

**Office of the County Auditor**  
**Auditor's Analysis**

**Council Resolution No. 162-2024**

Introduced: November 4, 2024

Auditor: Diane Zagorski-Kelly

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Fiscal Impact:

The full fiscal impact of this legislation cannot be determined at this time. Pursuant to the sale of the two parcels at the Long Reach Village Center (LRVC), the County will receive one-time revenue of the sales price less applicable closing costs. According to the Administration, Columbia Concepts, LLC (CC) offered \$2,000,000 to purchase the parcels. Upon approval of Council Resolutions 161-2024 and 162-2024, the complete terms of the Purchase and Sale Agreement will be negotiated.

Closing costs to the County will include a 4.0 percent commission to Chartwell Enterprises. Additional closing costs depend on final agreement terms and may include the following:

- State Transfer Tax of 0.5 percent, and
- Recordation Tax of \$2.50 for every \$500 of the consideration.

Revenues may include the buyer paying a portion of the County's 1.25 percent Transfer Tax.

In Fiscal Year 2025, the Administration expects to receive rent revenue of \$475,000 and incur operating expenditures of \$974,000, thereby resulting in a net loss to the County of \$499,000 for the LRVC. The County has operated and maintained the parcels at an annual net operating loss of approximately \$300,000. Sale of the parcels will eliminate these losses and provide annual savings to the County.

Once redevelopment begins, the County will receive annual tax revenues from new businesses at LRVC including Real Property Tax, Fire Tax, Personal Property Tax, and Income Tax from County resident employees.

Purpose:

Council Resolution 162-2024 seeks Council approval for the sale of two parcels of County owned property totaling 7.71 acres located in the LRVC at 8775 Cloudleap Court in Columbia, Maryland.

Other Comments:

According to the Administration, the County acquired the two LRVC parcels in 2014 and 2015 for a total of \$7,588,762. In April 2014, 6.34 of the 7.71 acres were appraised at an unimproved value of \$4,400,000. The Administration indicated this is the only appraisal available on the two parcels.

As of Tax Year (TY) 2024, the State Department of Assessments and Taxation calculated a combined assessed value of \$11,300,000 for the two parcels. The County will pay the State a net total of \$4,352 in taxes, after applicable credits, for TY 2024.

According to the Administration, the County anticipates the following:

- A request for a Payment in Lieu of Taxes (PILOT) to support the financing of the redeveloped LRVC project. Specific PILOT details have not yet been determined and are subject to Council approval.
- The addition of approximately 157 multi-family units, 42 townhomes, and 137 senior housing units. Average home prices and total assessed property values are currently unknown and subject to market conditions.

Currently, there are no plans to relocate the existing businesses as tenants were made aware of the County's intent to redevelop the LRVC. The discounted rental rates the tenants receive reflect this understanding.

CC intends to provide dedicated physical space for the Community Action Council to continue servicing the community without interruption. According to the LRVC development timeline, CC anticipates taking ownership of the two parcels in October 2026.