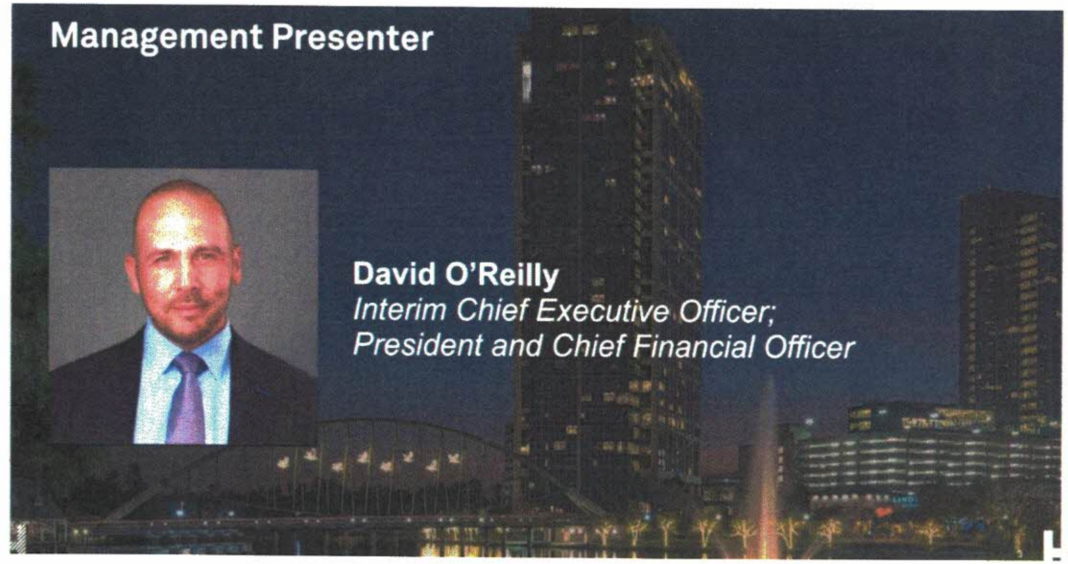
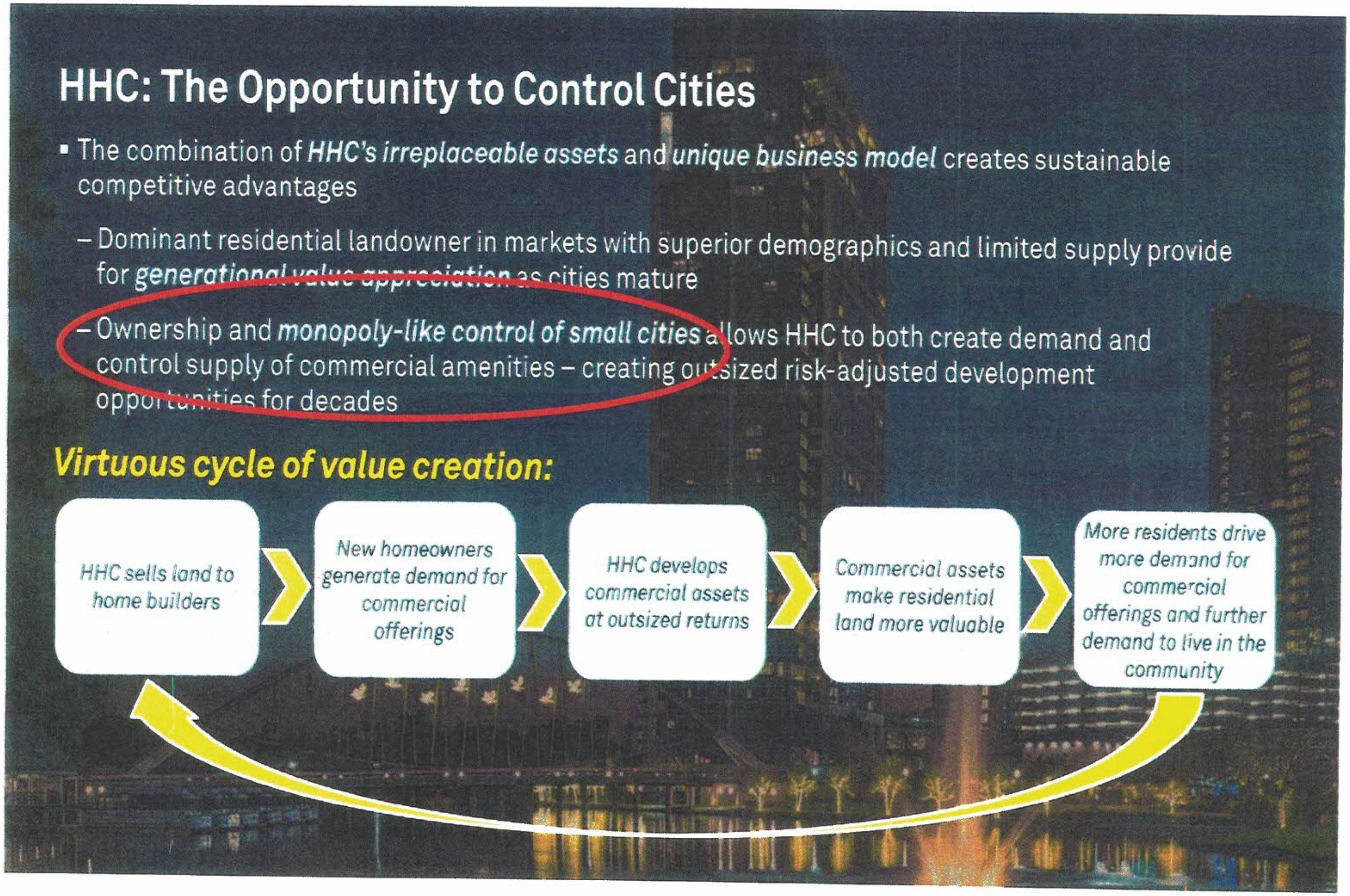
The next five slides were presented by HHC's CEO at the NAREIT REITworld Conference November 18, 2020. [The Howard Hughes Corporation (HHC) Investor Presentation - Slideshow (NYSE:HHC) | Seeking Alpha]

- **At the conference Howard Hughes boasted that through their legislated monopoly, they exercise a high degree of control over supply/demand and pricing.**

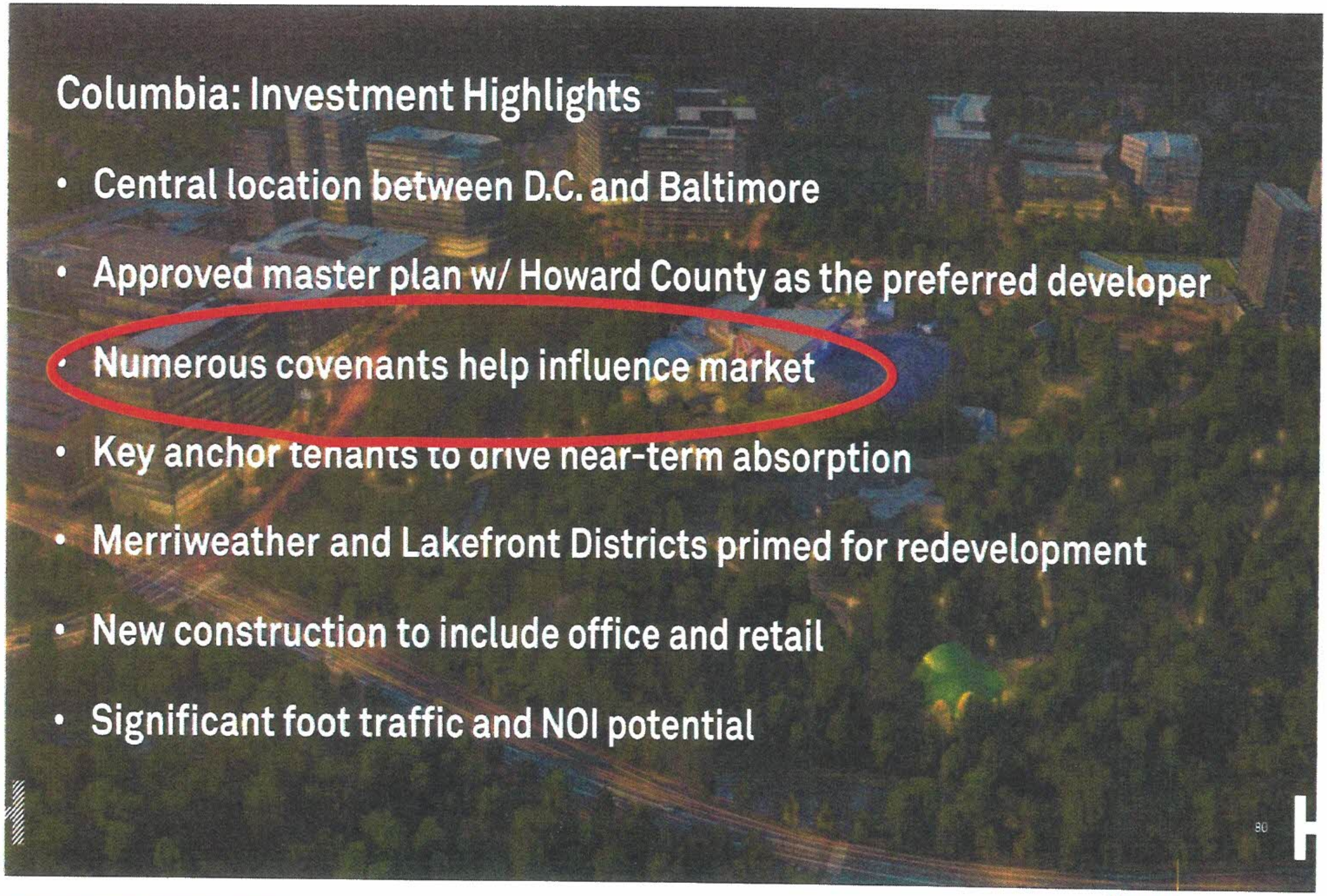




HHC: The Opportunity to Control Cities
▪ The combination of ***HHC's irreplaceable assets*** and ***unique business model*** creates sustainable competitive advantages
– Dominant residential landowner in markets with superior demographics and limited supply provide for ***generational value appreciation*** as cities mature
– Ownership and ***monopoly-like control of small cities*** allows HHC to both create demand and control supply of commercial amenities – creating outsized risk-adjusted development opportunities for decades
***Virtuous cycle of value creation:***
*HHC sells land to home builders*
*New homeowners generate demand for commercial offerings*
*HHC develops commercial assets at outsized returns*
*Commercial assets make residential land more valuable*
*More residents drive more demand for commercial offerings and further demand to live in the community*

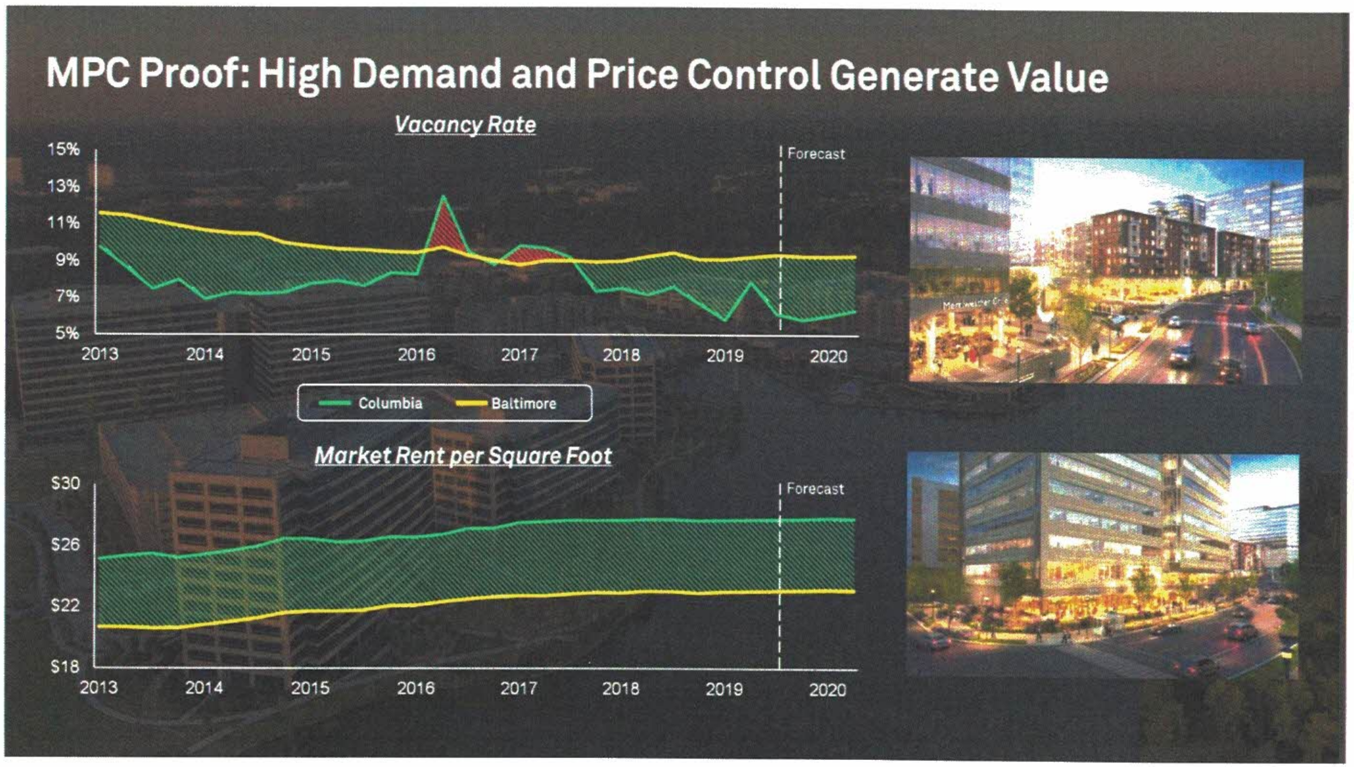
## HHC: The Opportunity to Control Cities (Cont'd)

