

*annual  
growth  
policy***agp**

# A new vision for managing growth in Montgomery County

*public hearing draft*

The Maryland-National Capital Park and Planning Commission's (M-NCPPC) Montgomery County Planning Board will hold a supplemental public hearing on growth management issues, Thursday, July 10, 2003, 7:30 p.m., in the M-NCPPC auditorium, 8787 Georgia Avenue, Silver Spring.

On May 15, the Planning Board heard from dozens of organizations and individuals, many of whom suggested major changes to the County's Annual Growth Policy (AGP). In late May and June, the Planning Board held several worksessions to discuss and formulate its own recommendations. Because the Planning Board is contemplating fundamental changes to the AGP, Chairman Derick P. Berlage and Board members want additional feedback from the public on these new proposals.

Focusing on the Board's new options for revising the County's Annual Growth Policy (AGP), the public hearing will begin with a brief staff presentation followed by public comment limited to 2 ½ hours.

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**In 1973, Montgomery County adopted a new tool, the Adequate Public Facilities Ordinance, to match the pace of growth with the provision of public facilities. Thirty years later, the County is again looking at how to best manage growth and its effects on road congestion and school crowding.**

Thirty years ago, Montgomery County was facing a difficult challenge: how to provide the public facilities (roads, schools, water and sewer, and other services) needed to meet the demands of rapid growth. Since the 1930s, the County's population had been doubling every decade so that by 1973, Montgomery County was home to 176,000 households and 222,000 jobs. That year, the County saw the addition of 7,900 new housing units and almost 18,000 additional jobs. Public facilities, especially sewerage facilities, had reached a point that no more growth could be supported.

Several years earlier, Montgomery County had adopted a revolutionary General Plan containing a vision for accommodating future growth while preserving much of the County's agricultural and open space. Titled "...On Wedges and Corridors," the General Plan called for concentrating growth in corridors well-served by transportation – such as along I-270 and the planned Metro Red Line – and away from the "wedges" of rural land in the western County and along Rock Creek.

Not long after the adoption of the General Plan, the United States Supreme Court upheld the constitutionality of a new tool to help local governments cope with rapid growth: adequate public facilities ordinances (APFO). An APFO allows localities to delay the approval of new development until necessary roads, schools and other facilities are in place. In 1973, Montgomery County adopted its own APFO.

Montgomery County's APFO states that the Montgomery County Planning Board may not approve a new subdivision unless it finds that public facilities are "adequate." The public facilities covered by the ordinance are transportation, public schools, water and sewerage facilities, and police, fire and health services. There are two main questions that the ordinance asks: what, exactly, does "adequate" mean? and what happens when public facilities are not adequate? Since 1986, the answers to those questions for transportation and school facilities have been in the Annual Growth Policy, or AGP.

**see page 2**

*The Montgomery County Council directed the Montgomery County Planning Board to prepare a “top-to-bottom” review of the AGP in 2003. Over the past several months, the Planning Board has been examining the County’s ability to support growth with public facilities. The Planning Board has concluded that fundamental changes to the Annual Growth Policy are necessary.*

## A “Top-to-Bottom” Review

The AGP is a resolution adopted annually by the Montgomery County Council that contains “the guidelines for the administration of the adequate public facilities ordinance” for transportation and schools. How congested are the roads? How crowded are our schools? The AGP does not regulate the amount, type, or location of development, but rather regulates the *pace* of development. The AGP sets the rules for measuring adequacy, and for determining how much additional development can be approved at any particular time.

The AGP does not regulate development in the cities of Gaithersburg and Rockville. Both Gaithersburg and Rockville have their own planning and zoning authority and are responsible for regulating the pace of growth within their boundaries.

### **2003: Transforming the AGP**

Almost two years ago, the Montgomery County Council was looking at proposals for changing the Annual Growth Policy. They concluded that the current AGP was no longer working as well as it should. Among the concerns raised:

- If the AGP is working, why are our roads so congested? Why are our schools so crowded?
- The AGP’s complicated formulas for measuring “adequacy” are out of touch with the experiences of County residents.
- The AGP has too many exceptions, allowing development to be approved even when facilities aren’t adequate.
- The basic AGP framework was developed in the 1980s – a period

of much more rapid growth than now. In 2003, most of the development in Montgomery County has already occurred, or is already approved.

- Since 1973, many other localities have adopted adequate public facilities ordinances – perhaps they can teach us something.

To help address these concerns, the Montgomery County Council directed the Montgomery County Planning Board to prepare a “top-to-bottom” review of the AGP in 2003. Over the past several months, the Planning Board has been examining the County’s ability to support growth with public facilities. The Planning Board has concluded that fundamental changes to the Annual Growth Policy are necessary.

Following the delivery of staff analyses in early May, the Planning Board held a public forum on May 10 and four public worksessions. During that time the Board has made significant progress in developing a new approach for managing growth in Montgomery County. This document outlines the Montgomery County Planning Board’s findings and a new “policy concept” for the Annual Growth Policy.

Before transmitting its report to the Montgomery County Council, the Planning Board would like to hear comments from Montgomery County residents, public officials, and members of the development industry. The public is invited to a public hearing on this “AGP Policy Concept” on July 10, 2003 at 7:30 PM. The public hearing will be held in the auditorium of the Montgomery County Planning Board’s Silver

# The Current AGP

Spring headquarters at 8787 Georgia Avenue. For directions, or to sign up to speak, please contact the Community Relations Office at 301-495-4600.

