

Open Work Session - Legislative Bill 2015-14

Legislative Bill 2015-14- An Act to impose and declare a moratorium on the imposition and collection of the Public School Impact Fee for all new residential dwelling units until December 31, 2016, as provided for in Chapter 130 of the Wicomico County Code, in order to allow the study of the issue and the possible implementation of new legislation to address same. Bob Culver, County Executive, and Jack Lenox, Director of Planning, Zoning and Community Development came before Council. Mr. Culver stated that this was brought to Council some time ago in hopes of continuing the moratorium. He said that we have had such good luck with the moratorium, and he would like to continue it. Mr. Culver said that if you recall last year what we did as part of the economic development fee that was in the economic development center was give out grants. This year we went for the moratorium and we would like to continue it to encourage all building in Wicomico County. Mr. Culver stated that Jack Lenox has the figures that will show how beneficial it has been for Wicomico County. Mr. Lenox stated that it is difficult to isolate very specifically the cause and affect; you will see a lot of numbers out there and we can contribute them to state regulations, local regulations fees, the economy, and he said that he would let Council decide from a policy standpoint what is the most significant. Mr. Lenox said the easiest way to approach this is to recognize that going into FY15 we had a projection of 74 single family homes. This is not only based clearly on a straight line projection but also real life of trying to anticipate what is out there and what had we done the few years previous. Mr. Lenox said when you had the impact fee grant system setup, you took that 74 and hit it in the first half of the year, meaning that by last January 1st you had taken in all of those applications. Mr. Lenox explained that there is a lag between the application and permit. Generally, it is the application date that locks you into a certain building code or certain fees schedule or grant application, so some folks hurried in at the end to qualify for the grant but you will not see the permit issued until later. Mr. Lenox continued with his conversation in restating that the 74 building estimates were taken in the first half of the year, then in the Spring when Council enacted the Impact Fee moratorium in April, prospectively for six months, keeping in mind that there is not too many building permits being issued in January, February, and March, since April we issued 67 permits and the total number of applications after April was 82. Mr. Lenox said that on July 1st the state requirement for fire suppression systems-sprinklers on all homes went into effect. If you had built a single-family home in the City of Salisbury or Fruitland prior to this, you would have been required to have the sprinklers anyway, but out in the County this is a new requirement. Mr. Lenox said that we had 60 applications in June and the builders are saying take your time with these. Generally, private individuals building their own home don't build for speculation, so those we processed right away, but the others are kind of sitting there in that lag. We interpret the application period to have locked them in. We have those applications in the box from June. There has been some speculation about value. Mr. Lenox said that Council was given some numbers back in the first of the year based on average construction costs from last year, which we are trying to correlate

somehow to assessed value, on structures, not on land, you hit an average on a little over \$147,000 per home. In doing rough math, the number of applications since the moratorium went into effect works out to an assessed value of a little over 12 million dollars. Those will come in over the next number of months. He said that we had one application since July 1st. Mr. Lenox further commented that replacements are not subject to the impact fee so the moratorium is not an issue, but they are subject to sprinklers. We expected replacement applications in June, but to reiterate we have only had one application since July 1st, which was from an individual, not a professional builder. Mr. John Cannon stated that we always knew the sprinklers would be a greater incentive than the impact fee but we were still presenting that as an option to the builders. Mr. Cannon asked if the ones that applied in June had a timeframe in which to build. Mr. Lenox said that the time period given was for the grants and all the builders complied, except for one that gave back his permit. Mr. Cannon then asked if the moratorium has a time period, to which Mr. Lenox responded, no, it does not. Please keep in mind that if you decide not to extend the moratorium, then the ones that have applied when they pull their permit, will have to pay that fee. Mr. Joe Holloway stated that the people didn't know that they would have to pay the fee, to which Mr. Lenox confirmed that they did not know. He said that when they applied they did not have to pay the fee but if you do not extend the moratorium they will. These folks are caught in the middle. Mr. Cannon said that is somewhat ironic that we lose the incentive if you extend the offer. Mr. Lenox said that not everyone that applied is looking to build and that we will have to keep an eye on the list. Mr. Joe Holloway stated, so we have applications in a file that we have been asked not to be in a hurry to process. If a builder is building a home that is going to be a rental in the future and one or two years later, after it is built without a sprinkler system, although there is a law for a sprinkler system, but he pulled the permits prior, then there is a fire and loss of life, would the county be liable? Mr. Lenox responded by stating we are following state law. Mr. Dodd said that Mr. Lenox threw out a lot of numbers and the 12 million assessed value sounds good. He confirmed with Mr. Lenox that the County has only received one application since July when the sprinkler system law went into effect, to which Mr. Lenox said yes. Mr. Dodd said that goes to show that is an enormous amount of money someone will have to pay in addition to the hookup fees and buying a pump other than the sprinkler system. Mr. Bob Culver said that they also have mandatory BAT systems in all septic, so between the septic, sprinkler system and impact fee, you are probably paying closer to \$25,000 to start a house in Wicomico County. Mr. Dodd stated that is not a good incentive. Mr. Culver said that we have talked to several of our delegation and they have said that they are going to put forth some type of legislation in this year's session regarding rural counties and sprinkler systems. Mr. Culver said that he knows Senator Mathias may disagree with that but most other delegates are understanding of what our problems are. Mr. Joe Holloway said that Caroline County has really been active in this. Mr. Dodd asked if prior to this if we had a waiver for the sprinkler system. Mr. Culver responded that through the help of Worcester County and Sonny Bloxom, we found a loophole in that we did not have to enforce it

until July 1, 2015. Mr. Dodd asked if we can get a waiver now, to which Mr. Culver said that we have extended our good luck. Mr. Kilmer asked if we would see something from the Executive's Office to have a permanent resolution of the impact fee issue. Mr. Culver said that he would like to. He said the current moratorium ceases/expires as of October 23rd on what they have currently done. We are asking for an extension so that we can hold public hearings and listen to what everyone's thoughts are. Mr. Dodd asked if during the 60 day wait period for the legislation to go into effect if they can pull permits. Mr. Culver stated that with the moratorium we can pull permits. Mr. Joe Holloway asked if the builders, such as the private builders, are fully informed of the costs, taking into consideration the sprinkler system, before they buy the permits. Mr. Lenox responded, yes, we try to give them as much factual information as possible. The logical question people ask is what is this is going to cost me. Mr. Lenox said that he understands through the fire safety folks there is a lot of change taking place in that industry now that the requirement is statewide, so there are those that are looking to get into a new business/expand their business and we are hoping that will bring down some of the costs.

**Open Work Session - Legislative Bill 2105-14
October 20, 2015**



John T. Cannon, President



Matt Holloway, Vice President



Ernest F. Davis, District 1



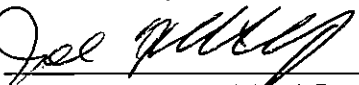
Marc Kilmer, District 2



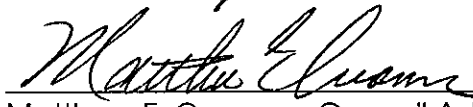
Larry W. Dodd, District 3



John B. Hall, District 4



Joe Holloway, District 5



Matthew E. Creamer, Council Administrator