"Federation Corner" column
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Developer deal sweetened for White Flint funding
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In last week's column I wrote about a September 27 memo to Council from County Executive Isiah (Ike) Leggett, in which he asked approval of his plan to fund infrastructure improvements called for in the new master plan for the White Flint area. I explained to readers that Mr. Leggett specified the level of infrastructure funding he recommended be handled by a special taxing district he is proposing, and the level he felt could be handled by the county as part of the Capital Improvements Program (CIP).

These two sources are referred to as separate "buckets" that will be assigned responsibility for funding road and transit improvements, parks and public building projects in White Flint. And in last week's column I reported that the CE recommended $208 million in infrastructure costs to be borne by the special taxing district and $378 million be funded through the county CIP. There is also a third bucket, the "developer bucket," that Mr. Leggett anticipated would fund $403 million of the $1 billion total in infrastructure improvements anticipated for White Flint.

In a related story in last week's Sentinel, reporter Paige Hill stated that Councilmember Roger Berliner, in whose Council district White Flint is located, promoted the idea of the county footing more of the bill than the CE proposed. "At the moment, it doesn't feel like it's a fair split," Berliner was reported as saying.

Really, Councilmember? You think the developers are paying too great a share? Understand that once their projects are built, the developers in White Flint won't be paying the district tax but will pass along the costs to homebuyers in the purchase price set for new condominium units, and to companies that rent the new office and retail space. So the only "bucket" the developers will end up funding will cover less than one-half the anticipated costs of infrastructure needed. And what have they gotten in return? A lot!

First, officials just rezoned the developers' White Flint properties in the new master plan, increasing the allowed building heights, and number of dwelling units and commercial square footage that can be built. This is a huge financial windfall handed to the developers. Second, the revised master plan calls for a new road grid network in the area, which increases property values by providing easier access to more of the large parcels on public roads that will be the county's responsibility (and financial burden) to maintain in perpetuity--fixing potholes, plowing snow, etc.

Next, the government is proposing the taxing district so that the infrastructure is built quickly and projects can receive approval faster than normal. And, those projects will not be subject to the policy area and local area transportation tests applied to all other development project in the county--another developer cost savings. In addition, while the County Executive originally rejected the developers' request to waive the county transportation impact tax for White Flint projects, he recommended stretching out their payment over 10 years (all other projects in the county pay the tax before their Building Permits are issued).

Finally, the county has offered to sell bonds to fund the taxing district's portion of the infrastructure bill, garnering a significantly lower interest rate charged for that money than if the developers borrow it--yet another cost savings to the developers.

Let's look at what the county stands to profit versus what the developers will gain. In the October 2009 study prepared by MuniCap Inc., the county is projected to receive $6.857 billion in net revenue over the next forty years, while the value of private development in the area will increase from $2 billion today to about $29 billion over the same period.

Now, as it turns out, at the same time I was writing last week's column urging the Council to support Mr. Leggett's proposal for funding White Flint infrastructure, he was working to lessen the financial burden on the developers. This from a County Executive who has stated that developers must begin paying a greater share of the burden for infrastructure needed to accommodate their projects.

In a new memo to Council filed this past Monday, November 15, the CE is now proposing a new distribution of financial responsibilities, with projects being shifted between the three funding "buckets." About $218 million in costs would now be funded from the "District bucket." The "Developer bucket" would be reduced from about $403 million to $252 million. And although projects would be shifted to the "County bucket," some would be eliminated or deferred, so the costs funded through the CIP would go from $414 million to $376 million.

Those paying close attention to the numbers (which could confuse even the most avid fiscal watchdog) will see that the cost of infrastructure funded from the three "buckets" has been reduced from an initial projected total of $1 billion to $848 million. I am left to assume that the burden for the remaining $150 million or so of infrastructure, if needed, will be shifted onto the next generation of taxpayers.

In addition, Mr. Leggett has now backed away from his position of not waiving the transportation impact tax for White Flint area projects. In his September 27 memo, the CE stated "I believe that, at least at this point in time, it would be imprudent to recommend elimination of the tax." But in his November 15 memo, Leggett wrote "To further incentivize the smart growth envisioned for the White Flint Sector Plan area, the County would set the rate for White Flint transportation impact taxes at $0." So the developers in White Flint, who already would have been charged at fifty percent of the countywide rate for this impact tax, will now pay nothing.

The Council is set to vote on the plan November 23. I only pray they don't unwisely mortgage our children's future in the hope of increased revenue.

The views expressed in this column do not necessarily reflect formal positions adopted by the Federation. To submit an 800-1000 word column for consideration, send as an email attachment to theelms518@earthlink.net