

Office of the County Auditor
Auditor's Analysis - REVISED

Council Resolution No. 100-2022

Introduced: June 6, 2022
Auditor: Michael A. Martin

Fiscal Impact:

Per the Administration, “a general estimate of the short- and long-term fiscal impacts is shown in the Urban Analytics’ July 2019 study, which describes the impact of the 2018 amendments to the Adequate Public Facilities Ordinance (APFO).”

Our Office asked the Director of the Department of Planning and Zoning (DPZ) for their opinion of the continued relevance of this report. Per the Director, DPZ does not track net revenues attributed to new development and is unable to determine if revenue estimates from the Urban Analytics’ study have actualized according to projections.

Our Office’s estimate of the fiscal impact of Council Resolution 100-2022 is a maximum of an \$8.8 million increase in County tax revenues, as noted below, in the first year of full occupancy for units passing the Fiscal Year 2025 School Capacity Test. This estimate is based on current tax rates and excludes permitting fees associated with the new development. (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 Chief of the Division of Research in the DPZ, we noted that 324 new units will pass the FY 2025 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		One-Time Revenue Sources		Non-General Fund Revenue Sources	
Property Tax	876,000	County Transfer Tax	1,080,000	Fire Tax	204,000
Local Income Tax	438,000	Recordation	432,000	Ad Valorem	69,000
Total	1,314,000	School Surcharge	4,688,000	Total	273,000
		Building Excise Tax	1,003,000		
		Total	7,203,000		

Estimated off-setting costs of development include an annual operating cost of approximately \$656,000 for education. This is based upon student yield data received from the Board of Education for the 324 units expected to pass the FY 2025 School Capacity Test provided in the legislation. See **Attachment B** for details. This estimate does not include possible capital costs, which cannot be determined at this time.

Purpose:

Annually, the Howard County Public School System (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 the DPZ to determine if there are Adequate Public Facilities to support a 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	14	4,775	547,815
SFD Rural West	6	6,999	770,993
SFA	4	2,831	382,507
APT	300	1,602	242,025

Average square footage is based on issued building permit data obtained from the 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.

The assumptions noted above are based on housing development data between October 2017 and May 2019, as provided by the DPZ.

Attachment B

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

File Name	Allocations	Unit Type	Elementary School District		Middle School District		High School District		Estimated Yield	Estimated Education Cost*
			School	Yield	School	Yield	School	Yield		
Old Montgomery Meadows	11	SFD	Jeffers Hill	0.362	Lake Elkhorn	0.135	Oakland Mills	0.089	6.441	\$ 104,000
Wharff Lane	2	SFD	Ilchester	0.563	Bonnie Branch	0.135	Howard	0.126	1.647	26,000
Harris Property	1	SFD	Ilchester	0.563	Bonnie Branch	0.135	Howard	0.126	0.824	13,000
Glen Oaks Place	2	SFA	Guilford	0.218	Lake Elkhorn	0.076	Hammond	0.057	0.702	11,000
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Annapolis Junction Town Center	300	APT	Bollman Bridge	0.049	Patuxent Valley	0.017	Hammond	0.021	26.048	419,000
Wynne Property Lots 1 & 2	1	SFD	Clarksville	0.400	Clarksville	0.260	River Hill	0.086	0.746	12,000
Yali Li Property	1	SFD	Clarksville	0.400	Clarksville	0.260	River Hill	0.086	0.746	12,000
Hoods Mill Farm	3	SFD	Bushy Park	0.556	Glenwood	0.114	Glenelg	0.078	2.242	36,000
Sapariya Property	1	SFD	Clarksville	0.400	Clarksville	0.260	River Hill	0.086	0.746	12,000
Total Allocations	324								Total Estimated Pupil Cost	\$ 656,000

*Estimated Education Cost calculated by multiplying Estimated Student Yield by HCPSS' FY 2022 Cost Per Pupil of \$16,080, as noted in the FY 2023 HCPSS Operating Budget.