HCCA Howard County Citizens Association
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HCCA Testimony | Planning Board Hearing | HoCo By Design

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Good evening members of the Planning Board. I am testifying on behalf of Howard County Citizens Association to express grave concerns about the county's fiscal impact report on HoCo By Design.

The County's six-page fiscal impact analysis result incorporates the FY2023 adopted operating and capital budget. The fiscal impact analysis concludes that *new growth would generate more revenues than costs for services and infrastructure.*

Several assumptions are made in the entire analysis about residential development, which also revealed county budgeting practices, to facilitate this assertion.

First of all I want to commend the people who prepared the analysis because the steps taken are clear and transparent enable a third party to reproduce the results.

Which is what I did. I have reproduced the entire analysis, which has allowed me to identify certain issues with the results.

First of all lets debunk a major myth right way. Residential development does not pay for itself. The net revenues calculated by the analysis of approximately $30 million in the first year and an average of $59 million annually over 18 years are problematic.

Since 2016 the county has on average issued $67 million in general obligation bonds. And the analysis clearly indicates that this practice will continue over the future. In FY2022, the county issued $160 million in new debt adding to the county's total debt.

Second, half the cost to fund schools assumes debt financing and 100% of the road financing is debt-financed. The analysis clearly says that new money is used to pay back debt due to past expenditure. The following points clearly contradict the analysis assumptions that the new residential development pays for itself:

- The county assumes half debt financing
- Does not consider the TOTAL cost to build schools- the county underestimates the cost of school construction by at least 50%
- The county assumes approximately $33 million in CIP but it doesn't explain how it is cutting down or reducing the accumulated deferred maintenance.
- Assumes that resales play a major role than new residential development

Third, another fundamental narrative that needs to be addressed is that the amount of housing would reduce price of housing. We need to reduce costs by $50 to $100 thousand per home. There is no regulatory mechanism provided to effectively make housing affordable in Howard County. Additionally, the county doesn't define what is affordable.

Lastly, the county extrapolates based on the number of jobs created in the past that 59,000 new jobs will be created by 2040. This 59,000 jobs figure is used as a basis to project that 30,000 new housing units will be needed by 2040. In making this claim, the chapter assumes that ALL the 3,000 new jobs per year created in the past resulted in a demand for housing, which is NOT true. By the same token, only a fraction of the 59,000 new jobs by 2040 will lead to housing demand.