

Sayers, Margery

From: Thea <theagolub@comcast.net>
Sent: Tuesday, July 03, 2018 9:32 PM
To: CouncilMail
Subject: Erickson Living CCRC

We are send this message in order to support the proposed project of the Erickson Living CCRC. We feel that such a facility would greatly benefit the seniors who want to make Howard County their home. Erickson Living, their organization and opportunities for seniors, has an outstanding reputation. We had previously lived in Howard County, moved away in retirement, and are looking forward to returning to live in Howard County to be near family as we continue to need more services as we age. Senior facilities offer a good tax base for a county without consuming resources that families with children use. Senior citizens have much to offer in the way of volunteering where they live.

Thanks for your consideration of this matter.

Sincerely,

Elliott and Thea Golub
181 Turkey Drive,
Massanutten, VA 22840

Sent from XFINITY Connect App

Sayers, Margery

From: Erskine, William <werskine@offitkurman.com>
Sent: Friday, July 06, 2018 8:53 AM
To: CouncilMail
Subject: Council Bill No. 59-2018 Fiscal Impact Analysis of Erickson Living Continuing Care Retirement Community
Attachments: Erickson Howard County Revised 06272018.pdf

Dear Council Members:

Attached please find a fiscal impact analysis relating to the Erickson Living Continuing Care Retirement Community proposed to be located in Clarksville. In preparing this analysis, Erickson has directed its consultant to evaluate the proposal based upon a pro rata cost basis as opposed to only using a marginal cost basis. We understand that the use of pro rata costs is a more conservative method of evaluating the fiscal impact to a local jurisdiction.

You will note that the proposed Erickson Living Continuing Care Retirement Community yields a positive estimated net fiscal impact to Howard County in excess of \$4MM per year in perpetuity.

William E. Erskine

Principal

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SUMMARY EVALUATION
FISCAL AND ECONOMIC EFFECTS
ERICKSON LIVING AT LIMESTONE VALLEY
BY
ERICKSON LIVING
IN
HOWARD COUNTY, MARYLAND

Richard B. Reading Associates
Princeton, New Jersey

June 27, 2018

TABLE OF CONTENTS

	<u>Page</u>
Fiscal Impact Summary	I
Introduction	1
Economic Base and Fiscal Trends	2
Population and Housing	4
School Enrollments	10
Commercial Development	12
Ratable Base and Tax Rate	15
Ratable Base	15
County Expenditures	16
Real Estate Tax Rates	16
Options for Senior Living	19
Project Description	19
Added Services	20
Impact Analysis	22
Fiscal Impact	22
Assumptions, Conditions and Qualifications	23
County Impact	24
County Costs	24
Residential Costs	25
Commercial Costs	26
Cost Allocations	28
County Revenues	29
Local Tax Revenues	29
Other Local Revenue Sources	31
Fiscal Summary	31
Fiscal Impact Overview	32

FISCAL IMPACT SUMMARY

- Erickson Living proposes to develop a campus style Continuing Care Retirement Community (CCRC) a 61.0+/- acre tract of land in Howard County, Maryland. The proposed CCRC would contain independent living, assisted living and skilled nursing units in a series of linked neighborhoods/facilities consisting of multiple mid-rise residential buildings which will surround shared community buildings.
- Projections prepared by the Maryland Department of Planning and adopted by Howard County indicate a significant future increase in the number of persons aged 65 or older living in the County. As of the Census of 2010 were 29,045 persons aged 65 or older living in the County, with projected increases to 50,050 persons in 2020 and 72,330 persons in 2030. The 2030 projected total of 72,330 persons aged 65 or older is nearly four times the total number of persons in that age group living in the County in 2000, and the anticipated rate of population growth for this group from 2010 to 2030 is 2,164 persons per year, a level 2.8 times the rate recorded from 1980 to 2010.
- Approximately 1,200 independent living units are to be built within the proposed CCRC and will include one-bedroom and two-bedroom units. In addition to the independent living units, the campus will also contain assisted living, skilled nursing, and memory care units. This portion of the community is to be built in phases based upon the need for assisted living, skilled nursing, and memory care units. It is expected that at build-out, there will be approximately 240 assisted living units and skilled nursing beds, including specialized units to care for Alzheimer's patients. At completion the proposed development would be expected to have a resident population of approximately 1,700 persons.
- An assessed value of \$260,400,000 is estimated for the proposed retirement community, equal to a 0.49 percent increase in Howard County's current total real property valuation of \$53.1 billion.
- Erickson Living will provide a full range of services for the residents of the proposed development, including first response/medical aid, security, road maintenance, street lighting and social services, all of which are services which are typically provided by local or regional government units for the benefit of their respective constituents. The self contained nature of the development coupled with the broad range of services provided within the community will minimize the reliance by the residents of the proposed development upon the resources of Howard County.
- The methodology used in preparing this fiscal evaluation assumes that the proposed development was complete, in operation, assessed and taxed during the most recent calendar year. This assumption hypothesizes that the development had been in place during 2018. By preparing this analysis on a current (2018) basis, actual cost and revenue data for Howard County may be utilized, and many factors subject to speculation, such as future property values, future tax rates, future County government and school appropriations and the influence of other prospective developments in the County may be avoided.

- Utilizing the proportional appropriations observed in Howard County, local tax supported costs of between \$1,481,600 and \$2,755,610 have been allocated to the proposed development. The upper limit of the estimated added costs of \$2,755,610 would indicate that County appropriations would be expected to increase by less than 0.25 percent in order to maintain the same level and quality of services to the County's existing properties. This information is further detailed on pages 24-29 of this analysis.
- The tax revenues which the County would have received for local purposes had the proposed development been completed and occupied during 2018 have been calculated to amount to \$6,870,588. The anticipated revenues resulting from the proposed CCRC (\$6,870,588) are 2.5 times the anticipated annual service costs (\$2,755,610), and yield an annual revenue surplus of \$4,114,978. This information is further detailed on pages 29-31 of this analysis.
- The proposed CCRC is a retirement community with residents in their 60's and older. Accordingly, the proposed CCRC will not generate children to be educated by the County's public schools or place demands on the County's park and recreation facilities to the degree that traditional family housing would.

INTRODUCTION

The ensuing Summary Evaluation has been undertaken on behalf of Erickson Living to provide an assessment of the anticipated fiscal and economic effects resulting from the development of a Continuing Care Retirement Community (CCRC) on a 61.0+/- acre tract of land situated in the south-central (Clarksville) portion of Howard County in central Maryland. The data and evaluations contained on the following pages describe the nature and magnitude of the planned development and calculate the added cost of tax supported services resulting from the new development as well as the additional tax revenues expected to be generated by the project.

The research and analysis undertaken herein provide information whereby changes in services and facilities necessitated by the proposed community can be accomplished smoothly, with foresight, and without interruption of existing operations. Of particular concern in the following evaluation is detailed information pertaining to:

- a) the economic base and fiscal infrastructure of Howard County;
- b) the nature, scope and magnitude of the proposed development; and
- c) the fiscal impact of the development upon County government and school operations.

