



**THE PRINCE GEORGE'S COUNTY GOVERNMENT**  
**Office of Audits and Investigations**

May 31, 2017

**MEMORANDUM**

TO: Robert J. Williams, Jr.  
Council Administrator

William M. Hunt  
Deputy Council Administrator

THRU: David H. Van Dyke *DHV*  
County Auditor

FROM: Inez N. Claggett *INC*  
Legislative Auditor

RE: Fiscal Impact Statement  
CR-016-2017 Revitalization Tax Credit – Columbia Run (formerly Patriots Landing)

Pursuant to your request, we have reviewed CR-016-2017 to estimate its fiscal impact on Prince George's County, Maryland.

CR-016-2017 approves an application for a revitalization/redevelopment tax credit classification for the Columbia Run residential development to be developed on 5.04 acres of land at Maury Avenue and Devitt Place in Oxon Hill, Maryland. The development will consist of sixty-three (63) townhouse dwelling units, with an average purchase price of \$300,000, and will provide quality housing for the designated neighborhood of Glassmanor. Currently, the property is undeveloped and assessed County property taxes are approximately \$650 per lot, or \$40,950 total.

Section 10-235.02 of the County Code authorizes tax credits on eligible County real property taxes for properties located within Revitalization Tax Credit Districts. Section 10-235.03 of the County Code establishes a Revitalization Tax Credit District, comprised of census tracts where the median household income does not exceed 100% of the median household income for the County, based upon the 2010 census tract. The Columbia Run development will be located within census tract number 801600, which is included among the census tracts that comprise the Revitalization Tax Credit District established under Section 10-235.03. Eligibility for the revitalization tax credit requires a Resolution of approval by the County Council. For residential improvements, the revitalization/redevelopment property tax credit is limited to three (3) consecutive years. The tax credit for the first year shall be 100% of the amount of the County property tax imposed on the increased assessment attributable to the improvements. The tax credit shall be reduced to 66% in the second tax year and 33% in the third tax year. The maximum amount of eligible improvements available for the tax credit is limited to \$200,000 per dwelling unit.

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Given the average purchase price of \$300,000, the real property tax due annually per unit equates to \$3,000 before any credits are applied, assuming there are no fluctuations in assessed value for the first three years. As a result, the development would generate \$567,000 (\$189,000 annually) in real property tax revenue for the County.

Adoption of CR-016-2017 would authorize issuance of property tax credits to eligible buyers over the three (3) year eligibility period. According to information obtained from staff representing the developer of the property, tax credits for eligible buyers of units within the Columbia Run development in the first year after purchase would be \$2,000, for the second year would be \$1,320, and for the third year would be \$660. This equates to an estimated reduction of \$250,740 in County property tax revenues over the three year period. However, the County would receive an increase of \$275,310 in real property tax revenue over and above what is currently collected should the Resolution be adopted, and development proceeds as planned.

In addition to the increased County property tax revenues, the development also may generate additional State and County revenues. While information is not available to reliably estimate and project either the amount of additional State and County revenues or the County's costs for providing services, it is possible that the development may generate a net positive additional revenue cash flow from these additional revenue sources.

If you require additional information, or have questions about this fiscal impact statement, please call me.