



**TESTIMONY OF**

**Howard County Economic Development Authority**

**BEFORE**

**The Howard County Council**

**Public Hearing, June 19<sup>th</sup>, 2017**

**Testimony for CR98-2017 and CR99-2017**

Chairman Weinstein and members of the County Council, the Howard County Economic Development Authority, located at 6751 Columbia Gateway Drive, Suite 500 in Columbia, Maryland is a public-private partnership that promotes the retention, growth and attraction of new businesses to Howard County.

The Howard County Economic Development Authority is submitting this testimony respectfully requesting your support of CR98 and CR99 that will enable the redevelopment of the Long Reach Village Center.

The Authority recently commissioned an economic impact study on the proposed project for the redevelopment of the Long Reach Village Center that has been submitted by the Orchard Development Group. This study was performed by the Economic Alliance of Greater Baltimore and examined the economic impacts of the projected employment, the project anticipated to be generated.

In addition to being a creative project that we believe can be a best-practice model for Village Center redevelopment, the economic impacts make this project worthy of support in terms of job creation and tax revenue. According to the study, the construction activity will generate an estimated 730 full-time jobs, \$39.9 million in labor income, \$105.6 million in economic output and \$4.2 million in state and local taxes over the span of construction activity. When fully occupied the project on an annual basis will sustain 215 jobs, \$11.3 million in labor income, \$21.7 million in economic output and \$1.3 million in state and local taxes per year. A full copy of the report is attached for your review.

The redevelopment of the Long Reach Village Center is long overdue and approval of this plan will bring a new energy and vitality to this neighborhood. The HCEDA urges you to pass CR98-2017 and CR99-2017. From an economic development perspective, it is critical to encourage this development which will bring an aging retail center back into an attractive and productive use.

Thank you.

Lawrence F Twele  
CEO

Howard County Economic Development Authority

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# Economic Impacts of the Redevelopment of Long Reach Village Center

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June 16, 2017

Conducted For:

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Howard County Economic Development Authority

Conducted by:

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Economic Alliance of Greater Baltimore



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## Key Findings

The Orchard Development Corporation has proposed development of an economically sustainable and connected community space in the *Proposal for the Redevelopment of The Long Reach Village Center*. The Long Reach Village Center has been targeted by Howard County public and private organizations as a key to revitalizing the Long Reach Village. The proposed redevelopment has both an intangible revitalization effect, creating a dynamic space for community and innovation, as well as quantifiable economic impact on Howard County.

The prospective economic impact of the redevelopment stems from two sources:

- The growth generated during the construction activities, and
- The sustained impacts of the new commercial activity generated within the proposed retail, medical office, and incubator space upon completion.

## Construction Activity

The economic impacts of construction activities were calculated using projected construction costs. A total of \$64,868,506 in construction costs has been estimated for the redevelopment. These costs are detailed below:

Table 1: Construction Costs

|                | Commercial   | Multi-Family | Townhomes   | Parking Garage |
|----------------|--------------|--------------|-------------|----------------|
| Size           | 75,000 sf    | 239,088 sf   | 98,800 sf   | 498 spaces     |
| Projected Cost | \$14,425,000 | \$34,854,654 | \$6,624,852 | \$8,964,000    |

This spending would generate 730 jobs, \$40 million in wages, and \$106 million of output in the county over the lifetime of the construction activities. These estimates were generated using the IMPLAN input-output economic modeling software, and utilizing conservative figures when possible. Details of the economic impacts of the proposed construction are provided on the following page.

Table 2: Construction Activity Economic Impacts

|                        | Employment | Labor Income | Output        |
|------------------------|------------|--------------|---------------|
| <b>Direct Effect</b>   | 414        | \$24,819,569 | \$64,462,805  |
| <b>Indirect Effect</b> | 139        | \$6,960,014  | \$17,823,815  |
| <b>Induced Effect</b>  | 177        | \$8,099,528  | \$23,362,235  |
| <b>Total Effect</b>    | 730        | \$39,879,111 | \$105,648,855 |

The economic impacts generated by the redevelopment construction activity would result in \$4,199,941 of new state and local taxes over the lifetime of construction activities.