ECONOMIC BASE AND FISCAL TRENDS

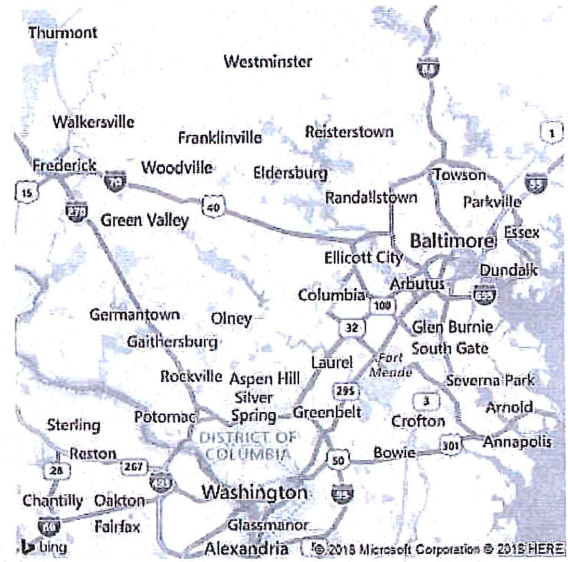
Before proceeding to the project description and the estimate of the net fiscal impact associated with the development and occupancy of the proposed CCRC, a review of the existing economic base and fiscal structure of the County will provide a useful insight into the cost/revenue relationships to be assessed. The County is centrally located within Maryland and is part of the greater Washington, DC-Baltimore metropolitan area, and is surrounded by the Maryland counties of Anne Arundel, Baltimore, Carroll, Frederick, Montgomery, and Prince George's. Howard County's location within Maryland as well as the immediately surrounding area is shown on Figure 1.

Howard County includes approximately 253 square miles of land area, and as such is the second smallest of Maryland's twenty-three counties, though it is the fifth most populous of the State's counties. A very significant portion of the County's land area and housing base is located within Columbia, a planned community developed by the Rouse Company dating back fifty years. The proposed CCRC is to be located in the unincorporated Clarksville section of Howard County. It is the County government that provides essential government services and public school education to the residents and businesses in Howard County. The County also implements long range planning initiatives that coordinate the County's planning, zoning, facilities, open space and other cultural and historic plans and programs.

Howard County was established in 1851 when the former Howard District, a governmental part of Anne Arundel County, became a separate county. Several small towns were established within Howard County during the 19th century but development remained sparse through the 1960's when the Rouse Company assembled several land parcels and began developing its master planned development of Columbia. During the past several decades the County has been in transition with significant increases in population and development occurring as a result of developing commutation patterns and the suburbanization of the Washington -Baltimore metropolitan area.

FIGURE 1

Howard County, Maryland



Population and Housing

In 1900, the County contained a total population of 16,715 persons, a figure that increased only moderately over the next half century with a population total of 23,119 persons reported in 1950. By 1960, the County's population amounted to 36,152 persons and since 1960 the County's population base has increased significantly while the County has increased its share of the state's resident population. Population totals for Howard County were 61,911 persons in 1970; 118,572 persons in 1980; 187,328 persons in 1990, 247,842 persons in 2000 and 287,085 persons in 2010. The significant population increases in the County in recent years are expected to continue for the immediate future. Recent projections prepared by the Maryland Department of Planning and provided by the Maryland State Data Center indicate the anticipation of significant population increases in the next few decades with an anticipated 2020 population within the County of 332,250 persons and with further increases to 357,100 persons by 2030 and 366,350 persons by 2040. It is projected that there will be nearly three times as many people living in the County in 2020 as there were in 1980. These trends and projections are set forth below.

Howard County Population Trends and Projections

1900	16,715	1970	61,611
1910	16,106	1980	118,572
1920	15,826	1990	187,328
1930	16,169	2000	247,842
1940	17,185	2010	287,085
1950	23,119	2020	332,250
1960	36,152	2030	357,100
		2040	366,350

As may be determined from the table above, the rate of population growth in the County was 56.4 percent during the 1960's, and amounted to 70.4 percent in the 1970's, 95.5 percent in the 1980's, 58.0 percent in the 1990's, 32.3 percent in the 2000's, and 15.8 percent during the 2010's. Since 1980 the County has averaged a net annual population increase of 4,213 persons and is

expected to increase by 3,501 persons per year from 2010 to 2030. The average household size in Howard County has decreased over time, averaging 2.97 persons per household in 1980 and 2.74 persons per household in 2015.

At the time of the 2010 Census, there were 287,085 persons living in Howard County including 284,763 persons living in 104,749 of the County's 109,282 total housing units and 2,332 persons living in group quarters. Owner occupancy was the dominant form of tenure, with an estimated 105,360 (73.6 percent) homes being owner occupied while 24.6 percent were renter-occupied. Single family "detached" housing units represented 53.8 percent of all housing units within Howard County with single family "attached" homes representing an additional 19.9 percent of the County's housing units. The median housing value of owner occupied housing units in the County was \$415,400, a level 37.8 percent higher than the Maryland median housing value of \$301,400. Of the County's 104,749 occupied housing units at the time of the 2010 Census, it is estimated that 42.5 percent of all households had been moved into by their residents since 2005 and 62.3 percent of the homes in the County had moved into by the householder since 2000. Detailed 2010 Census population data for the county is provided as Table 1, and detailed 2010 Census housing data for the county is provided as Table 2. Comparable data for the State is provided as Tables 3 and 4.

At the time of the 1970 Census, the portion of the County's total population represented by persons aged 65 and older was 5.4 percent with a total of 3,327 persons in that age cohort. By 1980 the number of persons aged 65 or older in Howard County had nearly doubled to 6,081 persons representing 5.1 percent of the County's total population. This age group was reported to have increased to a total of 11,330 persons in 1990 with an additional increase to 18,468 persons by 2000 when persons aged 65 or older represented 7.5 percent of the total population of Howard County. The 2010 Census reports a total of 29,045 persons aged 65 or older living in Howard County, representing 10.0 percent of the County's population. From 1970 to 2010 the number of persons aged 65 or older living in Howard County increased nearly ninefold and increased as a share of the total population from 5.4 percent to 10.0 percent. Projections prepared by the Maryland Department of Planning in its July 2014 Demographic and Socio-Economic Outlook indicate the expectation of a significant increase in the number of persons aged 65 or older living in the County.

HOWARD COUNTY, MARYLAND
2010 CENSUS

TABLE 1

Subject	Number	Percent
SEX AND AGE		
Total population	287,085	100.0
Under 5 years	17,363	6.0
5 to 9 years	20,557	7.2
10 to 14 years	22,451	7.8
15 to 19 years	20,352	7.1
20 to 24 years	14,727	5.1
25 to 29 years	17,729	6.2
30 to 34 years	17,632	6.1
35 to 39 years	19,716	6.9
40 to 44 years	23,157	8.1
45 to 49 years	26,164	9.1
50 to 54 years	23,421	8.2
55 to 59 years	19,178	6.7
60 to 64 years	15,593	5.4
65 to 69 years	10,770	3.8
70 to 74 years	6,846	2.4
75 to 79 years	4,823	1.7
80 to 84 years	3,454	1.2
85 years and over	3,152	1.1
Median age (years)	38.4	(X)
16 years and over	221,949	77.3
18 years and over	212,421	74.0
21 years and over	203,788	71.0
62 years and over	38,123	13.3
65 years and over	29,045	10.1

HOUSEHOLDS BY TYPE		
Total households	104,749	100.0
Family households (families) [7]	76,333	72.9
With own children under 18 years	38,764	37.0
Husband-wife family	61,671	58.9
With own children under 18 years	30,677	29.3
Male householder, no wife present	3,639	3.5
With own children under 18 years	1,756	1.7
Female householder, no husband present	11,023	10.5
With own children under 18 years	6,331	6.0
Nonfamily households [7]	28,416	27.1
Householder living alone	22,903	21.9
Male	9,640	9.2
65 years and over	1,810	1.7
Female	13,263	12.7
65 years and over	4,944	4.7
Households with individuals under 18 years	41,154	39.3
Households with individuals 65 years and over	21,144	20.2
Average household size	2.72	(X)
Average family size [7]	3.2	(X)

