

SC CONCEPT HOUSE, LLC
& SECOND CHANCE, INC.

v.

SUPERVISOR OF
ASSESSMENTS FOR
BALTIMORE COUNTY

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IN THE

MARYLAND TAX COURT

24-MI-BC-0408

MEMORANDUM AND ORDER

The Petitioners come to this Court seeking a reversal of the decision by the Property Tax Assessment Appeals Board (“PTAAB”) affirming the denial of the Petitioners’ applications for real property tax exemption. SC Concept House, LLC owns the property at issue.¹ The limited liability company’s membership is wholly comprised of membership interests held by the non-profit corporation, Second Chance, Inc. The property, dubbed the Concept House, is an example of renewable deconstruction and contains various materials that were recycled into its rehabilitation construction. It showcases not only the salvaged materials that others can use in their homes, but the workforce development and trainings of the Second Chance, Inc. employees that worked to bring the Concept House to fruition. The Concept House is also a place where nonprofits from around Baltimore County can hold events. The showcasing, learning opportunities, and events, however, are not the primary use of the Concept House. It is first and foremost a private home in which the Founder and President of Second Chance, Inc. and his wife live.

Neither the Supervisor of Assessments for Baltimore County nor the PTAAB agreed that this property was eligible for a tax exemption under MD. CODE ANN., TAX-PROP. § 7-202

¹ It appears that the limited liability company’s sole purpose is to own this property.

(2023). For the reasons stated below, this Court agrees and will affirm the decision of the PTAAB.

The requirements for an exemption under the statute are two-fold: 1) the “property is necessary for and actually used exclusively for a charitable . . . purpose to promote the general welfare of the people of the State . . .” and 2) the property is owned by a nonprofit.² The Respondent agreed with the Petitioners that the property was owned by a nonprofit limited liability company. Therefore, the true issue is the first one: the property must be actually used by the educational or charitable institution and the use of the property must be reasonably necessary for the charitable or educational work of the institution. *Maryland State Fair & Agric. Soc’y, Inc. v. Supervisor of Assmts.*, 225 Md. 574 (1961). Similarly stated, there are four essential factors in determining an exemption for a charitable purpose: 1) examining the stated purposes of the organization, 2) examining the actual work performed, 3) examining the extent that the work benefits the community and public welfare in general, and 4) examining support provided by donations. *Supervisor of Assmts. v. Har Sinai W. Corp.*, 95 Md. App. 631, 638 (1993) (internal citations omitted). Also, tax exemptions are strictly construed in favor of the government. *Id.* at 639 (internal citations omitted).

Given that SC Concept House, LLC’s membership is only owned by Second Chance, Inc., the Court looks through the limited liability company to the nonprofit corporation’s activities. Second Chance, Inc. is a nonprofit aimed at multiple functions: recycling, remediation and reuse, job training and workforce development, deconstruction services, serving as a community center and support, maintaining a retail outlet, historic preservation, and architectural and landscape salvage. Pet’rs’ Ex. 1.

² MD. CODE ANN., TAX-PROP. § 7-202 (b)(i) & (ii) (2023).

The Concept House is a reconstructed house in Baltimore County. The house is 8,500 square feet with an additional basement and garage space summing the total to 13,000 square feet. Mr. Foster, the Founder and President of Second Chance, Inc., purchased the land and the previous improvements in 2013. He then deconstructed the house with the help of Second Chance, Inc. workers. From 2015 until 2018, Mr. Foster and his wife personally paid to rebuild the house. From 2019 to the present, the Fosters have been placing recycled and delivered building materials from Second Chance, Inc. into the house. In 2020, the Fosters began to live in the Concept House full-time and continue to pay out of pocket for additional construction and renovation. SC Concept House, LLC purchased the house from the Fosters in 2022 for \$1.5 million.

Petitioners argue that residency is not the primary purpose of Concept House, even though the Fosters continue to live there full-time and appear to enjoy the property rights of living there. Petitioners argue that the house operates like a showroom or museum for some of the donations installed in the home. See generally Pet'rs' Ex. 3. Further, as part of the job training program, workers help with setting up and staffing the nonprofit events and meetings that are held at the Concept House, as well as tell their compelling personal stories at those events. A list of events held at the Concept House from 2022 and 2023 showed a total of twenty-one events. Pet'rs' Exhibit 4.

The facts show the Concept House did not hold the property for the sole benefit of Second Chance, Inc. First, this is the principal residence of the Fosters. While the property was sold to the SC Concept House, LLC (a proxy for Second Chance, Inc.) and the Fosters utilized Second Chance, Inc. deconstruction workers, the Fosters reconstructed the property, installing items in the property from Second Chance, Inc.'s store and private donations. While the Concept

House continues to be a working project, the deconstruction efforts and the workforce development programming related to those efforts appeared to be completed before the levy years.

Second, the Concept House is only used as a venue or community bettering environment less than monthly. *Id.* This cannot reach the level of primary use of the house for educational or charitable purposes. Further, those events are not part of Second Chance, Inc.’s core functions or mission.

Third, the Concept House does not store materials or donations for sale. As a limited showroom, it is not open to the public like the warehouse. Arguably, the entire house will be sold with the salvaged materials and installed pieces, but the law demands that the property be “actually used,” not anticipated or expected in its use for charitable purposes. See generally *Friends School v. Supervisor of Assmts.*, 314 Md. 194 (1988).

In an analogy, the Petitioners argue that the Concept House was similar to faculty residing on the campus of the St. Paul’s Schools. Teachers and other staff live on the school grounds in addition to teaching and working there. That situation is not analogous as the educational-related tax exemptions are different than charitable-purpose ones (and for that matter, religious-purpose ones). This is because formal instruction need not take place on an educational-related property and the Court does not take a “confining definition of ‘educational purpose,’” nor has it in the past. *Balt. Sci. Fiction Soc’y., Inc. v. State Dep’t of Assessment & Taxation*, 384 Md. 402, 412 (Md. 2004). Unlike the St. Paul’s Schools, which offer formal instruction and can be described as full-time or exclusive education facilities, Petitioners have failed to show that charitable use occurred for even half the year on their property. The job training program tied to the events hosted at the Concept House totaled twenty-one events over

two years. The deconstruction work appeared to have finished before the levy years.

As such, the Court reasonably deduces that the Fosters use and enjoy all the property and its grounds. Without additional programming or events tied closely with the objectives and mission of Second Chance, Inc., the property is primarily used as a private residence. Accordingly, it is this 20th day of March 2025, by the Maryland Tax Court **ORDERED** that the decision of the PTAAB in the above-captioned case be and hereby is **AFFIRMED**.

CC: Alexander Bushel, Esq.

Allison Smart, Esq.

Katrina Wiggins, Admin.

CERTIFIED TRUE COPY
TEST: Andrew Berg, Clerk

NOTICE: You have the right of appeal from the above Order to the Circuit Court of any County or Baltimore City, wherein the property or subject of the assessment may be situated. The Petition for Judicial Review **MUST** be filed in the proper Court within thirty (30) days from the date of the above Order of the Maryland Tax Court. Please refer to Rule 7-200 et seq. of the Maryland Rules of Court, which can be found in most public libraries.