

Wicomico County Council
Open Work Session
January 6, 2015

Work sessions require written minutes that reflect each item that the public body considered, the action that the public body took on each item and each vote that was recorded. **It should be noted that at work sessions, the Wicomico County Council does not take formal action, nor is a vote taken on any item discussed.**

In attendance: John T. Cannon, President; Matt Holloway, Vice President; Ernest F. Davis, Marc Kilmer, Larry W. Dodd, John B. Hall and Joe Holloway.

Present: Matthew E. Creamer, Council Administrator; Edgar A. Baker, Jr., County Attorney; and Melissa Holland, Recording Secretary.

Also in attendance: Bob Culver, County Executive; Wayne Strausburg, Director of Administration and Jack Lenox, Director of Planning and Zoning.

Impact Fee Discussion :

Mr. Culver said through the impact fee grant 74 permits were able to be pulled for single family construction. He said that all permits were pulled from July of 2014 until December of 2014. He said that 47 permits were pulled in the unincorporated areas of Wicomico County; 7 in the City of Fruitland; 6 in the Town of Pittsville; 9 in the Town of Delmar; 4 in the Town of Willards and 1 in the City of Salisbury. Mr. Culver said that the estimated improvement cost of 74 newly constructed single-family detached dwellings is \$10,694,172 with a median construction value of approximately \$144,516. He said that if the value was converted to assessed value the annual projected revenue from county property tax on the new improvements would be \$101,766. Mr. Culver said that the different municipalities will gain approximately \$16,345 in their tax base as well. He said he would like to place a moratorium on the impact fee. He feels this is a very good thing to help the workforce get back to work. Mr. Culver said this is only for single family residences. Mr. Matt Holloway asked if a one year limit will be placed on it to discuss within a year. Mr. Culver said he was going to ask for a one year moratorium to see how many homes will be built and then come back to the Council for further discussion to see if the moratorium is working. Mr. Baker said he will have the legislative bill ready by the next Council meeting.

Mr. Cannon said he would like to get accurate numbers from the builders as far as how many people they hired and how much they spent. Mr. Culver said that will be difficult to get specific numbers. Mr. Cannon would like to see the impact as close as could possibly be. Mr. Joe Holloway said he is in favor of the moratorium.

Mr. Hall said \$350,000 was in the budget for reducing the school bond, due to no building, there was no impact; however, the money is to reduce the debt on the bonds. Mr. Strausburg said out of the county's general fund approximately 85% of the P&I payments go towards school construction. He said the amount raised by impact fees is miniscule compared to the general fund monies used. Mr. Strausburg said it is lowering

the revenue however it is increasing the tax base which in turn increases the revenue. Mr. Hall said by building more homes more deputies and teachers will be needed and more services needed to provide to the citizens. Mr. Strausburg said that a consulting group or a more knowledgeable group would be necessary to find the impact of building new homes on the county. Mr. Joe Holloway said the Tischler study was based more on Worcester County and he does not feel that is a fair comparison. He asked if any conversation has taken place with the municipalities to see if they are willing to waive their impact fee or place a moratorium on the impact fee. Mr. Culver said he would like to see the building fees in the county reduced and said if a person were to build in the city limits and do the infill lots the building permit fees will be waived to encourage growth in the municipalities. Mr. Hall said he believes that growth should pay for growth. Mr. Cannon said he feels it will be income tax and property tax revenues instead of a fee which the county developed. Mr. Kilmer said the Board of Education has had declining enrollment since 2008. Mr. Matt Holloway asked Mr. Messick (Builder in the room) if he had sold the four houses he built. Mr. Messick said three of the homes are sold and he said they were custom houses and the waiver of the impact fee played a role in the decision to build. Mr. Matt Holloway asked if the buyers were Wicomico County citizens to which Mr. Messick said most were renting homes in Wicomico County and then decided to build. Mr. Cannon asked if the market is being diluted by new homes. Mr. Culver said he would like to speak to a realtor regarding this. Mr. Messick said the market is not saturated. Mr. Cannon said the realtors are trying to reduce inventory and he wouldn't want to reverse the trend of selling current homes. Sarah Rayne, Coastal Association of Realtors, said since 2012 there have been market increases in single family home sales in all three counties and said that lower interest rates plays a big part of that as well. Ms. Rayne said Coastal Association of Realtors is happy with this idea and supports it.

Mr. Strausburg said the 2015 Building Code will be coming before the County and that will increase building costs and this is a defensive move to save the builders money. Mr. Lenox said in spring a mandatory adoption of the Building Code is required as well as the requirement for sprinklers in single family homes and there is no opt out option. A consensus was given to bring the impact fee moratorium legislation to the Council.

Open Work Session Adjourned.