HOWARD COUNTY, MARYLAND
2010 CENSUS

TABLE 2

HOUSING OCCUPANCY		
Total housing units	109,282	100.0
Occupied housing units	104,749	95.9
Vacant housing units	4,533	4.1
For rent	1,779	1.6
Rented, not occupied	107	0.1
For sale only	949	0.9
Sold, not occupied	336	0.3
For seasonal, recreational, or occasional use	418	0.4
All other vacants	944	0.9

HOUSING TENURE		
Occupied housing units	104,749	100.0
Owner-occupied housing units	77,193	73.7
Population in owner-occupied housing units	220,400	
Average household size of owner-occupied units	2.86	
Renter-occupied housing units	27,556	26.3
Population in renter-occupied housing units	64,363	
Average household size of renter-occupied units	2.34	

MARYLAND
2010 CENSUS

TABLE 3

Subject	Number	Percent
SEX AND AGE		
Total population	5,773,552	100.0
Under 5 years	364,488	6.3
5 to 9 years	366,868	6.4
10 to 14 years	379,029	6.6
15 to 19 years	406,241	7.0
20 to 24 years	393,698	6.8
25 to 29 years	393,548	6.8
30 to 34 years	368,494	6.4
35 to 39 years	377,409	6.5
40 to 44 years	418,163	7.2
45 to 49 years	461,585	8.0
50 to 54 years	440,619	7.6
55 to 59 years	377,989	6.5
60 to 64 years	317,779	5.5
65 to 69 years	226,596	3.9
70 to 74 years	159,761	2.8
75 to 79 years	124,579	2.2
80 to 84 years	98,580	1.7
85 years and over	98,126	1.7
Median age (years)	38	(X)
16 years and over	4,584,109	79.4
18 years and over	4,420,588	76.6
21 years and over	4,175,913	72.3
62 years and over	890,542	15.4
65 years and over	707,642	12.3

HOUSEHOLDS BY TYPE		
Total households	2,156,411	100.0
Family households (families) [7]	1,447,002	67.1
With own children under 18 years	651,028	30.2
Husband-wife family	1,026,739	47.6
With own children under 18 years	439,471	20.4
Male householder, no wife present	104,375	4.8
With own children under 18 years	47,191	2.2
Female householder, no husband present	315,888	14.6
With own children under 18 years	164,366	7.6
Nonfamily households [7]	709,409	32.9
Householder living alone	563,003	26.1
Male	234,157	10.9
65 years and over	53,018	2.5
Female	328,846	15.2
65 years and over	135,362	6.3
Households with individuals under 18 years	738,706	34.3
Households with individuals 65 years and over	516,358	23.9
Average household size	2.61	(X)
Average family size [7]	3.15	(X)

MARYLAND
2010 CENSUS

TABLE 4

HOUSING OCCUPANCY		
Total housing units	2,378,814	100.0
Occupied housing units	2,156,411	90.7
Vacant housing units	222,403	9.3
For rent	61,874	2.6
Rented, not occupied	3,742	0.2
For sale only	32,883	1.4
Sold, not occupied	6,586	0.3
For seasonal, recreational, or occasional use	55,786	2.3
All other vacants	61,532	2.6
Homeowner vacancy rate (percent) [8]	2.2 (X)	
Rental vacancy rate (percent) [9]	8.1 (X)	

HOUSING TENURE		
Occupied housing units	2,156,411	100.0
Owner-occupied housing units	1,455,775	67.5
Population in owner-occupied housing units	3,940,520	
Average household size of owner-occupied units	2.71	
Renter-occupied housing units	700,636	32.5
Population in renter-occupied housing units	1,694,657	
Average household size of renter-occupied units	2.42	

By 2020, it is projected that there will be 50,050 persons aged 65 or older living in the County, with further increases to 72,330 persons in 2030 and 83,570 persons in 2040. The 2020 projected total of 50,050 persons aged 65 or older is nearly three times the total number of persons in that age group living in the County in 2000, and the anticipated rate of population growth for this group from 2010 to 2030 is 2,165 persons per year, a level 2.8 times the 765 persons per year average rate recorded from 1980 to 2010. It is projected that by 2030, 20.3 percent of the County's total population will be age 65 or older, representing one of every 4.9 persons living in the county. This information is further detailed on Table 5.

Howard County has established an Office on Aging and Independence which has produced a "Master Plan for the Aging Population" in order to anticipate and prepare for the "types of services, programs and facilities" associated with the rapidly expanding 65+ portion of the County's population. The County expects that from 2020 to 2040 the number of persons living in the county younger than age 65 will remain relatively constant, while the 65+ portion of the population is expected to increase by 44 percent during the 2020's and an additional 15 percent during the 2030's. Part of the Master Plan is comprised of a list of the apartments, assisted living facilities, retirement communities, etc. that presently provide age and need appropriate housing opportunities for the senior portion of the population. That senior (65+) portion of the population is expected to more than double in number between 2015 and 2040, with some portion of that age cohort in need of a different form of housing.

School Enrollments

The significant increase in population within Howard County during the past decades has been accompanied by a corresponding increase in the County's school enrollments. During 1980, the Howard County Public School System (HCPSS), serving all of Howard County, reported a total enrollment of 25,228 students. Between 1980 and 1990, the number of students in the HCPSS increased by 18.9 percent to a total of 30,002 students and further increased to a total of 44,525 students in 2000. Between 2000 and 2010, the number of students in the County increased by 12.3 percent to a total of 49,991 students and further increased to a total of 55,638 students in 2017. The average annual increase in student enrollment from 2000 to 2017 was 654 net new students per year,

	Historical					Projected					
	1970	1980	1990	2000	2010 *	2015	2020	2025	2030	2035	2040
Population Characteristics:											
Total Population	61,911	118,572	187,328	247,842	287,085	309,050	332,250	346,500	357,100	363,500	366,350
Male	31,173	59,244	93,249	121,774	140,593	151,490	162,870	169,720	174,820	177,980	179,700
Female	30,738	59,328	94,079	126,068	146,492	157,560	169,390	176,780	182,290	185,510	186,640
Non-Hispanic White **	N/A	100,311	153,552	180,800	169,972	169,380	164,590	156,960	149,660	142,470	133,940
All Other **	N/A	18,261	33,776	67,042	117,113	139,670	167,670	189,540	207,450	221,020	232,400
Selected Age Groups:											
0-4	5,702	8,224	15,352	18,248	17,363	17,950	19,720	20,940	21,320	20,510	19,490
5-19	19,961	31,791	37,275	55,837	63,360	64,470	65,540	65,830	66,730	67,390	66,620
20-44	21,894	52,064	88,243	96,212	92,961	97,220	106,260	111,100	112,620	112,290	107,760
45-64	11,027	20,412	35,128	59,077	84,356	90,250	90,690	87,380	84,110	83,680	88,920
65+	3,327	6,081	11,330	18,468	29,045	39,150	50,050	61,260	72,330	79,640	83,570
Total	61,911	118,572	187,328	247,842	287,085	309,050	332,250	346,500	357,100	363,500	366,350
Total Household Population	60,673	117,467	185,371	244,224	284,763	306,492	329,396	343,312	353,506	359,454	361,894
Total Households	16,880	39,989	68,337	90,043	104,750	112,850	123,325	130,475	137,275	141,475	144,550
Average Household Size	3.59	2.94	2.71	2.71	2.72	2.72	2.67	2.63	2.58	2.54	2.50
Labor Force:											
Total Population 16+	40,346	86,969	143,338	185,381	221,950	243,430	263,890	276,290	285,590	292,410	297,090
In Labor Force	25,042	63,233	113,580	139,885	163,520	174,290	185,070	189,300	191,350	192,160	192,960
% in Labor Force *	62.1	72.7	79.2	75.5	73.7	71.6	70.1	68.5	67.0	65.7	65.0
Male Population 16+	20,141	42,990	70,462	89,426	107,100	117,660	127,490	133,460	138,020	141,520	144,200
In Labor Force	16,704	36,166	60,947	73,844	85,510	91,560	97,130	99,690	101,270	102,300	103,360
% in Labor Force *	82.9	84.1	86.5	82.6	79.8	77.8	76.2	74.7	73.4	72.3	71.7
Female Population 16+	20,205	43,979	72,876	95,955	114,850	125,770	136,400	142,830	147,570	150,890	152,890
In Labor Force	8,338	27,067	52,633	66,041	78,010	82,730	87,940	89,610	90,080	89,860	89,600
% in Labor Force *	41.3	61.5	72.2	68.8	67.9	65.8	64.5	62.7	61.0	59.6	58.6
Jobs by Place of Work :	22,397	56,654	105,751	159,188	189,573	216,100	235,200	247,000	258,200	269,300	281,000
Personal Income :											
Total (million of constant 2009\$)	\$1,617.5	\$4,120.2	\$7,924.1	\$13,578.9	\$18,412.2	\$20,940.9	\$24,796.8	\$27,506.6	\$29,635.7	\$31,511.8	\$33,231.6
Per Capita (constant 2009\$)	\$25,386	\$34,377	\$41,845	\$54,405	\$63,825	\$67,759	\$74,633	\$79,384	\$82,990	\$86,690	\$90,710