## The Current AGP: How Much Development Can Be Approved?

The Annual Growth Policy contains the rules for determining if public facilities are “adequate” to allow the Planning Board to continue to approve additional development.

### The School Adequacy Test

The guidelines used to evaluate school adequacy incorporate Montgomery County Public Schools enrollment projections, existing capacities of schools and any additional capacity (additions and new schools) that is programmed. The school system's 23 high school clusters are the geographic areas evaluated each year in the school test. Elementary, middle, and high school capacities in each cluster are evaluated separately in the AGP. The methodology also considers that space available in adjacent clusters may be factored in for clusters that otherwise would be in deficit.

The AGP test for schools looks five years ahead in its evaluation of facility capacities. This is the same time period used for evaluating road capacities. The five-year period represents the average length of time it will take a development plan to proceed through the governmental and construction phases to occupancy and, hence, the generation of additional students (or traffic on the roads).

The AGP school evaluation process enables the County Council to link the effects of enrollment trends and capital projects to decisions on whether or not

to allow approval of additional residential subdivisions in the coming year. Each year, the new MCPS enrollment forecast and County Council adopted capital improvements program are factored into the evaluation of facility space five years in the future. By July 15 of each year, the County Council must adopt the AGP for the subsequent fiscal year. The results of the AGP schools test direct the Montgomery County Planning Board to either allow or not allow subdivision approvals in the 23 high school cluster areas during that fiscal year. In FY2002, the Damascus cluster was briefly closed to subdivision approvals based on inadequate school capacity.

### The Water and Sewerage Facilities Test

Water and sewerage facilities are considered adequate if the property being subdivided is in category 1, 2 or 3 (service planned within two years) in the County's Ten Year Water and Sewer Plan. Police, fire and health facilities are assumed adequate unless the appropriate agency identifies a problem with a particular subdivision. This has never happened to date.

### The Transportation Facilities Adequacy Test

The transportation test is administered on a policy area and a local area basis. For Policy Area Transportation Review, the County is divided into 27 policy areas plus the cities of Rockville and Gaithersburg. For each policy area, the AGP calculates the amount of development (expressed in jobs and housing units) that can be supported by the existing and programmed (first five years of the CIP) transportation network. This maximum amount of

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*Public facilities tested by the adequate public facilities ordinance (APFO) are transportation, schools, water and sewerage, and police, fire and health facilities. The Annual Growth Policy (AGP) is focused on transportation and school facilities.*

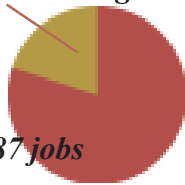
*Montgomery County's adequate public facilities ordinance does not apply in the cities of Rockville and Gaithersburg, as these cities have the responsibility to manage growth within their boundaries.*

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**Amount of Approved Development**

27,326 housing units

108,087 jobs



**Top 10 Locations of Approved Commercial Development**

Area	Jobs
Rockville City*	31,276
Gaithersburg City*	14,614
R & D Village	13,878
Germantown East	11,972
Germantown West	10,808
North Bethesda	6,326
Silver Spring CBD	4,023
Clarksburg	3,904
Friendship Heights	3,833
Fairland/White Oak	3,519

**Top 10 Locations of Approved Residential Development**

Area	Units
Clarksburg	9,280
Rockville City*	4,385
Gaithersburg City*	2,486
Aspen Hill	1,750
Fairland/White Oak	1,449
North Bethesda	1,347
G'town Town Center	1,165
Germantown East	1,137
Bethesda CBD	1,089
Olney	1,026

\*Montgomery County does not control growth in these areas.

# The Current AGP

development that can be approved by the Planning Board during the following year is called the policy area's staging ceiling, and is adopted each July by the County Council.

If the Planning Board can approve additional development in an area (that is, when the staging ceiling has not yet been reached), the area is said to have positive net remaining capacity. If more development has been approved than can be supported by a policy area's transportation network (that is, the staging ceiling has been exceeded), the area is said to have negative net remaining capacity, and is in moratorium for new subdivision approvals. Previously approved developments can still move forward.

The pipeline of approved developments is the list of development projects which have passed their AGP tests, but have not yet been constructed. These are currently more than 100,000 jobs and 25,000 housing units in the pipeline. Once a project is approved, it retains the "rights" to that capacity for between 5 and 12 years, thus potentially putting the policy area in a moratorium and preventing projects from being approved.

New approvals can occur in policy areas that are otherwise in moratorium through several procedures. These are:

1. *The Special Ceiling Allocation for Affordable Housing*: permits a limited amount of housing to be approved if the project contains a significant affordable housing component.
2. *De Minimis Development*: projects generating five or fewer peak-hour automobile trips can be approved in moratorium areas.

3. *Developer Participation*: permits projects to be approved if the developer provides the needed transportation facilities or otherwise mitigates the trips from his project.

4. *Development Districts*: landowners may form development districts to finance the transportation improvements needed to pass AGP transportation tests.

5. *Alternative Review Procedure for Metro Station Policy Areas*: allows development in the compact areas atop Metro stations to meet policy area (staging ceiling) and local area (intersection) transportation tests obligations by mitigating 50 percent of their trips, making a payment toward transportation improvements, and participating in the area's transportation management organization.

The second transportation test is called Local Area Transportation Review (LATR). Since the mid 1970s, the Planning Board has used LATR to determine if a proposed preliminary plan of subdivision will cause unacceptable local traffic congestion at nearby critical intersections. Local Area Transportation Review is required only for subdivisions which generate 50 or more peak hour automobile trips.