*Monopoly-like control & disciplined financial strategy significantly de-risk HHC's investment*

- **Ability to drive demand & control supply provides insulation throughout economic cycles**
  - Despite potential moderation of residential land sales, the dynamics driving the ***outsized, long-term value appreciation*** of the residential land remain intact
  - As commercial development starts are limited to capital available and market demand, HHC is never more than half a building ahead of demand, eliminating the potential to "get caught" in an economic downturn
- **HHC's financial strategy is constructed to withstand any potential downturn**
  - Maximum financial flexibility resulting from ***focus on non-recourse and non-cross collateralized property level debt***
  - ***Land portfolio has zero net debt*** as municipal bond receivables are greater than current debt outstanding
- Differentiated from other developers with no need to acquire land at market value nor dependent on outside equity to fund development


Columbia: Investment Highlights
• Central location between D.C. and Baltimore
• Approved master plan w/ Howard County as the preferred developer
• Numerous covenants help influence market
• Key anchor tenants to drive near-term absorption
• Merriweather and Lakefront Districts primed for redevelopment
• New construction to include office and retail
• Significant foot traffic and NOI potential
80

# Howard Hughes Claims Price Controls



# Howard Hughes Claims to be "Price Maker"

## Howard Hughes Takes a Specialized Approach to Development

Howard Hughes MPCs are **large scale**, **privately owned** real estate communities

**Substantial control** over planning, zoning, property sales and development

### HHC's Approach to Development

- HHC has a significant land bank
- Company ***turns raw land into communities***
- Sells residential land to homebuilders; develops commercial land (*recurring NOI*)
- Significant control over the nature and pace of development – ***HHC is a "price-maker"***
- Each HHC MPC is a thriving small city – ***risk profile is dramatically reduced***

### Resulting Characteristics

- ✓ ***Land values increasing at rapid rate***
- ✓ ***Low volatility; less exposed to cyclicality***
- ✓ ***Carefully designed amenities and infrastructure***
- ✓ ***Long-term residential and commercial appeal***
- ✓ ***Balanced supply and demand***

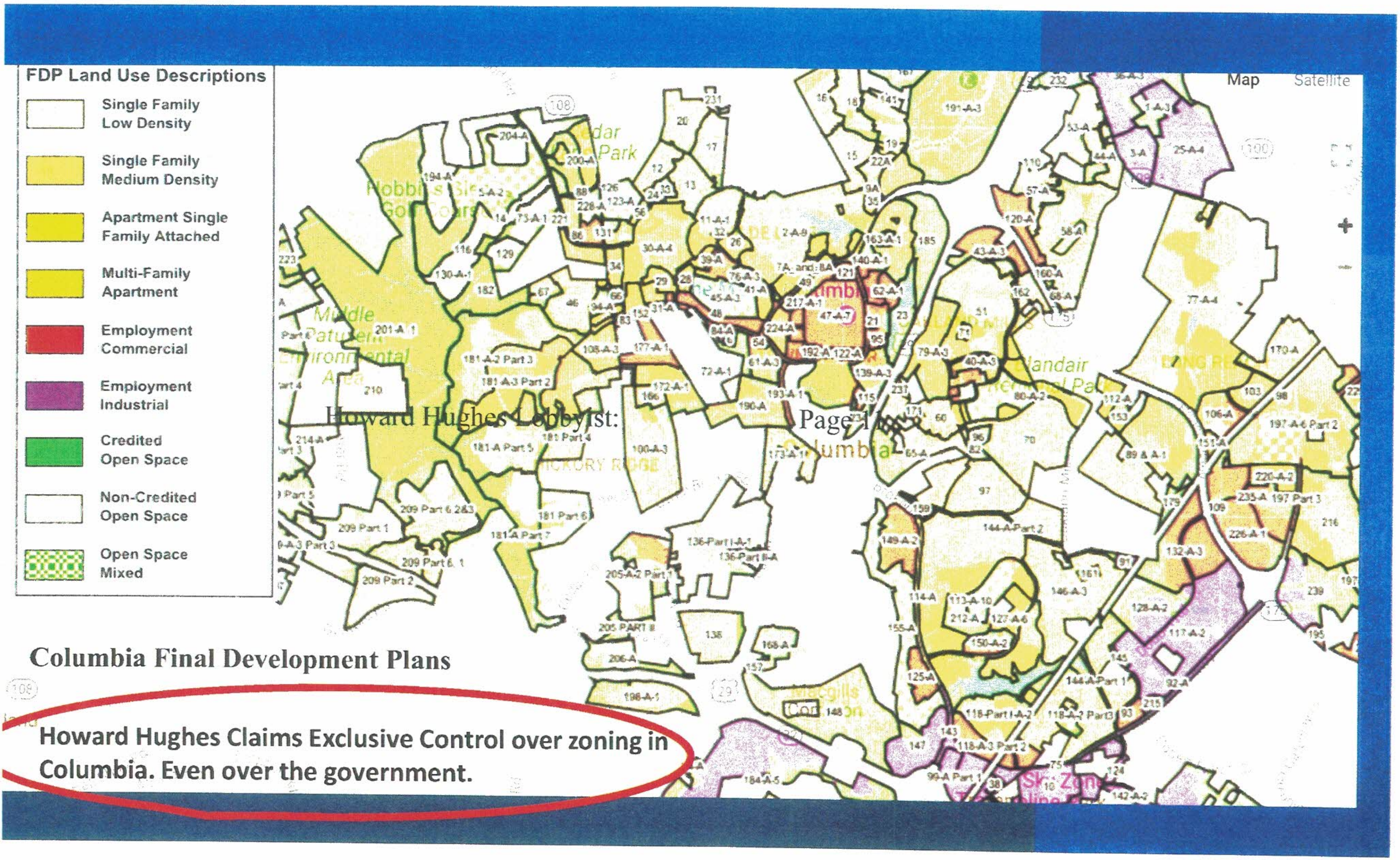
Page 9

Howard Hughes' Army of 9 Lobbyists plus one unregistered

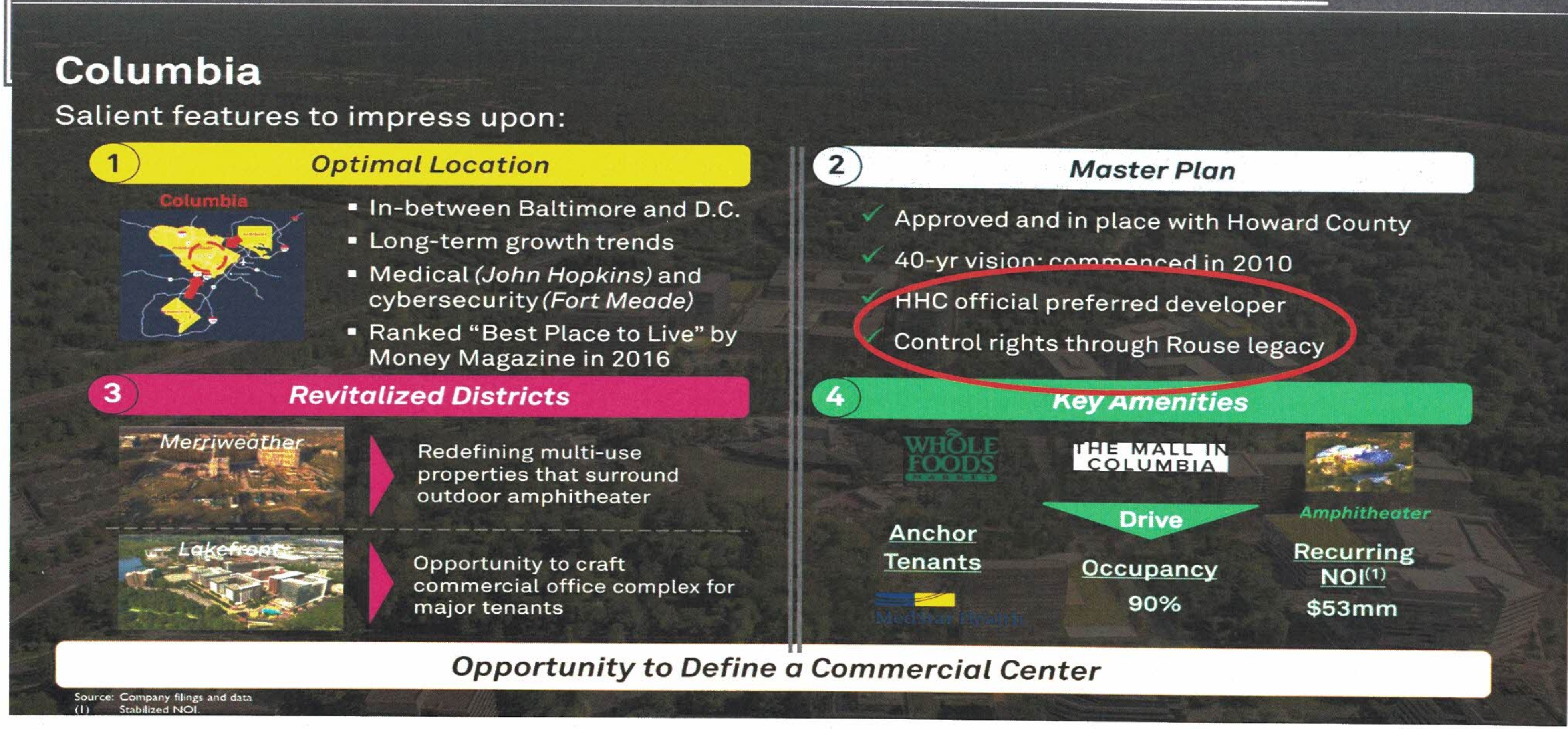
## REGISTERED LOBBYISTS

| NAME | EMPLOYER |
|---|---|
| 1. Jordon Sims (9/2020- 6/2021) | Tanium, Inc. |
| 2. Richard Abbruzzese (1/2021 - 12/2021) | Howard Hughes Corporation |
| 3. Gabriel Chung (1/2021 - 12/2021) | Howard Hughes Corporation |
| 4. Greg Fitchitt (1/2021 - 12/2021) | Howard Hughes Corporation |
| 5. Jonas Jacobson (1/2021 - 12/2021) | Howard Hughes Corporation |
| 6. Jean F. Moon (1/2021 - 12/2021) | Howard Hughes Corporation |
| 7. Damian O'Doherty (1/2021 - 12/2021) | Howard Hughes Corporation |
| 8. Vanessa Rodriguez (1/2021 - 12/2021) | Howard Hughes Corporation |
| 9. William T. Rowe (1/2021 - 12/2021) | Howard Hughes Corporation |
| 10. Sang Oh (1/2021 - 12/2021) | Harris Teeter, LLC |
| 11. Sang Oh (1/2021 - 12/2021) | Blue Stream, LLC |
| 12. Thomas Coale (1/2021 - 12/2021) | Blue Stream, LLC |
| 13. Thomas Coale (1/2021 - 12/2021) | Dorsey Overlook, LLC |

Howard Hughes Lobbyist: Page 11


FDP Land Use Descriptions
Single Family Low Density
Single Family Medium Density
Apartment Single Family Attached
Multi-Family Apartment
Employment Commercial
Employment Industrial
Credited Open Space
Non-Credited Open Space
Open Space Mixed
Map
Satellite
Howard Hughes Lobbyist:
Page 1
Columbia Final Development Plans
Howard Hughes Claims Exclusive Control over zoning in Columbia. Even over the government.

Howard Hughes Corp. falsely claims to exercise control rights through a company that is not the "Original Petitioner" The Howard Research and Development Corporation SDAT no. D0092056 incorporated on May 29, 1963 was merged out of existence in 1998.



Section 125.F Zoning Regulations
Howard Hughes falsely claims to be "original petitioner"
This is not an assignable right. They use this regulation as a sword and shield control prices.