** For 2010 to 2040 non-hispanic white population is equal to "non-hispanic white alone", and all other population is equal to "all other races", alone and two or more races.

* Labor force participation rates for 2010 are estimates based on the 2008-2012 American Community Survey. These participation rates are applied to the Census 2010 population by age/sex to yield labor force estimates.

SOURCE: Projections prepared by the Maryland Department of Planning, July 2014. Population and household data from 1970 thru 2010 are from the U.S. Census Bureau, as is the labor force data from 1970 thru 2000. Labor force participation rate data for 2010 is an estimate by the Maryland Department of Planning based on 2008-2012 American Community Survey data. 1990 race and sex population is from modified age, race, sex data (MARS) and 2000 race and sex population from modified race data, both from the U.S. Census Bureau. Historical jobs, total personal income and per capita personal income data are from the U.S. Bureau of Economic Analysis.

Projections are rounded, therefore numbers may not add to totals.

and the 2017 enrollment of 55,638 students is 1.25 times the 2000 public school enrollment total of 44,525 students and 2.2 times the 1980 enrollment total of 25,228 students. The average number of public school children (PSC) per household in Howard County has decreased from 0.63 PSC per household in 1980 to an average of 0.49 PSC per household in 2015.

The 2018 school budget's general operating fund budget, encompassing salary and benefits plus transportation, utilities, supplies, non-public school placements, technology services and maintenance, totaled \$819,106,284, indicating an average general operating fund expenditure of \$14,421 per student. The HCPSS total expenditure budget of \$1,079,753,831, which in addition to the foregoing costs includes grant programs, food and nutrition, wastewater treatment, theater, school construction, printing, technology, health, and other separately funded programs equates to a total expenditure of \$19,407 per student. School district enrollments are expected to increase to 57,942 students by the 2019 school year, with a school district budget of \$1,134,416,060, yielding an average per pupil cost (total budget) of \$19,578. Historic enrollments and recent budgets are summarized below.

Howard County Public School Enrollments

School Fiscal year	<u>1990</u>	<u>1995</u>	<u>2000</u>	<u>2010</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Fall Enrollment	30,002	37,323	44,525	49,991	55,638	56,799	57,942

**Howard County School District
Projected Enrollments and Expenditures**

2017/18-2019/20

School Year	2017/18	2018/19	2019/20
General Fund Budget (\$)	798,418,984	819,106,284	850,682,321
Total School Budget (\$)	1,077,630,676	1,079,753,831	1,134,416,060
Projected Enrollment	55,638	56,799	57,942
Projected General Cost (\$)/Student	14,350	14,421	14,682
Projected Total Cost (\$)/Student	19,368	19,407	19,578

The Howard County Public Schools include 41 elementary schools (grades Pre-K to 5), 20 middle schools(grades 6,7,and 8); 12 high schools (Grades 9-12); as well as 3 additional special schools.

Commercial Development

In addition to the County's increasing residential base, the commercial component of the County's property base has also increased in magnitude in the past several years. In recent decades the focus and concentration of economic activities in Howard County has shifted from its former agricultural and light manufacturing base to a more diversified base reflective of a developing suburban area. According to data provided by the Bureau of the Census, during 1990 there were 5,384 businesses within the County with employment totaling 90,310 persons and payrolls of \$2.250 billion. By 1995, there were 6,374 businesses reported within the County with 97,851 employees. A continued expansion of the local economy resulted in a total of 8,163 businesses with 145,239 employees and aggregate payrolls of \$7.138 billion in 2005. By 2010 these totals had increased to 8,581 establishments, 150,997 employees, and payrolls of \$8.627 billion. The most recent date provided by the Census indicates a 2016 total of 9,374 businesses with 176,059 employees and payrolls of \$10.814 billion. The number of businesses within the County increased by 74.1 percent from 1990 to 2016 and the number of employees within the county increased by nearly 95 percent. During 2016, the professional, scientific and technical services sector of the economy accounted for the greatest number of jobs within the county, with a total of 42,102 jobs representing 23.9 percent of the county's employment base. This information is further detailed below.

US Bureau of the Census County Business Patterns Howard County, Maryland

	<u>Employees</u>	<u>Payroll \$000</u>	<u>Establishments</u>	<u>Average Payroll \$</u>	<u>Employee/ Establishment</u>
1990	90,310	2,250,520	5,384	24,920	16.8
1995 ¹	97,851	3,057,697	6,374	31,248	15.4
2005	145,239	7,138,245	8,163	49,148	17.8
2010	150,997	8,627,141	8,581	57,135	17.6
2011	152,384	8,905,019	8,547	58,438	17.8
2012	157,128	9,256,223	8,745	58,909	18.0
2013	165,518	9,724,038	8,946	58,749	18.5
2014	168,040	10,046,930	9,139	59,789	18.4
2015	168,100	10,513,964	9,225	62,546	18.2
2016	176,059	10,814,141	9,374	61,423	18.8

¹Estimated payroll

During 2016, a majority of the business establishments in Howard County employed fewer than 10 employees. There were 4,902 Howard County businesses with one to four employees and 1,584 Howard County businesses with five to nine employees for a total of 6,486 businesses with fewer than 10 employees representing 69.2 percent of all businesses operating within the county.

RATABLE BASE AND TAX RATE

The economic and demographic characteristics of Howard County are reflected in the County's ratable base, and changes in the County's household base and commercial development may be examined in terms of the per parcel and total valuations (assessments) of the taxable properties in the County.

