CB66-2025 Fiscal Analysis
Introduced: September 2, 2025
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Legislative Intent: This legislation amends the HoCo By Design General Plan by adopting the Gateway Master Plan as a long-term redevelopment plan for 1,100 acres of commercial and industrial land.

ANALYSIS

Fiscal Impact:

Adoption of this legislation will not have an immediate impact on the County budget; however, implementation of the Master Plan will have significant long-term effects on the County budget.

Fiscal models of impact on County budget

As part of the planning effort, the Administration retained MuniCap, Inc to conduct a long-term fiscal impact analysis. The focus of this analysis was how two potential scenarios will affect the County operating budget: a "high range" scenario and a "low range" scenario. These scenarios combined redevelopment goals for Gateway and future market projections to create core assumptions for future growth. A high-level summary of assumptions and impacts is below:

Assumptions	**Low Range**	**High Range**
# Multi-family homes (Apartments, duplex, etc.)	4,500	6,600
% affordable at 60% County median income	15%	15%
# Townhomes/stacked townhomes	1,200	1,800
% affordable at 80% County median income	15%	15%
New commercial office space	1,000,000 feet	1,800,000 feet
New restaurant/retail space	219,000 square feet	312,000 square feet
Cumulative budget impact over 30 years	**Low Range**	**High Range**
General fund revenues	$707,231,381	$1,071,509,276
General fund expenditures	$(636,676,888)	$(959,099,957)
Net 30-year general fund impact	**$70,554,493**	**$112,409,319**
School Excise Tax revenues	$63,000,000	$93,000,000
Road Excise Tax revenues	$19,000,000	$29,000,000
Transfer tax revenues	$42,000,000	$63,000,000
Job creation	**Low Range**	**High Range**
Direct	4,700	7,799
Indirect/Induced[1]	1,866	3,172
Total	6,566	10,971

[1] Indirect jobs are generated to create goods and services needed by job creation. Induced jobs are generated to serve additional personal spending from direct and indirect jobs (example: childcare, grocery stores).

The overall methodologies of the fiscal analyses are sound. However, several assumptions about affordability of units may underestimate the actual cost at the time of redevelopment. For residential townhouses, the analysis assumes an average market rate of $507,893 per unit. It cites data from schedule II-B, which samples comparable townhouses to find an average value. This schedule uses SDAT assessments as the value, not the market rate of the units. As an example, one entry for a townhouse in Shipley's Grant uses an SDAT tax value of $535,100. The same SDAT entry shows that the townhouse was sold in 2024 for $650,000. A similar problem can be found in the estimated market rate of 1,000 square foot apartments (about the size of a two-bedroom apartment) at $2,015 per month. A search on Zillow.com showed very few apartments at that rate in the area with an average closer $2,400 per month. The analysis does take into consideration 30-year increases in the costs of housing. **While using SDAT assessed values will yield a fairly accurate prediction for County tax revenue, it likely overestimates housing affordability.**

Potential impacts on County infrastructure needs

The analysis did not take into consideration any potential capital improvement projects necessary for redevelopment and suggests a separate public infrastructure financing plan**. Capital improvement costs and subsequent debt service payments will be substantial** and will include water/sewer improvements, external road access improvements, internal road construction, open space development, and public facility construction. The plan discusses these improvements in general terms, but specific capital projects cannot be planned until redevelopment begins. For example, changes and improvements to the road network are conceptualized in the plan, but no specific road network can be planned until existing properties begin redeveloping.

As a point of comparison, the Tax Increment Financing (TIF) bonds issued for the Downtown Columbia redevelopment totaled $90 million with an approximate annual debt service of $6.9 million (Capital Project C0319-FY2010).

The addition of up to **8,400 new housing units will have a significant impact on school capacity**. The exact student yield will likely range from .04 students per unit (similar to Downtown Columbia new multi-family units) to .31 students per unit (the countywide average for apartments). HCPSS will begin specific enrollment projections once residential zoning is added in Gateway. The 2027-2028 APFO School Capacity Chart indicates that Cradlerock Elementary School is at 99% capacity, Lake Elkhorn Middle School is at 93% capacity; and Oakland Mills High School is at 83% capacity. Note that school boundaries will likely need to be amended due to the current absence of any residential zoning in Gateway. The Gateway Master Plan suggests that further evaluation is needed and that the County should begin planning ways to develop new school facilities in the area.

Transit and transportation improvements are also discussed in the plan. This includes a potential future transit station to connect Gateway to the bus network, the construction of new pedestrian and bike infrastructure (including external connections for access to Gateway), and a "rubber wheel" (for example, a trolly) transit system.

Zoning changes

Current zoning districts in Gateway will not be sufficient for the redevelopment envisioned in the General Plan. Current zoning is primarily commercial or industrial, with no opportunity for residential development. The plan discusses several strategies to rezone the district to encourage the desired redevelopment, including performance-based zoning, incentive-based zoning, and the creation of overlay districts.

The fiscal impacts of potential rezoning are included in the table above; however, any tax incentive that accompanies new zoning districts are not currently reflected in the fiscal projections. Additionally, Columbia Gateway is already included in the Eastern Howard County Enterprise Zone, a State program that offers a real property tax credit for businesses and an income tax credit for full-time job creation.

Budget Implications:

- This legislation only adopts the Gateway Master Plan as a guiding document and does not propose immediate changes to any FY budget. As the County begins implementing the goals of the Master Plan, proposed operating budget changes and capital project requests related to Gateway redevelopment should be in line with this Master Plan.
- One capital project is currently underway that will impact Gateway redevelopment: K5071-2025 Pedestrian and Bicycle Access to Columbia Gateway, which would convert the unused CSX rail line into a pedestrian connection into Gateway.[2]

Other Notes:

- N/A.

[2] Page 414.