Office of the County Auditor
Auditor's Analysis

Council Resolution No. 166-2021

Introduced: November 1, 2021
Auditor: Michael A. Martin

Fiscal Impact:

According to the Director of the Department of Housing and Community Development (DHCD), this legislation would result in County expenditures of $414,910. Funding for these expenditures will come from the Federal HOME program ($322,410) through iHomes and fee-in-lie revenue the County has received from its Community Renewal Fund's Moderate-Income Housing Unit (MIHU) program ($92,500). Our Office reviewed the agreements between the County and iHomes for both of these County expenditures with no exceptions noted.

Since this legislation requests an exemption from the Adequate Public Facilities Ordinance (APFO), our Office reviewed the potential fiscal impact of development planned to move forward if this legislation is passed. Using housing and income data applicable to this potential residential development, in conjunction with information provided by the DHCD, our Office estimates this fiscal impact to include the following:

- Annual and one-time General Fund revenues from property tax, income tax, and recordation tax of $17,000, $4,000, and $4,000, respectively.
- One-time non-General Fund revenues from the school facilities surcharge, road excise tax, and transfer tax of $110,000, $21,000, and $21,000, respectively.
- Annual, non-General Fund revenues from fire tax and ad valorem tax of $4,000 and $1,000, respectively.

Purpose:

This legislation would allow for the development of three new single-family, detached, rental housing units at 8120 Hicks Road in Jessup, Maryland, to serve nine disabled adults in an area currently closed for development, according to the school capacity chart required under the Adequate Public Facilities Ordinance (APFO).

Per DHCD, these occupants are planned to have incomes that do not exceed 30 percent of the Area Median Income (AMI) for the Baltimore Metropolitan Service Area (MSA).

Other Comments:

Per the Administration, iHomes was also awarded a $400,000 grant from the Weinberg Foundation for the development of this project. However, supporting documentation provided to our Office by the Administration indicated the $400,000 is a capital grant to support the construction and acquisition of 17 units of housing, which could not be tied to the three units associated with this legislation. *Our Office has an inquiry regarding this discrepancy and any potential impact on the associated development.*

The Howard County Housing Commission purchased the land in February 2016 at a cost of $325,000. The land was then donated to the developer for $1 on June 22, 2018.

Based on the 2021 Adjusted Home Income Limits published by HUD and effective June 1, 2021, 30 percent of the AMI for the MSA for a one-bedroom unit is $22,100 with a monthly rental cost of $985.

Our Office has noted that the HOME program agreement between the County and iHomes does not include a covenant for the tenant age restriction that is referenced in the resolution. However, the Director of DHCD stated that the HOME Agreement will be amended to add clarifying language that will restrict the occupants of these units to individuals who are over the age of 18. This covenant will remain effective for the duration of the agreement (40 years).

All the homes in this development are planned to be “zero energy” homes, meaning they are built with renewable energy systems that will produce the energy needed at little to no cost to the owner.