

1 **Minutes of the Public Hearing Explaining the Draft Cash Proffer Policy**
2 **and Calculation Methodology of the County of Henrico, Virginia, held in**
3 **the Board Room of the County Administration Building in the**
4 **Government Center at Parham and Hungary Springs Roads, Beginning at**
5 **6:00 p.m. Thursday, April 21, 2005.**

6
7 Members Present: Mr. Randall R. Silber, Director of Planning, Secretary
8 Mr. Ralph J. Emerson, Assistant Director of Planning
9 Ms. Reta Busher, Director of Finance
10 Mr. Lee Tyson, County Planner
11 Mr. Seth Humphreys, County Planner
12 Ms. Julie Herlands, Fiscal Economic and Planning
13 Consultant with TischlerBise
14 Ms. Diana Carver, Recording Secretary
15

16 **I. Introduction**

17
18 Mr. Silber - If you all can have a seat, we will get started. You all are welcome
19 to sit wherever you want to sit but it looks like the crowd is a little slim tonight.
20 So, if you want to move down closer, feel free. What we are going to do tonight
21 is present to you the Board's Cash Proffer Policy that's proposed and after that
22 we will give an opportunity for anyone here who wants to provide us with their
23 input or if you have questions regarding the proposed policy, then we welcome
24 questions and input. We would ask that you use the microphone to my left. We
25 are recording this tonight so that we can type up verbatim minutes so that we
26 will have a record of what's said so we don't miss the intent of your comments.
27 So, for the record, we want to let you know that we are recording this.
28

29 I am Randy Silber, the Director of Planning for Henrico County. I have with me
30 my Assistant Director Joe Emerson and Julie Herlands who is with the consulting
31 firm who helped us develop this policy. Reta Busher, the Director of Finance, is
32 here this evening and I have two additional staff members with us tonight, Lee
33 Tyson and Seth Humphreys.
34

35 As many of you know, the Board of Supervisors authorized a Cash Proffer Study
36 after a growth retreat this past summer. As of a result of that recommendation,
37 the County hired the consultants TischlerBise who were contracted to perform
38 the study. Julie has done the calculations and will present tonight the
39 methodology that was used by TischlerBise in coming up with the Cash Proffer
40 amounts that you will see in a few minutes. Joe Emerson will present the
41 proposed policy itself, going over some of the details and general principles that
42 would apply with this policy.
43

44 As a quick background, the Board of Supervisors considered this policy looking at
45 several different options. They looked at including commercial development as a
46 possibility, as well as residential. They looked at cash proffers that would
47 address a broad range of infrastructure needs looking at schools, roads, libraries,
48 parks, fire stations, the whole array. And they also looked at various standards
49 for possible inclusion such as when to collect the funds. Is it best to collect it at
50 the time of subdivision or plan of development approval versus at the time of
51 building permit? They considered as a standard the potential for credits that
52 could be applied toward cash proffers as well as certain areas that may be
53 exempt from the proffers. At this point, the policy that they proposed is only for
54 residential development. This does not include commercial development. It's
55 only residential development that is proposed. And it is only set at a level to
56 address school needs. No other public facilities are being considered at this
57 point.

58
59 We have put together several drafts of this policy and we are up to draft number
60 11 now. We have copies of that in the room, as you came in. If you didn't get a
61 copy of the latest policy, they are outside the room in the lobby. We wanted to
62 point out to you that when we sent out the letters to you, we included a copy of
63 the proposed policy at that time but there have been a couple of changes that
64 have taken place since then. I won't go into detail, but they are found under
65 Roman No. V, and it's called "Additional Provisions." Some changes have been
66 made to Nos. 2, 5 and 6, and these basically reflect the State Code changes, that
67 will likely be made, and so our attorney has made some changes to those
68 additional provisions Nos. 2, 5 and 6.