In administering LATR, the Planning Board must not approve a subdivision if it finds that an unacceptable peak hour level of service will result after taking into account existing and programmed roads and transit. If a proposed subdivision causes conditions at a nearby intersection to be worse than the standard, the applicant may make intersection improvements or provide trip reduction measures to bring the intersection back to the standard

## Why Grow?

and gain preliminary plan approval. If the subdivision will affect an intersection or roadway for which congestion is already unacceptable, then the Planning Board may approve the subdivision only if it does not make the situation worse.

Intersection congestion is measured using a method called "critical lane volume," which is the number of vehicles which can move through an intersection's conflicting through or left-turn ("critical") lanes in an hour.

Montgomery County's level of service standards for intersections vary by policy area. Like Policy Area Transportation Review, the LATR standards are based on the idea that less traffic congestion should be permitted in areas with lower transit service and usage and more traffic congestion should be allowed in areas with greater transit service and usage. For the rural policy areas, anything worse than 1450 CLV is unacceptable for LATR. For policy areas with the greatest level of transit service available, such as Metro station policy areas, the LATR standard is 1800 CLV. Other policy areas fall somewhere between the two standards, depending on the area's level of transit service and usage.

### Why Grow?

Why should Montgomery County, or any locality, grow at all? Some of the reasons identified by the Board:

- Some additional growth is desirable and perhaps inevitable and the notion that a locality can just stop development is a fallacy;
- An economy needs some room to grow in order to stay vital;

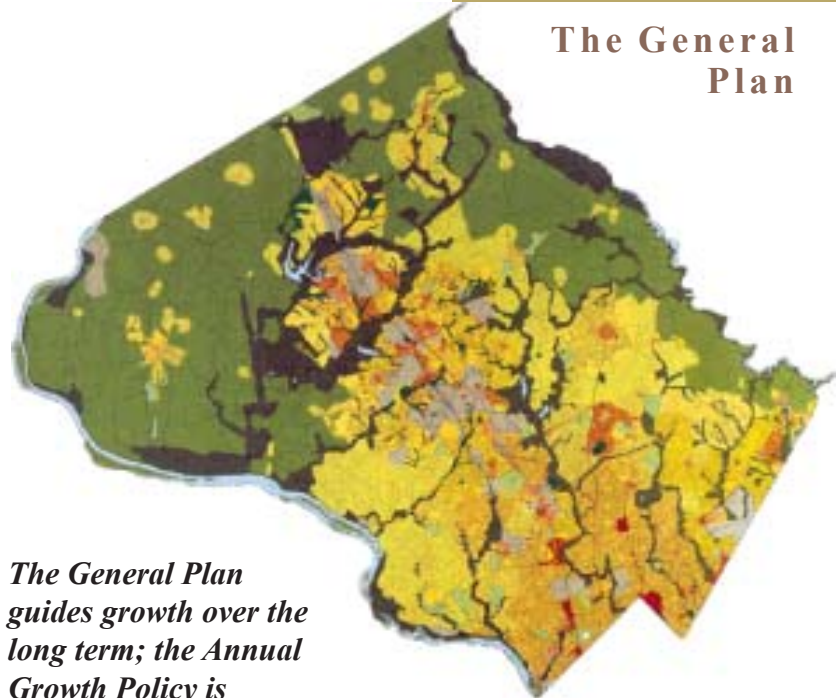
- A maturing community depends on redevelopment to maintain its vitality and redevelopment often requires involves some growth;
- The United States Constitution provides rights to landowners to use their land;
- Growth may be necessary to provide the range of housing and jobs to support our share of the region's diverse population.

The County's major growth decisions are made in the County's long-range land use plans: the General Plan and area master plans and sector plans. The role of the Annual Growth Policy is to determine how quickly the jobs and housing units called for in the master plans can be built, based upon the availability of public facilities.

## AGP annual growth policy

*Decisions about the amount, location, and type of growth are made in the County's long-term land use plans. The AGP determines how quickly planned jobs and housing units may be built, based upon the availability of public facilities.*

## The General Plan



*The General Plan guides growth over the long term; the Annual Growth Policy is concerned with the timing of development and public facilities.*

*Our roads and schools do not have the capacity to support additional growth, but some growth is necessary to safeguard the economic well-being of our residents. To minimize the effect of growth on public facilities, the AGP should set an overall limit on the pace of development, permitting the most efficient land uses to move forward first. All new development should help pay for new roads and schools through an impact tax.*

## Growth Policy Concept

The Montgomery County Planning Board's new approach for the Annual Growth Policy comes from the following findings:

**Our roads and schools do not have the capacity to adequately support additional growth.** This argues for...

...a total moratorium on new development until we can "catch up" with new transportation options and new schools. **But the County needs to allow some growth to safeguard the economic well-being of our residents.** So the Planning Board recommends that...

...the **AGP set an overall limit on the County's pace of development** that is the minimum necessary to support a vital economy. The growth rate would be reviewed and set biennially; initially, the rate might be 1 percent or about 3,400 housing units and 5,800 jobs per year. To minimize the impact of this new development on already-congested facilities, the Planning Board recommends...

...**permitting the most efficient pattern of land use to move forward first.** This means concentrating development near transit and balancing jobs with nearby housing, and putting the lowest priority on approving development in rural areas, where auto usage is highest and where people live the farthest from the daily destinations.

**Because every new development project adds congestion** to congested roads, and (with the exception of senior housing) all residential development adds students to a crowded school system...

...**all development should help pay for new roads and schools:** "everybody pays." The Planning Board proposes...

