

Office of the County Auditor
Auditor's Analysis

Council Bill No. 19-2021

Introduced: March 1, 2021

Auditor: Owen Clark

Fiscal Impact:

The fiscal impact of this legislation cannot be determined as we are unable to project the number of residential lots and dwellings that easement holders will elect to create as a result of this change.

Please see below for the estimated maximum fiscal impact of these changes:

Potential Maximum Impact	Immediate Impact	Future Impact	
	14 Lots Created	18 Lots Created	19 Dwellings
One-Time Revenues	\$1,078,000	\$1,386,000	\$1,463,000
ALPP Easement Release Revenue	420,000	540,000	-
Annual General Fund Revenues	165,000	212,000	223,000
Annual Non-General Fund Revenues	32,000	42,000	44,000
Pupil/Educational Costs	(174,000)	(223,000)	(236,000)
Net Increase in County Revenues	\$1,521,000	\$1,957,000	\$1,494,000

NOTE: See **Attachment A** for details related to the assumptions used for these estimates.

Regarding the immediate impact of 14 created lots, these parcels are in the Agricultural Land Preservation Program (ALPP). Owners of these lots could immediately take advantage of changes proposed in Section 15.3514(b) of this legislation if they choose to exchange their child lots for unrestricted lots. From these parcels, the proposed change could allow for the subdivision of up to 14 additional residential lots. These lots can be up to one acre each.

Per the Department of Planning and Zoning (DPZ), there are owners of an additional 37 parcels that could apply for the ALPP and could then take advantage of changes in the legislation. Of these parcels:

- Owners of 18 could create additional lots due to changes to Section 15.514(b). Please see the above chart for the maximum fiscal impact of owners of all 18 parcels choosing to create these lots in the future.
- Owners of 19 could create additional landowner dwellings due to changes in Section 15.514(c)(iii)(2). Please see the above chart for the maximum fiscal impact of owners of all 19 parcels choosing to create these landowner dwellings in the future.

Purpose:

The purpose of this legislation is to amend the County Code for newly acquired ALPP parcels as follows:

- Changes to Section 15.514(c)(iii)(2) remove the 50 acres requirement in order to build a landowner dwelling; and
- Changes to Section 15.514(b) allow landowners of parcels over 50 acres the ability to subdivide 1 one-acre lot per 50 acres or portion thereof for the purpose of building a landowner dwelling.
 - This conversion also applies to unexercised child lots established prior to 1993.

Other Comments:

The procedure for an ALPP parcel owner to create a lot applicable to this legislation includes amending their deed of easement, receiving approval to subdivide the lot from the easement, and repaying the County for the amount received for the easement.

Per information provided by DPZ:

- The Howard County Agricultural Preservation Board voted in favor of recommending these changes on February 22, 2021.
- Over time, the ALPP has reduced parcel size requirements, allowing parcels as small as 20 acres to join the program. The proposed change would enable the construction of a landowner dwelling on smaller parcels.

Attachment A

Breakdown of revenue associated with CB19-2021

1. Increased revenue from 14 lots associated with the changes in Section 15.3514(b) of this legislation where child lots can be exchanged for unrestricted lots:

Annual Revenue Sources	
Property Tax	105,000
Local Income Tax	60,000
Total	165,000

One-Time Revenue Sources	
County Transfer Tax	129,000
Recordation	26,000
School Surcharge	769,000
Road Excise Tax	154,000
ALPP Easement Release Revenue*	420,000
Total	1,498,000

Non-General Fund Revenue Sources	
Fire Tax	24,000
Ad Valorem	8,000
Total	32,000

2. Increased revenue from the development of 18 lots that is possible due to changes of Section 15.514(b):

Annual Revenue Sources	
Property Tax	135,000
Local Income Tax	77,000
Total	212,000

One-Time Revenue Sources	
County Transfer Tax	166,000
Recordation	33,000
School Surcharge	989,000
Road Excise Tax	198,000
ALPP Easement Release Revenue*	540,000
Total	1,926,000

Non-General Fund Revenue Sources	
Fire Tax	31,000
Ad Valorem	11,000
Total	42,000

3. Increased revenue from creation of 19 additional landowner dwellings due to changes in Section 15.514(c)(iii)(2):

Annual Revenue Sources	
Property Tax	142,000
Local Income Tax	81,000
Total	223,000

One-Time Revenue Sources	
County Transfer Tax**	0
Recordation**	0
School Surcharge	1,044,000
Road Excise Tax	209,000
ALPP Easement Release Revenue*	0
Total	1,253,000

Non-General Fund Revenue Sources	
Fire Tax	33,000
Ad Valorem	11,000
Total	44,000

Assumptions Used in Calculations

Housing Type	Average Square Feet	Average Sales Price (\$)	Assumed Taxable Income (\$)
SFD Rural West	7,327	737,110	133,830

Increase in Pupil/Educational Costs

<u>ESTIMATED EDUCATIONAL COST PER 2020 APFO SCHOOL CAPACITY CHARTS</u>					
Potential Impact	Allocations	Unit Type	Estimated Total Yield	Cost Per Pupil	Estimated Education Cost
14 Lots	14	SFD	11.3	15,340	173,596
18 Lots	18	SFD	14.6	15,340	223,194
19 Landowner Dwellings**	19	SFD	0	15,340	0

* For ALPP Easement Release Revenue to the Agricultural Preservation Fund, our Office is assuming:

- Based on the general range of easement acquisition costs estimated by DPZ, the County acquired each easement for \$30,000 per acre and, therefore, will be paid that amount by landowners wishing to subdivide residential lots from their preservation easement.
- Each lot will be one acre in size.

** Not Applicable. Since no subdivision of land is associated with the additional landowner dwellings, our estimate assumes they will not yield any additional County Transfer Tax, Recordation Tax, Easement Release Revenue, or Education Costs since these dwellings are assumed to be built on ALPP lots for the existing owner.