



Realtors Highlight Problems With Countywide Impact Fees

Mallory Panuska

Staff Writer

02/16/2006 OCEAN CITY – Going to bat for future homebuyers in Worcester County, area realtors and builders are fervently opposing the proposal to implement a county-wide impact fee on new residential development, and with a ruthless game plan to address its concerns at a hearing next week, the real estate industry is hoping to persuade enough county officials to change their minds to kill the proposal.

“The proposed development impact fee will be an additional and unwarranted burden on the transfer of real estate tax,” said Coastal Association of Realtors (CAR) President Pat Terrill. “The association is concerned that the price increase caused by the development impact fee could have a chilling effect on sales of new homes in the county and eventually slow growth.”

This week, members of CAR as well as some shore builders and even Ocean City officials openly expressed their opposition to the county’s request to impose supplementary fees on new residential development in order to pay for the renovation and expansion of several area schools.

A financial study done by TischlerBise Fiscal, Economic and Planning Consultants months ago figured the county-imposed fee would charge single-family detached homes \$5,942; moderate-intensity multifamily homes \$2,514 per unit; higher-intensity multifamily homes \$355 per unit; and mobile homes and other residential units \$3,471.

According to CAR, imposing the expensive fees on new homebuyers could potentially price people out of qualifying for a mortgage loan to buy a new home within the county, thus causing them to move to a location where housing prices are lower.

Additionally, with more than \$23.7 million dispersed to the county from real estate transfer taxes and recording fees last year, which averages \$1,200 per household in county revenue, realtors believe that the market has contributed enough, especially at a time when the county is running a surplus in their income.

Terrill said that although she understands the commissioners' stance on the bill, she still does not believe it is the best thing for the county as a whole, especially not the real estate market.

"Their stand is exactly the way the bill reads," she said, referring to the commissioners. "They have their reasons for thinking it's necessary, and we have our reasons for knowing it's not."

As far as the commissioners go, from an early standpoint it looks as though they are essentially divided on the bill, with strong and logical viewpoints on both sides of the issue.

According to Commissioner Bud Church, who previously refused to even put his name on the bill, this is simply not the right time to implement an impact fee within the county because its finances are currently in good position and do not need the extra funding for school construction.

"Impact fees can only be spent on bricks and water. If they could be spent on hiring new teachers or buying new books, I would be much more sympathetic to impact fees," Church said. "This is not bad legislation, it's just that the timing is terrible."

Church, who owns a local real estate company, also pointed out that in the past, the county funded the construction of three local schools from a much worse financial position, and that by implementing the fees; it would be costing residents not only the fee itself, but also extremely high interest expenses. Commissioner Louise Gulyas is also opposed to impact fees.

On the other side of the issue, two commissioners expressed this week why they believe impact fees are positive and necessary for the county, pointing out that if they are not assessed, there could be a rise in taxes for existing residents in order to pay for school expenses.

According to Commissioner Judy Boggs, who said she would not take an official side until she hears all of the information next week, impact fees are a positive thing for the county in theory, for it charges the cost of new development to new residents.

"Philosophically, I am in favor of the impact fees. My first priority is to the people who live here. It's a good opportunity to make new development pay for itself," she said.

According to Commissioner Virgil Shockley, who favors the implementation of impact fees, the funds for the high price tag currently assessed to school construction need to come from somewhere, and if the residents who already live in the country are going to get any kind of break, an impact fee must be implemented.

“I don’t believe in raising taxes on the people who already live here,” he said. “If a new house does not pay for the service caused by that new house, where will the money come from?”

Additionally, Shockley also pointed out that the county is not exactly experiencing a “surplus” right now, for much of the county’s money is already planned for other projects. He also said that anybody purchasing a house for under \$200,000 will not be charged the fee, which takes care of the concern with workforce housing.

“This is not going to deter anybody from buying a house that’s going to buy a house,” he said. “The only thing you are going to be charging for are the people buying million dollar homes and if they can afford a million dollar home, they can afford an impact fee.”

All material copyright 2005 The Maryland Coast Dispatch, Berlin, MD. Questions, comments, contact us at editor@mdcoastdispatch.com