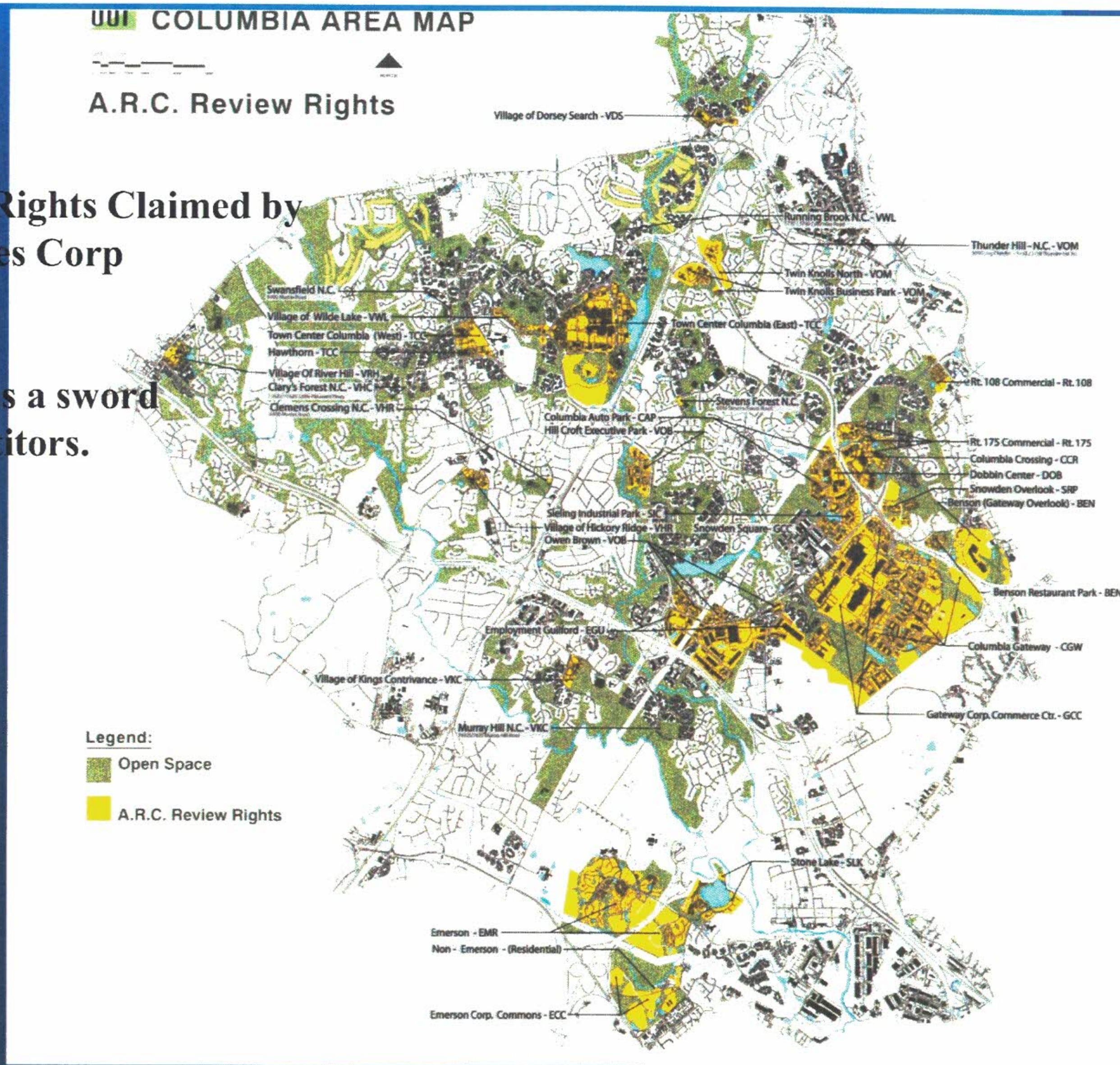
**F. Amendments to a Comprehensive Sketch Plan or Final Development Plan**

1. Amendments Submitted by Original Petitioner

Except as allowed by Sections 125.0.F.2 and 125.0.F.3 below, only the original petitioner for the New Town District may propose amendments to an approved Comprehensive Sketch Plan or Final Development Plan. A proposed Comprehensive Sketch Plan Amendment shall be reviewed in accordance with Section 125.0.C above. A proposed Final Development Plan Amendment shall be reviewed in accordance with Section 125.0.D or 125.0.E. as applicable.

**Architectural Rights Claimed by Howard Hughes Corp**

**They use this as a sword against competitors.**



# Letters from Howard Hughes and Kimco show how HHC uses covenants as a sword to crush competitors, Kimco in this case.

WHITEFORD, TAYLOR & PRESTON L.L.P.

TOWSON COMMONS, SUITE 300
ONE WEST PENNSYLVANIA AVENUE
TOWSON, MARYLAND 21204-5025
MAIN TELEPHONE (410) 832-2000
FACSIMILE (410) 832-2015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BETHESDA, MD
COLUMBIA, MD
DEARBORN, MI
FALLS CHURCH, VA
LEXINGTON, KY
PITTSBURGH, PA
ROANOKE, VA
WASHINGTON, DC
WILMINGTON, DE

WWW.WTPLAW.COM
[illegible]

August 16, 2017

*Via Hand Delivery*
Valdis Lazdins
Director,
Howard County Department of Planning & Zoning
George Howard Building
3430 Courthouse Drive
Ellicott City, Maryland 21043

Re: Hickory Ridge Village Center Redevelopment

Dear Mr. Lazdins:

As you are aware, this office represents HRVC Limited Partnership and Kimco Realty Corporation (herein jointly referred to as "Kimco") with regard to its proposal to redevelop the Hickory Ridge Village Center. Simultaneous with this letter, Kimco is filing its PDP Amendment Petition pursuant to Zoning Regulation §125.0.J. This filing includes the applicable covenants. Please be assured that Kimco and The Howard Hughes Corporation are negotiating in good faith to update and revise the covenants. Please do not hesitate to contact us with any questions or concerns.

Sincerely,

G. Scott Barhight /jb

G. Scott Barhight

cc: Wilbur E. ("Tom") Simmons
Greg Reed
Caren Garfield
Arianne H. Monroe, Esq.
Jennifer R. Busse, Esq.

---

THE
HOWARD RESEARCH
AND DEVELOPMENT
CORPORATION

Howard Hughes

January 22, 2020

Alan M Schwartz, Esq
10450 Shaker Drive, Suite 103
Columbia, MD 21046

RE: Hickory Ridge Village Center (HRVC) – Amendment or Modification of Residential Restriction

Dear Mr. Schwartz

This responds to your letter to [illegible] dated January 8, 2020. Any capitalized words used herein are defined in the applicable HRVC Covenants.

Your letter states that you represent several private property owners in the Clemens Crossing Neighborhood and asserts beneficiary status under Covenants recorded against property comprising the Hickory Ridge Village Center (HRVC). Please provide me with the addresses of your client(s) so that we may further evaluate certain statements in your letter.

As specifically set forth in the Preliminary Statement and Section 3.01 of the HRVC Covenants were recorded expressly for the benefit of the Owners of the specifically identified Parcels subjected to the Covenants that, collectively, comprise the HRVC. The HRVC Covenants were not recorded against lots in the Clemens Crossing Neighborhood. Moreover, contrary to your assertion, Section 15.09 expressly states that the HRVC Covenants do *not* create a common scheme of development outside the boundaries of the HRVC. They do not contain a third-party beneficiary provision and were not intended to benefit the Clemens Crossing Neighborhood or any property outside the boundaries of the HRVC. As specifically stated in Section 3.01(b), any right of enforcement is vested *solely* in the Declarant and Owners of the Parcels subject to the HRVC Covenants.

HRD reserves all its rights and remedies as Declarant under the HRVC Covenants and will take appropriate action to protect and enforce same.

# Howard Hughes 10-K Report 2022 and 2019 showing 50% share of Metropolitan and 10 M Earnings and Dividend

- Pages 17-18

| thousands except percentages | Ownership interest (a) December 31, 2022 | Ownership interest (a) December 31, 2021 | Carrying value December 31, 2022 | Carrying value December 31, 2021 | Share of Earnings/Dividends Year Ended December 31, 2022 | 2021 | 2020 |
|---|---|---|---|---|---|---|---|
| **Equity Method Investments** | | | | | | | |
| **Operating Assets** | | | | | | | |
| 110 North Wacker | — % | 23.0 % | $ — | $ 194,999 | $ **4,910** | $ (74,309) | $ (13,896) |
| The Metropolitan Downtown Columbia (b) | **50.0 %** | 50.0 % | — | — | **4,556** | 582 | 765 |
| Stewart Title of Montgomery County, TX | **50.0 %** | 50.0 % | **4,217** | 4,185 | **1,294** | 1,860 | 1,250 |
| Woodlands Sarofim #1 | **20.0 %** | 20.0 % | **3,029** | 3,215 | **(13)** | 96 | 125 |
| m.flats/TEN.M (c) | **50.0 %** | 50.0 % | — | — | **6,878** | 974 | 666 |
| **Master Planned Communities** | | | | | | | |
| The Summit (d) | **50.0 %** | 50.0 % | **49,368** | 41,536 | **(30)** | 59,407 | 17,845 |
| Floreo (e) | **50.0 %** | 50.0 % | **58,001** | 59,080 | **(1,377)** | (8) | — |
| **Seaport** | | | | | | | |
| Mr. C Seaport | — % | — % | — | — | — | — | (6,900) |
| The Lawn Club (d) | **50.0 %** | 50.0 % | **2,553** | 447 | — | — | — |
| Ssäm Bar (Momofuku) (d)(e) | **50.0 %** | 50.0 % | **5,551** | 5,852 | **(783)** | (1,988) | (2,392) |
| Tin Building by Jean-Georges (d)(e) | **65.0 %** | 65.0 % | **6,935** | — | **(36,182)** | — | — |
| Jean-Georges Restaurants | **25.0 %** | — % | **45,626** | — | **692** | — | — |
| **Strategic Developments** | | | | | | | |
| Circle T Ranch and Power Center | — % | — % | — | — | — | — | 2,463 |
| HHMK Development | **50.0 %** | 50.0 % | **10** | 10 | — | — | — |
| KR Holdings | **50.0 %** | 50.0 % | **485** | 127 | **797** | (221) | (69) |
| West End Alexandria (d) | **58.3 %** | 58.3 % | **56,617** | 56,546 | **71** | — | — |
| 110 North Wacker | — | 23.0 % | — | — | — | — | 267,518 |
| | | | **232,392** | 365,997 | **(19,187)** | (13,607) | 267,375 |
| **Other equity investments (f)** | | | **13,779** | 3,952 | **4,638** | 3,755 | 3,724 |
| **Investments in unconsolidated ventures** | | | $ **246,171** | $ 369,949 | $ **(14,549)** | $ (9,852) | $ 271,099 |

(a) Ownership interests presented reflect the Company's stated ownership interest or if applicable, the Company's final profit-sharing interest after receipt of any preferred returns based on the venture's distribution priorities.

(b) The Metropolitan Downtown Columbia was in a deficit position of $9.0 million at December 31, 2022, and $11.3 million at December 31, 2021. These deficit balances are presented in Accounts payable and accrued expenses at December 31, 2022 and 2021.

(c) M.flats/TEN.M was in a deficit position of $1.8 million at December 31, 2022, and $6.0 million at December 31, 2021. The deficit balance is presented in Accounts payable and accrued expenses at December 31, 2022.

(d) For these equity method investments, various provisions in the venture operating agreements regarding distributions of cash flow based on capital account balances, allocations of profits and losses and preferred returns may result in the Company's

| ($ in thousands) | December 31, 2019 | December 31, 2018 | December 31, 2019 | December 31, 2018 | Year Ended December 31, 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|---|
| **Equity Method Investments** | | | | | | | |
| **Operating Assets:** | | | | | | | |
| Las Vegas Aviators (a) | 100 % | 100 % | $ — | $ — | $ — | $ — | $ (152 ) |
| Constellation (a) | 100 % | 100 % | — | — | — | — | (323 ) |
| The Metropolitan Downtown Columbia (b) | 50 % | 50 % | — | — | 694 | 467 | 390 |
| Stewart Title of Montgomery County, TX | 50 % | 50 % | 4,175 | 3,920 | 1,105 | 573 | 386 |
| Woodlands Sarofim #1 | 20 % | 20 % | 2,985 | 2,760 | 125 | 94 | 53 |
| m.flats/TEN.M (c) | 50 % | 50 % | 2,431 | 4,701 | (1,875 ) | (2,478 ) | — |
| **Master Planned Communities:** | | | | | | | |
| The Summit (d) | — % | — % | 84,455 | 72,171 | 28,336 | 36,284 | 23,234 |
| **Seaport District:** | | | | | | | |
| Mr. C Seaport (e) | 35 % | 35 % | 7,650 | 8,721 | (1,980 ) | (465 ) | — |
| Bar Wayō (Momofuku) (d) | — % | — % | 7,469 | — | (612 ) | — | — |
| **Strategic Developments:** | | | | | | | |
| Circle T Ranch and Power Center | 50 % | 50 % | 8,207 | 5,989 | 950 | 1,534 | — |
| HHMK Development | 50 % | 50 % | 10 | 10 | — | — | — |
| KR Holdings | 50 % | 50 % | 422 | 159 | 263 | 830 | 41 |
| m.flats/TEN.M (c) | 50 % | 50 % | — | — | — | — | (415 ) |
| Mr. C Seaport (e) | 35 % | 35 % | — | — | — | (240 ) | (643 ) |
| | | | 117,804 | 98,431 | 27,006 | 36,599 | 22,571 |
| **Other equity investments (f)** | | | 3,953 | 3,856 | 3,623 | 3,355 | 2,927 |
| **Investments in real estate and other affiliates** | | | $ 121,757 | $ 102,287 | $ 30,629 | $ 39,954 | $ 25,498 |

(a) The Company acquired this joint venture partner's interest in 2017 and has consolidated the assets and liabilities of the entity in its financial results. See Note 3 - *Acquisitions and Dispositions* for additional information regarding the transaction.

(b) Metropolitan Downtown Columbia was in a deficit position of $4.7 million and $3.8 million at December 31, 2019 and December 31, 2018, respectively, due to distributions from operating cash flows in excess of basis. These deficit balances are presented in Accounts payable and accrued expenses at December 31, 2019 and 2018.

(c) Property was transferred from Strategic Developments to Operating Assets during the three months ended March 31, 2018.

