

## King George County Board of Supervisors Candidate Forum Questions

Monday, August 20, 2007 7:00 P.M. King George High School

Hosted by: *Fredericksburg Area Association of Realtors, Fredericksburg Area Builders Association and the Fredericksburg Regional Chamber of Commerce*

Written responses of Lance Bacon, Republican candidate for Dahlgren District  
(note: highlighted questions indicate those that had verbal response in the forum)

### 1. Should proffers be the primary source for financing of new infrastructure?

Proffers should not be the primary source for financing new infrastructure, but they are a necessary source.

According to Census data, King George has seen a 29.6% population increase from April 1, 2000 to July 1, 2006, as compared to an 8% statewide growth. Population growth increases government revenues, but it also increases the demand for services provided by local government such as public safety, road and street maintenance, and parks and recreation.

Substantial population growth leaves communities with three choices:

- (1) reduce the level of public services they provide – ***not an option***
- (2) increase existing tax rates – ***not an option***
- (3) find new sources of revenue.

There are many sources of revenue that can mitigate the need for additional infrastructure, primarily commercial / retail tax base and industrial tax base. But proffers are a key way to offset the cost of growth-related capital improvements. Many of the developers with whom I have spoken are not opposed to fair proffers. They want to build a better community, and realize that such infrastructure would not be needed were it not for the pending growth and development.

But proffers must remain fair and adequate to ensure developers can make necessary provision and still turn a profit.

I believe a good example is the recent rezoning request by Augustine Homes in the Dahlgren District. Augustine offered a proffer package that included:

- A well lot, well construction and conveyance of the well
- Sewerage enhancements
- Intersection improvements
- \$7,677 per house over 60 to the county (\$921,240 in total)
- 18 workforce homes

That was a very fair proffer package – there were some details that needed to be specified, but a fair package nonetheless. And I believe this

## **2. Would you endorse the use of TIFs? CDAs? Special tax district?**

Though hesitant, I am open to dialogue regarding CDAs and special tax districts. However, I would not support Tax Increment Financing, which uses future gains in taxes to finance the current improvements that will create those gains. TIFs divert property tax revenues away from schools, parks and other community and government needs. Tax increases often are necessary to compensate.

Communities sacrifice years, even decades of future revenue growth due to TIF districts – Chicago is perhaps the greatest example of this. This, by extension, stifles future growth and greatly affects a community's ability to adequately fund public needs.

Economists from Iowa State University concluded "The overall expected benefits [of TIFs] do not exceed the public's costs."

The Heartland Institute writes "tax increment financing often fails to produce a net increase in economic activity ... [and tend] to favor large businesses over small ones, often excludes local businesses and residents from the planning process, and operates in a manner that contradicts conventional notions of justice and fairness."

## **3. Currently, BPOL tax is assessed on gross business receipts without regard to whether a company makes a profit. Does this tax hurt the business environment of your jurisdiction?**

Indeed, the Business, Professional, and Occupational License Tax is unfair to existing businesses, and it adversely hinders new business and represents a serious impediment to economic growth and development in King George.

This tax exacts its due regardless of whether the business makes a profit, which means the tax is "blind" to whether the business has any ability to pay the tax. The tax also does not take into account business expenses.

This tax, therefore, is especially burdensome on new business, which typically experience losses in their early years while they make significant investments in capital and overhead.

As such, I believe the BPOL tax can discourage businesses from selecting King George County. Allow me give you an example:

In the modern business construct, we see the considerable growth of service-oriented businesses, specifically information and computer technology, which are not confined to the traditional brick-and-mortar establishments within a community.

Now, let's say we are a new business looking to settle in a low-cost region within reasonable distance to the nation's capital. In this construct, King George will in many ways compete with Spotsylvania and Stafford counties and the City of Fredericksburg.

While our comparatively low-cost real estate is attractive to new business, our proximity to the Capital Beltway could be a deterrent. Let us then consider the BPOL tax: Spotsylvania and Fredericksburg charge the BPOL tax, and Stafford supervisors will address the issue after the November elections.

With that in mind, realize that final decision regarding the BPOL tax rests within the county. The Weldon Cooper Center for Public Service at the University of Virginia tells us that about half of the state's counties, most of its towns and all of its cities impose the BPOL tax. Some of these communities have established a minimum gross or "threshold" amount that protects small and new business.

