

**Alternative to LATR, TPAR and Transportation Impact Taxes For Major Transit Areas  
January 15, 2015 Draft**

**1. Applicability**

This paper proposes an alternative to the existing LATR and TPAR processes and fees as well as the Transportation Impact fees. Developers would have the choice to use the existing processes and fees or to use this alternative along roads that have or are slated to receive major transit service. The major transit routes are Metrorail, Purple Line, Corridor Cities and select Bus Rapid Transit (BRT) corridors. Only BRT corridors where design studies are underway may use this alternative process. This alternative will apply to proposed development within a half mile of the major transit stations for small development and up to 2.5 miles for the larger development as shown in Table 1.

**Table 1: Applicability (need realistic numbers)**

<b>Development Size</b>	<b>Distance to Major Transit Station</b>
< 100K sq. feet or 100 houses	0.5 mile
100K to 300K sq. feet or 100 to 250 houses	1.0 mile
300K to 600K sq. ft. or 250 to 500 houses	1.5 miles
600K to 1000M sq. ft. or 500 to 1000 houses	2.0 miles
>1M sq. feet of commercial or 1000 houses	2.5 miles

**2. Background**

The existing LATR process, and even changes to it that the Planning Staff are discussing, largely focus on roads and vehicles. There is some discussion to add considerations for transit, bike and pedestrian but these are relatively minor compared with roads. Also the ideas under consideration largely focus on local bus - Ride On and Metrobus. There is a major difference between local bus and major transit. Local bus can be compared with residential (including primary) streets, while major transit can be compared with arterial, major roads and freeways. In the public transit network of the future, the local buses will primarily serve as a circulator within residential, retail and office areas and take people to/from the major transit corridors. When major transit corridors are not nearby, local bus will continue to transport people over longer distances.

The existing TPAR process has both a road and transit component. However, the transit component is primarily focused on local bus.

**3. Non- Auto Driver Mode Share (NADMS) and Rate Schedules**

The County is largely built out and as a result it is hard to build new roads or widen existing roads since the cost of acquiring the right-of-way would be prohibitively expensive and raise controversy among existing residents/businesses. It is possible to widen a few select roads and make limited intersection improvements but such measures will not come close to addressing existing road congestion or providing the people moving capacity needed to support future development. *That leaves major transit*

*as the only real solution.* Of the major transit options, BRT is the most cost effective and will disrupt existing communities the least. The proposed BRT will make extensive use of existing roads and rights-of-way and only small amounts of land will be taken in select areas.

To address existing congestion and to be able to move people associated with new development, public transit must be provided and people must be encouraged to use it. To be most effective, programs are needed to encourage use of transit. The goal is to increase the NADMS. In office, industrial and retail areas, the developer and businesses who occupy the new development are the best ones to encourage their employees to use BRT, telework, car-pool and other non-auto modes. Measures are also available to encourage people in residential areas to use transit.

Only a few master plans presently have a NADMS goal. Where such a goal doesn't exist, the proposal is to use the White Oak Science Gateway (WOSG) Master Plan (MP) goals – 25% for small developments and 30% for larger development as the default. Where a master plan has a higher NADMS goals, fee schedules would be developed for them.

Transit by its very nature rarely completely pays for itself. Thus there is a capital cost component to build the capability and an operational cost component. The proposed alternative would substantially lower the existing up-front fee and add an annual fee that would run for an extended period of time – say 30 years.

In the past, some developers have been unable to meet their NADMS goal. The proposed way to address this situation is to charge higher rates if they don't achieve their goal. On the other hand, if a developer or business is able to exceed their goal, they should be provided an incentive to do so by using a lower rate.

A series of rate schedules is proposed to address the above situations. Table 2 is the upfront fee schedule which would be split so that half is collected at the time the building permit is issued and the other half when the use and occupancy permit is issued. Table 3 is the annual recurring tax that would be collected on the tax bill. The up-front cost would be based upon the cost to the developer to construct and occupy the project. The annual cost would be based upon the assessed value and so would be adjusted every three years with each new assessment.

**Table 2. Up-Front Fee (based upon cost of the development)**

Development Type	Schedule 1 (meet NADMS) 25% or 30%	Schedule 2 (Fail to meet NADMS) <24% or <28%	Schedule 3 (Exceed NADMS by >25%) >31% or >37%	Schedule 3 (Exceed NADMS by >50%) >37% or >45%
General Office	A*cost	1.5*schedule 1	0.9*schedule 1	0.8*schedule 1
Industrial	B*cost	1.5*schedule 1	0.9*schedule 1	0.8*schedule 1
Retail	C*cost	1.5*schedule 1	0.9*schedule 1	0.8*schedule 1
Labs	D*cost	1.5*schedule 1	0.9*schedule 1	0.8*schedule 1
Single Family Detached	E*cost	1.5*schedule 1	0.9*schedule 1	0.8*schedule 1
Single Family Attached	F*cost	1.5*schedule 1	0.9*schedule 1	0.8*schedule 1

Multi-family (<5 stories Without structured parking)	G*cost	1.5*schedule 1	0.9*schedule 1	0.8*schedule 1
High Rise (≥5 stories with structured parking)	H*cost	1.5*schedule 1	0.9*schedule 1	0.8*schedule 1

Exempt from the above: Gov't, education facilities (colleges and private schools) for students but not employees, hospitals for patients but not for employees, affordable housing, and places of worship