(d) Please refer to the discussion below for a description of the joint venture ownership structure.

(e) Property was transferred from Strategic Developments to Operating Assets during the three months ended September 30, 2018. The share of earnings/dividends for Mr. C Seaport in the Operating Assets and Strategic Developments sections represents the Company's share recognized when the investment was in the respective segment.

# Columbia Apartment Occupancy Pages 19-28

- Pages 19-28

c. **Residential Development:**

Q4 2022

| Apartment Building | Projected Number of Units | Number of Units Completed | Number of Units Available for Rent | Number of Units Occupied | Occupancy Rate |
|---|---|---|---|---|---|
| Metropolitan[1] | 380 | 380 | 379 | 361 | 95% |
| TEN.M/ m.flats[1] | 437 | 437 | 435 | 410 | 94% |
| Project 3MFB | 382 | 382 | 382 | 365 | 96% |
| Project 3MFC [2] | 472 | 40 | 40 | 30 | 6% |
| **Total** | **1,671** | **1,239** | **1,236** | **1,136** | **92%** |

[1] Apartment building is not located in the Special Taxing District.

[2] Number of units increased from 436 to 472 since the 2Q2020 Developer's Continuing Disclosure Statement.

d. **Property Sold:** The Developer reports that no property within the Special Taxing District owned by the Developer or an Affiliate has been sold.

The statement above is confirmed.

3. **Development Changes Impacting the Required Maximum Special Tax:**

a. **Change in Proposed Development:** The Developer reports that there have been no changes to the proposed development of any parcel in the Special Taxing Districts.

Developer has proposed to change one of the retail buildings which is part of Project 3RE to a hotel. This proposed change has been completed with the County. The retail square footage now shown for Project 3RE is comprised of Building E-2 (10,700 SF) and Building E-3 (1,710 SF as of the Q3 2021 Disclosure; was previously 2,415 SF). See page 4 for additional detail.

b. **Parcel Subdivisions:** The Developer reports that there have been no parcel subdivisions of parcels in the Special Taxing Districts since the last Disclosure.

The statement above is confirmed.

4. **Status of Financing:**

a. **Status of Obtaining Credit Facilities:** The Developer reports that it is not in the process of obtaining a Credit Facility for the construction of the remainder of the vertical improvements of the Development that was not in place as of the date of the Limited Offering Memorandum, except as noted below.

The Developer obtained subsequent financing for the construction of 6100 Merriweather Drive (3OA) and Garage (3G1), and multi-family mixed-use buildings 3MFB and 3MFC.

c. **Residential Development:** Q4 2021

| Apartment Building | Projected Number of Units | Number of Units Completed | Number of Units Available for Rent | Number of Units Occupied | Occupancy Rate |
|---|---|---|---|---|---|
| Metropolitan[1] | 380 | 380 | 379 | 362 | 96% |
| TEN.M/ m.flats[1] | 437 | 437 | 435 | 415 | 95% |
| Project 3MFB | 382 | 382 | 382 | 337 | 88% |
| Project 3MFC [2] | 472 | 0 | 0 | 0 | N/A |
| **Total** | **1,671** | **1,199** | **1,196** | **1,114** | |

[1]Apartment building is not located in the Special Taxing District.

[2]Number of units increased from 436 to 472 since the 2Q2020 Developer's Continuing Disclosure Statement.

d. **Property Sold:** The Developer reports that no property within the Special Taxing District owned by the Developer or an Affiliate has been sold.

The statement above is confirmed.

3. **Development Changes Impacting the Required Maximum Special Tax:**

a. **Change in Proposed Development:** The Developer reports that there have been no changes to the proposed development of any parcel in the Special Taxing Districts.

Developer has proposed to change one of the retail buildings which is part of Project 3RE to a hotel. This proposed change has been completed with the County. The retail square footage now shown for Project 3RE is comprised of Building E-2 (10,700 SF) and Building E-3 (1,710 SF as of the Q3 2021 Disclosure; was previously 2,415 SF). See page 5 for additional detail.

b. **Parcel Subdivisions:** The Developer reports that there have been no parcel subdivisions of parcels in the Special Taxing Districts since the last Disclosure.

The statement above is confirmed.

4. **Status of Financing:**

a. **Status of Obtaining Credit Facilities:** The Developer reports that it is not in the process of obtaining a Credit Facility for the construction of the remainder of the vertical improvements of the Development that was not in place as of the date of the Limited Offering Memorandum, except as noted below.

The Developer has obtained financing for the construction of 6100 Merriweather Drive (3OA) and Garage (3G1), and multi-family mixed-use buildings 3MFB and 3MFC. Additionally, the Developer has paid in full the original construction loans for 1OA, 1OB, The Metropolitan, and Ten.M.Flats.

### b. Office Development:

| Office Tenant | Available Space (SF)[1] | Leased Space (SF) | Percent of the Total (SF) | Opening Date | Expiration Date | Percentage of Revenues Represented by Leases Expiring by Year[2] | |
|---|---|---|---|---|---|---|---|
| | | | | | | Year | Percent |
| One Merriweather: | | | | | | | |
| Medstar Health, Inc. | 116,464 | 116,464 | 59% | March 2017 | December 2029 | 2029 | 62% |
| WMS Partners, LLC | 3,235 | 3,235 | 2% | January 2018 | December 2027 | 2027 | 2% |
| Lincoln Financial Group | 4,992 | 4,992 | 3% | February 2018 | July 2028 | 2028 | 3% |
| McDonough Bolyard Peck, Inc. | 3,704 | 3,704 | 2% | February 2018 | August 2028 | 2028 | 2% |
| Crown Castle USA, Inc. | 38,252 | 38,252 | 19% | June 2018 | May 2028 | 2028 | 20% |
| Nike | 12,018 | 12,018 | 6% | June 2019 | December 2026 | 2026 | 6% |
| Edward Performance Solutions | 9,118 | 9,118 | 5% | January 2020 | May 2030 | 2030 | 5% |
| TBD | 10,422 | TBD | TBD | TBD | TBD | TBD | TBD |
| *Subtotal - One Merriweather* | *198,205* | *187,783* | *95%* | | | | *100%* |
| Two Merriweather: | | | | | | | |
| Connections Education LLC | 72,523 | 72,523 | 63% | November 2017 | November 2028 | 2028 | 66% |
| The Howard Hughes Corporation | 19,618 | 19,618 | 17% | May 2019 | December 2028 | 2028 | 18% |
| BTS Software | 4,608 | 4,608 | 4% | January 2020 | April 2025 | 2025 | 4% |
| Prevailion | 6,196 | 6,196 | 5% | January 2020 | March 2023 | 2023 | 6% |
| Attila Security | 4,613 | 4,613 | 4% | January 2020 | June 2023 | 2023 | 4% |
| JLL Propery Management | 2,787 | 2,787 | 2% | January 2020 | February 2023 | 2023 | 3% |
| TBD [3] | 5,262 | TBD | TBD | TBD | TBD | TBD | TBD |
| *Subtotal - Two Merriweather [3]* | *115,607* | *110,345* | *95%* | | | | *100%* |
| Project 3OA: | | | | | | | |
| Tenable | 159,899 | 159,899 | 50% | TBD | TBD | TBD | 100% |
| TBD | 158,646 | TBD | TBD | TBD | TBD | TBD | TBD |
| *Subtotal - Project 3OA* | *318,545* | *159,899* | *50%* | | | | *100%* |
| Project 3OB: | | | | | | | |
| TBD | 374,803 | TBD | TBD | TBD | TBD | TBD | TBD |
| *Subtotal - Project 3OB* | *374,803* | *TBD* | *TBD* | | | | *TBD* |
| **Total** | **1,007,160** | **458,027** | *45%* | | | | **TBD** |

[1] Available space (SF) shown for office tenants listed as "TBD" represents the anticipated square footage at full build out per the executed bond documents.

[2] Using percentage of leased space as proxy.

[3] Total space (SF) of 95,989 SF previously classified as office space has been adjusted to include 19,618 SF previously captured as retail. Amount shown as TBD for Two Merriweather has been adjusted to reflect estimated remaining SF to be leased.

### c. Residential Development: Q4 2019

| Apartment Building | Projected Number of Units | Number of Units Completed | Number of Units Available for Rent | Number of Units Occupied | Occupancy Rate |
|---|---|---|---|---|---|
| Metropolitan[1] | 380 | 380 | 379 | 360 | 95% |
| TEN.M / m.flats[1] | 437 | 437 | 435 | 391 | 90% |
| Project 3MFB | 382 | 0 | 0 | 0 | N/A |
| Project 3MFC [2] | 436 | 0 | 0 | 0 | N/A |
| Total | **1,622** | **817** | **TBD** | **TBD** | |

[1] Apartment building is not located in the Special Taxing District.

[2] Number of units increased from 423 to 436 since the 2Q2019 Developer's Continuing Disclosure Statement.

d. **Property Sold:** The Developer reports that no property within the Special Taxing District owned by the Developer or an Affiliate has been sold.

The statement above is confirmed.

### 3. Development Changes Impacting the Required Maximum Special Tax:

## b. Office Development:

| Office Tenant | Available Space (SF)[1] | Leased Space (SF) | Percent of the Total (SF) | Opening Date | Expiration Date | Percentage of Revenues Represented by Leases Expiring by Year[2] | |
|---|---|---|---|---|---|---|---|
| | | | | | | Year | Percent |
| One Merriweather: | | | | | | | |
| Medstar Health, Inc. | 116,464 | 116,464 | 59% | March 2017 | December 2029 | 2029 | 65% |
| WMS Partners, LLC | 3,235 | 3,235 | 2% | January 2018 | December 2027 | 2027 | 2% |
| Lincoln Financial Group | 4,992 | 4,992 | 3% | February 2018 | July 2028 | 2028 | 3% |
| McDonough Bolyard Peck, Inc. | 3,704 | 3,704 | 2% | February 2018 | August 2028 | 2028 | 2% |
| Crown Castle USA, Inc. | 38,252 | 38,252 | 19% | June 2018 | May 2028 | 2028 | 21% |
| Nike | 12,018 | 12,018 | 6% | June 2018 | December 2026 | 2026 | 7% |
| TBD | 19,540 | TBD | TBD | TBD | TBD | TBD | TBD |
| *Subtotal - One Merriweather* | *193,205* | *178,665* | *90%* | | | | *100%* |
| Two Merriweather: | | | | | | | |
| Connections Education LLC | 72,523 | 72,523 | 76% | November 2017 | November 2028 | 2028 | 79% |
| The Howard Hughes Corporation | 19,618 | 19,618 | 20% | May 2019 | December 2028 | 2028 | 21% |
| TBD | 3,848 | TBD | TBD | TBD | TBD | TBD | TBD |
| *Subtotal - Two Merriweather* | *95,989* | *92,141* | *96%* | | | | *100%* |
| Project 3OA: | | | | | | | |
| Tenable | 150,000 | 150,000 | 49% | TBD | TBD | TBD | 100% |
| TBD | 157,678 | TBD | TBD | TBD | TBD | TBD | TBD |
| *Subtotal - Project 3OA* | *307,678* | *150,000* | *49%* | | | | *100%* |
| Project 3OB: | | | | | | | |
| TBD | 374,803 | TBD | TBD | TBD | TBD | TBD | TBD |
| *Subtotal - Project 3OB* | *374,803* | *TBD* | *TBD* | | | | *TBD* |
| **Total** | **976,675** | **420,806** | ***43%*** | | | | **TBD** |

[1]Available space (SF) shown for office tenants listed as "TBD" represents the anticipated square footage at full build out per the executed bond documents.
[2]Using percentage of leased space as proxy.

## c. Residential Development: Q4 2018

| Apartment Building | Projected Number of Units | Number of Units Completed | Number of Units Available for Rent | Number of Units Occupied | Occupancy Rate |
|---|---|---|---|---|---|
| Metropolitan[1] | 380 | 380 | 379 | 350 | 92% |
| TEN.M/ m.flats[1] | 437 | 437 | 435 | 321 | 73% |
| Project 3MFB | 382 | 0 | 0 | 0 | N/A |
| Project 3MFC | 423 | 0 | 0 | 0 | N/A |
| **Total** | **1,622** | **817** | **TBD** | **TBD** | |

[1]Apartment building is not located in the Special Taxing District.

d. **Property Sold:** The Developer reports that no property within the Special Taxing District owned by the Developer or an Affiliate has been sold.

The statement above is confirmed.

3. **Development Changes Impacting the Required Maximum Special Tax:**

   a. **Change in Proposed Development:** The Developer reports that there have been no changes to the proposed development of any parcel in the Special Taxing Districts.

   The statement above is confirmed.

   b. **Parcel Subdivisions:** The Developer reports that there have been no parcel subdivisions of parcels in the Special Taxing Districts since the last Disclosure.

   The statement above is confirmed.

4. **Status of Financing:**

   a. **Status of Obtaining Credit Facilities:** The Developer reports that it is not in the process of obtaining a Credit Facility for the construction of the remainder of the vertical improvements of the Development that was not in place as of the date of the Limited Offering Memorandum, except as noted below.

