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Residents protest impact fee discounts

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Council urged to keep hikes, but construction industry wants reprieve

By ERIN COX, Staff Writer

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Frustrated by perceived favors to the construction industry, county residents last night protested continued discounts on impact fees for developers.



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About 30 people complained that Anne Arundel's infrastructure needs are too great to let builders pay only a fraction of the cost incurred by new development.

At a public hearing before the County Council in Annapolis, an at-times hostile crowd implored politicians to vote down a bill that would continue deep discounts on the development fees.

"This is a financial windfall for developers and a raw deal for the rest of us," Ted Weber of the county's Green Party said.

"Development should pay its own way and not be subsidized by taxpayers."

Four council members introduced a plan to reset impact fees to a discounted rate that was adopted in 2009, in part to encourage development during the recession.

The discounted fees - which pay for expansion of schools, roads and other infrastructure to accommodate new development - recoup less than 22 percent of infrastructure costs. They are among the lowest such fees in Maryland.

An amendment to the plan last night pushes off a final decision until later this month.

The bill's sponsors said the construction industry has been hit the hardest by the recession and hasn't recovered enough to shoulder a doubling of the fees, which took effect in January.

"It's not that we oppose impact fees. It's not that we oppose impact fees going up. We just oppose the timing," said council Vice Chairman Ron Dillon, R-Pasadena.

Dillon said he corralled three other sponsors for the plan because his district desperately needs jobs and the county's giant budget shortfall makes it vital that the construction and housing industry recover.

"The reason I brought this forward is really to get people back to work," Dillon said. "The two avenues of revenue that we (the county) are falling short on is recordation and transfer fees, as well as income tax. And that's really generating the \$95 million shortfall that we're facing. ... Obviously, the construction industry has really led, not only in Anne Arundel County, but the nation, in the crisis. And I think they're going to lead us back out."

James Mandrin of Annapolis-based Mandrin Homes told the council his business had already seen revenue plummet and has laid off most of its workers. A doubling of impact fees could spell the end of his company, he said.

"Our profit margins are paper thin," Mandrin said. "My goal is to keep my employees working and get through this recession."

Jason Bellman of Brackens Landscaping in Pasadena asked the council members to do anything they can to help. Brackens has seen revenue drop by 60 percent and has laid off 70 percent of its employees since 2007.

The Annapolis and Anne Arundel County Chamber of Commerce also backed the idea of keeping impact fees lower for another year, saying the dramatic increases hurt the development of commercial properties.

"We are losing a critical part of our assessable tax base here in Anne Arundel County," said Bob Burdon, chamber president. "The commercial tax base is critical, and the commercial tax base is being decimated."

Other residents who sat through nearly a year of hearings to help craft an increase to the fees in 2008 took personal offense at the proposal.

"I feel betrayed by this legislation," said Earl Bradley, who spoke on behalf of the Sierra Club. "Going back, saying, 'We're going to refund money to developers because they're paying 40 percent of the cost instead of 25 percent of the cost' is ridiculous."

The council amended the plan 6-0 last night to clarify that developers who have applied for permits since January would receive refunds for any impact fee increases if the bill passes. Another public hearing on the bill is scheduled for April 19.



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County Budget Officer John Hammond said the ripple effect of continuing the discounts could cumulatively cost Anne Arundel between \$8.7 and \$17 million.

But County Auditor Teresa Sutherland said it is impossible to calculate the precise impact of the discount. While the number of applications spiked during the discount period, only 15 percent of those projects have moved forward, county officials said.

Those statistics prompted some county officials to say that the discount period did not effectively stimulate the economy, but rather inspired developers with potential projects to apply early to receive a discount.

Carole Sanner, assistant planning and zoning officer, said building permits were pulled for only about 95 of the more than 600 applications in 2009.

"Those people aren't interested in pulling permits," Sanner said. "They're interested in lowering their impact fee liability."



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