HCCA

Howard County Citizens Association

Since 1961…

The Voice Of The People of Howard County

Date: 20 May 2019

Subject: HCCA Testimony Regarding CB25 thru 29-2019

The Howard County Citizens Association is concerned and alarmed at the amount of debt being proposed by bills 25 through 29. The bills propose nearly $225.5 million in debt for costs associated with public facilities on the backs of the taxpayer.

We think this level of debt is unsustainable, especially when considering its cause. For many years, the county has subsidized developer profits through intangible economic benefits due to favorable zoning and land use regulations as well as direct financial subsidies through low school impact fees, low moderate income housing fee-in-lieu, and tax increment financing.

Since 2011, more than 61% of the capital budget is financed through debt, while the average annual developer contribution is 1.79%. Howard County has spent an average of $100 million per year since 2011 to service these debts.

Radio personality Marc Steiner once said "developers are the defense industry of local governments". Like the defense industry, developers have a strangle hold county government. So much so that county departments such as department of planning and zoning serve more like facilitators of development rather than regulators.

Take for example the developer rights and responsibility agreement between Howard County and Chase Land on Mission Road. This DRRA, which bequests an incredible amount of economic benefits to the developer, was approved despite the serious flaws. It was also discovered that Department of Public Works failed to follow the open bid law for a large project related to the land clearing, which further costs the taxpayer more money.

Howard County's glaring practice of subsidizing developers is best on display with the developer school surcharge fees.

In 2004, the Maryland State Legislature enacted a law that enabled Howard County to charge Developers surcharge fees. The fee was set at an arbitrary value of $1 per square foot, using only the opinions of economist Anirbarn Basu, whose firm Sage Policy Group conducted a study for the Maryland Builders Association, in response to a slew of impact fee legislation adopted by several Maryland Counties.

At the time, he said, "What we have found is that new development tends to more than pay for itself and disproportionately finances the growth in government…"

He and many others were wrong, but the county still continues to follow the orthodoxy that residential development is a net source of positive revenue.

HCCA supports and in fact expects the county to pay for its obligations. However, it does not support the county pay developers' obligations. Furthermore, HCCA expects county leaders to learn from past mistakes.

One way the county can prevent future mistakes is to require a fiscal and economic impact statement with every zoning and land use decision. The voter finds it difficult to understand the impact of these decisions and the fiscal and economic impact statement, with a clear and transparent methodology would change the discussion and perhaps improve the decision making process. We urge you to enact such a law.

Thanks for listening and hopefully action will be taken.

Hiruy Hadgu
HCCA Board of Director