

Economic Impact Statement

Office of Legislative Oversight

Expedited Bill 13-21

Streets and Roads – Permit to Obstruct Public Rights-of-Way and Franchising – Amendments

SUMMARY

The Office of Legislative Oversight (OLO) anticipates that by allowing the County to grant permits for installing in the public rights-of-way non-commercial structures that are accessory to a residential use, Expedited Bill 13-21 would benefit businesses and residents hired to install these structures. Overall, OLO expects that the bill would have a positive, yet small, economic impact in the County.

BACKGROUND

Expedited Bill 13-21 would amend County law regarding permits to obstruct public rights-of-way in the following ways: The bill would expand the authority of the Department of Permitting Services (DPS) by allowing the Director to issue a permit to “install a private, non-commercial structure that is accessory to a residential use.”¹ These structures would include “an Electronic Vehicle (EV) charging device, private storm drain pipes with access to the public sewer system, roof drains, and other non-standard facilities or accessories encroached in the County’s rights-of-way, as approved by DPS.”² The bill would also require the permittee to “execute a maintenance and liability agreement that is approved by the Director of [DPS].”³

METHODOLOGIES, ASSUMPTIONS, AND UNCERTAINTIES

No formal methodologies were used in this analysis. For information on the bill, OLO relied primarily on:

- Interviews with residents and County staff who have been involved in the development of Expedited Bill 13-21.
- *Residential Electric Vehicles Charging Permitting Guidelines*, Montgomery County Department of Transportation and Department of Permitting Services, Revised March 2021.⁴
- Maricela Cordova, MCDOT, Residential Electric Vehicles (EV) Charging Permitting Guidelines, March 4, 2020, Public Meeting, Bethesda-Chevy Chase High School.

Importantly, Expedited Bill 13-21 would only be responsible for economic impacts related to the installation of Electric Vehicle (EV) charging devices and other non-commercial structures that otherwise would not have occurred in the absence of expanding DPS’s permitting authority. OLO cannot project the increase in installations that would occur if the bill is

¹ Montgomery County Council, Expedited Bill 13-21, Streets and Roads – Permit to Obstruct Public Rights-of-Way and Franchising – Amendments, Introduced on March 16, 2021. See bill in Introduction Staff Report, https://apps.montgomerycountymd.gov/ccllms/DownloadFilePage?FileName=2704_1_14300_Bill_13-2021_Introduction_20210316.pdf.

² Ludeen McCartney-Green to Montgomery County Council, Memorandum, March 11, 2021. See memo in Introduction Staff Report for Expedited Bill 13-21.

³ Montgomery County Council, Expedited Bill 13-21.

⁴ See link https://www.montgomerycountymd.gov/DPS/Resources/Files/RCI/EV_Charging_Guidelines.pdf.

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enacted. The primary challenge is that the number of residential units which are both located adjacent to the County's rights-of-way and suitable for installation of EV charging devices is unknown.

Another challenge with projecting the number of installations that would be attributed to Expedited Bill 13-21 is uncertainty around residents' willingness to incur the costs associated with complying with County law. Installing a curbside EV charging device in Berkeley, California, which ran a Curbside Residential Pilot Charging Program from 2014 to 2018,⁵ reportedly ranged from \$5,000 to \$20,000 for the purchase and installation of the equipment.⁶ High costs would undoubtedly discourage some residents from pursuing a residential charging option. In addition, it is OLO's understanding that Expedited Bill 13-21 is partly motivated to prevent unauthorized charging of EVs at home (i.e., running cables across County sidewalks). Such methods can be significantly cheaper than installing EV charging devices in the County's rights-of-way. Without rigorous enforcement, OLO anticipates that some residents would opt for unauthorized methods of home charging rather than comply with County law.

Despite uncertainties around the number of affected residential units and resident demand for installing structures in the County's rights-of-way, the primary assumption underlying the claims in subsequent sections is the following: **Enacting Expedited Bill 13-21 would lead to some non-negligible increase in the installation EV charging devices and other non-commercial structures in the County's rights-of-way that otherwise would not have occurred.** This assumption is based on two conditions: (a) suppressed demand for EVs due to the lack of charging infrastructure in the U.S.,⁷ and (b) the exponential increase in demand for EVs nationwide and within the County, notwithstanding the underdeveloped charging infrastructure.⁸

VARIABLES

The primary variables that would affect the economic impacts of Expedited Bill 13-21 are:

- number of EV charging devices and other structures installed per year;
- average cost per installation; and
- average increase in residential property values per installation.

⁵ For more information on this pilot program, see Pilot Manual: Residential Curbside Electric Vehicle (EV) Charging Pilot Program, Planning & Development Department, City of Berkeley, March 26, 2018, https://www.cityofberkeley.info/uploadedFiles/Planning_and_Development/Level_3_-_Energy_and_Sustainable_Development/Manual%20with%20attachments%2012-1-14.pdf.

⁶ Skip Descant, "EV Infrastructure Charges into California's Public Spaces," *Government Technology*, April 14, 2020, <https://www.govtech.com/fs/EV-Infrastructure-Charges-into-Californias-Public-Spaces.html>.

⁷ Indeed, unlocking this suppressed demand is part of the motivation behind the Biden Administration's \$2 trillion infrastructure bill, which prioritizes the development of a national EV charging network. See Michael Wayland, "Biden wants to build a national EV charging system under \$2 trillion infrastructure plan, but it won't be easy," *CNBC*, May 31, 2021, <https://www.cnn.com/2021/03/31/us-ev-charging-system-a-priority-under-bidens-2-trillion-infrastructure-plan.html>.