   The Developer has obtained financing for the construction of 6100 Merriweather Drive (3OA) and Garage (3G1), and multi-family mixed used building (3 MFB). Additionally, the Developer has paid in full the credit facility for 1OA.

   b. **Loan Amount under any Credit Facility:** Q4 2018

| Credit Facility Provider | Vertical Project | Original Loan Amount (000s)[1] | Change to Loan Amount (000s) | Revised Loan Amount (000s) | Current Loan Balance (000s) |
|---|---|---|---|---|---|
| Helaba Bank | Metropolitan | $70,000 | $0 | $70,000 | $70,000 |
| Helaba Bank | Ten.M / m.flats | $88,000 | $0 | $88,000 | $85,659 |
| JPMorgan Chase Bank | 1OA | $49,929 | -$49,929 | $0 | $0 |
| JPMorgan Chase Bank | 1OB | $33,156 | $0 | $33,156 | $24,000 |
| JPMorgan Chase Bank, BMO Harris Bank and CrossFirst Bank | 3OA | $0 | $89,844 | $89,844 | $0 |
| JPMorgan Chase Bank, BMO Harris Bank and CrossFirst Bank | 3MFB | $0 | $85,657 | $85,657 | $0 |
| Total | | $241,085 | $125,572 | $366,657 | $179,659 |

[1]Original loan amounts represent the amounts outstanding as of the date of the Limited Offering Memorandum for the Bonds.

   c. **Material Delay in meeting funding thresholds under any Credit Facility or rejection or refusal by the lender to fund draws other than for administrative reasons:** The Developer reports that there have been no material delays in meeting funding thresholds under any Credit Facility or rejection or refusal by the lender thereunder to fund draws other than for administrative reasons.

   The statement above is confirmed.

3. **Development Changes Impacting the Required Maximum Special Tax:**

   a. **Change in Proposed Development:** The Developer reports that there have been no changes to the proposed development of any parcel in the Special Taxing Districts.

      The statement above is confirmed.

   b. **Parcel Subdivisions:** The Developer reports that there have been no parcel subdivisions of parcels in the Special Taxing Districts.

      The statement above is confirmed.

4. **Status of Financing:**

   a. **Status of Obtaining Credit Facilities:** The Developer reports that it is not in the process of obtaining a Credit Facility for the construction of the remainder of the vertical improvements of the Development that was not in place as of the date of the Limited Offering Memorandum.

      The statement above is confirmed.

   b. **Loan Amount under any Credit Facility:** Q4 2017

| Credit Facility Provider | Vertical Project | Original Loan Amount (000s) | Change to Loan Amount (000s) | Revised Loan Amount (000s) | Current Loan Balance (000s) |
|---|---|---|---|---|---|
| Helaba Bank | Metropolitan | $63,273 | $0 | $63,273 | $63,273 |
| Helaba Bank | Ten.M / m.flats | $88,000 | $0 | $88,000 | $72,652 |
| JPMorgan Chase Bank | 10A | $49,929 | $0 | $49,929 | $42,332 |
| JPMorgan Chase Bank | 10B | $33,156 | $0 | $33,156 | $19,429 |
| **Total** | | **$234,358** | **$0** | **$234,358** | **$197,686** |

   c. **Material Delay in meeting funding thresholds under any Credit Facility or rejection or refusal by the lender to fund draws other than for administrative reasons:** The Developer reports that there have been no material delays in meeting funding thresholds under any Credit Facility or rejection or refusal by the lender thereunder to fund draws other than for administrative reasons.

      The statement above is confirmed.

   d. **Failure or Refusal by the Lender under any Credit Facility to extend the term of such Credit Facility:** The Developer reports that there has been no failure or refusal by the lender under any such Credit Facility to extend the term of such Credit Facility beyond the maturity date as permitted under the terms of such Credit Facility.

      The statement above is confirmed.

b. **Office Development:**

| Office Tenant | Available Space (SF)[1] | Leased Space (SF) | Percent of the Total (SF) | Opening Date | Expiration Date | Percentage of Revenues Represented by Leases Expiring by Year | |
|---|---|---|---|---|---|---|---|
| | | | | | | Year | Percent |
| One Merriweather: | | | | | | | |
| Medstar Health, Inc. | 112,479 | 112,479 | 57% | Mar 2017 | Dec 2029 | TBD | TBD |
| WMS Partners, LLC | 3,235 | 3,235 | 2% | Jan 2018 | Dec 2027 | TBD | TBD |
| Lincoln Financial Group | 4,992 | 4,992 | 3% | TBD | TBD | TBD | TBD |
| McDonough Bolyard Peck, Inc. | 3,704 | 3,704 | 2% | TBD | TBD | TBD | TBD |
| Crown Castle USA, Inc. | 31,016 | 31,016 | 16% | TBD | TBD | TBD | TBD |
| TBD | 42,779 | TBD | TBD | TBD | TBD | TBD | TBD |
| *Subtotal - One Merriweather* | *198,205* | *155,426* | *78%* | | | | *TBD* |
| Two Merriweather: | | | | | | | |
| Connections Education LLC | 72,523 | 72,523 | 76% | TBD | TBD | TBD | TBD |
| TBD | 23,466 | TBD | TBD | TBD | TBD | TBD | TBD |
| *Subtotal - Two Merriweather* | *95,989* | *72,523* | *76%* | | | | *TBD* |
| Project 3OA: | | | | | | | |
| Tenable | 150,000 | 150,000 | 49% | TBD | TBD | TBD | TBD |
| TBD | 157,678 | TBD | TBD | TBD | TBD | TBD | TBD |
| *Subtotal - Project 3OA* | *307,678* | *150,000* | *49%* | | | | *TBD* |
| Project 3OB: | | | | | | | |
| TBD | 374,803 | TBD | TBD | TBD | TBD | TBD | TBD |
| *Subtotal - Project 3OB* | *374,803* | *TBD* | *TBD* | | | | *TBD* |
| **Total** | **976,675** | **377,949** | ***39%*** | | | | **TBD** |

[1]Available space (SF) shown for office tenants listed as "TBD" represents the anticipated square footage at full build out per the executed bond documents.

c. **Residential Development:** Q4 2017

| Apartment Building | Projected Number of Units | Number of Units Completed | Number of Units Available for Rent | Number of Units Occupied | Occupancy Rate |
|---|---|---|---|---|---|
| Metropolitan[1] | 380 | 380 | 379 | 345 | 91% |
| TEN.M/ m.flats[1] | 437 | 437 | 225 | 34 | 8% |
| Project 3MFB | 382 | 0 | 0 | N/A | N/A |
| Project 3MFC | 423 | 0 | 0 | N/A | N/A |
| **Total** | **1,622** | **380** | **TBD** | **TBD** | |

[1]Apartment building is not located in the Special Taxing District.

d. **Property Sold:** The Developer reports that no property within the Special Taxing District owned by the Developer or an Affiliate has been sold.

The statement above is confirmed.

## Respass, Charity

**From:** Evelyn <calibercarvings@verizon.net>
**Sent:** Monday, December 4, 2023 4:28 PM
**To:** CouncilMail
**Subject:** A Stronger Rent Stabilization bill

**Follow Up Flag:** Follow up
**Flag Status:** Flagged

[Note: This email originated from outside of the organization. Please only click on links or attachments if you know the sender.]

Dear Members of the Howard County Council,
My name is Evelyn Mogren, and I and my husband live in Oakland Mills. We are homeowners and our son with two jobs, when becoming independent, tried to find housing in Columbia but, only found an illegal basement apartment affordable.
I think ***the rent is too damn high*** in Howard County and has been increasing abnormally for too damn long!
I am reaching out about CB44, and while I am pleased to see that some sort of action is being taken to try to address rising rent costs in Howard County, this bill as currently proposed does not go ***nearly far enough*** to truly be able to provide any meaningful protections to tenants like my son, and for that reason, the bill needs many strengthening amendments to make it worthwhile.
This issue is personal to me. Illegal dangerous housing is increasing because there is no alternative! Renters are having to double, triple and quadruple up in single apartments. Crowded rentals are normal here. Vulnerable people are being pushed and priced out of the County and community now. Families are becoming crowded with multiple generations of necessity, as renters are pushed out of their former apartments and commutes are becoming longer as renters go farther away to find housing now. Currently, this bill would not apply rent control to buildings constructed within the last *20 years!* If a building starts accepting rent from tenants *today*, those landlords could still increase rent as much as they want until *2043!*
If all of that wasn't bad enough, the bill will expire after the year 2027, (4years!) which will once again leave tenants like my son unprotected against large rent increases. Tenants need strong and permanent protections, not temporary and performative band aid solutions!

The Howard County Rent Stabilization Coalition put out a strong model for what would provide reasonable protections for tenants like my son: a permanent bill that covers ALL TENANTS, and caps rent increases at no more than 3% in a single year. CB44 does not even ***come close*** to that, and still would allow for rent increases as high as 10% in a single year!
The current bill leaves out significant groups of tenants, including those who live in affordable housing, non-profit housing and nursing homes (my mother is 91 and needs more care than I can give but, has limited income!) and those who live in housing owned by "small landlords". These represent some of the most vulnerable groups of tenants who need protections ***the most***, not the least.

If Howard County truly wants to be able to call themselves protectors of tenants, and for that to actually mean anything, PLEASE amend CB44 to be in line with the Howard County Rent Stabilization Coalition's proposal of a ***permanent bill*** which caps rent increases at ***3% in a single year***, and that covering ***all tenants***!
Thank you for your time and I hope to see you voting in favor of amendments to strengthen tenant protections in CB44."

Here is a summary of the amendments I am hoping to see to the bill.
Evelyn Mogren
Oakland Mills resident

Sent from my iPhone

## Respass, Charity

**From:** Steve Breeden <sbreeden@sdcgroup.com>
**Sent:** Monday, December 4, 2023 5:33 PM
**To:** CouncilMail
**Subject:** [BULK] Howard County Rent Cap and Right of First Refusal Bill comments

**Follow Up Flag:** Follow up
**Flag Status:** Flagged

[Note: This email originated from outside of the organization. Please only click on links or attachments if you know the sender.]



All,
Rather than spend time testifying tonight, I am sending this summary of my feeling on Rent Caps.

Also, here is a link to more information, if you really want to better understand what you are doing with this subject. I do this every day. You guys don't. It is complicated, so I am hopeful you will be educated, and not just hear the hype or play politics.

Thanks
Steve


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https://www.bloomberg.com/news/articles/2023-11-20/does-building-new-housing-cause-gentrificatio

**From:** Steve Breeden
**Sent:** Wednesday, November 8, 2023 10:45:13 AM
**To:** Delorenzo, Carl <cdelorenzo@howardcountymd.gov>; Facchine, Felix <FEFacchine@HowardCountyMD.gov>
**Subject:** FW: 🏗 It's All About Supply

Carl and Felix,

This is not that complicated. See below.

But first, my reflection on what is being asked of landlords. And why would anyone want to try to build more apartments in this county with this kind of support from the county? The main reason I can think of is our 9 generations of family living in this county and trying to do what's right for the county long term, way after the misguided folks passing this flawed legislation are out of office. They won't care either, as they will have moved on.

Among other issues, your bill does not reflect how apartments are actually renovated by many landlords like us. We don't typically go out an borrow millions of dollars to renovate units. Rather, we do them a few at a time when tenants move out and we can renovate the vacant units. Why would anyone (other than the county and other entities that don't have to pay attention to economics-we use our OWN money) want to throw out tenants and have extra vacancy to renovate? So, we do them a few units at a time, and increase the rent on those units to try to get a return on the nicer units. So, do we need to crawl to the county every month to ask for a rent increase for those units?

Also, you say this does not apply to project less than 20 years old. A good start, but again, in practice it does not work. I know you don't do this for a living, but I do. Let's assume that we went out and borrowed $50,000,000 to do a 200 unit project 10 years ago, (a typical project) at $300,000 per units. If we borrowed that money (we will assume that the rest of the cash to cover the remaining cost comes from out of our pockets (yes, in this case probably $10-12,000,000 as the banks require cash equity in the deal).
If we borrowed that $50M at a rate of 3.25% interest, for 30 years our payment would be $217,603 per month (don't take my word for it, download Karls Mortgage app on your phone and follow along). Typically apartment owners fix the rate upon stabilization for 10 years. Now, let's supposed that loan is coming due now. And let's assume todays rate would be 6.25%. The $50M loan balance has been paid down to about $39M (some financing costs will be incurred and maybe we would like to take some money out for rehab, or try to get some of the $10-12M cash back, but we will skip that for this analysis). So now we need to refinance $39M. Since we already have been paying for 20 of the 30 year loan term, we would

like to get this paid in 20 years. SO, $39M at 6.25% for 20 years gives us a new payment of $285,062. That does not let us reduce rents.

Or, if we had to ignore the 10 years of payments we already have made and do ANOTHER 30 year loan, the same amount borrowed would give is a payment of $240,129 per month.

And we have not even started on the increasing expenses, including the REAL ESTATE TAXES that are a big part of our cost, or the fact that the MIHUS are reducing the revenue by at least $1000 per month for each of those units (200 units x 10% x $1000 x 12 = $240,000 per year), and increasing turnover costs (paint and carpet, general upkeep, new appliances, management costs etc. which have skyrocketed like everything else during inflationary times). Let's also not forget that we were not ALLOWED to increase rent during COVID. (That doesn't get mention in the rent GOUGING bill spin for some reason).

If the owner can't cover the mortgage expense, they have to cut costs, which is how SLUMS are created, and why this legislation does not work. If you think it can't happen in wonderful Howard County, you might want to think again. Dundalk was THRIVING in the 50's with Beth Steel. Look at it today. The same thing can happen right here.

