#8: The fiscal impact analysis assumes equal assessed values for affordable units at all levels of affordability. However, Todd Brown explained that these properties would be assessed based on income generation. If that is the case, it would seem that varying rental price points would impact assessed value. Can you please clarify this point?

MC: MuniCap previously had discussions with Maryland State Department of Assessments and Taxation regarding the valuation of affordable units. At that time, it was indicated that SDAT would not distinguish between varying levels of subsidy for the subsidized units. SDAT would reflect higher expenses and adjust cap rates for these units but not distinguish the income between the varying levels. After further follow up, SDAT has provided additional clarification which indicates that while they will utilize various sources of information and approaches to value including their own estimate of income, they will weigh most heavily the actual income and expenses reported by the developer. The income reported by the developer should reflect actual discounts in rents for affordable units, as well as any offsets if the discounts, such as vouchers. As a result of this clarification, MuniCap has adjusted the fiscal model to reflect similar methodology with variations in the rent based on the varying levels of subsidy and will provide this updated model to the Council as part of the package of updates previously requested by the board.