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Developers, city officials seek growth solutions

By Monique Lewis
Daily Times Staff Writer

SALISBURY -- For some people, developers are seen as the "big bad wolves" even though they supply growth for a community, Salisbury developer Jack Causey said Thursday.

Causey was one of several local developers who met with City Council President Mike Dunn and Council Vice President Gary Comegys on Oct. 19 to discuss initiatives that would encourage financial assistance from developers to boost infrastructure for new projects.

The councilmen announced their second phase of "Growth Pays For Growth," which officially became the city slogan after officials enacted stiffer developer capacity fees earlier this year. Capacity fees pay for utility hookups to new homes.

The next phase would ask developers to contribute funds for downtown parking, open space for parks and playgrounds, inclusionary zoning and adequate public facilities.

The adequate public facilities ordinance would fund improvements to transportation, police, fire, emergency management services, utilities and schools.

The next move

When Dunn and Comegys left the meeting with the developers at The Fountains Wedding and Conference Center, the developers discussed revenue alternatives among themselves.

"After they left that meeting, there was a consensus that we wanted to be a part (of the solution)," said area developer Henry Hanna.

This is something that is going to be on the agenda more often, Causey said, and they know that they have to step up to help the city and county.

This council adopted growth pays for growth, Dunn said, and has been talking about growth challenges for a year.

"When we put in our capacity fees, we asked Public Works to begin to get this plan in place in February 2004. The developers are one of the city's Partners in Progress and need to be a part of the solution."

The growth solutions also cross paths with the Wicomico County Council to help pay for school

improvements. Dunn said a request will be made to the Maryland Attorney General for an opinion on whether the city can fund schools -- a county jurisdiction -- under the APFO.

Dunn said revenue sources must be generated to support the quality of existing and future schools.

"We're just trying to do what we can as a city," he said.

Wicomico County Councilman Marvin Long said he is certainly receptive to the idea, but would be quite surprised if the Maryland Attorney General said yes to the proposal because "it's not their (the city's) function."

"I would be quite surprised if the city could step up," he chuckled. "It's not their decision to make."

Alternative revenue sources

Causey said the problem should've been addressed 30 years ago when the last new school was built. Wicomico County's population increases 10,000 per decade, he said.

"Then why hasn't something been done about these problems before?" he asked. "The developers haven't created any more growth than what it's been in the last 10 years."

Some people think it all happened at once, but it happened over decades, Hanna said. There needs to be a multilevel plan to help pay for expansion of schools and other city services, he said.

A real estate transfer tax, excise tax and the current revenue cap in Wicomico County are all three concepts that need to be scrutinized, he said.

Causey said he believes all local builders were willing to go with the half-percent real estate transfer tax, which the previous council rejected a few years ago.

The transfer tax is a portion of the property value that would be paid by the buyer.

"(The previous council) told me up front over the phone, 'We want 1 percent,' " Causey said, noting that few, if any, supported a 1 percent tax. "The County Council brought part of this on themselves. The county should have been looking at this growth issue."

The county does have the authority to levy up to 1 percent, said County Council President Tony Sarbanes. But taxpayers have paid the burden for years and now it's the developers turn, he said.

"My problem with a transfer tax is that it still is being paid for by everybody," he said. "I think there should be an excise tax and a partial transfer tax."

Sarbanes pushed for the excise tax last year, but it was blocked in the Senate. The excise tax would be levied for any new development and be applied directly for school construction and renovations.

Developers need to realize that the county is hurting, he said. If the half-percent transfer tax is adopted, there are no other revenue sources if the county suffers a financial crisis, he said. Voters chose to impose the 2 percent revenue cap on property taxes in 2000.

Causey disagreed.

"Say you got a \$1 million dollar commercial project," Causey said. "A half-percent of that is still a big chunk and at 1 percent, you may stifle growth in the area."

The developer has to pay 100 percent of everything that goes on the property, from road improvements to utility hookups, and some people don't understand that, Causey said.

However, the developers are still discussing the excise tax option, he said.

Dunn said the city is trying to figure out when to hold the town hall meetings along with county officials. If the APFO falls through, impact fees would be another alternative to help pay for city services.

"These things take time," Dunn said. "It can't be done overnight and we are beginning to work on this instantly. We are figuring out what exactly these fees are going to be and make sure they're fair and equitable. It is imperative that we all collectively take a positive approach to this."

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