...**reformulating the existing development impact tax for transportation and adding a new development impact tax for schools.** For transportation, there would be a **base impact tax rate that all development would pay**, regardless of location. There would also be...

...**a second tier of the development impact tax for transportation** that would charge the most transportation-efficient development the least, and the least transportation-efficient development the most. Development near Metro stations might be charged a very low rate for this second tier of the development impact tax for transportation, while rural development might be assessed the highest rates. On the school side...

...the Planning Board is recommending that **there be a single Countywide development impact tax for schools.** With the possible exception of senior housing, all residential development would pay the impact tax for schools. With the institution of this tax, the Board proposes...

...**eliminating the current test for school adequacy.** Although school adequacy is extremely important, none of the many options for testing the adequacy of schools proved satisfactory. The Board believes that a development impact tax for schools is the best way to assess new development for its effect on school enrollment. The alternative, a moratorium on new residential construction, would be less

## A New Approach

effective and have negative side effects, such as worsening the County's job-housing balance and potentially increasing the price of housing.

The revenues from both the transportation and school impact tax would be **dedicated to building transportation and school capacity improvements.**

The Planning Board believes **some concepts in the current AGP are effective and should be retained.** These concepts include...

...**testing development projects for their effect on nearby intersections** (currently called "Local Area Transportation Review"). The Board believes this test has required developers to make intersection improvements that are generally reasonable in cost and benefit the community. Another AGP concept worth saving is...

...**allowing developers to provide the transportation infrastructure needed to support their project.** Developer-funded infrastructure has been an important benefit, and the Planning Board recommends that this continue. Finally, the Planning Board also recommends that...

...**the AGP should continue to provide special treatment to a very narrow set of land uses.** Special treatment might be exemptions from the growth caps or special reduced rates on the impact tax. Special treatment is justified if these development projects help meet other County policy objectives, such as providing: affordable housing, strategic economic development opportunities (such as technology park or the headquarters of a major

corporation), and desired public services, such as hospitals.

The Planning Board encourages the public to attend its July 10, 2003 public hearing or to mail/fax/email their comments to the Planning Board's Community Relations Office by July 17, 2003.

### Roads and Schools: At Capacity

Based on their comprehensive review, and through the public testimony received, the Montgomery County Planning Board has determined that congestion on the County's transportation network, and enrollment in the County's public schools, have both reached capacity. To effectively implement the adequate public facilities ordinance, the AGP should use a definition of "adequate" that conforms with the reasonable expectations of most County residents. The Planning Board believes that the County has reached or exceeded those levels for transportation and schools Countywide.

When the current AGP sets "staging ceilings," it is determining the amount of new development that the transportation network can handle, called "net remaining capacity." If net remaining capacity is a negative number, it means that transportation facilities are inadequate – transportation improvements should be made before additional development is approved. The amount of transportation capacity available Countywide is the total of the areas with positive net remaining capacity and all of the areas with negative net remaining. This is the same as treating the County as a single area for setting staging ceilings. The result: if Montgomery County were treated as

*To effectively implement the adequate public facilities ordinance, the AGP should use a definition of "adequate" that conforms with the reasonable expectations of most County residents. The Planning Board believes that the County has reached or exceeded those levels for transportation and schools Countywide.*

Countywide, the FY03 AGP's "net remaining capacity" (how much new development the transportation network can support) is -11,048 jobs and -1,148 housing units.

## Roads and Schools: At Capacity

one big "policy area" under the AGP, it would be in moratorium. The net remaining capacity for non-residential development is -11,048 jobs and -1,148 housing units. This is based on the ceilings in the FY 2003 AGP and approval activity through April 2003.

The map on this page shows congestion levels on Montgomery County roadways. The roads are colored red when their congestion exceeds the current acceptable standard. The roads are colored orange when congestion levels are at, or just below, the current standard. Green roads are less congested than their standard. The map shows that congested roads are found in all parts of the County (rural roads were not measured for this map).

The Planning Board also believes that current AGP exaggerates the

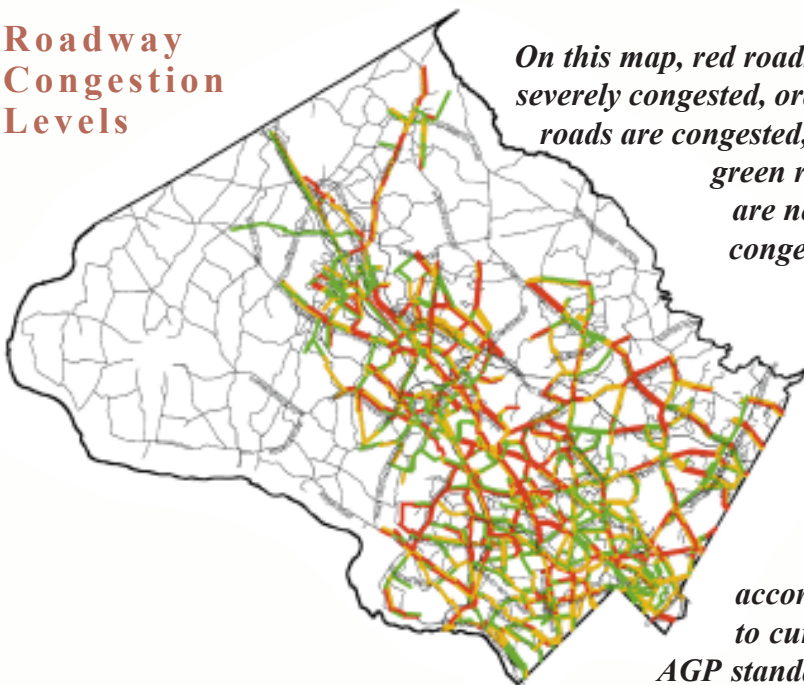
differences in congestion among the various areas of the County. The Board notes that the average congestion measure for most policy areas varies between 0.54 and 0.59. These are small differences on a scale that ranges from 0 to 1.

