

Office of the County Auditor
Auditor's Analysis

Council Resolution No. 128-2023

Introduced: July 5, 2023

Auditor: Lori Buchman and Rebecca Gold

Fiscal Impact:

The estimated fiscal impact of Council Resolution 128-2023 is a maximum of an approximately \$8.5 million increase in County tax revenues, as noted below, in the first year of full occupancy for units passing the Fiscal Year 2026 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 Department of Planning and Zoning (DPZ), we noted that 273 new units will pass the FY 2026 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	1,131,000
Local Income Tax	600,000
Total	1,731,000

One-Time Revenue Sources	
County Transfer Tax	1,395,000
Recordation	558,000
School Surcharge	3,595,000
Building Excise Tax	907,000
Total	6,455,000

Non-General Fund Revenue Sources	
Fire Tax	263,000
Ad Valorem	89,000
Total	352,000

Estimated off-setting costs of development include an annual operating cost of approximately \$301,000 for education. This is based upon student yield data received from the Board of Education for the 273 units expected to pass the FY 2026 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:

The Howard County Public School System (HCPSS) is required to prepare an annual School Capacity Chart. Based on enrollment projections and various criteria, HCPSS will designate school districts and regions as Open or Closed for residential development.

The “2023 APFO School Capacity Charts” included as Exhibit A in Council Resolution 128-2023 are one set of criteria 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 in Section 16.1110(y)(2) and Section 16.1105(C)(7)(ii)b. of the County Code, noted below:

- School Region – Open if projected enrollment is below 105 percent of capacity
- Elementary School – Open if projected enrollment is below 105 percent of capacity
- Middle School – Open if projected enrollment is below 110 percent of capacity
- High School – Open if projected enrollment is below 115 percent of capacity
- Held in School Wait Bin maximum – Seven years

Attachment A

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

Pipeline Projects Requesting Allocations Which Passed School Capacity Test			
Housing Type	Number of Housing Units	Average Square Footage	Average Sales Price
SFD East	13	4,989	875,743
SFD Rural West	3	7,244	1,174,950
SFA	0	2,500	543,443
Condo	257	1,521	376,133

Average square footage is based on issued building permit data obtained from the DPZ from June 1, 2019, to August 15, 2022. Average sales price was calculated utilizing the DPZ's housing sales report from 2020 and 2021. 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 is based on the following:

File Name	Allocat.	Unit Type	Elementary School District		Middle School District		High School District		Estimated Student Yield	Estimated Education Cost*
			School	Yield	School	Yield	School	Yield		
Pope Property	2	SFD	Bryant Woods	0.378	Wilde Lake	0.136	Atholton	0.065	1.156	\$ 15,000
Trotter Estates	3	SFD	Clarksville	0.378	Clarksville	0.183	River Hill	0.132	2.076	26,000
Weinman Apts	257	APT	Bellow Springs	0.018	Thomas Viaduct	0.014	Oakland Mills	0.021	13.779	175,000
5192 & 5196 Talbots Landing	3	SFD	Ilchester	0.286	Bonnie Branch	0.136	Howard	0.087	1.525	19,000
Sparrow's Landing	4	SFD	Bellow Springs	0.500	Mayfield Woods	0.077	Long Reach	0.089	2.665	34,000
Yali Li Prop	1	SFD	Clarksville	0.378	Clarksville	0.183	River Hill	0.132	0.692	9,000
Hoods Mill Farm	3	SFD	Bushy Park	0.362	Glenwood	0.180	Glenelg	0.070	1.837	23,000
Total Allocation	273								Total Estimated Pupil Cost	\$ 301,000

*Estimated Education Cost calculated by multiplying Estimated Student Yield by the County's share of the HCPSS' FY 2024 Cost Per Pupil of \$12,686, as noted in the FY 2024 HCPSS Operating Budget.