69
70 The Board at this point is seeking input from the development community as a
71 means to help formulate this potential cash proffer program. They value the
72 input from the development community, our developers, our builders, real estate
73 people, and legal professionals. We value all of your views and opinions. So,
74 that's what this evening and tomorrow morning is all about, is to get your input.
75 I think, without going into further detail, I will turn it over, at this point, to Julie
76 who is going to go over the methodology used to come up with the amount that
77 is found in the Cash Proffer Policy. Julie.

78
79 **II. Explanation of Cash Proffer Calculation Methodology**

80
81 Ms. Herlands - I'm glad to be here this evening with you all. Thanks for
82 coming out. As Randy mentioned, my name is Julie Herlands and I'm with
83 TischlerBise and we are based in Bethesda, Maryland. We do cash proffer work,
84 impact view work, and fiscal impact analysis. We work across the country. We
85 have a nationwide practice. My presentation tonight will be mainly in two parts.
86 The first is an overview of cash proffers in general and the types of methodology
87 we use and look at when developing cash proffers, and then secondly I will be

88 talking specifically about the education cash proffers developed for Henrico
89 County.

90

91 First, the overview: Cash proffers are, as shown on the screen, one time
92 voluntary monetary commitments made by property owners to offset the impact
93 of rezonings. They are calculated, and I will show this as we go through, to
94 represent new growth's fair share of the capital facility needs. And depending on
95 the category we are looking at. Tonight, we will be talking about the school cash
96 proffers. So, it's representing new growth's fair share of school capital facility
97 needs in this case.

98

99 Virginia state law provides some guidance for cash proffers. They are shown on
100 the screen. First, the rezonings must give rise to the need for the cash proffer.
101 The cash proffer amount has a reasonable relationship to the rezoning. They
102 must conform to the Comprehensive Plan. The public facilities for which cash
103 proffers are collected must be in the County's CIP and finally that the conditions
104 provide for the disposition of the cash proffer if it is not used for the purpose of
105 which it is proffered.

106 The general process for our cash proffer studies is as follows: First we look at
107 the development trends and demographic analysis. I do demographic analysis
108 for the jurisdiction to determine the demands on infrastructure. We then look at
109 local capital costs to drive the cost to provide that infrastructure. We look at
110 what types of credits should be allowed to prevent any kind of double payment
111 made by a homebuyer or in some cases nonresidential development. Then we
112 engage in public participation. This is an example of that kind of participation
113 and also presentation to the Board of Supervisors and obviously throughout this
114 we are meeting with staff on a regular basis and then finally a decision by the
115 elected officials of the jurisdiction.

116

117 In general, there are three main methodologies that we look at for cash proffer
118 calculations. The first is the cost recovery and what that does, we are looking at
119 any kinds of facilities that have been oversized where there is existing capacity
120 where essentially new growth is buying into that capacity. The second is what
121 we call incremental expansion. We look at what the jurisdiction current level of
122 service is and then how the jurisdiction will provide that same level of growth as
123 they come into the jurisdiction.

124

125 And then, finally, a plan based methodology where we take a CIP, typically, for
126 major capital improvements, sewer, water expansion, roads those kinds of things
127 where there is an adopted CIP and new growth and pays its fair share of those
128 capital improvements. This is, essentially, the basic formula for the incremental
129 expansion method. For Henrico County, as Randy mentioned, we looked at a
130 wide birth of categories and at the same time looked at all these methodologies,
131 plan based, incremental cost recovery. In the end, it was determined that

132 incremental expansion was to be used for the proffer calculations and you will
133 see as I go through the school example, we did this. But, this is the general
134 formula where you are looking at what kind of demand is generated from the
135 development unit, in this case the housing unit. Then we want to look at how
136 much school space do you need for that student. And then, finally, the cost
137 factor, how much does it cost to build that space? The credit portion of the
138 calculation, there are really two different kinds of credits that we consider. One
139 is for what we call future payment credit and the other is a site specific. A future
140 payment credit is necessary to avoid a double payment situation and it's
141 integrated into the cash proffer calculation. And what this means is that if there
142 has been essential debt that has been issued to provide the level of service that
143 is currently in place, that is going to be retired. That's going to be retired by
144 property taxes. We want to ensure that a homeowner isn't going to pay taxes to
145 retire that debt plus also pay a cash proffer that will go to build that kind of
146 capacity. So, it is integrated into the formula and you will see this example as
147 we go through with the cash proffer calculation or the school, cash proffer
148 example. The site specific credit is after the fact and this is for land dedicated or
149 construction of a facility for the school facility that's in the CIP.

