

Herald Harbor Citizen's Association
FAQ's about Special Community Benefits District
4/26/18

1. What is a Special Community Benefit District?

A Special Community Benefit District (SCBD) is a geographic district of the County established by legislation of the County Council to provide public benefits to properties that would not otherwise receive these benefits. Herald Harbor is re-purposing our Special Community Benefit District (SCBD). This means that homeowners in our community pay an additional assessment, administered by the County, that provides the funds for possibly the following: acquiring, improving, and maintaining community real and personal property or any interest in real property necessary to accomplish community-wide projects; providing special police protection; providing recreational activities and facilities directly related to the community; and funding the administrative expenses to carry out these purposes, including mailing expenses, secretarial costs, insurance costs, audit fees, attorney's fees, and the repayment of any loan.

2. Who is responsible for our Special Community Benefit District?

: Herald Harbor Citizens Association (HHCA) Board is responsible for working within the County's guidelines and laws on all expenditures related to money collected under our SCBD petition attached (see #10 below). The community must approve expenditures involving real property. Each year the HHCA Board and SCBD Committee creates a budget for the coming year and sets the tax rate for the SCBD based on anticipated needs. The Budget is published in the November newsletter and sent to all members of HHCA. This process, as well as all general HHCA meetings and SCBD Committee meetings, are open to all citizens of Herald Harbor. The meetings will always be published on our community website www.heraldhARBORcommunity.com and in our newsletters that are mailed to HHCA members.

3. What will I be charged?

Our annual assessment rate will be based on the approved budget that HHCA Board/Committee turns into the County annually. This amount could vary based on the approved budget submitted. A typical amount for other SCBD's that have been established in the county ranges from \$100 to \$300 per year. The amount currently listed in the draft budget is \$150. This amount will be determined by community members each year at the annual budget meeting.

4. Where can I learn more about Special Community Benefit Districts and Codes?

The law concerning Special Community Benefit Districts appears in Article 4, Title 7 of the Anne Arundel County Code. The Code is available on the County's website at www.aacounty.org. The Office of the Budget has developed administrative guidelines to implement the law. The following guidelines include the process for establishing and operating a Special Community Benefit District.

5. Where do I mail my signed petition for our Special Community Benefit Districts?

There are two options. You may mail your signed petition to our HHCA Vice President, Ashley Raymond at the following address:

Herald Harbor SCBD
c/o Ashley Raymond
384 Hemlock Trail
Crownsville, MD 21032

You may also mail your signed petition directly to the county administrator at the following address:

Anne Arundel County
Budget & Management Office
Attention: Tomi Adebo
44 Calvert Street
Annapolis, MD 21401

6. Who tallies the petition votes and verifies their legitimacy?

The signed petitions are collected by the community members and/or members of the SCBD committee and forwarded to the Office of the Budget. The Special Taxing District Coordinator reviews the petitions and will determine if each petition is valid.

7. How many votes does each resident get regarding the petition? Who is required to sign the petition?

In order to re-enact the SCBD we need approval from 50% + 1 of the owners of improved property. An owner gets 1 “vote” per improved property. According to Section 4-7-101(4), both a “*husband and wife*” owner must sign the petition in order for their vote to count. A “*partnership*” must also have 2 signatures. A “*legal entity*” owner is only required to obtain 1 signature from a legal representative. In the case of “*multiple ownership*” again only 1 signature of a legal representative is required. Each of the entities described above will register 1 vote if cast.

If your improved property is held in a *trust*, please submit a copy of the first page of the trust and a copy of the signature page of the trust in addition to signing the petition.

If someone on the deed is deceased, the county requires a copy of their death certificate in addition to a signed petition which should be signed in accordance with Section 4-7-101(4) referenced above.

8. What types of uses can the funds be used for? What can they NOT be used for?

Funds can only be used for purposes as listed on the current petitions. The petitions state “*the purposes of the district are:*”

1. *acquiring, improving, and maintaining community real and personal property or any interest in real property necessary to accomplish community-wide projects;*
2. *providing special police protection;*
3. *providing recreational activities and facilities directly related to the community; and*
4. *funding the administrative expenses to carry out these purposes, including mailing expenses, secretarial costs, insurance costs, audit fees, attorney’s fees, and the repayment of any loan.”*

Funds CANNOT be used for purposes not listed on the petition. Each annual budget “*shall provide a detailed listing of the purposes to which the funds are applied [...]*” The use of funds, as part of the budget, must be determined before-hand and voted on and approved on an annual basis. This prevents funds from being used impulsively and without consensus.