Those minimum gross amounts often are set at \$50,000. Spotsylvania's minimum is set at \$100,000. Fredericksburg's minimum is set at \$200,000. In King George, that amount is \$2,500. Any King George business that makes \$2,500 gross is hit by this tax!

According to the Cooper Center, our County in 2005 levied a minimum tax of \$25 on all business with a gross in excess of \$2,500, and a tax rate of:

- **\$0.12 / \$100 for contracting**
- **\$0.10 / \$100 for retail**
- **\$0.10 / \$100 for repair, personal and personal services**
- **\$0.25 / \$100 for financial real estate**

Returning to the regional construct, if you are looking to start a new business, which area is most friendly?

As supervisor, I would work diligently to increase the minimum gross amount applicable for the BPOL tax, and identify revenue resources that would allow us to eliminate the use of a BPOL tax in all together.

**4. Do you support set asides for affordable and workforce housing in new developments?**

Yes

**5. Do you support the reduction or elimination of proffers for affordable/workforce housing?**

I support the reduction – not the elimination – of proffers for affordable/workforce housing with one caveat.

First, allow me to expound on why I support the reduction of proffers for affordable/workforce housing. King George is in desperate need of this housing. Consider this:

Valuation of owner-occupied housing in King George in the year 1990 was \$119,500 per home. Valuation of owner-occupied housing in the year 2000 was \$123,000 per home. In 10 years, the valuation of the average home increased by only \$3,500.

But in 2007, there have been 144 new privately-owned residential housing units authorized by building permits through June at construction cost of \$23,898,926. The average **construction cost** is roughly \$166,000 – construction cost today is 26 percent higher than valuation just seven years ago!

That is staggering when you realize that 6.6% of the local population is under the poverty level, we have a median income just over \$30,000 and a median household income about twice that.

These are hard working people, and they deserve to live in nice, new homes.

Here's my caveat – any development of affordable / workforce housing community must be responsible for necessary upgrades of infrastructure such as well construction, sewerage enhancements and road improvements. The act of building these needed homes does not negate the need for further infrastructure whose cost would otherwise fall on the taxpayers as a whole.

## **6. Do you support density bonuses for affordable/workforce housing?**

Yes, and for many of the reasons mentioned in the previous question.

Affordable housing – be it ownership, rental or lease – is an important component to community growth. Yet according to Census data, 5,493 people commute into King George for work while only 3,765 commute out.

We must ask ourselves, why do these 5,493 people not reside in King George? This is primarily due to lack of commercial and retail businesses, but it also is attributable to the dwindling availability of affordable housing.

As a pastor, I know many families in which young married couples are renting out their parent's basement or moving farther south or east to find affordable housing. We also have a large number of retirees and elderly in our population whose fixed incomes cannot keep pace with the rising quality-of-life costs.

We should do all we can to help this population, and we should not expect the builders and businesses to burden this cost or responsibility alone. Density bonuses are a good solution.

These bonuses protect the home builder and provide for the prospective home owner. If done well, the density bonuses would:

- Enable developers to increase the number of units in an area perhaps as much as 50 percent
- Expedite the permit process
- Give developers right to purchase up to 1/3 units for lease to preserve affordability
- Reserve extra units for buyers / renters who earn 80 to 120 percent of area's median income

With that said, allow me to add that density must be done well. Density equates to more schools, roads and public services. The county has a comprehensive plan that will enable us to place such housing in acceptable areas while maintaining the rural integrity of our community. This plan has defined distinct "Planning Areas," primarily in the Dahlgren and Courthouse areas that focus on future development and minimize sprawl and do so without burdening our existing infrastructure or future growth.

Whether recent decisions have been in keeping with established criteria for growth is up for debate. But the existing Comprehensive Plan makes possible the continued growth of our community with an eye on affordable housing and benefit to the developers who step up to the plate.

**7. If a proposed mixed use development contains 10% workforce housing & commercial development, is that acceptable?**

Yes – but I do not believe the proposed housing should be limited to workforce housing alone, nor should workforce housing be capped at 10 percent, though this is the industry standard.

It is worth noting that such development is in keeping with HUD's "National Call to Action," which is a campaign that seeks to unite states and local government with affordable housing advocacy groups to produce affordable housing.

Portland, Oregon is a great example of how this type of development can work. In 2002 it opened the Hollywood Library and Bookmark Apartments. The library occupies 13,000 square feet on the first floor. Bookmark Apartments, which occupies floors 2 through 4, offer an average of 900 square feet per apartment. Of the 47 apartment units, 19 are set aside for low-income households.