Testimony at the Planning Board's May 10 public forum, as well as public comments made during the AGP focus groups, other AGP public meetings, and other public planning meetings, have all strongly shown that the public believes Montgomery County roads are congested. The AGP's standard of what is "adequate" must reflect how willing the public is to accept additional levels of congestion.

The testimony at the same public forum also makes it clear that many parents do not consider their schools to be adequate. Although there is widespread recognition that new development is responsible for only a fraction of the County's enrollment growth, there is nevertheless also a strong belief that new development exacerbates an already difficult situation, and therefore must contribute toward new school buildings and classrooms.

The maps on the opposite page show, in yellow, high school clusters where enrollment exceeds capacity at least one level (elementary, middle or high). Some are over-capacity at more than one level. The maps do not reflect the current AGP test's practice of "borrowing" capacity from an adjacent cluster to make up deficits. The maps suggest to the Montgomery County Planning Board that schools are generally over-capacity in Montgomery County.

### Roadway Congestion Levels

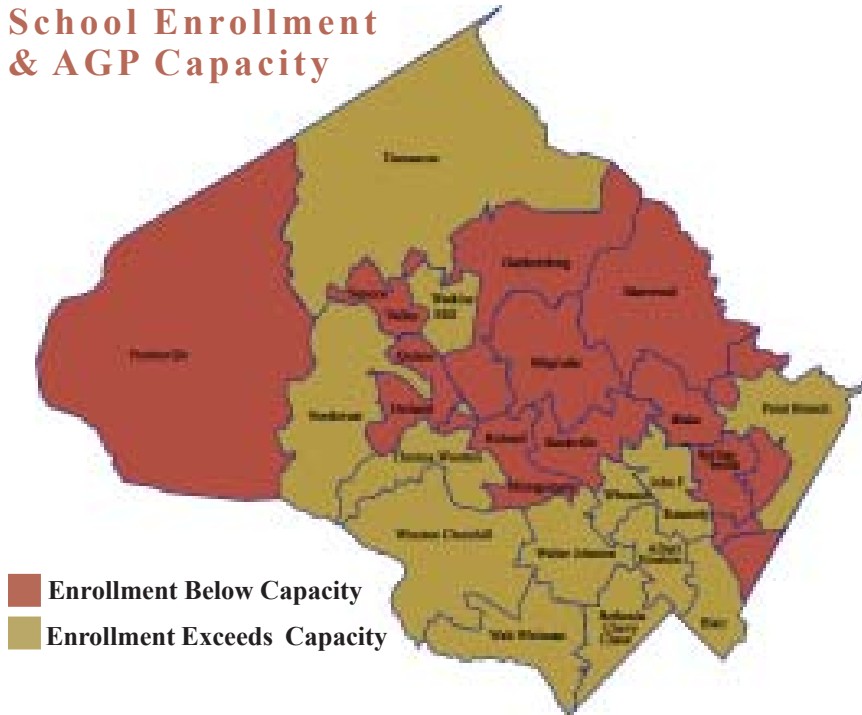


*On this map, red roads are severely congested, orange roads are congested, and green roads are nearly congested,*

*according to current AGP standards.*



## School Enrollment & AGP Capacity



### “AGP Capacity”

The AGP counts the capacity of a school using a standard multiplier for each classroom; for example, the capacity of all classrooms at the elementary level is 25.

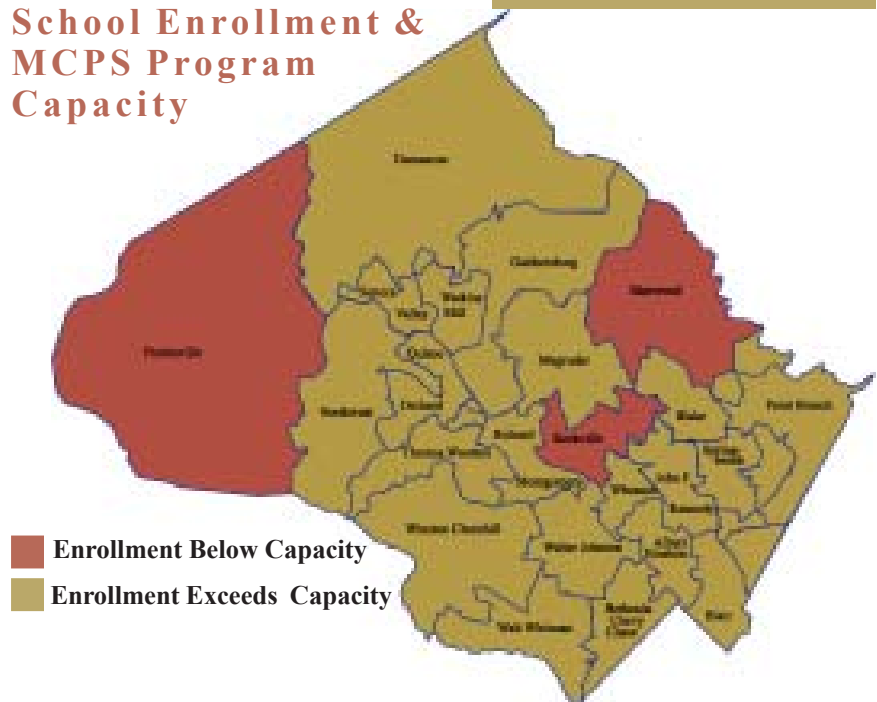
### “Program Capacity”

Montgomery County Public Schools uses “program capacity” for planning purposes. With “program capacity,” the capacity of a classroom depends on its use; that is, how it is programmed. On average, *program capacity* is about 94% as large as *AGP capacity*.

