

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE

House Bill 550 (Anne Arundel County Delegation)
Environmental Matters

Anne Arundel County - Impact Fees - Workforce Housing

This bill authorizes the Anne Arundel County Council, by ordinance, to grant exemptions from or credits against development impact fees for developments that include workforce housing, as defined by the county council.

The bill takes effect July 1, 2007.

Fiscal Summary

State Effect: None.

Local Effect: Anne Arundel County impact fee revenues could decrease to the extent the county council grants exemptions or credits to developments. Expenditures would not be affected.

Small Business Effect: None.

Analysis

Current Law: The Anne Arundel County Council may fix, impose, and collect development impact fees for financing capital costs associated with additional or expanded public works projects required to accommodate the new construction or development.

Background: Development impact fees and excise taxes enable local governments to collect revenue from builders for public facilities required by new residential or commercial development. As a result of these development charges, local governments

are able to shift the costs of new public facilities from existing taxpayers to individuals responsible for the development. In many situations, the use of development charges may eliminate the need for countywide tax increases. Another benefit of development charges is that local officials can collect the needed revenue for the expansion or construction of new public facilities prior to the construction of any new residential development. In this manner, payment of an impact fee or excise tax may be required by local officials prior to the issuance of a building permit or approval of a subdivision plat.

Impact Fees in Anne Arundel County

Anne Arundel County imposes development impact fees on new residential and nonresidential development, or a change of use, that impacts public schools, transportation, or public safety facilities and services. The rates are shown in **Exhibit 1**. Impact fee revenue can only be used to expand the capacity of public schools, roads, and public safety facilities and not for replacement, maintenance, or operations.

Anne Arundel County first imposed development impact fees in fiscal 1988. The fee amounts did not change for a number of years after fiscal 1990. The county council amended the development impact fee ordinance in 2001 (effective in fiscal 2003) to bring the fees in line with inflation, and at the same time provided for yearly adjustments by the county controller to keep up with inflation. Fee revenue has been steadily increasing recently, rising from \$10.1 million in fiscal 2004 to \$11.1 million in fiscal 2006.

Workforce Housing

Maryland statute defines workforce housing as affordable rental housing for a household with an annual income between 50% and 100% of the area median household income. It also includes homeownership housing that is affordable to a household with an annual income between 60% and 120% of the area median income. In targeted areas recognized by the Secretary of Housing and Community Development for the purposes of administering the Maryland Mortgage Program, workforce housing includes housing affordable to a household with an annual income between 60% and 150% of the area median income. The bill grants the Anne Arundel County Council the authority to define “workforce housing” for the purposes of the impact fee exemption.

Exhibit 1
Impact Fees in Anne Arundel County

<u>Land Use Type</u>	<u>Levy</u>	<u>School</u>	<u>Roads</u>	<u>Public Safety</u>	<u>Total Impact Fee</u>
Residential					
One family detached	per unit	\$3,714	\$945	\$122	\$4,781
One family attached	per unit	2,346	860	94	3,300
Two family	per unit	3,297	753	116	4,166
Three and four family	per unit	2,197	737	85	3,019
Five or more family	per unit	1,684	676	70	2,430
Manufactured home	per unit	3,020	673	113	3,806
Hotel/Motel	per room	0	1,171	40	1,211
Amusement, rec., plc of assembly	per parking space	0	192	9	201
Industrial and warehouse	per 1,000 gross sq. ft.	0	439	20	459
Self-storage	per 1,000 gross sq. ft.	0	384	26	410
Hospital	per bed	0	1,692	68	1,760
Nursing home	per bed	0	321	47	368
Office space					
Less than 100,000 sq. ft.	per 1,000 gross sq. ft.	0	1,964	137	2,101
100,000 - 199,999 sq. ft.	per 1,000 gross sq. ft.	0	1,587	115	1,702
200,000 sq. ft. or more	per 1,000 gross sq. ft.	0	1,210	90	1,300
Marinas (exc. community marinas)	per berth	0	369	18	387
Mercantile	per 1,000 gross sq. ft.	0	2,504	442	2,946

Additional Comments: The State Department of Assessments and Taxation estimates that approximately 75 new residential developments are created each year in Anne Arundel County. Approximately 2,000 to 3,000 new residential accounts are created each year in the county.

Additional Information

Prior Introductions: None.

Cross File: SB 212 (Chair, Anne Arundel County Senators) – Education, Health, and Environmental Affairs.

Information Source(s): State Department of Assessments and Taxation, Anne Arundel County, Department of Legislative Services

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ncs/hlb

Analysis by: Joshua A. Watters

Direct Inquiries to:
(410) 946-5510
(301) 970-5510