Ratable Base

In the State of Maryland, real properties are assessed at full market value and applicable State and local taxes are applied to the property's assessed value. The actual value used for assessment purposes is the market value of the property as determined by either replacement costs, comparable sales or capitalization of income. The property tax revenues generated through the imposition of the tax rates fund the various operations provided to property owners by the county government and all local taxing authorities, including schools, roads, fire protection, police protection, and other local services. Revenues generated within a County stay within the County, and in general are not used to fund state supplied services. As of mid year 2017, the total combined taxable real property valuation in Howard County amounted to \$53.118 billion. This information, which is provided by the Maryland State Department of Assessment and Taxation, is summarized below:

HOWARD COUNTY PROPERTY ASSESSMENTS-2017

	<u>Parcels</u>	<u>Value \$</u>	<u>Value/Parcel \$</u>
Agricultural	1,131	424,789,070	375,587
Country Clubs	1	4,302,433	4,302,433
Residential	64,910	29,197,172,188	449,810
Condominiums	8,392	1,531,105,154	182,448
Residential Commercial	17	9,586,300	563,900
Commercial	1,799	4,544,601,155	2,526,182
Industrial	809	3,489,216,695	4,313,000
Commercial Condo	1,400	630,521,979	450,373
Apartments	152	2,324,481,198	15,292,639
Commercial Residential	149	45,323,934	304,187
Townhouses	24,326	7,458,252,853	306,596
Partial Exempt	0	299,656,353	0
<u>Exempt</u>	<u>3,477</u>	<u>3,158,502,912</u>	<u>908,399</u>
TOTAL	106,563	53,117,512,224	498,461

County Expenditures

The Howard County budget as presented is comprised of two broad sections. The General Fund budget includes general use tax revenues, including property taxes and income taxes, and expenditures such as education, police, snow removal and libraries. The General Fund budget receives 92.0 percent of its funding from various taxes collected within the county, and comprises slightly less than seventy percent of the total Howard County budget. Added expenditures included within the All Funds Budget are represented by restricted funds which are dedicated for specific purposes. Included within the All Funds Budget is the cost of Fire and Rescue Services, which amounts to \$104,170,763 and is supported by a local tax. While it is a dedicated fund, it may be more appropriate to include that cost in the General Fund Budget, as it is a tax supported expense item.

During fiscal year 1995, the total budget (All Funds Budget) for Howard County operations was \$323.6 million. Since then the County budget increased to \$669.3 million in 2000, \$911.5 million in 2005, and to \$1.248 billion in 2010. During 2016 the cost of governmental operations reflected in the County budget totaled \$1.397 billion. The County's 2018 budget indicates an increase in expenditures to \$1.582 billion. Educational expenses are by far the single largest expense, totaling \$627,146,166, chiefly comprised of HCPSS and the Howard County Community College. Education expenditures accounts for 57.1 percent of the County's General Fund budget and for 39.6 percent of the total (all funds) Howard County budget.

Real Estate Tax Rates

Within Howard County, there are no distinct municipal subdivisions, and the individual properties within Howard County are all subject to the same tax rates from the County taxing authority. All land is unincorporated and as such no Howard County properties are subject to distinct municipal taxes, only the County tax rates are applied. These taxes include property (both real property and business personal property), fire and rescue, recordation, mobile home, admission and amusement, local income, hotel and motel, and transfer. Educational costs within Howard County, which comprise 57.1 percent of the general fund budget and 39.6 percent of the total budget are paid for out of the County's general funds, with no dedicated school/education tax within the general tax rate. The most significant tax authority within the county is the Howard County

government operations including school operations. The taxing district where the property that is the subject of this analysis is located has a combined (all sources) total tax rate of \$1.382 per \$100 of valuation. Additional taxes are collected on business personal property assessments for the County and for fire services. The tax rates in Howard County are set forth below.

<u>Tax Authority Name/No.</u>	<u>Tax Rate</u>
Howard County Government	1.014
Maryland State Tax	0.112
Fire District	0.176
<u>Ad Valorem</u>	<u>0.080</u>
Total Property Tax	1.382
Business Property	
County	2.535
<u>Fire</u>	<u>0.440</u>

OPTIONS FOR SENIOR LIVING

Erickson Living proposes to develop a full-service, campus style, Continuing Care Retirement Community (CCRC) on the subject property in the Clarksville section of Howard County. The proposed CCRC will contain independent, assisted living, skilled nursing and memory care units.

During the past several decades, several forms of housing, some of which include varying levels of household assistance or medical care have been developed that address the changing needs of homeowners as those homeowners age. There is an increasing level of service and care provided for persons as their individual needs change. These specialized housing types include:

Active Adult Communities- Similar in form to residential subdivisions with the exception that occupancy is limited to persons age 55 years or older.

Independent Living Facilities- Provide housing with a minimum of ancillary services, generally limited to one meal per day in a common facility. Other amenities may include basic shopping and house-keeping.

Assisted Living Facilities- Provide assistance for residents with requirements of daily living, including bathing, dressing, and basic medical and health care needs.

Continuing Care Retirement Communities- Generally provide a range of housing types and care levels ranging from independent living level to full, on-site, medical care. Residents are able to increase the level of care received as their individual needs increase, up to and including on-site skilled nursing care.

These forms of housing and housing occupancy reflect changes that occur throughout life as an individual, or a family's housing needs change. When needs change, presently occupied homes often become unsuitable for the residents of the home. As a family transits to a new home that is suitable for the family's needs, the previously occupied home becomes available for another family for whom it would be appropriate.

Project Description

The property that is the subject of this evaluation is a 61+/- acre tract of vacant land located at the intersection of Route 108 (Clarksville Pike) and Sheppard Lane in the Clarksville section of Howard County, Maryland. Erickson Living proposes to develop a Continuing Care Retirement Community on this land. The site, which is currently undeveloped with the exception of a Freestate Gas Station is surrounded by a mix of land uses including agricultural, residential, retail, commercial, open space and conservation areas. Erickson Living proposes to develop the subject property for a campus style Continuing Care Retirement Community containing approximately 1,200 independent living units in approximately fifteen (15) multi-story mid-rise residential buildings which will surround shared community buildings, courtyards and forest preservation areas.

The community buildings will contain the common facilities for the neighborhoods, including the dining room and commercial kitchen, public activity areas, classrooms, crafts rooms, beauty salons, stores, banks, pharmacy and central heating and cooling equipment. Certain spaces that are shared by all of the campus residents such as a fully staffed medical clinic, an inter-faith worship center, library, an indoor aquatics center, an auditorium, conference center, and other recreational spaces such as wood shops, hobby rooms, computer labs, etc, are also contained within the various community buildings. The campus will contain a health club and an indoor aquatics center for the use of the community's residents. Climate controlled corridors and pedestrian bridges will inter-connect each of the buildings to other buildings within the overall campus. The intent is to provide for the day-to-day as well as long-term health care needs of the residents.

In addition to the independent living units, the campus will also contain assisted living, skilled nursing and memory care units. This facility will be built in phases based upon the demand for assisted living, skilled care and memory care units. It is expected that at build-out, there will be approximately 240 assisted living and skilled nursing beds, all in private rooms. At completion the proposed development would be expected to have a resident population of approximately 1,700 persons. The campus will be built in phases over a period of time with completion dependent upon market absorption.

The proposed CCRC will include extensive on-site medical services to provide for the ongoing medical needs of the community's residents, including full-time doctors with specialization in geriatric medicine, as well as additional medical personnel including cardiologists, dentists,

podiatrists, ophthalmologists, gastroenterologists and other specialists on an as-needed basis. Medical services are augmented by trained on-site emergency first responders who will be available 24 hours a day. According to estimates provided by Erickson Living and based upon past experience with operating facilities, it is estimated that the proposed CCRC would employ approximately 650 Full Time Equivalent (FTE) employees. Staggered shifts will be implemented in an effort to avoid any increases in traffic volume during peak rush hour commuting periods. It is expected that the proposed development would be the 15th largest employer within Howard County.