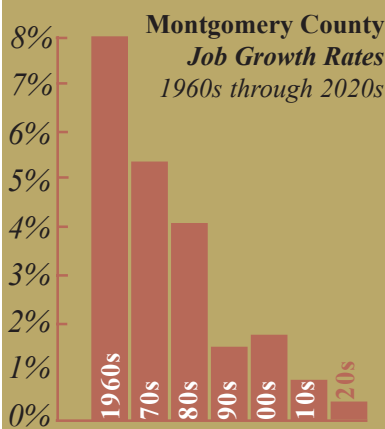
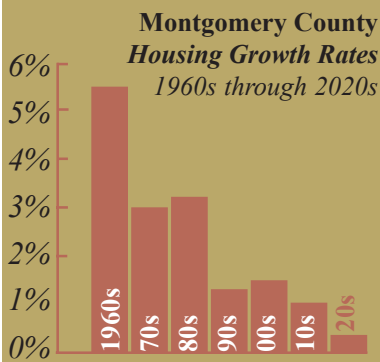
*These maps compare the 2008 school enrollment forecast with two measures of classroom capacity. The top map uses “AGP capacity,” while the lower map uses Montgomery County Public Schools “program capacity.” These terms are explain in the box on the upper right.*

*If enrollment exceeds capacity at any level (elementary, middle or high), the cluster is shown in the yellow color. If enrollment does not exceed “program capacity,” at any level, the cluster is shown in dark red.*

## School Enrollment & MCPS Program Capacity



**G**rowth is now averaging about 1.3-1.5 percent but will decline to under 1 percent in the next decade.



## Setting Growth Limits

### Determining an Optimal Growth Rate

Although it finds that roads and schools cannot adequately support additional development, the Planning Board believes that a total moratorium on new development isn't feasible or smart (see "Why Grow?" on page 5). The Board therefore recommends that growth be limited to the minimum necessary to maintain economic vitality. This rate would be reviewed and set on a regular, possibly biennial, basis.

The Planning Board will recommend a specific growth rate to be the "default" or "presumptive" growth rate that would be initially used. At this point, the Board is looking at an initial growth rate limit of 1 percent.

To put the 1 percent growth rate into perspective, it is useful to keep the following facts in mind:

- A one percent growth rate would allow enough non-residential development for about 5,800 new jobs per year. Montgomery County averaged about 7,200 jobs per year in the 1990s and is expected to add about 8,500 jobs per year between 2001 and 2010.
- A one percent growth rate would allow about 3,400 new housing units per year. In the 1990s, Montgomery County average about 3,800 units per year. Between 2001 and 2010, the annual average (without limits) is expected to be 4,500 units.
- By the end of the decade, Montgomery County's market-driven growth rate for non-residential development expected to average one percent, even without growth

limits. On the housing side, a market-driven one percent growth rate is expected in about 2015.

The positive effects of the Planning Board's growth limit recommendation are two-fold:

- in the near future, it will have a dampening effect on the pace of growth (over time, though the County's natural growth rate will be less than one percent); and
- it will help smooth the market's tendency toward boom-bust cycles that hurt residents and business alike and add to the challenge of providing public facilities.

The Planning Board emphasizes that the growth rate would be reconsidered every other year. The County Council might decide to increase or decrease the annual growth rate after reviewing a "report card" of a variety of factors:

- Measures of transportation congestions and school crowding
- Availability of money to construct new public facilities compared to growth-driven demand;
- Economic conditions, including recession;
- Changes in enrollment or transportation usage;
- The pace of growth in nearby localities that will generate demand for County facilities;
- Demographic trends, such as providing jobs and housing for Montgomery County residents reaching adulthood who want to remain in the County; and
- The amount and character of already-approved development.

# Efficient Land Uses First

The Planning Board envisions the biennial reconsideration of the target growth rate will provide a new and much-needed forum for the public, development industry representatives, and public officials to engage in a true dialog about growth. It will allow the AGP to become a true “growth policy” where the County can take into account all of its growth-related policies when setting growth limits.

## Allocating Limited Growth: How and Where?

Once a Countywide growth rate is selected, the resulting amount of development would be allocated to geographic subareas of the County. Key to the Planning Board’s concept is the idea that, because transportation facilities are overutilized, the AGP’s allocations should give preference to the most efficient land use patterns first.