While the initial emergence of mixed use development was primarily in metropolitan areas, mixed-use developments are quickly becoming a formidable option in community development. Property & Portfolio Research Inc. reports that within the last year alone, some 5,500 mixed-use developments have entered the construction pipeline.

And with good reason. Mixed-use developments are a multifaceted benefit as they

- help reduce construction costs
- provide affordable housing
- help manage transportation matters
- add convenience for citizenry
- reduce urban sprawl

Simply put, mixed-use developments are smart growth.

**8. Would you support down-zoning outside of primary settlement areas?**

No, because it is not in keeping with the county's Comprehensive Plan. Down-zoning primarily is used to restrict development and reducing sprawl, but we already have an established plan that will accomplish this. The primary settlement areas are established, and therefore land outside those areas need not be down-zoned.

Especially when you consider that down-zoning reduces the property value for land owners. Again, such steps are unnecessary in King George if we concentrate growth in the primary settlement areas, as our Comprehensive Plan requires.

**9. Would you compensate property owners for any down-zoning?**

Yes

**10. Would you support a regional comprehensive plan?**

Yes – but *never* at the expense of the local plan.

Every community has differing goals, needs and circumstances that must be addressed by a group of representatives who have the best interest of the community and citizenry in mind. Our established construct of government allows – and requires – representation of and responsibility to communities by way of the electoral process. A regional plan can never supercede that established foundation.

With that said, there are many symbiotic issues that cross governmental and county boundaries. Water quality is chief among them. Roads and transportation is another example. While there are state agencies that address these issues, a well organized and understood plan will go far toward making necessary change.

As such, imperative that we be able to work together to address regional concerns and meet regional needs, but never at the expense of local representation and responsibility.

**11. Would you increase the urban service area if the criterion is for build out at 80%? 70%? 60%?**

No – but not for reasons clearly evident in the question.

Local government uses these areas to provide future services such as water supply or sewage treatment. This helps to maintain the rural character of areas lying outside the boundary – and this is a good thing.

However, if we are resigned to a willingness to increase urban service areas, I believe it will lead to an apathetic approach to development that will not keep high standards of growth.

If the county grew to the point that these service areas need to be expanded, then I would be in support. But we need to get there the right way – and if we apply careful consideration to growth, it will be some time before the existing Planning Areas designated in the Comprehensive Plan are reaching said capacities.

**12. Would you support up-zoning in the primary settlement area?**

Yes – King George supervisors have not approved a residential rezoning since 2003, and this will stifle community growth if not corrected.

“Clustering” seems to be a dirty word in King George. In fact, one supervisor was recently quoted in a public hearing as saying “I think the message is we are not interested in high, intense development in King George. I think that is something that needs to be understood by developers.”

But many communities in Virginia and throughout the United States have rightly embraced clustering – a process in which developments are established in specified areas in which acreage requirements are as few as one-third or one-half an acre. This neighborhood approach preserves our rural landscape in that it allows the needed development of housing to reside within a smaller density, thus leaving more acreage for agriculture and natural habitat. It brings many improvements to infrastructure (proffers) to enhance our communities, and these cluster developments keep to a minimum the strain placed on county services such as water and sewerage, and emergency services.

**13. Would you support the use of eminent domain in the case of private property taken for public use (such as schools, roads, utilities, etc.)?**

Yes, but we must safeguard private property rights by strictly enforcing the Takings Clause of the Fifth Amendment and by providing just compensation whenever private property is needed to achieve a compelling public purpose.

**14. Would you support the use of eminent domain to transfer private property to another private property holder (such as Kelo vs. City of New London, Connecticut)?**

I would not support this for the reasons cited by Justice Sandra day O'Connor in her dissenting opinion of this case. She rightly objected to the fact that an unelected (therefore voter-unaccountable) private nonprofit corporation was the primary beneficiary of the government taking.

Justice Scalia suggested the ruling in favor of the city would destroy “the distinction between private use and public use.” Indeed, while the private use may provide incidental benefits to the state, this should not be used as a method to convey a private property to another private property holder.

In fact, President George W. Bush on June 23, 2006 (the first anniversary of the decision) issued an executive order instructing the federal government to use eminent domain “...for the purpose of benefiting the general public and not merely for the purpose of advancing the economic interest of private parties to be given ownership or use of the property taken.”