⁸ Maricela Cordova, MCDOT, Residential Electric Vehicles (EV) Charging Permitting Guidelines, March 4, 2020, Public Meeting, Bethesda-Chevy Chase High School.

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IMPACTS

WORKFORCE ■ TAXATION POLICY ■ PROPERTY VALUES ■ INCOMES ■ OPERATING COSTS ■ PRIVATE SECTOR CAPITAL INVESTMENT ■ ECONOMIC DEVELOPMENT ■ COMPETITIVENESS

Businesses, Non-Profits, Other Private Organization

The economic impacts of Expedited Bill 13-21 on private organizations are conditional on the installation of non-commercial structures in the County's rights-of-way that otherwise would not have occurred in the absence of the bill. Assuming this occurs, OLO believes that the bill would have targeted, positive impacts on businesses that receive contracts to perform EV charging device and other non-commercial structure installations. These businesses would experience income gains. Because demand for EVs is likely to continue increasing in the County, the bill should have long-term, positive impacts on these businesses in the County.

Moreover, it is worth noting that local governments in the DC metropolitan region and across the country are working to expand supporting infrastructure for EVs.⁹ By making it easier for residents to attain permits to install non-commercial structures in the County's rights-of-way, Expedited Bill 13-21 may enhance the County's perception of being flexible in dealing with changing technologies.

Other than business income, OLO does not believe that the bill would significantly impact private organizations in terms of the Council's other priority indicators.¹⁰

Residents

OLO believes that Expedited Bill 13-21 would have targeted, positive impacts on certain residents in the form of income gains. These residents include the owners of businesses, self-employed individuals, and wage workers that receive contracts to install non-commercial structures.

The bill would also impact residents who have these structures installed in the County's rights-of-way adjacent to their homes. While the bill would require residents to purchase and install the structures at their own expense,¹¹ they may also experience savings (e.g., reduced EV charging expenses). Moreover, the installation of EV charging devices (and perhaps other structures) may increase property values of adjacent homes. Indeed, a study by Realtor.com found that proximity to EV charging stations is associated with higher median listing prices.¹²

Finally, it is worth noting that by expanding the supporting infrastructure of EVs, the bill could help facilitate the electrification of transportation in the County, a key component of the County's goal of achieving zero greenhouse gas

⁹ Descant, "EV Infrastructure Charges into California's Public Spaces."

¹⁰ For the Council's priority indicators, see Montgomery County Code, Sec. 2-81B. Economic Impact Statements, https://codelibrary.amlegal.com/codes/montgomerycounty/latest/montgomeryco_md/0-0-0-80894.

¹¹ Residential Electric Vehicles Charging Permitting Guidelines, Montgomery County Department of Transportation and Department of Permitting Services, Revised March 2021.

¹² Brenda Richardson, "It Pays To Be Green: Homes Near Electric-Vehicle Charging Stations Fetch Top Dollar," *Forbes*, April 21, 2019, <https://www.forbes.com/sites/brendarichardson/2019/04/21/it-pays-to-be-green-homes-near-electric-vehicle-charging-stations-fetch-top-dollar/?sh=729d0829418b>. Residential solar panels are also associated with higher home values. See Valentina Sanchez, "Solar power can boost your home's value – especially in these 10 states," CNBC, October 5, 2019, [https://www.cnbc.com/2019/10/05/solar-power-can-boost-a-homes-value-in-these-10-states-themost.html#:~:text=Installing%20solar%20panels%20in%20a, valued%20home%20in%20the%20U.S.](https://www.cnbc.com/2019/10/05/solar-power-can-boost-a-homes-value-in-these-10-states-themost.html#:~:text=Installing%20solar%20panels%20in%20a, valued%20home%20in%20the%20U.S.;); and Sarah Mikhitarian, "Homes With Solar Panels Sell for 4.1% More," *Zillow*, April 16, 2019, <https://www.zillow.com/research/solar-panels-house-sell-more-23798/>.

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emissions by 2035.¹³ In doing so, Expedited Bill 13-21 may help reduce the long-term, “social cost of carbon,” defined in the County Code as “an estimate of the economic damages or damages avoided associated with the increase or reduction of one metric ton of carbon dioxide emissions.”¹⁴

DISCUSSION ITEMS

Not applicable

WORKS CITED

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Montgomery County Code. Sec. 18A-16A. Social cost of carbon assessment.

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¹³ Press Release, “Montgomery County’s New Electric Vehicle Charging Guidelines Make It Easier for Residents to Charge at Home,” May 19, 2020, https://www2.montgomerycountymd.gov/mcgportalapps/Press_Detail.aspx?Item_ID=25338.

¹⁴ Sec. 18A-16A. Social cost of carbon assessment, https://codelibrary.amlegal.com/codes/montgomerycounty/latest/montgomeryco_md/0-0-0-91142.

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CAVEATS

Two caveats to the economic analysis performed here should be noted. First, predicting the economic impacts of legislation is a challenging analytical endeavor due to data limitations, the multitude of causes of economic outcomes, economic shocks, uncertainty, and other factors. Second, the analysis performed here is intended to *inform* the legislative process, not determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.

CONTRIBUTIONS

Stephen Roblin (OLO) prepared this report.