150

151 These are the categories we looked at for Henrico (referring to screen). We are
152 moving forward now with the education cash proffer. The components included
153 in the category is the building themselves and the land in which the buildings are
154 built. You will see on the screen the other categories and components we
155 prepared, calculated a cash proffer for.

156 Next, I will move through the education cash proffer calculation. This is the
157 methodology used for the cash proffer calculation. It's the incremental
158 expansion approach shown on the previous slide converted into the... for
159 schools. You will see on top the demand for schools. Public school students per
160 housing units is sometimes called the student generation rate, other times called
161 the student yield. That's multiplied by a net capital cost per student and that
162 capital cost per student is made up of those components on the bottom portion
163 of the chart, the building construction cost and the land cost. And, again, with
164 that credit integrated into the calculation. Also, I should note the building
165 construction cost has been reduced to account for projected State contribution
166 for capital purposes. You will see that as well as I go through the calculation.
167 The next slide shows the student generation rate or students per housing unit.
168 This is the demand that is generated by new residential development in the
169 County. They have been calculated using census data and then calibrated to
170 local conditions. We obtained census data on a number of public school students
171 by type of housing unit in the year 2000 and then adjust it for current conditions
172 and current enrollment. So, current housing units and current enrollment to
173 come up with an average by type of housing unit. This next slide is the level of
174 service for the different levels of schools provided in the County, elementary,
175 middle and high school. This is based on the current infrastructure in the County

176 for both buildings and land, so you will see that the first column is the level of
177 school and then we have site acreage. This is the total acreage devoted to each
178 of those levels of schools, the total square footage and the enrollment, followed
179 by capacity and then the school's system targeted capacity, and the level of
180 service in which the cash proffers are based is based on this targeted capacity
181 and you will see in the shaded area the acreage per student and the square foot,
182 cut by square foot per student for each of the school levels.

183

184 The cost factor is the next component. We looked at, on screen shows, recent
185 construction project adjusted to current dollars to come up with what's the cost
186 per square foot for each of these levels of schools. So, to provide elementary
187 school space, middle school space, and high school space, you can see that the
188 cost components for elementary is \$208.00 per square foot, middle \$237.00 and
189 high school \$213.00.

190

191 Finally, this is a summary of the cost of the main components, the level of
192 service components. The square feet per student is restated from that previous
193 slide. The total cost per square foot restated again to come up with a building
194 construction cost per student, essentially, it is the square feet times the cost per
195 square foot. The reduction for the State contribution is, as I mentioned before,
196 the County does receive some amount of money for school construction. It is
197 adjusted for that so that the local construction cost is just that, it is the local
198 share of that cost. The land component is next. The acreage per student level
199 of service standard by each level is shown. The land cost per acre is an average
200 cost per acre of land, countywide average, to come up with a land cost per
201 student. And then we get a gross total local capital cost shown on the third line
202 up from the bottom (referring to screen). The principal payment credit is to
203 reflect cost of the credit per student based on outstanding debt for capacity in
204 the school. So, this net capital cost, again, integrates that credit, integrates that
205 state construction cost per student.

206

207 Finally, this slide shows the results of those calculations and what we do is take
208 the student generation rate, how many students are generated by each type of
209 unit by that net capital cost per student to come up with the cash proffer total.
210 And as you can see, it is done separately for the elementary, middle and high
211 school to reflect the level of service in the County; the total there on the end is
212 the total obviously of the three columns.

213

214 And, finally, the service area recommended for the school cash proffer is a
215 countywide service area. The Henrico County school system operates as a
216 countywide system. Approximately 15% of the students attend a school outside
217 of their home base school for a specialty program or exceptional education
218 programs. Also, additional capacity in one area will free up space in another
219 which leads into the adjustment of the school district boundaries. And finally it's

220 about a third of elementary and over half of the middle school students feeds
221 into multiple schools at the next level. And with that I will turn it over to Joe for
222 the conclusion.