From a transportation perspective, the most efficient land use patterns include a balanced mix of jobs and housing in proximity to each other served by as many transportation options (roads, transit, pedestrian) as

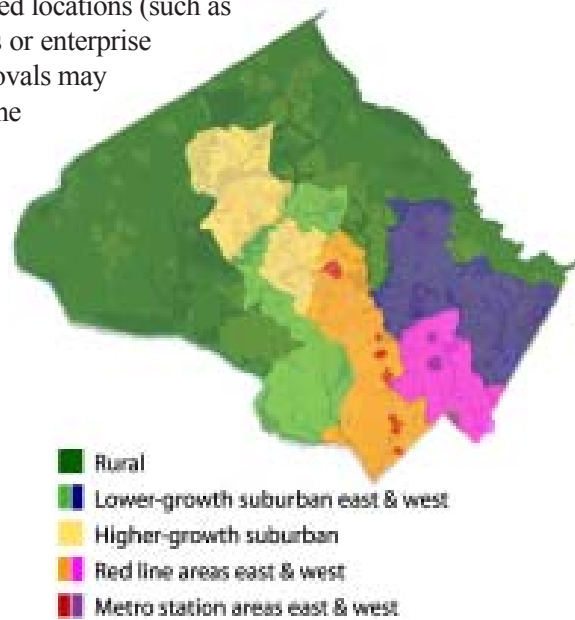
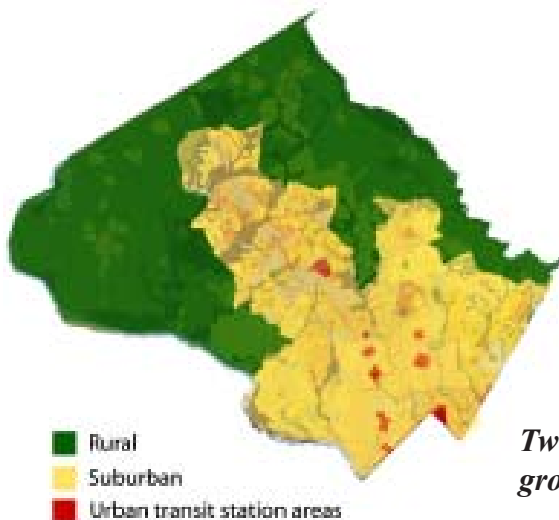
possible. The least efficient land use pattern is characterized by low densities of similar land uses.

Therefore, mixed-use development project near a Metro station will be more efficient than a similar project that is not well-served by transit, and both of these are more efficient than a low-density residential development located among other similar developments.

As a result of the biennial review, geographic subareas will receive varying shares of the Countywide growth amount. An area may not receive an allocation every year; this may be an area that has not used a previous allocation, or it may be decided that all of the allowable growth is best allocated to more efficient locations.

There may also be either preferred land uses (such as affordable housing or strategic economic development projects) or preferred locations (such as Metro station areas or enterprise zones) where approvals may occur even when the area’s allocation is used up.

*The most efficient land use patterns include a balanced mix of jobs and housing in proximity to each other served by as many transportation options (roads, transit, pedestrian) as possible.*



*Two of the alternatives for growth allocation geographies.*

**Year of Approval  
for Residential  
Development  
Completed in 2001**

Year	Units
1986	20
1987	28
1988	0
1989	15
1990	11
1991	195
1992	24
1993	818
1994	355
1995	221
1996	26
1997	7
1998	78
1999	113
2000	27

**Year of Approval  
for Non-Residential  
Development  
Completed in 2001**

Year	Sq. Ft.
1989	1,000,000
1992	249,997
1994	125,700
1996	1,802,150
1998	750,000
1999	105,024

## Limiting Approvals by Area

The Planning Board has not yet determined the recommended boundaries for the growth allocation geographic areas. Among the alternatives under consideration by the Board are two shown on the previous page:

- one option would allow allocations to three different areas: rural, suburban, and urban transit station areas; and
- another option is similar, but would also distinguish between the east and west County and between higher- and lower-growth suburban areas.

Some of the criteria that may be used to determine the appropriate geographic boundaries are:

- the boundaries portray the relative transportation efficiency of locations within the County;
- the boundaries recognize that are land within the same boundary will be competing for a limited growth allocation;
- the boundaries permit allocations that encourage a jobs/housing balance in the area; and/or
- the boundaries encompass areas with similar transportation characteristics, such as transit mode share or are part of the same “traffic shed.”

One of the main tasks of the biennial growth rate review would be the determination of how much of the allowed growth would be allocated to each geographical area. The criteria for making these allocations would be similar to those used to develop the overall growth rate (economic conditions, already-approved development,

planned capital expenditures) as well as those used to determine the geographical boundaries. So, for example, the transportation efficiency criteria would suggest that most new development be permitted near Metro stations. The jobs/housing balance criteria would suggest that more jobs be allocated to the east and more housing to the west.

“Capacity metering” is a concept developed by Park & Planning staff as a way to calculate the amount of development permitted when a new transportation improvement is made. If a transportation improvement is made that represents about 10% of the total cost of transportation improvements needed in an area, then 10% of the area’s remaining development would be permitted to move forward.

### When Approvals Reach the Limit

Because a limited amount of new development will be permitted to be approved under the one percent growth rate, there will be instances when an area’s allocation will be drawn down to zero by development approvals. What happens next? There are several options:

- the Planning Board does not approve any more subdivisions until the next allocation occurs;
- a developer can move forward, but only if he or she agrees to mitigate the impact of the proposed development by providing transportation facilities or reducing trips;
- a developer is permitted to move forward after agreeing to pay a pro-rata share of the cost of transportation improvements planned for the area; and/or

# Impact Taxes

- a developer is permitted to buy capacity from an already-approved development project.

## Development Impact Taxes for Transportation and Schools

The Planning Board’s concept explicitly incorporates development impact taxes as a critical element of the County’s growth management policy. The Board currently envisions a base development impact tax (for roads, for schools, or both) that all development would pay. On top of that base rate, there could be higher rates depending on the type and location of development: in general development in the smartest of smart growth areas would be pay lowest rates and development in rural areas would pay the highest rates. The Planning Board is considering a system where the transportation impact tax would vary by area but the school tax would be the same Countywide.

