

Susan Garber, speaking on behalf of the Howard County Citizen Association (HCCA)



The HCCA has consistently supported the increase of impact fees to assure the provision of adequate public facilities--- at both the County and State levels. We support CB-42 as it seeks especially to provide increased funding to schools through an effort to have developers pay their fair share.

We wish to comment on both the economic and the psychological factors involved in the discussion of this bill.

It is perhaps understandable that those in the development community have (or will) provide much testimony of the Doom and Gloom variety—not only on CB42, but on all other bills and resolutions during this September session which hold the potential of change, change in the form of increased fees and/or more restrictive regulations. When one faces change we naturally focus more on what we might lose rather than on what we might get. This phenomenon is explained simply in Psychology Today March 8, 2018 (attached). One might attribute the strong, and sometimes quite irrational, responses of the building industry to the 'Theory of Loss Aversion'. The theory of loss aversion refers to people's tendency to prefer avoiding **losses** to acquiring equivalent gains. To paraphrase, one tends to become extremely attached to what one has (be that possessions, privilege, or position). Ironically, the more we have, the more vulnerable we are since having accumulated wealth implies that we have more to lose than to gain.

Our aversion to loss is a strong emotion. It is an expression of fear and anxiety. It is in our human nature to try to help others expressing such emotions. But Council beware. Don't fall into the same trap as your predecessors.

The development community in HoCo has been able to accumulate much wealth as a result of HoCo government facilitating rather than regulating development and by substantially subsidizing development through maintaining fees much lower than surrounding jurisdictions for decades. Note that it was the decisions of those in HoCo government, NOT the citizens who bestowed these financial benefits on the development community. By failing their fiduciary duty to assure that new development would contribute fees to provide adequate public facilities for new and existing residents, both our county leaders and state delegation have placed citizens in an unenviable position, one without adequate facilities and with little money to provide them.

While the development community is expressing their fears over the potential loss new legislation may subject them to, they are bolstered by their professional organization

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with a paid staff that tracks legislation and provides talking points from their headquarters building. (No doubt members shared their concerns at MACO during their association-sponsored golf tournament.)

HCCA adds our voice to the citizens, who without such organizational benefits, have been trying to express their great sense of loss for a long time-- only to feel they are not being heard. Developers aren't the only ones who are loss averse. YOUR TAXPAYERS are anxious and fearful over the loss of the dreams they too have worked hard for:

- a place where their children and grandchildren can obtain a quality education without fearing for the safety of these youths as they receive instruction in plywood classrooms;
- a place where forests and sensitive environmental and historic properties are preserved and prioritized instead of disappearing at frightening rates;
- a place where they can get home safely in time to enjoy their families, rather than spend it in gridlock; etc.

The development community always refers to their need for predictability. YOUR CITIZENS also need predictability-- predictability on

- what school their child will attend,
- what year their road will finally be repaved,
- whether it is safe to go to bed when heavy rains are predicted.

Your citizens need assurance that while THIS Council is not responsible for the sins of the past in regards to not asking developers to pay their fair share, it is THIS Council which must bravely and boldly begin to stop the financial bleeding.

CB-42 as written is a good first step, but let's be perfectly clear that Citizens will NOT tolerate any reduction below these fees, any additional exemptions, or grandfathering. We strongly recommend, as teachers would say, that you 'recheck your math' and consider an \$8 starting point. Admittedly that may be a shock to the system for the development community, but it appears far closer to the reality of what developers pay in surrounding communities.

On a final note, a word to the wonderful caring members of those groups who have been led astray by the development community into believing that this bill will hurt the provision of affordable housing: Ask yourself, if we have a shortage of affordable housing under existing conditions, where developers simply haven't produced any units or won't without doubling the density, or by paying fee in lieu to keep socioeconomic segregation alive, how can it be any worse if they are asked to contribute more? The theory of loss aversion says you fear the loss of something you have. For decades we have had little or no new construction of moderate or low income units without some special concessions on density. Developer-preferred fees in lieu are so low that they

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don't provide a comparable number of units. Developers' track record of unfulfilled promises, seen once again in downtown Columbia are further proof that it.

Simply put, the public is asking you to derail the Gravy Train of subsidies to developers. Citizens are tired of paying their freight.