223

224 **III. Review of Draft Cash Proffer Policy**

225

226 Mr. Emerson - Well, welcome again. We are glad to have you here tonight
227 and my role is, as Mr. Silber noted, to walk you through the document itself. I
228 hope that all of you picked up a new document as you came in. The new draft
229 policy document because there are some minor changes in the document now
230 from what we mailed out to you. We are now on our 11th version, and the
231 changes are made to reflect recent changes in state legislation, which I'm sure
232 you are all probably aware. Cash proffer policies are broken up into five policy
233 sections. You have the rationale for the policy, legal authority, general
234 principals, methodology and additional provisions.

235

236 The rationale for the policies is exactly that. It provides the basic reason for the
237 program. The legal authority just references the enabling legislation, the State
238 code that allows for the enactment of such a program.

239

240 It is noted that County staff has recommended to the Board to consider a cash
241 proffer for education only. Initially, as Julie said to you earlier, there were four
242 categories considered for cash proffers, libraries, roads, recreation and parks,
243 and education. After consideration studies, staff did recommend the Board
244 consider cash proffers for education only. And our reason for that
245 recommendation is that school facilities have a clear relationship to residential
246 development. Future school facilities always appear in the CIP. School facilities
247 are typically completed in a timely manner. Schools are recommended for
248 countywide collection. In the past, the County has been successful in obtaining
249 road construction through other means. The suggested proffer amount allows
250 for libraries and parks and recreation for minimal amounts and schools are the
251 largest financial burden for the County.

252 Section three, general principals, outlines parameters under which the Board
253 would accept cash proffers if this policy were adopted. And of course it notes
254 that the Board will accept proffers for rezoning expected to generate school-aged
255 children. And the County staff will calculate the net cost of school capital
256 facilities, calculate the fiscal impact the provision for the capital facilities and
257 administer the collection expenditure of the proffer funds and land dedication.
258 The proffers must be related to the projected impact on the need for school
259 facilities. Each proffer must conform to the Comprehensive Plan. A capital
260 improvement plan for school capital facilities must exist and include facilities for
261 which the proffers were made. Cash proffers will not be accepted for new
262 development within Enterprise Zones which follows our existing policy of fees

263 and other related costs in Enterprise Zones. We try to assist development in
264 those areas as much as possible.

265
266 Section four outlines methodology, which Julie just went over in detail with you,
267 so I won't go over that again, other than just note that you do have seven
268 components; demand generators, capital school facilities, service levels,
269 replacement costs of schools facilities, credits for debt service and non local
270 revenues, credits for dedicated land and the net cost of school capital facilities.
271 And, again, Julie just did an excellent job of explaining that in depth for you so I
272 won't get into that again.

273
274 Section five has additional provisions, which again are just added additional
275 provisions to provide guidance for the administration of the potential program.
276 They provide that cash or land may be dedicated to mitigate the impacts of the
277 proposed development. The County shall comply with the requirements of
278 Virginia Code 15.2-2303.2 regarding the payment of unused cash proffer
279 payments to the Commonwealth of Transportation Board, which is the new
280 legislation. That is one of the changes in this policy. And the value of proffered
281 property shall be based on the fair market value prior to rezoning, not after
282 rezoning. We do have a provision for unique circumstances to be considered but
283 they must be directly connected to the impact on schools due to the
284 recommendation of the acceptance for school impact cash proffers only. Cash
285 proffers or transfer of real property must be completed prior to the issuance of
286 building permit, but they will be paid at the time of building permit unless there
287 is an agreement that allows it to happen prior to that. Proffer cash amounts will
288 be adjusted annually based on the Marshall Swift Building Cost Index. The
289 maximum contribution amounts that are currently in the cash proffer document,
290 are \$11,782.00 for single-family detached homes, \$6,596.00 for single-family
291 attached and townhomes, and \$6,217.00 for multi-family. Adjustments will be
292 considered to this policy on an annual basis based upon current net cost. And
293 what that means is we will examine this program on a yearly basis and see if
294 these numbers are consistent and if they are they will be adjusted to consistency
295 with current costs. Which I think, as all of you are aware, costs do seem to
296 escalate on a yearly basis. Very rarely do they remain static or decrease. And
297 then, of course, there is an effective date to be filled in when the Board does
298 move forward on the policy one way or the other. We do anticipate, between
299 our two meetings, taking information back to the Board hopefully in a work
300 session in May. You will see in the draft document that you have it has a date
301 filled in, just for the sake filling in the space, of July 1. Clearly that is purely up
302 to the Board and that would require a public hearing to be held sometime in
303 June or obviously prior to July 1. Those are questions to be filled in by the Board
304 and we are not sure just exactly where they might land on this. So, with that, I'll
305 turn it over to Mr. Silber to moderate the questions and any input that you may
306 have.

