



# THE PRINCE GEORGE'S COUNTY GOVERNMENT

## Office of Audits and Investigations

May 10, 2021

### FISCAL AND POLICY NOTE

TO: Robert J. Williams, Jr.  
Council Administrator

William M. Hunt  
Deputy Council Administrator

FROM: Josh Hamlin   
Senior Legislative Budget and Policy Analyst

RE: Policy Analysis and Fiscal Impact Statement  
CR-044-2021, Public Safety Surcharge – Urban Atlantic Phase 2

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CR-44-2021 (*Proposed and introduced by:* The Chair of the Council at the request of the County Executive; *Sponsored by:* Councilmembers Hawkins, Davis, Turner, Glaros, Harrison, and Franklin)

Assigned to the Committee of the Whole

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A RESOLUTION CONCERNING PUBLIC SAFETY FACILITIES SURCHARGE for the purpose of approving a partial waiver of the public safety facilities surcharge for all residential units of the mixed-use Urban Atlantic Development Multifamily-Phase 2 ("Urban Atlantic").

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### **Fiscal Summary**

#### **Direct Impact**

*Expenditures:* No additional expenditures likely.

*Revenue:* \$377,234 in forgone public safety surcharge revenue.

#### **Indirect Impact**

Potentially positive.

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### **Legislative Summary:**

CR-044-2021, proposed by the Council Chair at the request of the County Executive, and sponsored by Councilmembers Hawkins, Davis, Turner, Glaros, Harrison, and Franklin, was introduced and referred to the Committee of the Whole on April 27, 2021. CR-044-2021 would provide a 50% waiver of the \$2,638 public safety surcharge per unit within the Developed Tier for all 286 residential units in the Urban Atlantic Development Multifamily-Phase 2 project in New Carrollton.<sup>1</sup>

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### **Background/Current Law:**

Chapter 594 of the Laws of Maryland 2005 amended the Public Local Laws of Prince George's County to authorize the County Council to impose a public safety surcharge fee on new residential construction for which a preliminary plan has been approved on or after 1 July 2005 under Section 10-192.11 of the County Code.<sup>2</sup> The original State legislation<sup>3</sup> was enacted by the County under CR-54-2006 for Fiscal Year 2007.

The surcharge is assessed on a "single-family detached dwelling, town house, or dwelling unit for any other building containing more than a single dwelling unit" in the amount of \$6,000 or \$2,000 if the construction project is in 1) the Transportation Service Area 1; *and* 2) an area included in a basic plan or conceptual site plan that abuts an existing or planned mass transit rail station site and complies with the requirements of any sector plan, master plan, or overlay zone.<sup>4</sup> Revenue collected under the surcharge is intended to supplement rather than replace any existing funding and can therefore be used only on one-time projects, purchases, or payments rather than on any recurring debt.<sup>5</sup>

Revenue collected is distributed by the County's police, fire, and emergency medical services in the following ways as listed under Sec. 10-192.11(e)(2):

- (A) "At least twenty five percent (25%) of the revenue collected from a surcharge imposed on construction that is located in a municipal corporation that maintains a police department shall be distributed to that municipal corporation's police department.
- (B) The revenue collected from a surcharge imposed on construction that is located in the City of Laurel shall be distributed as follows:

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<sup>1</sup> Both the transmittal letter and Agenda Item Summary for CR-44-2021 indicate that there are 28,693 residential units in the project. However, this number was corrected by Terry Bell, County Executive's Liaison to the County Council, by email dated May 10, 2021. The 286 units figure is consistent with the description in the companion Payment-In-Lieu-of-Taxes agreement approval resolution (CR-42-2021).

<sup>2</sup> Prince George's County Code, [Fee Schedule](#).

<sup>3</sup> Maryland General Assembly, [House Bill 1129 \(2005\)](#).

<sup>4</sup> Prince George's County Code, Subdivision 4. – [Public Safety Surcharge](#).

<sup>5</sup> For example: communication devices, fire fighting, or emergency services activities, including protective body armor, surveillance devices, weapons, ladder trucks, ambulances, police cruisers, and rescue vehicles.

