

CITIZENS FOR THE PRESERVATION OF PLEASANT VALLEY



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Additional emails we have seen regarding the controversy over changes to building ordinances and other County rules.

Last updated Feb 25, 2011.

These are in addition to the emails in

<http://upshotmd.org/newsletters/201102-CPPV-newsletter.pdf> and

<http://upshotmd.org/newsletters/201102-Email-Exchanges-With-Comissioner-Callaham.txt>

I will update this as I receive more emails.

FROM: Don, an attendee of the Feb 16 CPPV meeting
TO: CPPV
DATE: Feb 19, 2011

I enjoyed the County Commissioner's information. I wish she had said it explicitly, maybe I missed it, but I think her position is that the economy is not good, and they are trying to jump start it, anyway possible including building houses if there is a market. I know there is 3,000 empty houses, but I imagine they are middle to upper end and are foreclosures because people were upside down with mortgage. My belief if you build a starter home for \$150-180,000 (price depends of course on location), it will sell quickly. The ones that are vacant, my bet are on the market for \$300,000 after the bank foreclosed on a \$450,000 market. We have one nearby that sold for \$600,000 several years ago, and recently just sold for \$300,000 - the bank ate the rest.

I think they should focus on giving tax credits for creating jobs. Not focus on houses, because those come naturally with jobs.

FROM: Commissioner McKinley
TO: CPPV
DATE: Feb 20, 2011

Thank you for copying the letter to Commissioner Callaham. Your letter is encouraging to me as we are trying to strike a balance between preserving our beautiful country side and satisfying housing and growth needs . I would like to come to one of your meetings and talk with your group.

FROM: Leon, A Hagerstown Resident
TO: Commissioner Callaham
DATE Jan 30, 2011 (CPPV received a copy of this Feb 22, 2011)

I urge you not to amend the present Building Excise Tax Ordinance by removing the doubling provision. If revised, the next request will be elimination of the excise tax altogether, which is the ultimate goal of developers who would benefit financially, along with suppliers and home builders. Present county taxpayers have already paid for existing schools and roads, therefore new residents to the county should be required to pay for their share of these existing assets

Don't cater to special interest groups, whose only motive is money. We little people do vote you know.

Commissioner Callaham's Response To The Above Email:

Thanks very much for your note. It is important to hear the points of view from as many citizens as possible.

Factors in the consideration of taxes must include:

- * the amount of excise tax collected on the homes built absent the doubling - house number 26 and above still pays the current excise tax rate.
- * the impact of sales tax collected on the supplies purchased locally by builders and those buying furnishings/landscaping and such
- * the income tax collected on those employed by the builders and then on those buying the house (an increase to the tax base if they happen to be new to the county as opposed to just buying a house better suited to the family than the one they might already own in the county).
- * transfer tax paid when the house sells

Excise taxes are an important tool in managing the revenue of the county. Indications are that the doubling factor has not generated significant revenue. One reason is that the builder stops at house number 25 and waits until the new excise tax year to build again which is house number 1 and pays the regular excise tax rate.

Having said all that, you make a very good statement in the importance of folks that have lived here and supported the county for many years. I respect your thoughts and will give very careful consideration to the options available to government in developing an excise tax strategy.

FROM: Former Commissioner Aleshire
TO: CPWC
DATE: Feb 23, 2011 (CPPV received a copy of this Feb 23, 2011)

Here are my thoughts on excise tax doubling and resurrection of the stimulus that you are free to share with your members.

Excise tax doubling and per square foot waiver:

We took this issue up as a Board as well and could not reach consensus on the issue. There were 2 in

favor of keeping it as is, Bill and Terry and 2 in favor of removing it as unnecessary, John and Jim. I was trying to find logical compromise and proposed that instead of doubling being tied to one developer and to some arbitrary number that it should be tied to the projected units./year which hinges on the timing of additional need for services. Example; if the budget projects 500 units for FY12, then if the number was exceeded for that year, any permit about 500 would be subject to some higher amount, excluding minor lot subdivisions. This way if we did hit a boom year we would be covered, but in slow years, like we have now, if we don't reach the figure, then there is no real strain on service needs, thus no need to double it. The reality is that this Board is changing the rule to benefit one development that already has a phasing plan and should not have been affected by it in the first place and the Board and Delegation were too afraid to go back and correct the language to fix this mistake at election time.

On the side of jobs we also looked at this issue and it does have merit, but not as it applies to growth within our county. We do have high unemployment of 10%+, and of that it is projected that 40% of that amount is folks that have lost employment due to slow down in construction trades, but not specific to Washington County, b/c in reality those jobs lost by those folks were largely from losing work on projects outside of Washington County, thus while they lost work down the road, they live here, and the affect looks like it is b/c of slow down here. Simply adding to a stale housing market is one of the less intelligent ways to attempt to "fix" the problem as it will only lead to more houses on the market driving the marketability of existing homes here down, leading to even slower recovery in this County, which will lead to extended deflated housing values, and deflated property assessments, so while you may make/save a little in the short term, your ability to fund your long range CIP will be negatively affected.

Instead an idea I proposed was to waive the transfer and recordation fees to get the existing for sale homes off the market, create a more competitive for sale market, which would lead to a demand to build more homes, and thus folks willing to pay the excise tax, which means you get both the added value of the existing market and the value of new construction with adequate funds both short term and long term to support your CIP. That idea also went no where with the last board and instead against my objection of the unknown consequences they included the new cap on non-owner occupied, only to find out one year later this move actually produced those unknown consequences. Go figure.

Waiving the excise tax as part of some stimulus program as they did yesterday is already getting rid of it altogether in large part because it covers the entire construction season. What you didn't hear is that many counties experienced a very similar jump in permit activity from 08 to 09 so the stimulus waiver was not a measurable cause, but rather the fed program and a bump in economic turnaround at that time as was alluded to in the initial report we received from the first stimulus program which showed counties like Frederick had similar increase in permit activity for the same period, and also noted that long term or recurring use so this program would stand to cost the infrastructure fund millions over time. The only way to recoup this projected loss would be to defer projects or increase borrowing, the second approach of which I expect to occur this year by the new Board.

----- Original Message -----

From: Jim Laird, President, CPWC

To: CPWC Members and Friends

Date: Feb 25, 2011

At Tuesday's hearing, Westfields' representative, Jeremy Holder referred to a letter Westfields had sent to the County dated Nov 18, 2010. Yesterday, I contacted the county and asked for a copy of that letter. I was given that copy plus an earlier legal letter from Attorney, Jason Divelbiss.

These letters show that the County Commissioners - in their rush to repeal the excise tax doubling -are acting under the threat of a lawsuit from Westfields. The suit may or may not be justified. But why didn't the commissioners just tell us the reason for their desire to repeal the doubling rule? Furthermore, they could have given us an opinion on whether the county's position is legally defensible.

At least we now have the letters, if for no other reason to satisfy our curiosity. I have no doubt that the doubling rule will be repealed, and probably with no reference to the lawsuit threat.

[These are available at <http://upshotmd.org/newsletters/201102-Westfields1.pdf> and <http://upshotmd.org/newsletters/201102-Westfields2.pdf>]