307 **IV. Questions and Answers**

308

309 Mr. Silber - At this point it is your turn to come forward and ask any
310 questions you may have, and we certainly want to hear your comments and
311 input based on the proposed policy you heard tonight. What we again ask you
312 to do is to please come down and use the microphone to my left. And if you
313 could give us your name before you speak, we would appreciate that. Your
314 affiliation would be helpful also. This is your opportunity to tell us how you feel
315 about what has been presented.

316

317 Mr. Garrett - Thank you. My name is Bill Garrett and I am the 2005
318 president of the Home Builders Association of Richmond. I am also a builder and
319 my company's name is W. B. Garrett Incorporated. I would like to first ask a
320 question and then I would like to read a statement for the record, if I may. The
321 rationale for your policy, based on your first paragraph, and I'll just take a
322 minute to reread it. It says: Historically revenue derived from residential
323 growth, that is real estate taxes, sale taxes, fees and other revenue has not
324 covered the cost of providing services and capital facilities to accommodate
325 residents of new development. However, in the paper, not long ago, it said that,
326 and this is a quote, "This year the County's real estate tax base increased by
327 more than 13% from new construction as well as reassessments." So, I find that
328 to be a little contradictory and I would ask perhaps for an explanation there.

329

330 Mr. Silber - Do you want to give that a shot, Reta? I'll ask that our
331 Finance Director answer that question.

332

333 Ms. Busher - The real estate tax base increased approximately 13.2 %
334 effective January 2005. That came from both new construction, and
335 reassessment for both residential and commercial. When you look at the
336 approximate real estate tax revenue from an average home in Henrico, it's in the
337 neighborhood of something like \$2000.00 to \$3000.00 annually for real estate
338 taxes only. When you look at the cost of providing Police, Fire, roads, education
339 it costs somewhere in the neighborhood of \$7000.00 a year to educate one child
340 for one year and if there are two children or 1.4 child or children per home, it's
341 the math. Residential never pays its own way in terms of just residential growth
342 to pay for general County services. That's why we are very concerned about the
343 split in our tax base between residential and commercial, and we have set a goal
344 and this has been a goal for a County with our size and structure at 70/30, 70%
345 residential and 30 % commercial to help pay for the cost of doing business, all
346 business, in terms of providing the general services of the County. So, I don't
347 know if that helps at all.

348

349 Mr. Garrett - It helps some. Well, I would respectfully disagree with the
350 fact that residential doesn't pay its way and perhaps offer our assistance in

351 perhaps sitting down with you and your staff to review how you come to those
352 figures and perhaps share some facts from our side of the ledger that might help
353 in that calculation as well. I know that is not for tonight's discussion but I would
354 like to throw that out as an invitation that we would certainly like to do.

355

356 Ms. Busher - Sure.

357

358 Mr. Garrett - Secondly, if I may, I would just like to read a statement on
359 behalf of the Home Builder's Association and I'll certainly provide a copy of this
360 for you.