### New Commercial Activity

The economic impacts of the new commercial activity generated by the proposed retail, medical office, and incubator spaces were analyzed using projected employment levels within the space. These projections were derived using estimated rates of employment per square foot, by type of space. These estimates and the resulting employment projections are detailed below. Note that the incubator space has been excluded from the employment estimates and impact analysis, as the employment and impacts of incubator space can range widely, and this analysis seeks to provide accurate and conservative results.

Table 3: New Commercial Activity Employment Estimates

|                            | Retail | Medical Office | Incubator    |
|----------------------------|--------|----------------|--------------|
| <b>SF of Space</b>         | 37,500 | 17,500         | 20,000       |
| <b>SF per Employee</b>     | 450    | 300            | Not Included |
| <b>Employment Estimate</b> | 83     | 58             | Not Included |

The new commercial activity would sustain 215 jobs, \$11 million in wages, and \$22 million of output in the county when fully occupied per year. Details of the economic impacts of the proposed construction are provided on the following page.

Table 4: New Commercial Activity Economic Impacts

|                        | <b>Employment</b> | <b>Annual Labor Income</b> | <b>Annual Output</b> |
|------------------------|-------------------|----------------------------|----------------------|
| <b>Direct Effect</b>   | 141               | \$7,802,582                | \$11,635,806         |
| <b>Indirect Effect</b> | 24                | \$1,260,776                | \$3,532,337          |
| <b>Induced Effect</b>  | 50                | \$2,285,695                | \$6,592,406          |
| <b>Total Effect</b>    | 215               | \$11,349,053               | \$21,760,549         |

The economic impacts generated by the new commercial activity would result in \$1,298,865 of new state and local taxes on an annual basis.



## Methodology

### Economic Impact Model

EAGB utilized the IMPLAN input-output model with the most current, 2015 dataset to conduct the economic impact analysis for Howard County. This analysis accounted for direct spending leakages out of the county as well as captured indirect and induced effects.

The two sources of impacts will manifest in three categories of effects:

**Direct Effect:** Economic activities directly associated with the spending and employment in the construction activities and by the occupants of the completed commercial spaces.

**Indirect Effect:** Second-order economic activities of industries that respond to new demand generated by the direct economic activities detailed above. These industries supply goods and services to the construction actors and the commercial occupants. Indirect employment is generated as these second-order industries expand to meet this new demand.

**Induced Effect:** Economic activities generated by spending from workers supported by the direct and indirect effects of construction activities and by the occupants of the completed commercial spaces. As full- and part-time workers employed by the redevelopment activities or an industry indirectly supported by the redevelopment, use their income on typical household consumption, they create additional economic activity. Workers that use their income to purchase retail, housing, banking, and food services induce employment and wage growth in those industries.

The sum of direct, indirect, and induced effects represents the total gross economic impact.

The direct, indirect, and induced effects can be measured in several different ways. The following economic factors are used in this report and, as distinct measures, should not be combined to estimate total economic impact:

**Employment:** the number of jobs supported

**Labor Income:** the dollars paid as wages and benefits to workers, as well as proprietor's income

**Output:** the market value of goods produced or services provided, which is frequently reflected as total revenue or sales in businesses

**Tax Generation:** the state and local taxes and fees generated, including sales, property, income, and several other tax and fee categories at the local, state, and federal level

### **Input Estimates**

The inputs used to represent the activity of the construction and the new commercial spaces were estimated using a variety of conservative sources.

Construction spending was derived from information provided by Orchard Development Corporation and only accounted for direct construction spending. Engineering, architecture, deconstruction, and several other small costs were not included, allowing for a more conservative model of the potential economic impacts.

New commercial activity employment estimates were made using average employment per square foot figures. These figures can be found in limited detail by several organizations, including the Institute of Transportation Engineers, San Diego Association of Governments, the U.S. Department of Energy, and others. Research uncovered a wide range of estimates; therefore, a conservative employment per square foot estimates was selected, that appropriately reflected the types and locations of the commercial spaces the are the subject of the analysis. The exclusion of impacts of the incubator space further supports the conservative nature of the impacts calculated for the new commercial activities resulting from the Long Reach Village Center Redevelopment. Had estimates been included for incubator employment and economic impact, the result total impact would have increased significantly.