

Office of the County Auditor
Auditor’s Analysis

Council Resolution No. 105-2021

Introduced: June 7, 2021
Auditor: Michael A. Martin

Fiscal Impact:

The fiscal impact of this legislation is a \$2.8 million increase in County tax revenue in the first year of full occupancy for units passing the Fiscal Year 2024 School Capacity Test. (We cannot estimate the year in which the revenue will be generated due to unknown permitting, construction, and sales durations.)

In our review of pending housing units provided by the Department of Planning and Zoning, 68 new units will pass the Fiscal Year 2024 School Capacity Test based upon the capacity chart provided in the legislation. Details are available in **Attachment A**.

As a result, we estimate that the development of these housing units will generate the following in tax revenue, excluding future increases or decreases in property values:

Annual Revenue Sources	
Property Tax	281,000
Local Income Tax	196,000
Total	477,000

One-Time Revenue Sources	
Transfer Tax	347,000
Recordation	69,000
School Surcharge	1,563,000
Road Excise Tax	306,000
Total	2,285,000

Non-General Fund Revenue Sources	
Fire Tax	65,000
Ad Valorem	22,000
Total	87,000

Estimated off-setting costs of development includes an annual operating cost of approximately \$390,000 for education. This is based upon student yield data received from the Board of Education for the 68 units expected to pass the FY 2024 School Capacity Test provided in the legislation. See **Attachment B** for details. This does not include possible capital costs, which cannot be determined at this time.

Purpose:

Annually, HCPSS is required to prepare a School Capacity Chart. Based upon enrollment projections and various criteria, HCPSS will designate school districts and regions as Open or Closed for development.

The chart attached to the legislation is one criterion used by Department of Planning and Zoning to determine if there are Adequate Public Facilities to support proposed development.

Other Comments:

Council Bill 1-2018 established the current School Capacity parameters noted below:

- Elementary School – 105 percent
- Elementary Region – 105 percent
- Middle School – 110 percent
- High School – 115 percent
- Held in School Wait Bin maximum 7 years

Attachment A

The calculation for the above fiscal impact is based on the following assumptions:

Housing Type	Number of Housing Units	Average Square Footage	Average Sales Price
SFD East	0	4,774	568,348
SFD Rural West	6	7,327	737,110
SFA	62	2,586	375,866
APT	0	1,458	233,568

Average square footage is based on issued building permit data obtained from the Department of Planning and Zoning (DPZ). Average sales price was calculated utilizing the DPZ's housing sales report. Both calculations were broken out by housing unit type and planning area to determine a more accurate fiscal impact.

Attachment B

The calculation for the above off-setting educational costs are based on the following:

<u>ESTIMATED EDUCATIONAL COST PER 2021 APFO SCHOOL CAPACITY CHARTS (CR105-2021)</u>											
File Name	Allocation	Unit Type	Elementary School District		Middle School District		High School District		Total Yield	Cost Per Pupil	Total Cost
			School	Yield	School	Yield	School	Yield			
Dorsey Overlook	62	SFA	Running Brook	0.204	Wilde Lake	0.083	Wilde Lake	0.054	21.16	15,770	\$334,000
N/A	6	SFD	Dayton Oaks	0.436	Lime Kiln	0.068	River Hill	0.088	3.55	15,770	56,000
TOTAL ESTIMATED COST											\$390,000