361 Historically, local governments in Virginia have assumed full responsibility for
362 funding public infrastructure improvements. Citizens have understood and
363 accepted the concept that public infrastructure improvements benefit everyone
364 so everyone should pay a fair share of the cost of providing and maintaining
365 them. Last month Henrico County citizens reaffirmed their support for this
366 concept. According to information posted on the Henrico County web site,
367 Henrico voters have overwhelming approved the County's 349.3 million dollar
368 bond referendum agreeing to fund a variety of capital projects and their
369 operating costs for schools, libraries, recreations and parks, fire and public
370 works. The web site also notes that of that \$349,000,000, \$220,000,000 has
371 been proposed for schools.

372

373 It is inconceivable that Henrico County's discussing the imposition of cash
374 proffers, which are really taxes on new homebuyers, when they are also
375 considering politically popular tax reductions that will result in symbolic but
376 extremely limited cost savings to County property taxpayers. The true cost of
377 cash proffers, again, taxes on new homebuyers, may ultimately outweigh
378 whatever revenue that generates over the short term. Cash proffers may result
379 in higher prices, diminished supply and limited diversity of new housing,
380 especially workforce housing that is in a price range accessible to firefighters,
381 police officers, schoolteachers and nurses. Cash proffers may also have a
382 domino effect. They may result in higher prices, higher tax assessments and
383 higher property taxes for all homeowners in Henrico County, since existing home
384 prices tend to follow new home prices. The bottom line is that public
385 infrastructure and improvements benefit everyone, so everyone should pay fair
386 share of the cost of providing and maintaining them. That is a concept that the
387 voters in Henrico County have expressed their support for and one which the
388 Home Builders Association of Richmond supports as well. Thank you.

389

390 Mr. Silber - Thank you. Okay, who would like to be next? This is your
391 opportunity. Now, you all fought through the storm to get here. It's very
392 unusual for Mr. Tyler not to want to say anything.

393

394 Mr. Garrett - I don't want to dominate the meeting, but I have another
395 question.
396
397 Mr. Silber - Sure, come on down.
398
399 Mr. Garrett - I assume that I don't have to reintroduce myself.
400
401 Mr. Silber - Mr. Garrett again.
402
403 Mr. Garrett - Thank you. Another point that's brought though, and we
404 would be curious to know, is, again, you are putting a proffer on new homes or
405 proposing a proffer on new homes only. But, it would seem to me that there are
406 also people moving to Henrico County that are buying resale homes that also
407 have school-age children. So, again, it comes back to the fact that you are
408 putting, in our opinion, an unfair cost on new homes only when new homes are
409 not the only generator of this particular demand that you are stating. Could you
410 address that for us please?
411
412 Mr. Silber - Well, I will try. I don't know if this is something that could
413 be easily addressed. I think your statement is a true statement. This is an
414 offered proffer that would take place at the time during rezoning of property and
415 it would be for new construction of homes on that zoned property. So,
416 absolutely, this would be like a cash contribution made or the dedication of land
417 to offset the cost that the County would be carrying for education. Yes, it
418 impacts new construction. That is a fact. It is a fact that it would not impact
419 those that are purchasing existing homes, that's a fact. I don't know how else to
420 comment on that. What's being proposed is being proposed and you have
421 stated the fact and I can only agree with that. Gloria, come on down.
422
423 Ms. Freye - My names is Gloria Frye and I'm a zoning and land use real
424 estate attorney. The question that I have, Randy, is what consideration will be
425 given to projects that are age qualified or restricted?
426
427 Mr. Silber - I believe the answer is, and correct me if I am wrong, Joe, I
428 think the answer is that there is a provision in the proposed policy that deals
429 with "unique circumstances."
430
431 Mr. Emerson - Right.
432
433 Mr. Silber - And if you can demonstrate that your project is unique in
434 that you would be proffering age restriction or proffering a use that would not
435 generate school-age children then you could argue that that would be a unique
436 circumstance and would not necessarily be subject to these regulations. Joe
437 pointed out under roman number III, No. 1, it says the Board will accept

438 "reasonable and appropriate school cash proffers for residential development
439 that is expected to house school-age children." So, it would be housing that is
440 expected to generate school-age children.