So, in light of all this, and with the administration (yes, for whatever reason the plan approval process has come to a crawl-which YOU could control if you wanted) and council doing everything in its power to stop the construction of new apartment supply, we are the ones who are GOUGING. I take particularly offense to this. I am happy to show how this actually works, with numbers, as you guys just don't get it. Why have you chosen our industry to try to solve the high costs we all have to endure to live in such an expensive county and state.

And, now that you know how the numbers actually work, you realize that this bill may force private owners to sell their project if they can't make the numbers work in this higher rate environment. You are even making that almost impossible by opening up the ability to tie up a project for up to 6 months to any Tom, Dick or Harry who claims to have the tenant's best interest in mind. Real buyers won't do the work required to make offers, or wait around for 6 months to see if they can buy a project. They will simply look elsewhere where rent cap and right of first refusal don't exist. Unfriendly to business Howard County will be off their radar.

I know you think you are doing the right thing for the renters in this county, and certainly politically to entice the few renters who actually vote, but it has been proven over the last 50 years that rent caps DO NOT WORK.

Thanks for reading. Happy to meet with you. See below also.

08 Nov | Read Online

**Together with**

**Good morning.** Renters in certain US cities are experiencing rent relief due to increased apartment construction. Converting office buildings into apartments is becoming increasingly challenging due to financing and stagnant rental markets. Meanwhile, companies should secure logistics space quickly before rents rise due to construction decline.
Today's issue is sponsored by RYSE—the automated smart shade tech company revolutionizing smart buildings.

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🎁 Want free merch? Share this.

## MARKET SNAPSHOT

| | | | |
|---|---|---|---|
| **S&P 500** GSPC | **4,378.38** Pct Chg: 0.3% | **FTSE NAREIT** FNER | **658.54** Pct Chg: -1.4% ; |

| 10Y Treasury<br>TNX | 4.569%<br>Pct Chg:<br>-2.0% | SOFR<br>1-month | 5.32%<br>Pct Chg:<br>0.0% |
|---|---|---|---|

*Data as of 11/07/2023 market close.

**A TALE OF TWO MARKETS**

# Apartment Surge Cools Rents in Major Cities, Yet Outside the Sun Belt Supply Remains Muted

Photographer: Bing Guan/Bloomberg

Renters in some of the fast-growing US cities are enjoying some relief as the supply of new apartments increases, leading to a decline in rental prices.

**It's all about supply:** The apartment narrative in 2023 is really about supply. Despite high demand for apartments, it has not been sufficient to match the rapid pace of construction, which is at its highest level in over 50+ years. This increase in supply, initially triggered by the steep rental growth and minimal vacancies of the previous two years, has led to a tale of two markets. More specifically, those saturated and those scarce. Rental rates are moderating quickest in areas where apartment construction is expanding rapidly.

**Where supply is going:** Of 21 markets with rent growth over 4%, nearly all had construction rates below the U.S. average, while the 10 markets with declining rents had high construction activity. For instance, Boise City experienced a 6.2% rent reduction alongside a 5.3% rise in apartment supply, with approximately 1,600 new units. Major cities such as Austin, Phoenix, and Atlanta each added over 16,000 units, leading to rent reductions in those areas.

**Where supply isn't going:** In regions outside the Sun Belt, the apartment market is quite different due to restricted growth in new apartments, pushing rents upward. For example, Rochester, NY, with just 233 new units, saw a rent surge of 5%. Springfield, MA's rents increased by 9% amid no increase in housing supply. Contrastingly, Midland-Odessa, TX, tied to the fluctuating energy sector, faced a substantial 14% hike in rent prices.

**On the plus side:** Wages are rising faster than rents, a positive trend continuing for 11 months straight and expected to extend into the next year. This reversal of the previous trend, where rent increases outstripped wage growth, could expand rental affordability and demand. It may also enable renters with middle to higher incomes to upgrade to newer, more expensive apartments, which in turn frees up older, more affordable units for others.

## ➥ THE TAKEAWAY

**Big picture:** Apartment rent growth is at a standstill, with only a slight 0.1% uptick and a notable 0.56% month-to-month drop as of October 2023, the most since the financial crisis. This trend is set to continue with a steady supply of apartments until early 2025. However, a predicted construction slowdown could tighten supply, potentially nudging up occupancy and rent growth, albeit not to the extremes of the recent inflationary spike of 2021 and early 2022. All eyes are on the first half of 2024, which will be pivotal for the rental market.

## TRENDING

- **Cut in half**: Commercial and multifamily mortgage loan originations in the US fell by 49% in 3Q23 compared to the previous year.
- **The Art of Growing Wealth**: Former President Donald Trump's wealth rose $500M to $3.1B after his presidency ended, per the latest Bloomberg Billionaires Index rankings.
- **Discount deluge**: Assets from Signature Bank's loan sale could sell at 15–40% below their original face value, potentially lowering CRE values.
- **High-stakes plunge**: Austrian entrepreneur Rene Benko is losing control of Signa Holding, owner of the Chrysler Building, amidst the current real estate crisis.
- **Freddie Mac probe**: Meridian Capital Group is suspended from working on Freddie Mac (FMCC) deals, impacting their large CRE mortgage brokerage business.
- **Pickleball paradise**: PURE Pickleball plans to co-develop a world-class facility in Scottsdale, AZ, creating the largest pickleball facility in the state and one of the largest in the world.

- **Pointing north**: Compass (COMP) is well-positioned with a luxury focus, cutting-edge technology, and modern agent training, but faces legal actions challenging broker commissions.
- **Teaming up**: A Related Group JV will acquire a waterfront co-op in North Bay Village, with plans to build luxury units on the 3-acre site. The purchase price is $47.7M.
- **On the bright side**: Hudson Pacific Properties (HPP) expects to lose $100M this year due to entertainment labor strikes, but predicts a significant upswing in activity when the strikes end.
- **Moving the needle**: The highest-priced apartment property in LA County, Chatsworth, just sold during a slow period for CRE deals to IMT Residential.
- **Ransomware rampage**: Major US mortgage lender Mr. Cooper suffered a cyberattack on Oct. 31, leading to the temporary shutdown of key systems, including mortgage payments.

CONVERSION CHALLENGE

# Turning Empty Offices Into Apartments Is Getting Even Harder

'It's like building a ship inside of a bottle,' says a developer whose company is converting Minnesota office buildings into apartments. (WSJ)

Cities aiming to transform vacant office spaces into apartments face tough financial headwinds, stagnant rental demand, and other conversion challenges.
**Easier said than done**: Last year, only 3,575 apartment units were created through office conversions, less than 1% of all new apartments built. However, there's hope for increased conversions this year as office vacancies

continue to rise and government support is provided. The process is difficult, with slowing rent growth making conversions less attractive to investors even as construction loans get pricier.

**Costly conversions**: The financial landscape for developers looking to convert office spaces to residential apartments has become increasingly hostile. Rising construction loan costs and high-interest rates make funding harder to secure and more expensive to repay. Even with approved plans, the prolonged permitting process and hefty renovation demands, including demolition and environmental compliance, add to the cost and risk, leading to project delays.

**Case in point:** Examples like One Camelback in Phoenix and a Dallas office tower conversion attempt illustrate the precarious nature of these endeavors, with some facing the threat of foreclosure due to financial difficulties. These cases highlight that, while potentially profitable under certain conditions, office-to-apartment conversions are not a guaranteed solution to housing shortages.

## ➡ THE TAKEAWAY

**Zoom out**: Converting offices to apartments reveals a nuanced challenge in urban redevelopment: not all space is equally adaptable. Experts suggest repurposing other types of real estate, like strip retail spaces, may offer more practical and impactful results in addressing housing needs. Converting 10% of existing strip retail in the US would yield over 700K housing units, reports Enterprise Community Partners.

## QUICK HITS

📖 READ: Prospective residents of multifamily evaluate properties before even seeing their units and expect expert management, innovative spaces and services, and a strong sense of community.

🎧 LISTEN: CRE investors expose how they're creatively financing and stress-testing deals to profit in today's market in this Best Ever CRE Roundtable session.

💼 TALENT: We are sourcing candidates for an Apartment Manager position based in the Wilmington, Delaware metro area (in-person). Early career is fine, but some multifamily property management experience is preferred.

SECURE YOUR SPACE

# Prologis Forecasts Shrinking Industrial Spaces and Rising Rents in Upcoming Year

Prologis reports that most U.S. markets are experiencing a squeeze in logistics real estate, forecasting substantial hikes in lease renewals in the near term.
**Demand dynamics**: Despite a rise in the national vacancy rate to 4.8% in Q3 2023 due to new spaces entering the market, this figure remains lower than the historical average of 6.1%. Prologis attributes this tight market to consistent consumer demand and the steady flow of goods, which keeps the need for warehouse space robust. The situation is set to tighten further, signaling tough times ahead for tenants facing lease renewals amid climbing rents.
**Rental rate trends:** The past four years have seen a dramatic 85% increase in rental rates, and while the growth rate is stabilizing, it's still substantial. Prologis anticipates around 7% growth in rent for 2023, with certain markets potentially seeing increases of 10% or more. Yet, some areas, like Southern California and Houston, have seen stabilization or even a decrease in rental rates.
**Leasing slowdown:** The leasing landscape has become cautious due to higher interest rates affecting customers' capital expenditure and inventory decisions, leading to slower leasing activities. This cautious approach resulted in a decrease in net absorption of logistics space, even though the market's demand remains historically high. Prologis' Industrial Business Indicator points to a significant annual demand for logistics space, despite the slowdown.

## ➥ THE TAKEAWAY

**Act now:** Prologis cautions that the current bump in logistics space availability is temporary and urges clients to secure spaces quickly. With speculative construction slowing down, an upcoming shortage and rental rate spikes are anticipated. Despite the addition of new space in Q3 2023, tighter conditions are expected by the end of the year, with a slight uptick in vacancies providing only brief relief before the market contracts again in 2024.

## 📈 CHART OF THE DAY

The DC area has seen a **[sharp drop]** in new apartment construction. Construction starts in Q3 were at their slowest since 2010, with only 891 units starting compared to 2,712 units last year. Only one project totaling 112 units began construction.

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## Respass, Charity

**From:** James Hubbard <jphubbard65@gmail.com>
**Sent:** Friday, December 15, 2023 9:27 AM
**To:** CouncilMail
**Subject:** CB44-2023

**Follow Up Flag:** Follow up
**Flag Status:** Flagged



During the hearing regarding CB44-2023, one witness argued that the proposed rent stabilization measure would encourage landlords to raise rents to the maximum allowable rent and, thereby, some housing units that are now affordable would no longer be. Another witness argued that the proposed measure would discourage landlords from offering leases longer than a year because doing so would prevent them from raising rents to market levels.

A provision that would allow landlords to "bank" allowable rent increases and apply them when a unit became vacant would deal with these concerns to a large extent. The Takoma Park Ordinance (Section 6.20.060) contains such a provision:

*"A landlord may increase the rent for a vacant rental unit by the actual dollar amount of any annual rent stabilization allowances that were not charged to the tenant vacating the rental unit. Such increase may be taken if the rental unit became vacant as a result of a voluntary termination of the vacancy by the tenant or a termination of the tenancy by the landlord for cause. This rent increase may be in addition to any rent stabilization allowance increase that the landlord may impose on or after 12 months from the date of the last rent stabilization allowance increase for that rental unit."*

Still another witness argued that, while the proposed measure allows a landlord to petition for a rent increase greater than that allowed under the rent stabilization procedure if the allowable increase did not permit a fair return, the proposed measure left it to the Office of Consumer Protection to determine what a "fair return" involved. The Takoma Park ordinance also deals with this issue. Section 6.20.080 of the Takoma Park ordinance contains detailed procedures for submitting and reviewing a fair return petition. Certainly, if the Howard County measure is to be permanent, something like the Takoma Park procedures will need to be added. Perhaps, passage of the rent stabilization measure can be accompanied by instructions to county staff to develop such a provision.

## Respass, Charity

**From:** Jung, Debra
**Sent:** Monday, December 18, 2023 5:09 PM
**To:** Anderson, Isaiah
**Subject:** FW: Rent Control proposal
**Attachments:** 360value-quarterly-reconstruction-cost-analysis-q4-2023.pdf

**Follow Up Flag:** Follow up
**Flag Status:** Flagged

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**From:** Dona DeZube <donadezube@gmail.com>
**Sent:** Sunday, December 17, 2023 12:15 PM
**To:** Jung, Debra <djung@howardcountymd.gov>
**Subject:** Rent Control proposal

[Note: This email originated from outside of the organization. Please only click on links or attachments if you know the sender.]

Good day

I'm writing to share my perspective as a Howard County landlord on the executive's rent control proposal. The proposal is unfair to real estate investors for several reasons:

1. It singles out rental property owners and subjects them to revenue reductions via price controls without setting price controls for the vendors and supply chains that drive our costs. Attached is the latest *quarterly* reconstruction cost index. You'll see that my costs for renovating and repairing a rental when tenants move is growing by double digits annually. It's a rate significantly higher than core inflation.

2. The majority of single-family rental properties are owned by individuals, like me. By limiting the value of our rental properties, the council risks driving down home values and income from the assets relied upon by small businesses. You're making a small group of small business owners pay the cost of making housing more affordable in Howard County.

3. The proposal affects only cost factors and does not address supply. The council could quickly and easily increase the supply of rental housing by changing zoning to allow for one accessory dwelling unit (ADU) per property. California, in 2021, began encouraging ADU construction, which you can read more about here: [https://www.hcd.ca.gov/policy-and-research/accessory-dwelling-units](https://www.hcd.ca.gov/policy-and-research/accessory-dwelling-units).

