"Federation Corner" column
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Making dollars and sense of the Growth Policy
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Our new County Executive and three of the four new members on the County Council ran and were elected on a promise to slow growth so that infrastructure could catch up. The reality that prompted the campaign pledge is that additional infrastructure is needed--roads, curbing, sidewalks, storm drains, bridges, mass transit systems, additional brick-and-mortar schools, fire houses, police stations and rescue squads--to serve residents and businesses already in place.

There are 600 classroom trailers in school yards around the county. This translates to needing 24 new schools, at an average 25 classrooms per school. The latest roads analysis studied eighty percent of the 760 county intersections with signal lights, and found that 1 in 6 are inadequate to handle the current volume of traffic in weekday rush hours. Thousands of residents are moving into new homes in the Clarksburg area, where the fire department is housed in a rental garage and there is no police station or rescue squad in the community. Added to this is the conclusion in an October 2005 task force report that the county has a 20 year backlog of projects needed to maintain and replace our aging existing infrastructure.

County Executive Leggett is predicting that the $200 million budget shortfall we faced in the fiscal year starting July 1 is expected to double in the following year. County government will be hard pressed to commit enough revenue generated from existing residents and businesses for maintenance and replacement projects and to build our way out of the current infrastructure deficit. It simply cannot afford to provide the additional infrastructure and services needed to accommodate new growth. This simple fact is behind the Planning Board recommendation to increase the impact taxes levied on building projects, to help insure that new development pays the lion's share of the cost of new infrastructure needed to support it.

The development industry is lobbying hard against the proposed increase in impact taxes on new building projects. One argument put forward is that growth generates additional revenue for the county in the form of corporate and personal income tax and property taxes from residents and businesses moving into new development. But it's a break even situation, because this additional revenue will be needed for provision of services and for maintenance and replacement of the infrastructure built to accommodate that new growth. MCCF supports the Board recommended increase in impact taxes as a means of generating revenue so that infrastructure can catch up with development in place.

The Council might also want to reconsider the provision in place that levies impact taxes on new development in Metro station areas at half the rate paid elsewhere throughout the county. In its report, the Planning staff stated that "financial incentives to encourage redevelopment in (these areas) are of decreasing value to the county." In addition to the half-price rate in Metro areas, no impact taxes are paid on Moderately Priced Dwelling Units provided, which can be between 12.5 and 15% of the total number of units. This means that the impact taxes collected from new Metro area residential development are equal to about 43% of the costs of providing infrastructure to accommodate those projects. It may well be time to eliminate this rate reduction.

Another fiscal step in the right direction would to insure that developers actually pay the cost for new infrastructure which is assigned them by the Planning Board as a part of project approval.

Enacted in 1973, the Adequate Public Facilities Ordinance requires that infrastructure must exist to support proposed new development as a condition of Planning Board approval for a project. Under the APFO, the Planning Board shall only approve new development if infrastructure is in place to support it. Under state law and Chapter 50 of the County Code, the Board is granted the authority, as part of the development approval process, to determine the fair share of needed infrastructure that should be the responsibility of the developer.

Several provisions exist in county law, however, which allow for reimbursement of developers. One provision allows a dollar-for-dollar credit on transportation improvements paid for by a developer to reduce the amount of impact taxes collected by the county from new projects. The County Executive also has authority, granted in Chapter 49 of the Code, to reimburse a developer for some or all of the costs of transportation improvements provided. And, the authority exists to create Development Districts as a means of taxing property owners in a particular area for a set period of time, to reimburse developers for the cost of providing certain amenities which primarily benefit that community. The authority of the Planning Board to assign financial responsibility to developers for needed infrastructure should not be undermined by use of these mechanisms.

The county budget situation can be likened to an individual household facing a crisis wherein income is insufficient to pay the bills at the current level of spending. As any debt counselor will advise, the way to work your way out of the mess is to avoid incurring new bills while slowly paying off the ones you owe instead of using credit cards to delay the day of reckoning. Similarly, the county needs to avoid incurring new growth-related bills by requiring those whose development creates the need for new infrastructure to pay for it. The alternative is for the county to continue to borrow its way out of the situation or use revenue from growth to build currently needed infrastructure, which results in the need for additional infrastructure and revenue to pay for it--a vicious cycle. Should we continue taking this expedient approach, then all we will pass along to our children will be massive debt rather than valuable assets.

One benefit of the law requiring that Councilmembers approve a growth policy every two years is that, should the changes they approve next month need adjustment, they will revisit the issue again in 2009. Meantime, let's hope they remember their campaign promise.