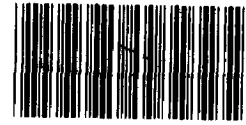




UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548



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GENERAL GOVERNMENT DIVISION

NOV 17 1980

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The Honorable Benjamin S. Rosenthal  
Chairman, Commerce, Consumer, and  
Monetary Affairs Subcommittee  
Committee on Government Operations  
House of Representatives

45E01513

Dear Mr. Chairman:

Subject: [Request for information concerning investor purchases of condominiums and cooperative units] (GGD-81-26)

On October 10, 1980, you requested that the General Accounting Office assist your Subcommittee in its investigation into the Federal response to the growing trend toward the conversion of multifamily rental buildings into condominium or cooperative housing, and how governmental programs and activities are presently affecting this conversion trend. To assist your Subcommittee, you asked that we examine the public property tax and the title records of 50 specific properties owned by the American Invsco Corporation. As a result of your staff's decision to develop the information for 2 of the properties, this total was later reduced to 48.

You said that in pursuing the central issues of your investigation it was necessary to determine to the greatest extent practicable the identity of those individuals who have purchased condominiums or cooperative units for investment purposes. As you requested, our investigation consisted of examining public property tax and title records in the county offices which have jurisdiction over areas where such conversions have taken place. The information to be provided was the name and address of each individual or entity whose address differed from the address of the condominium or cooperative building; the price paid for the unit; the name and address of the mortgagee or other lender; and the amount financed.

We are forwarding the details of our work under separate cover. This contains seven enclosures, each presenting the data collected in each of the seven States we visited. Where appropriate, introductions to these enclosures provide conditions or guidance concerning the use of the information developed.

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Our review of county records revealed that 8 of the 48 properties have not yet been converted to condominiums and are presently being operated by their owners as rental properties. For these properties we have included some information which we found readily available and which may be of interest to the Subcommittee. One other unit, the Oakes of Marymont in San Antonio, Texas, is no longer owned by American Invsco and therefore was not included in our analysis.

For 4 additional properties we found that their conversion to condominiums had only recently taken place and that the county property tax and title records did not yet contain any of the requested information. These properties are so identified.

Our review of the county office property tax and title records for the remaining 35 properties generally resulted in the development of the requested information. However, it should be noted that the completeness and usefulness of the records varied from county to county. For example, in the county offices for the properties in Lakewood and Columbus, Ohio, it was extremely difficult to determine whether or not the owner of the property was also a resident. Review of county records showed that the address of the owner on the property tax record was almost always the same as the address of the unit. Further investigation, however, revealed that county officials routinely send tax bills and assessments to the mortgagee and therefore have little interest in obtaining or recording the owner's address.

Other problems we encountered included the fact that Texas law does not require that the purchase price of a property be included in any way on the documents available in the county offices. As a result, we were unable to obtain this information for those properties located in Dallas, Houston, or San Antonio, Texas. Besides this problem, we also found in Texas that the use of tax records in developing the requested information places some restrictions on the completeness of the data. Our analysis of the number of units sold in condominiums in the Houston, Texas, area showed that over 500 units which have apparently been sold have not yet been listed on the county tax rolls. This problem will probably be a factor in the analysis in other areas.

In general some caution should be placed on the use of the data because of limitations in the records from which it was obtained. For example, several of the units listed as occupied by nonresident owners were so identified because the tax roll mailing address was a P.O. box number, a place of business, or a financial institution. Such a situation does not, however, necessarily indicate that the owner is not a resident of the property.

As arranged with your office, unless you publicly announce the contents earlier, we plan no further distribution of this report until 30 days from the date of the report. At that time, we will make copies available to others upon request.

Sincerely yours,

*W. J. Anderson*

William J. Anderson  
Director