The CCRC is to be operated as a self sufficient, controlled access residential community with security personnel patrolling the property and monitoring the vehicular access to and about the site. The buildings will be fully sprinklered. The maintenance, repair and snow removal of all on-site roadways, as well as the street lighting systems will be the responsibility of Erickson Living. Comparable projects completed by Erickson Living typically contain a mix of sizes for independent living units, ranging from one bedroom units to two-bedroom units. The fair market value of the proposed development has been estimated based upon the equalized value of other comparably sized communities developed by Erickson in recent years. For the proposed CCRC, an average assessed value of \$181,000² per living unit is estimated, resulting in an estimated completed project assessed value of \$260,640,000. The proposed development would represent a 0.49 percent increase in Howard County's current total real property valuation of \$53.1 billion.

Added Services

In terms of the range of services provided to the community at large, and specifically, to the proposed development, Howard County is typical of suburban areas where a broad range of services and facilities are provided primarily for the benefit of household residents. The proposed CCRC will, itself, provide an extensive range of on-site services to its residents. The services to be provided by Erickson Living include first response medical service, transportation and paratransit (transportation for those with limited mobility), security, on-site roadway maintenance and street

²Assessed value estimate based upon capitalization of anticipated net operating income. May be compared to nearby Belmont Station apartments assessment of \$180,640 per unit and Roberts property anticipated assessment of \$191,211 per unit.

lighting, and social services. Automated fire suppression systems will be installed in all of the buildings and facilities. The self contained nature of the development, coupled with the range of services to be provided limit the dependence upon Howard County for services. The services to be provided by Howard County to the planned CCRC are considered to be comparable to those furnished to other low-intensity commercial developments and are quite different from the range of governmental and school services provided to typical residential sub-divisions and individual properties. In many respects, the local services cost generation of a CCRC may be compared to a major hotel or hospital operation. Some would assume a heightened need for emergency services with a community of persons aged 65 years and older. That assumption is mitigated by several factors. Most significantly, the community is staffed with health care professionals who will serve as the first responders to emergencies. Residents in need of immediate care will pull a chain on their wall or press a button to summon help rather than dialing 911. Further, residents who do have significant health issues may be attended to within the community's assisted living, skilled nursing and memory care units. Residents of those units are already receiving a heightened level of daily medical attention and are less likely to be in need of emergency services than the general population.

IMPACT ANALYSIS

Fiscal Impact

The fiscal impact resulting from the development of the subject property for the proposed CCRC is related to the costs incurred by the County in providing the various services required by the project. The determination of the fiscal impact of the proposed development involved the use of an econometric model which is generally referred to as the “proportional valuation method”. This method (proportional valuation) is considered to be the most appropriate, and is a widely used cost/revenue analysis tool. The “proportional valuation method” constructs an econometric model of the actual appropriations and revenues in the subject governing district (Howard County) and allocates these costs and revenues into residential and non-residential categories. An adjustment is made in the “proportional valuation method” to reflect the fact that commercial/non-residential ratables typically maintain a significantly higher valuation in comparison to the average value of all properties. This adjustment is made on an inversely proportional basis whereby the higher the average value of non-residential parcels, relative to all parcels, the greater the downward adjustment the proportional allocated cost will be.² The rationale for this adjustment is that, on a direct valuation basis, non-residential properties would otherwise be allocated more than their appropriate share of costs simply because of their higher average valuation. Within income producing (commercial) developments it is the anticipated employment that is expected to be generated by the proposed development that represents the key determining components in estimating the costs associated with the proposed development.

In preparing the cost/revenue allocations in this fiscal evaluation, it is assumed that the proposed development was complete, in operation, assessed and taxed during the most recent calendar year. In this instance, this assumption hypothesizes the development had been in place during 2018. By preparing this analysis on a current basis, actual cost and revenue data for Howard County may be utilized, and many factors subject to speculation, such as future property values, prospective tax rates, future distributions of appropriations and the influence of other prospective developments in the County may be avoided. Utilizing the aforescribed methodology and assumptions, the overall impact of the new development can be quantified through a cost/revenue

²The Fiscal Impact Handbook, Burchell and Listokin, Rutgers University.

analysis of its effect upon the major sources of services furnished to property owners and residents in Howard County.

Assumptions, Conditions and Qualifications

The preparation of a cost/revenue analysis which measures the overall and specific impacts resulting from the development and occupancy of the proposed project necessarily requires that certain empirical assumptions be made:

- 1) All dollars are 2018 dollars--the fiscal impact shown reflects the forecasted impact as if the development were completed and fully operational in 2018;
- 2) Other growth or changes (demographic/economic) occurring in Howard County during the development phases of the project may well have their own impact on fiscal matters, but are not included within the scope of this study in order to empirically assess the direct impact of the CCRC;
- 3) Base fiscal data for revenue impact analysis was based upon the current tax rates utilized by taxing bodies within Howard County;
- 4) The proportional valuation methodology assumes that current average operating costs within Howard County are adequate and may serve as a reasonably accurate indicator of added service levels continued at the same relative scale; and
- 5) The current distribution of expenditures among the various sectors of County service will remain constant in the short term and will serve as the primary indicator of the way in which additional expenditures will be subsequently allocated.

Utilizing the aforescribed methodology and assumptions, the ultimate impact of the completion and occupancy of the proposed development can be determined through a cost/revenue analysis of the major taxing sources impacted by the new development.

COUNTY IMPACT

The fiscal effects anticipated to result from the construction and occupancy of the proposed CCRC in Howard County, Maryland shall be analyzed in this section in terms of the added costs expected to be incurred by the County providing services to the property. An evaluation of the added tax revenues and other revenues expected to accompany the proposed development shall also be provided.

County Costs

Insofar as the costs of the services now being provided by the County is the statistical foundation for the costs to be generated by the new development, an analysis of existing service/cost relationships has been undertaken. In examining the services which will be provided by the County and, hence affected by the proposed development, it is apparent that the overwhelming proportion of the local services furnished, the facilities utilized, and the personnel required by Howard County are involved in serving the needs of the County's resident population, with commercial properties, particularly large self contained office complexes, industrial sites, and others creating a limited demand for local governmental services.

The anticipated fiscal impact of the proposed development has been estimated based upon the use of the proportional valuation method. Proportional valuation is considered to be the most appropriate, widely used cost/revenue analysis tool and has been accepted by the Urban Land Institute in its Development Impact Assessment Handbook for determining the fiscal impacts of new developments. Costs and revenues are divided into residential, non-residential categories and other and an adjustment is made in the "proportional valuation method" to reflect the fact that commercial/non-residential ratables typically maintain a significantly higher valuation in comparison to the average value of all properties. The rationale for this adjustment is that, on a direct valuation basis, non-residential properties would otherwise be allocated more than their appropriate share of costs simply because of their higher average valuation. Within income producing (commercial) developments it is the anticipated employment that is expected to be generated by the proposed development that represents the key determining components in estimating the costs associated with

the proposed development. Costs associated with residential developments are determined on a per capita and/or per school student basis.

A summary of the County's current (2018) General Fund budget revenues and expenditures, as presented in Table 6, provides a useful profile for the determination of the fiscal impact attributable to the proposed development. As may be seen on Table 6, the County's school expenditure is the single largest cost item, totaling \$627.1 million in 2018, equal to 39.6 percent of the County's total expenditures of \$1,581,936,633 and 57.1 percent of the Howard County general (92.0 percent tax funded) budget of \$1,098,746,451. The most significant funding sources within the General Fund Budget are Property Taxes and Income Taxes which together account for 88.8 percent of the General Fund Budget. Due to the nature of the proposed development, no added school children are expected to enroll in the Howard County school district as a direct result of the construction and occupancy of the proposed CCRC and no added school costs are anticipated.