**Table 3 Annual Fee (based upon the assessed value)**

Development Type	Schedule 4 (meet NADMS) 25% or 30%	Schedule 5 (Fail to meet NADMS) <24% or <28%	Schedule 6 (Exceed NADMS by >25%) >31% or >37%	Schedule 7 (Exceed NADMS by >50%) >37% or >45%
General Office	M*Value	1.5*Schedule 4	0.9*Schedule 4	0.8*Schedule 4
Industrial	N* Value	1.5*Schedule 4	0.9*Schedule 4	0.8*Schedule 4
Retail	P* Value	1.5*Schedule 4	0.9*Schedule 4	0.8*Schedule 4
Labs	Q *Value	1.5*Schedule 4	0.9*Schedule 4	0.8*Schedule 4
Single Family Detached	R *Value	1.5*Schedule 4	0.9*Schedule 4	0.8*Schedule 4
Single Family Attached	S* Value	1.5*Schedule 4	0.9*Schedule 4	0.8*Schedule 4
Multi-family (<5 stories Without structured parking)	T* Value	1.5*Schedule 4	0.9*Schedule 4	0.8*Schedule 4
High Rise (≥5 stories with structured parking)	U*Value	1.5*Schedule 4	0.9*Schedule 4	0.8*Schedule 4

Exempt from the above: Gov't, education facilities (colleges and private schools) for students but not employees, hospitals for patients but not for employees, affordable housing, and places of worship

Table 2 is set up to handle multiple-phased projects. For a single-phased project, Schedule 1 would apply and the NADMS goal needs to be achieved at the end of the project. If that goal is achieved, then Schedule 4 (Table 3) would apply for the recurring changes. If the NADMS goal is not meet, then Schedule 5 would apply. If the NADMS goal is exceeded by 25% or 50%, then Schedules 6 or 7 would apply. The annual recurring schedule would be adjusted based upon annual or biannual NADMS measurements.

During the build-out of a multi-phased project, the NADMS goals will be phased in as shown in Table 4. The phases will need to be divided into approximately equal sizes. The degree to which the NADMS goal for each phase is achieved will affect the upfront payment for the next phase based upon Table 2. Once buildings within a phase receive a use and occupancy permit, the annual payment will start a year later. The decision of which Table 3 schedule to use before final build-out will be based upon the values in Table 4, not the column heading in Table 3.

**Table 4 NADMS Goal Attachment for Multi-Phased Projects**

Phase	Two Phased Project	Three Phased Project	Four Phased Project	Five Phased Project	Six Phased Project
-------	--------------------	----------------------	---------------------	---------------------	--------------------

<u>1</u>	<u>45%</u>	<u>30%</u>	<u>20%</u>	<u>15%</u>	<u>10%</u>
<u>2</u>	<u>100%</u>	<u>60%</u>	<u>45%</u>	<u>35%</u>	<u>26%</u>
<u>3</u>	<u>N/A</u>	<u>100%</u>	<u>75%</u>	<u>55%</u>	<u>42%</u>
<u>4</u>	<u>N/A</u>	<u>N/A</u>	<u>100%</u>	<u>75%</u>	<u>60%</u>
<u>5</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>100%</u>	<u>80%</u>
<u>6</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>100%</u>

#### **4. Funds**

The funds collected based upon the schedules in Tables 2 and 3 schedules would go into a fund to be used to pay for transit (capital and operating) and also local intersection improvements (see section 5). The funds would also be used to fund necessary transit and residential local road improvements that under the current LATR and TPAR process the developers undertake. Improvements to state roads and major county roads would not use this fund. For local road/transit studies and improvements, the idea is that developers would pay-and-go and the County would be responsible for them rather than as part of the development review process.

#### **5. Studies.**

The traffic studies conducted as part LATR and TPAR will no longer be required as part of this alternative process. The developers will still be required to study traffic on their site and the impact on local off-site roads, including business streets, needed to access arterial and major roads.

Today, most traffic studies for small projects show no requirement to make adjustments to local intersections. Therefore, the developers are wasting funds developing them and the county is wasting resources reviewing them. This new process stops this waste and rather collects a payment.

However, large projects or a collection of projects will likely require studies to identify (1) changes to the local bus service and (2) changes to local roads – primarily turn-lanes and the like. The studies will be undertaken by the County using the funds collected above. These studies will not be based upon land use concepts found in the master plans but will be undertaken after the development plan has been approved when accurate projections can be made. The county will need to apply judgment as to when enough development has been approved to make the studies worthwhile. For the largest projects with multiple phases, the studies need to be undertaken shortly after the development plans have been approved. After the studies have been complete, the county needs to create a CIP project rapidly to undertake the improvements. This entire process should take no more than 4-5 years.

For large projects, the developer needs to have discussions with the transit planner concerning bus stops and shelters. The developer and county should consider as one option integrating the shelter into the building.

Let's address an example – the White Oak Science Gateway Master Plan. In this master plan, there are three activity centers: life science village, White Oak and Hillandale. Since these areas will be developed independently and likely with multiple projects, the traffic and transit studies would need to be done for

each center, each on their own schedule. A study would certainly be needed for the life science center but whether a study is justified for the other two centers will depend upon the scope of development that comes forward and is approved.

**In conclusion,** an alternative process is proposed that developers can use or not use. However, if the values in the tables are selected correctly, it will financially be to their advantage to use this new process. The process

- Provides a way to address major transit corridors in addition to the local bus in the development review process. Except for Metrorail which already exists, the other major transit corridors covered by this process will be implemented within the next 5-6 years.
- Enlists developers and building owners in the effort to encourage employees the use of public transportation. They will have a financial incentive to achieve high NADMS levels.
- Eliminates small traffic studies of minimal value. Rather studies would be done after development decisions have been made and combine the information from multiple projects into a single study. Studies would address both local intersection improvements and changes to local bus service.
- Provides one long-term funding source for transit and associated small intersection improvements. Funds would be able for both capital and operating costs. The process will also facilitate economic development which will increase the county tax revenue.
- As more BRT corridors are added to the study schedule, more areas of the county could use this new process.