The Planning Board has expressed interest in a process that, in lieu of a developer paying the impact tax, the Planning Board would direct the developer to spend an equivalent amount of money on a specific set of transportation improvements. This would help assure that improvements are made in a timely manner and could give the Board the flexibility to require the type of improvements - including pedestrian improvements - best suited to serve that development project.

Park and Planning staff estimate that the current cost estimate for planned transportation improvements in Montgomery County is \$5.9 billion. If all of that cost were allocated to the 146,000 jobs and 78,000 housing units to be built between now and 2030, the per job and per-unit cost of that infrastructure would be about \$26,000.

The cost to build school buildings for the 31,200 public school students living in those 78,000 housing units is \$808 million, or about \$10,300 per housing unit. The Planning Board recognizes that \$26,000 per job and \$36,300 per housing unit is not a feasible impact tax, but notes that these figures demonstrate the magnitude of the challenge.

Certain types of development that addresses public needs or achieves public goals could be wholly or partially exempt from the impact tax. Land uses that potentially fit this category include affordable housing, corporate headquarters, hospitals, and strategic economic development projects.

Currently, Montgomery County imposes an impact tax on new development to fund transportation improvements. The tax is applied Countywide, including on development within the cities of Gaithersburg and Rockville. Rates vary by area and by land use type and are shown in the table below.

## Current Impact Tax Rates in Montgomery County

Area	Residential			Non-Residential		
	Detached	Town	Apt.	Office	Retail	Indust.
Eastern Montgomery	\$1,727	\$1,727	\$1,243	\$2,000	\$1,500	\$1,000
Clarksburg	\$2,753	\$2,753	\$1,981	\$2,000	\$5,610	\$1,000
Germantown	\$2,492	\$2,492	\$1,794	\$2,000	\$5,080	\$1,000
Metro station areas	\$1,050	\$1,050	\$550	\$750	\$750	\$500
Balance of County	\$2,100	\$2,100	\$1,100	\$1,500	\$1,500	\$1,000

Residential rates per unit; non-residential rates per 1,000 square feet

# annual growth policy

*Impact taxes or fees charged by other Maryland counties range from \$1,500 to \$12,000 per detached home and from \$750 to \$1,789 per 1,000 square feet of office space.*

## Impact Tax/Fee Rates For a Single Family Detached Home

County	Rate
Prince George’s	\$7-12,000
Charles	\$9,700
Frederick*	\$7,446
Queen Anne’s	\$5,744
Carroll	\$4,774
St. Mary’s	\$4,500
Anne Arundel	\$4,069
Calvert	\$3,950
Howard	\$2,640
Caroline	\$1,500

## Impact Tax/Fee Rates For 1,000 Square Feet of Office Space

County	Rate
Queen Anne’s	\$1,270-1,530
Anne Arundel	\$1,107-1,789
Howard	\$800
Frederick	\$750

\*estimated. Frederick applies a per-square-foot rate.

## Growth Policy Public Hearing July 10

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Organizations and individuals may sign up in advance to testify by calling the Montgomery County Planning Board's Community Relations Office, 301-495-4600. Written testimony will also be accepted by July 17, 2003 to be included in the packet for the Planning Board's next worksession. Written comments should be addressed to Derick P. Berlage, Chairman, Montgomery County Planning Board, 8787 Georgia Avenue, Silver Spring, Maryland 20910, faxed to 301-495-1320 or e-mailed to [mcp-chairman@mncppc-mc.org](mailto:mcp-chairman@mncppc-mc.org).

"Because we may be recommending sweeping changes in the AGP to the County Council, we're strongly encouraging residents, businesses and organizations to testify and provide us with ideas on managing growth in Montgomery County and their reactions to our new proposals," stated Berlage.

After the July 10 public hearing, the Planning Board's will hold additional AGP worksessions before a final vote on July 31. In early August, the Planning Board will transmit its final recommendation to the Montgomery County Council for its own Annual Growth Policy public hearing followed by worksessions in September and October. The County Council is expected to adopt changes to the AGP by October 31, 2003.

The AGP administers the County's adequate public facilities ordinance, which prohibits the Planning Board from approving new development unless it finds that public facilities are "adequate." The AGP contains the guidelines for the

Planning Board's determination of the adequacy of transportation and school facilities.

In October 2001, the Montgomery County Council directed the Planning Board to prepare a "top-to-bottom" review of the AGP and to recommend revisions. In February 2003, the staff of the Montgomery County Department of Park and Planning reported the results of their review of growth management issues in the County and around the nation.

Prior to the May 15, 2003 public forum, planning staff released its set of preferred alternatives for revising the Annual Growth Policy to address the concerns raised about the current approach. Following the public forum, the Planning Board held public worksessions on May 29, June 5 and June 12, 2003.

On June 30, Department of Park and Planning staff posted this revised set of draft AGP recommendations on the Montgomery County Planning Board website, [www.mc-mncppc.org](http://www.mc-mncppc.org). The Planning Board will review these draft recommendations at their regular meeting on July 3, 2003 and release them with any changes for the purposes of generating public comment. They will be available on the website as soon thereafter as possible, and no later than July 7, 2003.

The Maryland-National Capital Park and Planning Commission encourages the participation of all individuals in its programs and facilities. For assistance with special needs, such as large print materials, sign language interpretation, listening devices, etc., please contact Marion Joyce, 301-495-4600, TTY 301-495-1331 or the Maryland Relay Service, 1-800-735-2258.

### The Montgomery County Planning Board

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Charles Loehr  
*Director*