9. Will the budget be made available before the annual SCBD meeting each year and if so how?

Yes. The budget will be made publicly available via mail, internet, posting at the Community Center sign and in the HHCA newsletter in advance of the annual budget meeting.

10. Is there a cap on the amount that can be assessed?

Yes and no. At the moment there is no set cap that would limit the budget and/or assessment year after year. The HHCA is currently looking into ways to place a cap on the amount that can be assessed, one option may be to modify the by-laws to codify a cap. However, currently, the assessment for any given year would be determined by a budget that is submitted to the county and voted on each year. The assessed amounts each year therefore cannot exceed those provided for in the budget for that same year.

11. If someone is on a fixed income do they still have to pay the assessment?

Maybe. There is currently no mechanism established by the county that allows a “waiver” to exempt anyone from paying the assessment. However, it may be possible for the HHCA to reimburse the assessment amount to someone on a fixed or limited income after it has been collected by the county and distributed back to the neighborhood. Such reimbursements may be handled on a case-by-case basis by the HHCA and predetermined requirements would have to be established and met to qualify for reimbursement. HHCA is researching how other established SCBD’s currently handle waivers. If decided, this will be added into our Bylaws.

12. Who can use the facilities or benefits set up by the SCBD?

The facilities or benefits can be used by any member of the SCBD or anyone who occupies an improved property within the SCBD or anyone who accompanies any of those listed above within reason.

13. What if there is a surplus of funds? Are they given back to the property owners or applied to the future budget?

According to the County Code, “[t]he District may only expend the amount that has been appropriated during the Budget Process. Appropriations lapse at the end of the fiscal year. Additional appropriation is only available in emergency situations with the approval of the County Council.” Surplus funds may either be carried over and counted towards a future budget or be disbursed back to the SCBD members as determined by the HHCA.

14. I’m concerned the SCBD will change what I love about Herald Harbor? How can I be assured that it won’t?

We all believe our community is special and is the place we CHOOSE to call home. Some have been here for generations and others for only weeks but we all ended up here because this place is special to us and no one wants to change that. We can probably all agree that there is always room for improvement and it’s likely each resident can think of ways to make our community better. The best way to be assured the process moves in the direction that you want is to be part of that process, be active in the community and make your voice heard.

15. If my property is included as part of the SCBD does this mean that I’m also automatically a member of the HHCA?

No, it does not. If you want to be a member you must sign up and renew your membership for the HHCA each year. It costs \$10/year for a single membership and 16\$/year for a family membership. You can be a part of the SCBD and choose not to be a member of the HHCA.

16. I’ve heard some information from someone else in the neighborhood and I want to be sure that it’s accurate. What can I do?

The best thing you can do is to visit the webpage that has been set up by the SCBD committee to provide accurate and up-to-date information about the SCBD process: www.heraldhaborcommunity.com/special-community-benefits-district. Second, you can read the law concerning Special Community Benefit Districts that appears in Article 4, Title 7 of the Anne Arundel County Code. Third, you can visit this list of currently established SCBD’s within Anne Arundel county to see examples of how other communities choose to organize their SCBD’s. Fourth, you can reach out to the HHCA board members or to any of the SCBD committee members for information. Lastly, you can also expect to receive informational emails and the HHCA newsletters for updates.

17. Is the establishment of the new SCBD permanent? What happened to the original SCBD that was established in Herald Harbor? If it was so successful, why did it go dormant?

Establishment of a SCBD does not expire. The County Code provides that “the County Council, by ordinance, may amend, modify or dissolve an existing special community benefit district.” The process to modify SCBD is the same as the process to form a district, including the petitioning, signature and legislative process. Herald Harbor established a SCBD in 1924 and so it still remains intact. However, it was created for the sole purpose to build and maintain non-county roads. The process to amend the use to the current proposed uses is essentially the same as establishing a new SCBD. The old SCBD was never dissolved but rather no annual budget was submitted and therefore funds were never collected or disbursed.

18. I already live on the water and wouldn’t use any of the amenities that the SCBD may offer including better beach access and/or a pool, so why should I support it?

The SCBD projects would be used for other purposes other than just recreational amenities, it will provide benefits for all in the community. The SCBD disbursements could be used to contract a service to pick up curbside leaves or to eliminate invasive species or improve safety in the neighborhood as a few possible examples. We would appreciate everyone’s input as to how we can make the neighborhood a better place for all.