Residential Costs- Before the data and relationships indicated in Table 6 may be utilized, certain adjustments must be made to separate its residential and non-residential components. The County's residential properties, which include properties classified as Residential, Condominium, Commercial Residential, Apartments, and Townhouses represent 91.91 percent of the County's total properties and 76.37 percent of the total valuation, which averages to 84.14 percent of parcels/valuation representation. Under the proportional valuation methodology, 84.14 percent of the County's total tax-supported costs would be assigned to the County's residential properties. Of the County's current non-education, general fund budget appropriations of \$575,771,048⁴, 84.14 percent, or \$484,453,760 would be assigned to the County's estimated population of 323,220 persons, yielding a per-capita, tax supported cost of \$1,499. The proposed CCRC is a self contained community where the majority of the needs of the residents will be addressed by the employees and the services provided by Erickson Living, with many of those services replacing services that would typically be provided by the County. Despite the inherent efficiency associated with the nature of the development and the level of on-site services, the cost assigned to the anticipated total of 1,700 residents of Erickson Living at Limestone Valley have been estimated utilizing the calculated County

⁴Total Howard County 2018 General Fund expenditures of \$1,098,746,451 minus educational expenses of \$627,146,166 plus Fire and Rescue Services expense of \$104,170,763 equals \$575,771,048.

average cost of \$1,499 per person. Accepting this present cost allocation with no allowance for marginal costing or services provided on site that would replace County provided services, the resulting county cost associated with the 1,700 residents of the proposed development would amount to \$2,548,020 (1,700 persons x \$1,499 per person = \$2,548,020). If some level of efficiency is assumed in adding 1,700 new residents of the CCRC to a present community of nearly 325,000 persons and considering the concentrated, higher-density nature of this controlled access community where many services are provided by the property owner through the 650 on site employees of the CCRC it would not be unreasonable to assume that the residents would be expected to have a lower assignment of costs than the general population of Howard County. If that efficiency results in a cost level of fifty percent of the average, then the allocated use of county services occasioned by the development of the proposed CCRC would be estimated to total \$1,274,010.

Commercial Costs- In addition to the allocated municipal cost of services associated with the resident population of the proposed CCRC, there would also be an allocation of costs to the anticipated total of 650 employees who will eventually be employed by the CCRC. Commercial and industrial properties in Howard County, which include Commercial, Industrial, Country Clubs and Commercial Condominiums properties represent 3.76 percent of all properties and 16.32 percent of the County's total assessed valuation, which averages to 10.04 percent of parcels/valuation representation. Given these distributions, 10.04 percent of the total current county expenditures would be assigned, in terms of cost/benefit (or cost generation) to the 4,009 commercial/industrial properties in Howard County, with an assessed valuation of \$8,668,642,262. Of the County's current estimated tax-supported, non-education appropriations of \$575,771,048, 10.04 percent, or \$57,807,400 would be assigned to the County's 4,009 non-residential properties.

TABLE 6
HOWARD COUNTY, MARYLAND
FISCAL BASE AND TAX RATES 2018

A. RATABLE BASE

	<u>Parcels</u>	<u>\$ Value</u>	<u>\$ Value/Parcel</u>
Agricultural	1,131	424,789,070	375,587
Country Clubs	1	4,302,433	4,302,433
Residential	64,910	29,197,172,188	449,810
Condominiums	8,392	1,531,105,154	182,448
Residential Commercial	17	9,586,300	563,900
Commercial	1,799	4,544,601,155	2,526,182
Industrial	809	3,489,216,695	4,313,000
Commercial Condo	1,400	630,521,979	450,373
Apartments	152	2,324,481,198	15,292,639
Commercial Residential	149	45,323,934	304,187
Townhouses	24,326	7,458,252,853	294,490
Partial Exempt	0	299,656,353	0
<u>Exempt</u>	<u>3,477</u>	<u>3,158,502,912</u>	<u>908,399</u>
TOTAL	86,313	53,117,512,224	493,827

B. BUDGET SUMMARY-General Fund

<u>Appropriations</u>	<u>Value</u>	<u>Percent</u>
Education	627,146,166	57.1
Public Safety	134,812,893	12.3
Public facilities	70,864,978	6.5
Community Services	69,648,002	6.3
Legislative and Judicial	28,288,054	2.6
General Government	29,003,806	2.6
<u>Non-Departmental Expenses</u>	<u>138,982,552</u>	<u>12.7</u>
Total Howard Co. Services	\$1,098,746,451	100.00

<u>Revenues</u>	<u>Value</u>	<u>Percent</u>
Property Taxes	\$531,695,797	48.4
Local Income Tax	444,292,184	40.4
Recordation taxes	24,170,434	2.2
Other Local Taxes	8,682,851	0.8
States Shared taxes	1,627,606	0.2
Charges for Services	\$13,030,776	1.2
Licenses and Permits	9,850,835	0.9
Interest, Use of Money	2,138,900	0.2
Fines and Forfeitures	3,987,105	0.4
Revenues Other Agencies	7,110,265	0.7
Interfund Reimbursement	42,202,158	3.8
<u>Prior Years Funds</u>	<u>9,957,540</u>	<u>0.9</u>
Total	1,098,746,451	100.0

The allocated costs of the County services which would be provided to the proposed CCRC can now be determined on the basis of the added employees of the proposed development relative to the average county cost per employee generated by the County's existing non-residential properties. Erickson Living estimates a total FTE employment level of 650 employees at the proposed facility. The allocated, Howard County costs which could be expected as a result of the proposed development may now be estimated through the following formula:

Non-Residential <u>Costs</u>	/	Existing <u>Employees</u>	X	Added <u>Employees</u>	=	Anticipated added <u>Costs</u>
\$57,807,400	/	181,005 (Est.) ⁶	X	650 (FTE)	=	\$207,590

Under the added employment methodology, the allocated annual cost of County government services associated with the development and occupancy of the proposed new CCRC would equate to \$319.37 per employee for a total annual cost of \$207,590.

The combined allocated residential and commercial cost of Howard County services assigned to the proposed CCRC have been calculated to be between \$1,481,600 (\$1,274,010 + \$207,590 = \$1,481,600, assuming an adjusted cost of services to the new residents and \$2,755,610 (\$2,548,020 + \$207,590) assuming a full average cost of providing services to the residents of the CCRC.

Cost Allocations - The actual experience and distribution of the County's expenditures among its various budgetary components provides a basis for the allocation of costs estimated for the proposed new development. The County's current general government budget appropriations, which furnish the statistical foundation for cost and revenue allocations, are tabulated in Section B of Table 6. Utilizing the proportional appropriations observed in Howard County, the upper limit local general fund costs of \$2,755,610 which are attributable to the proposed development could be allocated to the pertinent cost categories. The allocation of costs would reflect an annual allotment of estimated appropriations predicated upon the County's existing levels of service and appropriations. The allocated costs of \$2,755,610 would indicate that the County's general fund non-educational

⁶Employee estimate based on the Census Bureau's County Business Patterns 2016 reported employment total of 176,059 employees increased by 75 percent of the 1990 to 2016 average annual employment increase of 3,298 net new employees per year.

appropriations (inclusive of Fire and Rescue Services) of \$575,771,048 would be expected to increase by less than 0.48 percent in order to maintain the same level and quality of County tax supported services to the existing properties in Howard County.