If the council does decide to limit rent increases, I would ask that you:

1. Make the increases indexed to a combination of renovation costs and core inflation.
2. Allow rent to increase annually, rather than when a new tenancy begins. If you index the rent increases to new tenancies, you incentivize landlords to limit tenancies to a single year. We've had tenants stay as long as 20 years. Tying rental increases to tenant turnover would have restricted our ability to keep pace with inflation to the point where we could not profitable operate the property.
3. Limit property tax increases on rental properties so they cannot rise faster than rents.

Thanks for considering my viewpoint.

Dona DeZube
7370 Hopkins Way
Clarksville, MD 21029
(443) 538-1767

Verisk

# 360Value Quarterly Reconstruction Cost Analysis

## Q4 2023: United States

**This report provides reconstruction cost trends at the national and state levels. The *360Value® Quarterly Reconstruction Cost Analysis* is derived from building cost research conducted by Verisk using the industry-leading Xactimate estimating solution.**

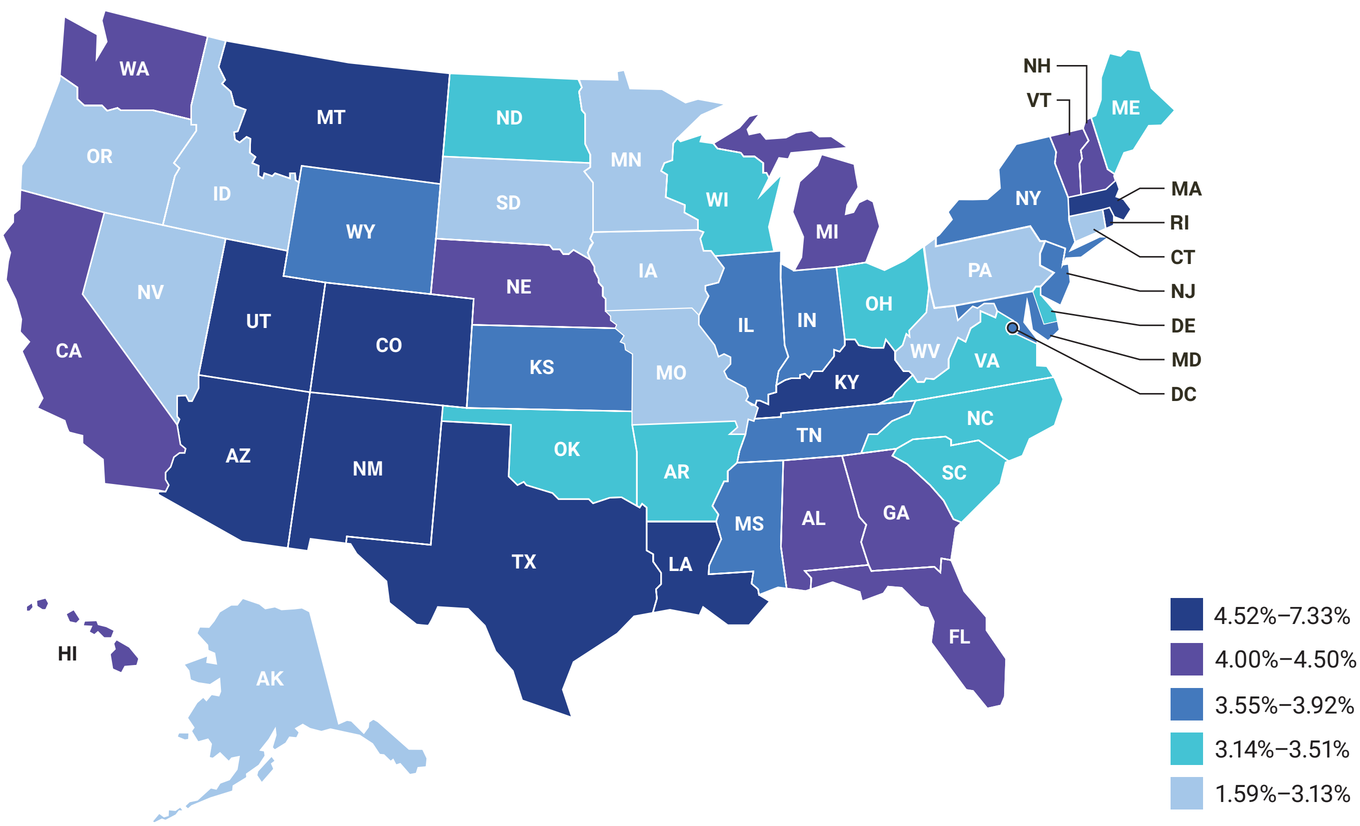
# Mild reconstruction cost rise signals stabilizing market

Total reconstruction costs, including materials and retail labor, increased 5.1% from October 2022 to October 2023. This uptick follows the 4.3% increase from July 2022 to July 2023. Quarterly reconstruction costs increased by 1.7%, a slight shift from the 1.0% increase last quarter.

For material costs, lumber continued on a negative streak, decreasing nearly 19% in October 2023. Meanwhile, concrete composite became the leading driver for material costs, rising 10.8% this quarter. Drywall and interior trim followed closely, each increasing around 7%. Concrete mason continued to show the fastest increase of all labor categories at 12.2%. Recent natural hazard events across the country, including wildfires and hurricanes, have started to influence reconstruction costs, especially labor prices.

## Residential Reconstruction Costs

Every state saw higher residential reconstruction costs. Utah had the largest increase at 7.3%, followed by Rhode Island (6.4%) and Montana (6.2%). Colorado's rank changed most significantly, rising from the 38th-highest cost increase in July 2023 to fifth highest in October 2023; costs were up 5.9% in the state. Costs continued to decrease the slowest in Iowa at 1.6% year-over-year. Residential costs in total increased 3.9% from October 2022 to October 2023 and 1.9% from July 2023 to October 2023.

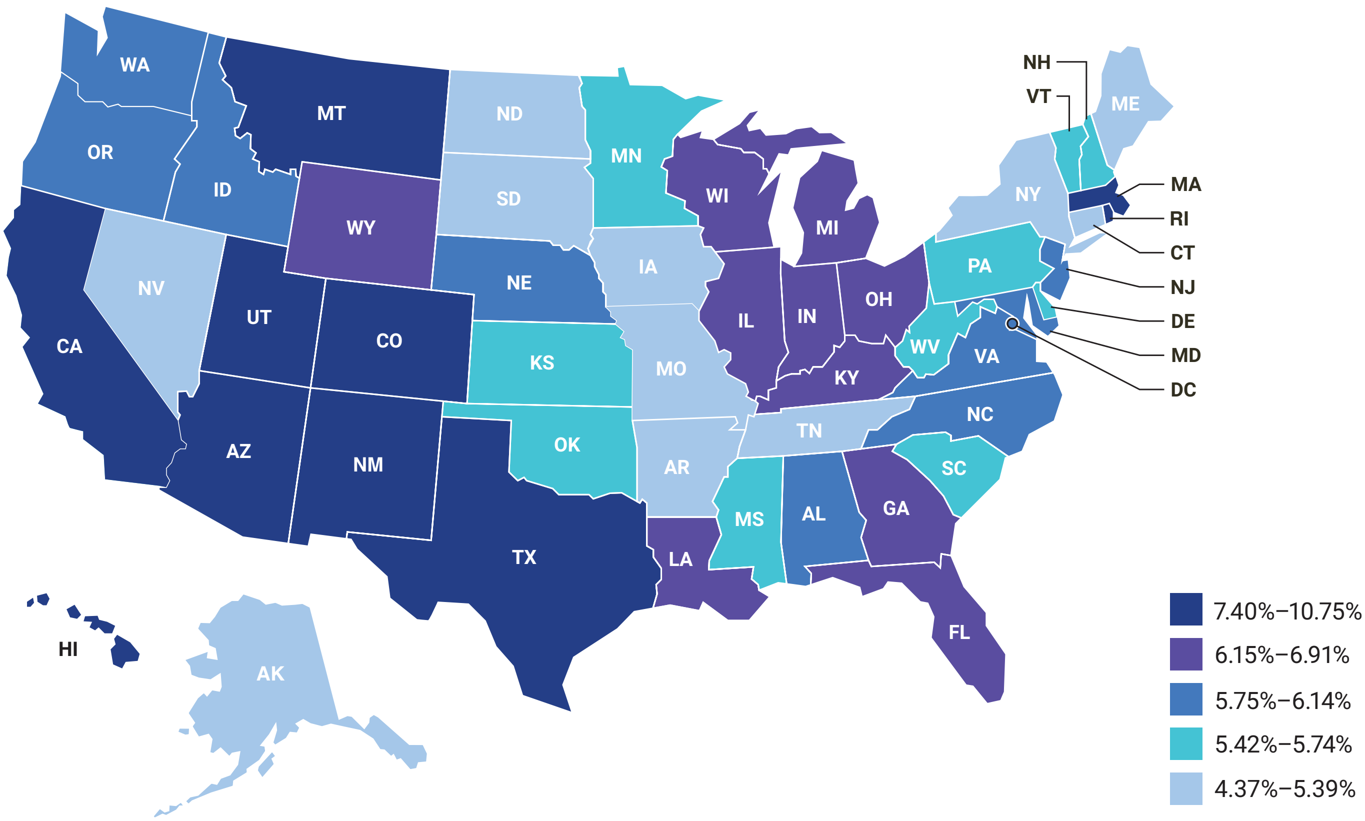



Changes in reconstruction costs by state
States are grouped in quintiles; each range/color in the legend includes 20% of the total number of states.

*All rates, percentages, increases, decreases, etc., are calculated as percentage changes from October 2022 to October 2023 unless otherwise noted.

## Commercial Reconstruction Costs

Every state saw higher commercial reconstruction costs. Utah had the largest increase at 10.8%, followed by Rhode Island at 9.8%. South Carolina had the largest shift in rank, down from the sixth-highest cost increase in July 2023 to 36th highest in October 2023, with prices rising 5.6% year-over-year. Iowa moved to last, with costs increasing 4.4%. Commercial costs in total increased 6.3% from October 2022 to October 2023 and 1.6% from July 2023 to October 2023.




Changes in reconstruction costs by state
States are grouped in quintiles; each range/color in the legend includes 20% of the total number of states.

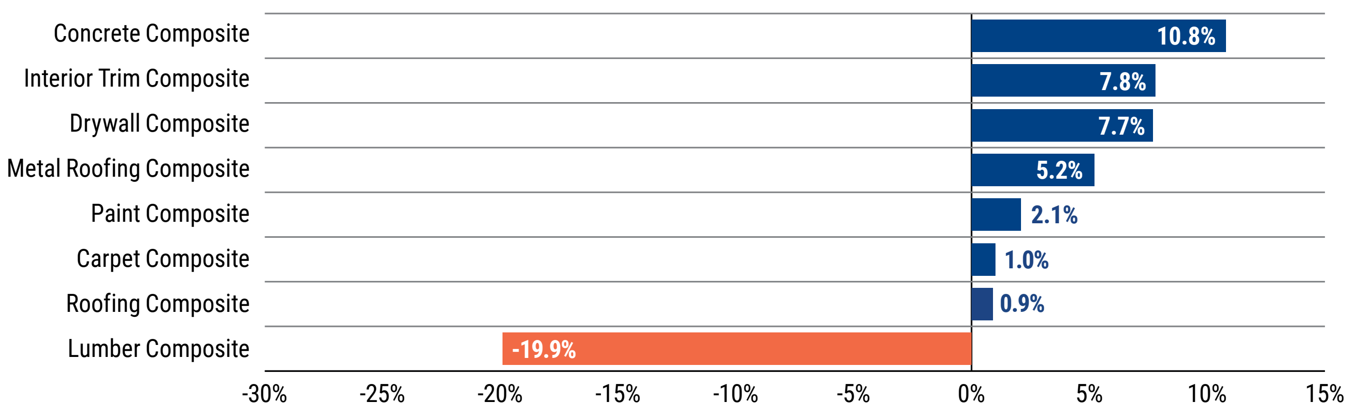
*All rates, percentages, increases, decreases, etc., are calculated as percentage changes from October 2022 to October 2023 unless otherwise noted.