19. What types of initiatives have members of the community voice a desire to have?

According to an online survey, some of the initiatives that community members have expressed interest in are: improved water access, pool, removing invasive species, dog park, kayak rack, repairs to the boat ramp, boat ramp parking, tot lot, improving size of the beach, curb-side leaf pick up and improved safety to name a few.

20. What body or organization will administer the SCBD?

The HHCA will administer the SCBD. As stated in Section 4-7-101(d), “[e]xcept as otherwise provided for a particular district, the administration of the district shall be conducted by a civic or community association that is an incorporated association and that provides for membership for each property owner in the district.”

21. Will the HHCA by-laws need to be modified in order to establish the SCBD?

Since the SCBD will be administered by the HHCA it would be necessary to modify the existing HHCA by-laws in a way that facilitates the function of the SCBD. It would premature to change the by-laws in advance of the establishment of the SCBD because if the SCBD is not established then our by-laws would have to be modified yet again. The intent is to provide a draft of recommended revisions to the bylaws if the SCBD is established as soon as possible.

22. Will I be able to view the proposed budget before I decide if I want to be a part of the SCBD?

Presently you can view a DRAFT of the proposed 2019 SCBD budget. A budget cannot be voted on or submitted to the county until the SCBD has been established (or in this case re-established with a different purpose).

23. What is the SCBD committee and who are the SCBD committee members?

The SCBD committee is a group of volunteers who have taken the initiative to begin the process of building consensus for a SCBD within our community. The purpose of the committee is to gather information regarding the SCBD and distribute that information to the community in hopes of ultimately establishing a SCBD. The committee is temporary and will disband when either the community establishes the SCBD or decides not to.

The chair of the SCBD committee is Ashley Raymond, the current HHCA Vice President. Jami Young, the current HHCA President is also a member of the committee. The other committee members are members of the Herald Harbor community. All committee members have donated their time and effort to improve our community. We are always seeking more committee members to help get the word out so if you are interested please contact Ashley at vphealdharbor@gmail.com.

24. Are future funds from the SCBD already committed to pay for the Locust Trail property under contract?

The HHCA is has currently contracted to purchase the Locust Trail property. If the purposes of the current SCBD in Herald Harbor is modified and the budget is established, the SCBD funds will be used to service the Locust Trail debt.

25. What is the estimated timeline for the SCBD?

Signed petitions are only valid for 2 years and expire thereafter. The county requests that signed petitions are submitted to them 3 months before the 2-year deadline so that they may review and notify the community of any errors that need to be resolved. The SCBD committee hopes to have affirmative votes from the required 50% + 1 residents submitted to the county by 12/31/19. Once the required number of petitions are submitted and validated the county will submit legislation to have the SCBD officially repurposed.

26. Are SCBD's common in Anne Arundel County and where can I find information about them?

Yes, they are very common. There are over 79 currently established in the County. Here is a list of current SCBD's as listed in the County Code:

[http://library.amlegal.com/nxt/gateway.dll/Maryland/annearundelco_md/article4financetaxationandbudget/title7specialcommunitybenefitdistrictssh?f=templates\\$fn=default.htm\\$3.0\\$vid=amlegal:annearundelco_md\\$anc=JD_4-7-204](http://library.amlegal.com/nxt/gateway.dll/Maryland/annearundelco_md/article4financetaxationandbudget/title7specialcommunitybenefitdistrictssh?f=templates$fn=default.htm$3.0$vid=amlegal:annearundelco_md$anc=JD_4-7-204)

27. How is the SCBD different from an HOA?

The SCBD is not an HOA. In short, the purpose of a SCBD is to allow for the collection and use of funds within a community. HOA's on the other hand are primarily established to provide a common basis for preserving, maintaining and enhancing homes and property. HOA's can create and enforce a broad range of restrictions, SCBD's cannot. The SCBD can only create a budget and have the county collect those funds in a manner that is consistent with the "purposes" listed in the current petition. An SCBD cannot directly collect funds. An SCBD CANNOT be used to create and/or enforce covenants, conditions and restrictions (CC&R's) which are common among most HOA's.

28. Does Anne Arundel County have financial reporting requirements regarding SCBD's?

Yes, the County has several reporting requirements which may be viewed here:

<http://www.aacounty.org/departments/auditor/special-community-districts/index.html>.

29. Where are we in the whole process?

The beginning. Information is being gathered, verified, and distributed which takes time. The HHCA is learning what people in the community want and acting accordingly. The reason that the HHCA does not have all of the answers at this point is that the intent is for the community to shape the process to help arrive at those answers together. The HHCA is trying to offer guidance where appropriate while at the same time listening to each resident.