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Thrive Montgomery 2050 Will Cost Taxpayers a Bundle

It's official! The 30-year plan now before the County Council will cost at least $8.16 billion, according to a recent fiscal impact statement (FIS) from the County's Office of Management and Budget. Thrive will also cost more than $12 billion in operating expenses to implement the plan.

Average Thrive-related income taxes for individuals could double, from $3,571 in 2020 to $7,202 in 2050, according to the report. Property taxes could also skyrocket if, as predicted, the Council passes zoning text amendments to allow three or more (triplex and quadruplex) units to be built on single-family lots in most zones countywide. Assessments would likely increase because the state can value land according to its "highest and best use," which is defined as "that use which results in the highest present land value." So, if a neighbor builds three units on a once single-family lot, the property taxes for ALL comparable properties (not just that one house) could rise dramatically, depending on how the state applies the valuations it is entitled to apply (Maryland Assessment Procedure Manual: https://bit.ly/3ulVM9Q).

To justify this steep spending, the Planning Board cites the need to accommodate 200,000 new residents in the next 30 years. But, they don’t explain why the 44,383 units already approved and the other 85,946 potential units would not come close to meeting this need. In other words, why wouldn’t these 130,329 units alone house the entire 200,000 expected new residents, given that 76 percent of households now include more than one person? The Planning Board has yet to explain why they don’t count units in the pipeline as part of its estimates.

Also, the estimate that the County must accommodate 200,000 new residents is subject to debate. Recent Census figures show a growth rate for the past three years as less than a quarter of a percent per year (.21%.): https://worldpopulationreview.com/us-counties/md/montgomery-county-population). So, why is it inevitable, given these figures, that the County must prepare to accommodate this number of new residents? And, even if that estimate were accurate, why do we need to rezone the entire county to accommodate such a modest change over 30 years? The onus is on the Planning Board, not its critics, to produce data to justify new need for these sweeping changes.

Unlike Thrive, the FIS provides a list of specific projects (and estimated costs) needed to meet the recommendations in the Thrive plan. It also estimates the costs of expected zoning changes and related infrastructure that Thrive does not consider. In response, the Planning Board made a number of unsubstantiated claims:

(1) that Thrive may not increase the cost of accommodating new residents over 30 years, as compared to the current trajectory;

(2) that potential tax-base increases would offset these costs;

(3) that the densification will produce substantial savings in infrastructure costs, and

(4) that cited costs are irrelevant because critics do not document the difference between Thrive and non-Thrive construction costs.

As to #3, the FIS noted, “it is not always true that more dense infill development is cheaper than sprawl infrastructure. For example, in densely developed areas, there may be additional costs for expensive right of way, utility relocations, and investments needed to increase water and sewer capacity.” Surprisingly, Thrive provides no data on any of these issues and therefore, the Planning Board has no factual basis to counter FIS findings.

Furthermore, the Planning Board did not address why increasing tax burdens from Thrive might not intensify the flight of wealth from Montgomery County. Maryland ranks #2 in per-capita state and local income taxes. If Thrive drives local income and property taxes through the roof, why shouldn’t massive numbers of wealthy people simply move to nearby tax-friendly states, causing major income and property tax losses to Montgomery County? And, if, as estimated, 50% of expected new residents will have annual incomes of less than $50,000, how will the County compensate for this lost revenue? (Planning Board Draft/April 2021)

In response to the FIS study, Silver Spring business leader Bruce Hatch Lee wrote, “Folks need to pay attention to this... Mind blowing how much is being done and implemented in the middle of a Pandemic.”

attention to this….Mind blowing how much is being done and implemented in the middle of a Pandemic. Indeed!

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