- (i) Fifty percent (50%) to Prince George’s County fire and rescue services; and
- (ii) Fifty percent (50%) to the Laurel police department for the construction or rehabilitation of public safety facilities or the purchase of equipment or communications devices used in connection with law enforcement.”<sup>6</sup>

The following housing categories are exempt from the Public Safety Surcharge Fee:<sup>7</sup>

- Single-family detached dwelling to be built or subcontracted by an individual owner in a minor subdivision and that is intended to be used as the owner’s personal residence

Furthermore, Section 4-352 on the County Code authorizes the County Council to adjust the surcharge each year in accordance to the Consumer Price Index for All Urban Consumers published by the United States Department of Labor from the previous fiscal year.<sup>8</sup> CR-43-2020 established the public safety surcharge for Fiscal Year 2021 as \$2,638 for Construction in the Developed Tier and \$7,909 for all other buildings.

Section 10-192.11 also authorizes the governing body of the County to waive any surcharge imposed under Subsection (b)(1)(B).

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**Resource Personnel:**

Jose C. Sousa, Assistant Deputy Chief Administrative Officer for Economic Development

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**Discussion/Policy Analysis:**

The Urban Atlantic Development Multifamily Phase-2 Project (the ‘Urban Atlantic Project’) is located adjacent to 4000 Garden City Drive, New Carrollton, MD 20785. The multifamily building is located next to the proposed WMATA building and has frontage on Garden City Drive and the WMATA Park and Ride and bus circulation area. It is within immediate walking distance to the New Carrollton Metro Station. The Project is a \$68 million multi-family complex with 286 units of housing and approximately 3,667 square feet of retail. The County Executive has determined, because the Urban Atlantic Project will have many positive effects on the residential and commercial environment in the New Carrollton area, that the public safety facilities surcharge required under CB-55-2005 and CB-56-2005 should be reduced by 50% for the building permits that have been issued that included the full payment of the surcharge. The County Executive has further determined that the public safety facilities surcharges should be partially waived because the area of the subject property is, and will for the foreseeable future, be more than adequately served by the police and fire facilities.

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<sup>6</sup> Prince George’s County Code, Subdivision 4. – [Public Safety Surcharge](#).

<sup>7</sup> Ibid.

<sup>8</sup> Prince George’s County Code, [Section 4-352](#).

Waiving County-established charges and fees is one of several ways in which counties may incentivize desirable development the area. Arguments for allowing waivers point to the long-term positive effects of more businesses or residents in an area, thereby increasing the tax-base over the benefits of a one-time fee. More housing and, specifically, more compact housing would increase transit-oriented development within the Developed Tier and help meet the County’s Plan 2035.

On the other hand, waiving surcharges for development which would happen in the County regardless of whether the surcharge is waived will only decrease the total revenue available for improved public services. Calculations on waiving surcharges may consider whether the waived amount would result in a desired development not happening in the area. Additionally, it should be considered whether the increased demand for the public safety services results in an overall decline in quality of service, either now or at some point in the future, as Police, Fire and EMS would now have to serve a greater number of residents.

Council staff understands that staff from the Executive Branch and/or the Prince George’s County Economic Development Corporation will provide additional details on the project to the Council at the May 11 Committee of the Whole meeting.

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**Fiscal Impact:**

*Direct Impact*

Adoption of CR-044-2021 will result in a negative fiscal impact to the County in the form of foregone public safety surcharge revenue. The Urban Atlantic Project includes 286 units of multi-family residences and approximately 3,667 square feet of retail space – representing a 68 million dollar investment.

Adoption of CR-044-2021 may decrease the amount of funds available to service bonds and renovate, expand, or construct new public safety facilities (Police, Fire, and EMS). Assessing a \$2,638 public safety surcharge per unit for all 286 residential units located in the Developed Tier would yield \$754,468. A 50% waiver of the surcharge fee would result in \$377,234 in forgone money to the County.

\$2,638 x 286 units	=	\$754,468
50% waiver of \$1,036,734	=	<b>\$377,234</b>

*Indirect Impact*

Inasmuch as the investment serves to increase the general appeal of the area resulting in more economic activity for area businesses (such as restaurants and entertainment), there may be long-term indirect positive fiscal impacts for the County and the City of New Carrollton.

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**Effective Date of Proposed Legislation:**

The proposed Resolution shall be effective on the date of adoption.

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If you require additional information, or have questions about this fiscal impact statement, please reach out to me via phone or email.