441

442 Ms. Freye - So, in effect then, you would be in a position of negotiating
443 depending on how that project is age qualified, whether it's 55 and older or 62
444 and older and then have to produce some kind of evidence about the number of
445 children that would be expected and then you would get offset for that. So, it
446 would be negotiated on a case by case basis.

447

448 Mr. Silber - Absolutely, that's correct.

449

450 Ms. Freye - Okay, thanks.

451

452 Mr. Silber - Sure. Mr. Tyler would like to speak.

453

454 Mr. Tyler - For the record, my name is Webb Tyler. This subject has
455 been going on for approximately two years. It initially had transportation impact
456 fees and that had some failure at the state house. And we have been discussing
457 cash proffers for the past year and a quarter to a year and a half and there are
458 those of us who have zoning cases that have what I would define as blank
459 checks that are yet to be cashed out there. And I would like to know when
460 some finality or final decision will be made on this subject or will it be delayed
461 until the third vote can be found or will it truly be brought to an end one way or
462 another July 1? Third vote meaning enough votes to get it approved.

463

464 Mr. Silber - The intent, at this point, is for us to hold these meetings
465 today and tomorrow to go before the Board of Supervisors in May with a work
466 session and if the Board opts to move forward at that point, then they would
467 hold a hearing in June, more than likely. That's a tentative schedule at this
468 point. If they decide to hold the hearing and adopt a policy then what's being
469 proposed is that it would become effective July 1, 2005. So, if that takes place,
470 there is your timeframe. Now anything can happen. They can decide in May
471 that they don't want to go forward with this policy. They could decide to delay it
472 to some later point. We are in the process of working on our Comprehensive
473 Plan. I haven't heard them say this, but they may opt to wait until the
474 Comprehensive Plan is finished, I don't know for sure. But, the tentative plan at
475 this point is to have something in place July 1, if they decide to go with the
476 program. We are fully aware that there have been proffered conditions offered
477 and accepted by the Board of Supervisors on past zoning cases. You have
478 several that you have offered a cash proffer. I believe it's contingent on the
479 County adopting a policy, so if the County does not adopt a policy then that
480 proffer becomes null and void. But, I understand where you are coming from,
481 the concern that you have, the reference to a blank check. Yes, we understand

482 that's out there and there are some proffer cases on many zoning cases that
483 have been accepted up to this point because there has only been an interim
484 policy.

485

486 Mr. Tyler - Can you give me your opinion as to when the Board will
487 bring this matter to final resolution and final vote, your opinion?

488

489 Mr. Silber - I'm not sure if that is a fair question. I just gave you my
490 opinion. I guess I gave you what I heard the Board say. I feel confident, Mr.
491 Tyler, that a decision will be made before July 1, one way or another.

492

493 Mr. Tyler - Thank you.

494

495 Mr. Silber - You're welcome. Mr. Youngblood.

496

497 Mr. Youngblood - I'm Dick Youngblood with Youngblood, Tyler & Associates,
498 which is an engineering firm. I know that it has been drilled in us and that from
499 the tax standpoint the single-family residential does not pay its way. But, the
500 residential growth that we have had has brought our economy to where it is
501 today. This to me was probably not considered in any analysis of the cash
502 proffers and it's obviously that if you put an almost \$12,000.00 increase on each
503 home then this is going to possibly slow down the growth of the housing
504 industry, which would hurt the economy, because there are jobs and fuel oil and
505 all kinds of supplies and all that are brought out by the growth that we have had
506 in the housing industry. Is there any way that that could be plugged into the
507 cash proffer analysis?