County Revenues

The existing and added costs of County services are paid by the various sources of revenues. In Howard County these categories include real estate (ad valorem) and personal income taxes; transfer funds (State and Federal Payments); and other, primarily comprising permit/privilege fees, impact fees and charges for services. These categories contain revenue sources which may be considered to be "one time" contributions or fees which are generally derived from an off setting cost generation, as well as other recurring annual revenue sources. The annual, recurring revenue to be derived from the taxes associated with the completion and occupancy of the proposed CCRC are examined below. As was the case in estimating costs, the added revenues generated by the proposed CCRC may be calculated on the basis of the County's actual experience in generating County revenues. The added revenues anticipated to be generated are summarized as follows.

Local Tax Revenues - Of the County's current annual general fund budgeted revenues of \$1,098,746,451, the most significant revenue source is the property tax which accounts for \$531,695,797 equal to 48.4 percent of the County general fund revenues of \$1,098,746,451, with personal income taxes providing an additional \$444,292,184 (40.4 percent) in revenue. These two revenue sources account for \$975,987,981, equal to 88.8 percent of the total county general fund revenues of \$1,098,746,451. In Howard County, property taxes are paid by the owners of record of the \$53.1 billion in assessed property value. In the 2018 fiscal year, the tax rate for real property in Howard County including the site of the proposed retirement community was \$1.382 per \$100 of real assessed property value. The proposed CCRC would be expected to have a total real property value of \$260,640,000 and would be expected to generate \$3,533,253 in added tax revenues for the various tax authorities governing the subject property. The distribution of this tax revenue among the various tax authorities is set forth below.

Erickson Living
Proposed Howard County CCRC
Anticipated Tax Revenues

<u>Tax Authority Name/No.</u> ⁵	<u>Tax Rate</u>	<u>Taxes Generated</u>
Howard County Government	1.014	\$ 2,642,890
Fire District	0.176	458,726
<u>Ad Valorem</u>	<u>0.080</u>	<u>208,512</u>
Total Property Tax	1.270	3,310,128
 Business Property ⁶		
County	2.535	190,125
<u>Fire</u>	<u>0.440</u>	<u>33,000</u>
Total	2.975	223,125
 Total Taxes		 \$3,533,253

In addition to the local taxes raised from the use and implementation of the local tax rate, the county also collects a significant share of its revenues from the imposition of a local income tax, currently set at 3.2 percent of income. According to the U. S. Census Bureau, American Community Survey, during 2016, within Howard County the median household income for households with the householder aged 65 years or older was \$77,598, with 72.3 percent of those households estimated to have annual incomes greater than \$50,000. With an estimated total of 1,344⁷ households within the proposed CCRC, and utilizing the 65+household income estimate of \$77,598, added Howard County income tax revenue of \$3,337,335 would be calculated (1,344 households x \$77,598 per household at 3.2 percent tax rate equals \$3,337,335) When combined with the added revenue

⁵Maryland State Tax rate of 0.112 has been omitted from this revenue calculation as those revenues collected are for the funding of principal and interest payments on state bonds, and are not part of the Howard County operating budget. This tax would be expected to generate \$291,917 in revenue for the State of Maryland.

⁶Based upon an estimated initial furniture, fixtures and equipment assessment of \$7,500,000.

⁷It is assumed that within the proposed CCRC, 40 percent of the 240 care units have a spouse living in one of the 1,200 ILU's. Therefore the total number of households is reduced from 1,440 to 1,344 (1,200 + 60% of 240 [144] equals 1,344).

collected on the real property the total income accruing to Howard County from the proposed development would total \$6,870,600 (rounded).

Other Local Revenue Sources - Howard County generates revenue from a variety of additional sources, licenses and permits, fines and forfeits, charged services; and miscellaneous or other revenues. During the construction phase of the proposed development the project would be expected to generate significant fee income for the County, but those fees are assumed to be one time assessments and not a part of the steady-state operations of the proposed CCRC. The proposed CCRC may increase these fees as a secondary impact of development, but the estimate of increased revenues from these sources has not been included as an additional revenue source within the revenue analysis of this analysis.

Fiscal Summary - Local Howard County added tax revenues are estimated at \$6,870,588 had the proposed CCRC been completed and occupied during 2018. The allocated cost of providing County services associated with the proposed CCRC total \$2,755,610, and the annual County revenue surplus for local government operations is estimated to total \$4,114,978. This net revenue surplus is considered to be highly conservative as the cost assumptions associated with the 1,700 residents of the community, who will be provided with a very wide range of services by Erickson Living, have been based on the average per capita costs associated with the needs of the general population of Howard County. It is believed that the residents of the community will generate costs at a significantly lower rate than that of the general population.

**Erickson Living
Proposed Howard County CCRC
Anticipated Fiscal Impact**

Added Tax revenue	\$6,870,588
<u>Allocated Tax Supported Costs</u>	<u>\$2,755,610</u>
Net fiscal impact	\$4,114,978

FISCAL IMPACT OVERVIEW

In the preceding sections of this fiscal analysis, the nature and magnitude of the proposed CCRC in Howard County relative to the County have been defined and quantified. The prospective impact upon the various services furnished by the County have been determined. The additional need for a variety of services, and the costs, as a result of the proposed development were substantially refined to illustrate the ultimate impact through cost/revenue analysis.

Relative to Howard County's current (2018) fiscal infrastructure, the proposed development is expected to generate annual revenues which significantly exceed the anticipated added costs of providing service. This anticipated net revenue surplus would be available to the County for either an expansion of existing services, an adjustment to the local tax rate, or a combination of these options.

The existence of a significant revenue surplus for local, school and other operations results from the specific nature of the proposal and the substantial extent of the on-site services to be provided by Erickson Living. The government services provided within Howard County, including general government, sheriff, fire and emergency services, road maintenance and lighting, health, welfare, recreation and, perhaps most significantly, education, are structured to respond to the needs of the County's rapidly growing resident population base.

Based upon the foregoing fiscal evaluation, the proposed CCRC would be expected to result in a significant net fiscal benefit for the various entities which presently provide services within the County with surplus revenues generated for school and county operations. It is estimated that the total net revenue surplus resulting from the construction and occupancy of the proposed CCRC would have totalled \$4,114,978 had the project been occupied during 2018. It is expected that by 2020 there will be 50,050 persons aged 65 or older living in the County, with further increases to 72,330 persons in 2030 and 83,570 persons in 2040. The 2020 projected total of 50,050 persons aged 65 or older is nearly three times the total number of persons in that age group living in the County in 2000, and the anticipated rate of population growth for this group from 2010 to 2030 is 2,165 persons per year, a level 2.8 times the 765 persons per year average rate recorded from 1980 to 2010. Howard County has established an Office on Aging and Independence which has produced a "Master Plan for the Aging Population", intended to anticipate and prepare for the "types of

services, programs and facilities” associated with the rapidly expanding 65+ portion of the County’s population. The County expects that from 2020 to 2040 the age 65+ portion of the population is expected to increase by 44 percent during the 2020's and an additional 15 percent during the 2030's. Part of the Master Plan is comprised of a list of the apartments, assisted living facilities, retirement communities, etc. that provide age and need appropriate housing opportunities for the senior portion of the population. The proposed Erickson Living CCRC is the type of facility that would address the expanding needs of a component of the County’s present and future population.

Due to their inherent operational structure and the level of service provided by the entity operating a Continuing Care Retirement Community, these facilities have only a limited impact on (need for) local services. These communities are primarily self sufficient and depending on their size and location can operate as an insular property, with the day to day needs of the residents of the community addressed on site, with medical, nutrition, recreational, educational, entertainment and other social needs addressed within the campus setting. At the same time, these facilities are among the highest value properties, with a density and value of development that provides for a very favorable tax revenue stream and net fiscal impact of the proposed development.