## Material Cost Analysis

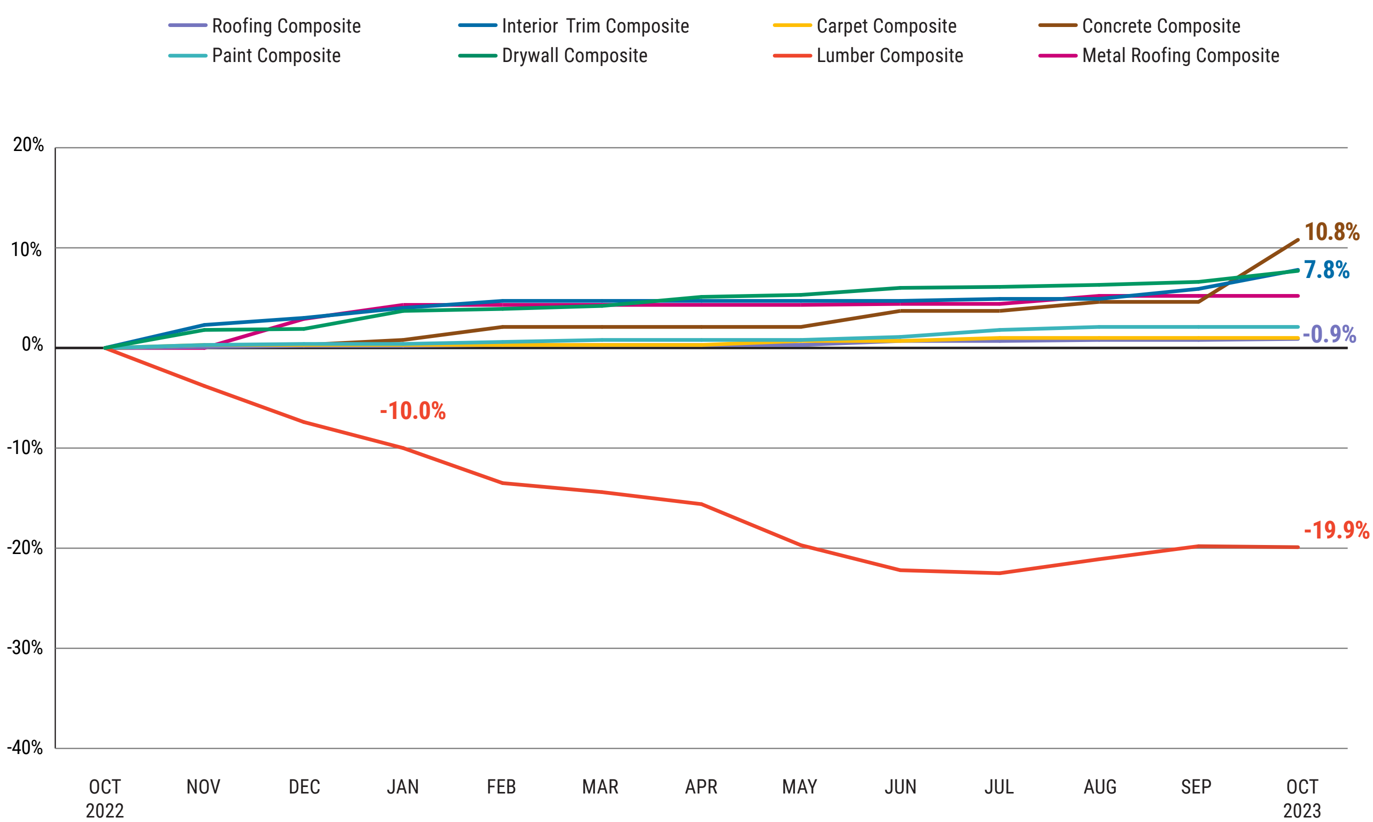
Combined costs for material composites increased 0.4% from October 2022 to October 2023—up from the 1.6% decrease recorded July 2022 to July 2023. Quarterly material costs increased 2.9% from July 2023 to October 2023. Lumber costs declined consistently over the 18 months. This continues to stand as the only negative composite this quarter at 19.9%.

Concrete moved to be the primary driver of materials, increasing 10.8%. Interior trim, which had been the fastest increasing composite for the past eight of nine quarters, followed at 7.8%. Drywall was next at 7.7%. Paint, carpet, and roofing composites all increased 2% or less.

Percentage change in costs




Percentage change in costs by month

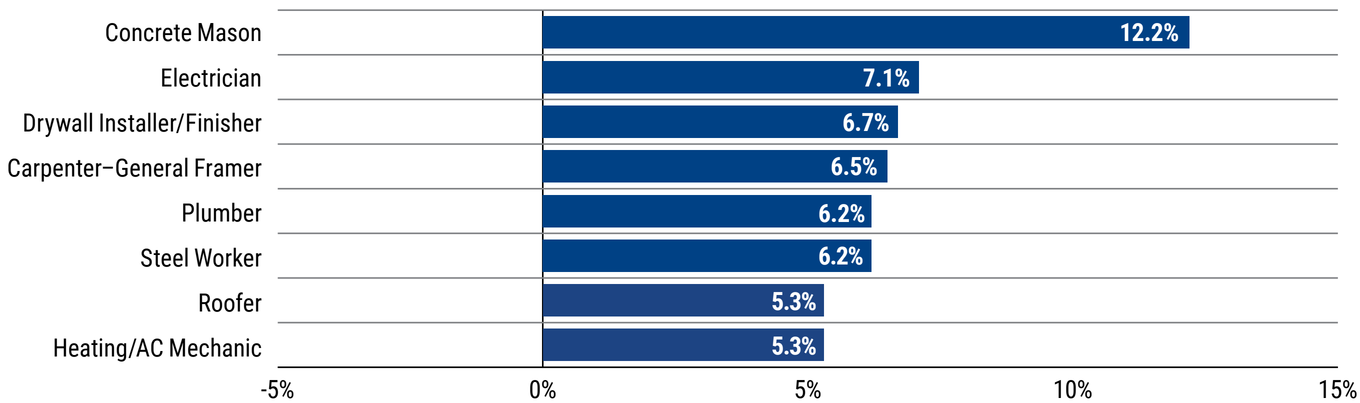


# Labor Cost Analysis

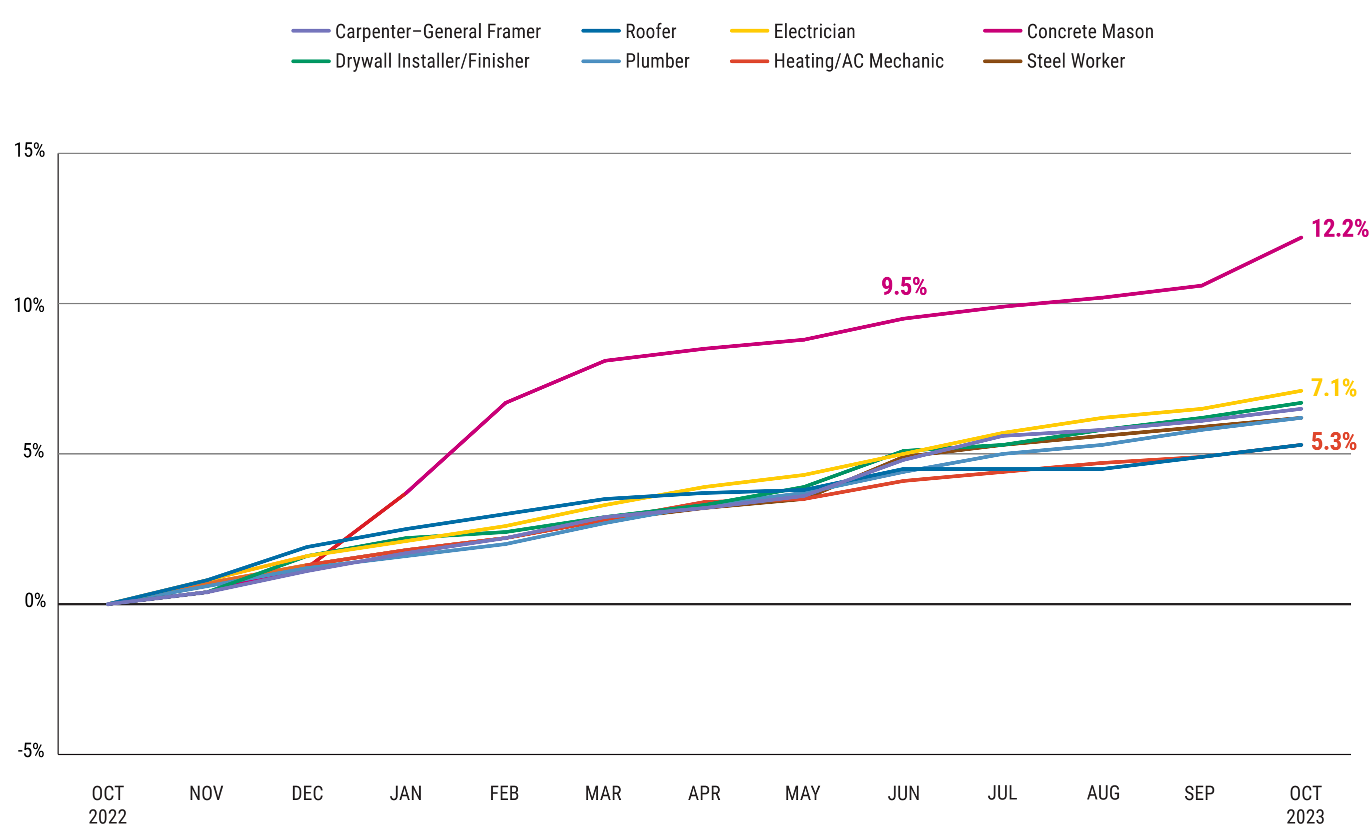
Combined hourly retail labor costs increased 7.6% from October 2022 to October 2023, slightly below the 8.6% increase recorded in the prior two quarters. Labor costs over the past quarter, July 2023 to October 2023, increased 1.2%. Labor has remained on a steady incline for the past few years.

Concrete mason continued to increase the most at 12.2%. Electrician (7.1%), drywall installer/finisher (6.7%), and carpenter-general framer (6.5%) costs followed. Roofer and heating/AC mechanic trailed at 5.3%.

Percentage change in costs




Percentage change in costs by month

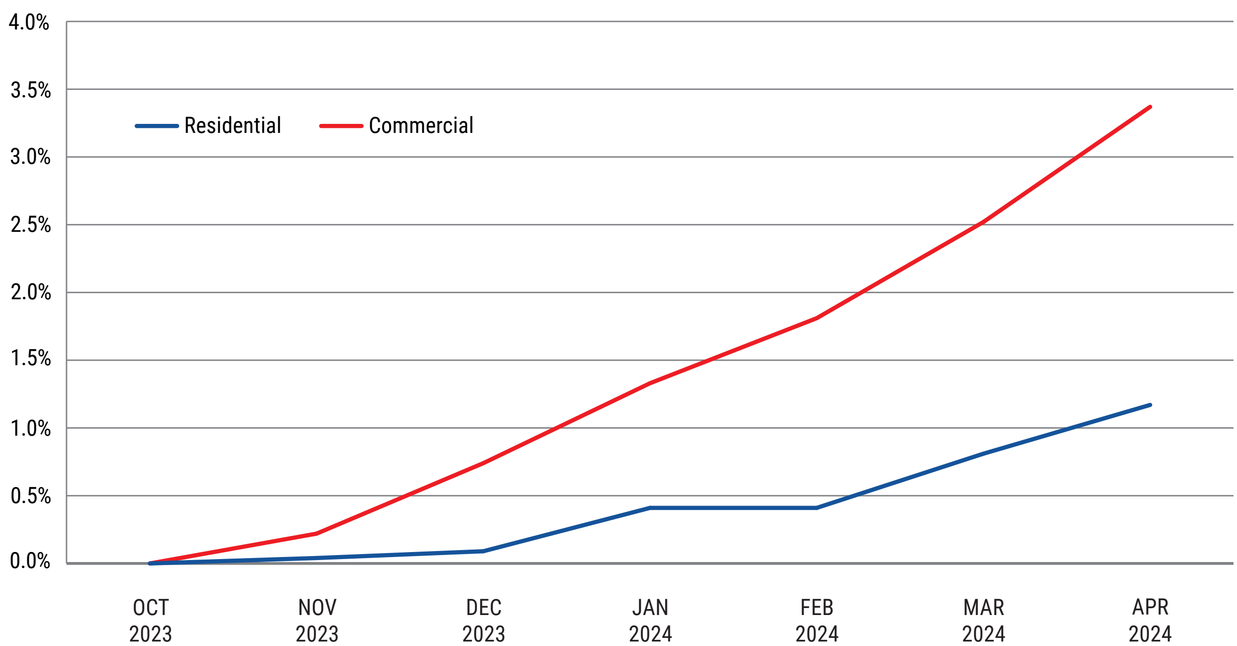


## Announcing: Market Expectations Index—a future-focused look at trends

To help insurers navigate increasing complexity in the market, Verisk has developed the Market Expectations Index for 360Value. The solution combines extensive data sets with analytic expertise and econometric methods. The Market Expectations Index provides 3-, 6- and 12-month outlooks for residential and commercial structures. Calculations incorporate indicators for five key components that provide early signals for reconstruction costs: Lumber, roofing, concrete, drywall, and labor.

The market expectations for reconstruction costs, increased 1.3% from October 2023 to April 2024. The most significant indicator was drywall, increasing by 4.3%.

Percentage change in costs by month




## About this report

The *360Value Quarterly Reconstruction Cost Analysis* is derived from building cost research conducted by Verisk using the industry-leading Xactimate estimating solution.

Our comprehensive research process includes real-time feedback on reconstruction costs from tens of thousands of contractors and claims adjusters, extensive material and labor cost surveys, and analysis of more than 5 million actual damage repair estimates for claims each year.

Verisk also updates reconstruction costs monthly to support providing reliable and timely pricing information. The data contained in this report should not be used as the basis for underwriting, coverage, rating, or renewal decisions, as changes in replacement costs vary dramatically at the individual property level.

**+1.800.888.4476, option 3** / **info@verisk.com** / **verisk.com/360Value**

## Respass, Charity

**From:** James Hubbard <jphubbard65@gmail.com>
**Sent:** Friday, January 5, 2024 10:44 AM
**To:** CouncilMail
**Subject:** Rent Stabilization



The Council needs to vote on the rent stabilization legislation and the amendments proposed. Many Howard County residents testified about the legislation at a Council hearing or submitted written testimony. The rent increases being experienced by many Howard County residents are concerning. This is an important issue. Council members needs show some respect for the citizens of Howard County, do their jobs and take a clear position on this important measure.

Jim Hubbard