508

509 Mr. Silber - Julie, would you like to address that?

510

511 Ms. Herlands - I have a quick response. First when we look at the impacts
512 from different types of developments the impact from the type of development
513 on that public service, or in this case it's residential and schools. I understand
514 your point and it is a good point. We have found in other places most of the
515 country can do impact fees and this is akin to that. It's different in that it's not
516 in all new development. It's only in rezoning. There are a lot of differences we
517 found that it hasn't had much of an impact at all. If anything, the agreement by
518 the localities to provide those public services and the facilities makes the place a
519 more attractive place for homebuyers because you are assured of schools, you
520 are assured of parks, you are assured of Police service and Fire service so that
521 becomes even more of an asset for the value of the home, but we have found
522 that there hasn't been a drop off in sales. It could be possibly right after the
523 implementation of the program. You have a surge of pulling of building permits,
524 to get in beforehand, but then afterwards it picks back up to the pre-impact fee
525 implementation level.

526 Mr. Youngblood - Provided there's no recession.

527

528 Ms. Herlands - Yes, it's always that.

529

530 Mr. Silber - Julie, before you sit down, Mr. Garrett had asked a follow-up
531 question and maybe you can answer it better than I did. I think the question
532 dealt with the tax on new homes versus existing homes. Can you elaborate on
533 that?

534

535 Ms. Herlands - Yes. The questions about who is paying and why and when
536 really deals with the time element. If growth stops today the County wouldn't
537 have to be providing these new capital facilities. And what we have done,
538 especially with the schools cash proffer is, other than for maintenance and
539 renovations, older facilities, but in terms of new capacity, if growth stopped
540 today, new residential, non-residential development really wouldn't be having to
541 provide these new facilities and incurring the cost. By using the average student
542 generation rate, what we are saying is that we are looking at the life of a house,
543 so it's not that immediate hit, it's 20 years or the life of the house or so. This is
544 the demand generated by that new house. The other part of this is existing
545 development is basically, they are paying through their property taxes for these
546 capital facilities and in essence front endings. New capital facilities for new
547 growth is coming in and benefiting from those capital facilities that have already
548 been paid for. So, there are different ways to look at that. I understand your
549 argument but there is this existing development has been paying its way and
550 paying for new facilities and the cash proffer then represents that new growth
551 share of that space for that facility.

552

553 Mr. Garrett - Respectfully, though, you said before that residential doesn't
554 pay its way, now you are saying that residential does pay its way, just not new
555 residential. So, again, I respectfully just find some conflicts in this.

556

557 Ms. Herlands - I understand and it's over the life of the house....

558

559 Mr. Garrett - But you will have the same life of the house on a new home,
560 perhaps even longer and then perhaps even more taxes because they are more
561 expensive homes. My grandmother who has no kids in her house, sells her
562 home to a family located in Richmond with two kids, and then there are two
563 demand generators right there without having a proffer attached to it. So, I
564 guess that's where I see the problem.

565

566 Ms. Herlands - It's understandable, and again using the average rate does
567 take that into consideration looking at all housing units across the board. So you
568 have some housing units that don't have kids and some that do, so by that same
569 token someone who is coming in with kids someone is leaving a house with kids

570 and someone maybe coming in without kids or balancing it out. The school
571 district, actually, for a single-family housing unit, these are higher student
572 generation rate to calculate the immediate impact. You know, where immediate
573 they are going to need those spaces. For the cash proffer study, we took a
574 much more conservative approach and said, you know, this is over the life of the
575 house and so we are going using this average rate across the County. I
576 understand the argument and I respectfully, we respectfully have different
577 opinions on it.

578

579 Mr. Silber - Are there any other comments or input? If you think of
580 questions or comments that you would like to provide us after you get home, we
581 will be doing this again tomorrow morning at 10:00 o'clock and we would be
582 more than happy to receive a letter from you or an email if you want to follow up
583 with anything else. We will be sharing this information from tonight's meeting
584 and tomorrow morning's meeting with the Board of Supervisors so that they are
585 aware of the input that has been received. So, again, we appreciate your input
586 and we will stay here longer if you like but I don't want to make you come
587 forward if you have nothing else to say. All right, if there is nothing else, thank
588 you very much for coming out. Thanks.

589

590 This meeting adjourned at 7:00 p.m.

591

592

593

594

595

Randall R. Silber, Director of Planning

596

597

598

599

600

601

602

603

604