



## **Subdivision Staging Policy** (aka Growth Policy)

Working Draft Briefing

May 12, 2016

# Update Process

- Quadrennial update to the Subdivision Staging Policy.
- Do the current tools used to evaluate the impact of new development adequately account for growth, especially in the face of changing growth patterns?

SSP Schools Update Schedule	
Kick-off Open House	October 2015
Community Meetings	January – February 2016
Planning Board Briefing	March 2016
Working (Staff) Draft of SSP	May 2016
Public Hearing on Working Draft	June 2016
Worksessions on the Working Draft	June/July 2016
Planning Board Draft and Resolution	July 2016
County Council Adoption	November 2016

# School Conversations



- Meetings

- Infrastructure and Growth Forum: March 2015
- Subdivision Staging Policy Kick-off Meeting: October 2015
- Community meeting on schools: January 2016
- Community meeting on schools: February 2016
- MM3 Session: May 2016

- Correspondence

- Letter from MCCPTA
- Letter from Council Vice President Roger Berliner



# Staff Recommendations

1. Calculate School Facility Payments and the School Impact Tax using student generation rates associated with residential structures built in the past 10 years.
2. Implement a hybrid annual school test that combines cluster utilization tests with individual school capacity deficit tests.
3. Update the calculation of the School Facility Payment on a biennial basis using the latest student generation rates and school construction cost data.
4. Limit counting placeholder capacity for a particular cluster level or school as funded capacity under the Annual School Test to two years.
5. Update the School Impact Tax amounts **on a biennial basis** to reflect current school construction costs and updated student generation rates.



# Staff Recommendations

6. Remove the 0.9 multiplier in the School Impact Tax, so as to capture the full cost of school construction associated with a new residential unit.
7. Reintroduce the School Impact Tax and School Facility Payments in former Enterprise Zones through a phased approach.
8. Conduct further research to develop the criteria and process by which an area of the County can be exempted from the School Impact Tax and School Facility Payments.
9. Further investigate options to increase the recordation tax to better capture the school construction cost associated with a home sale.



# Recommendation #1

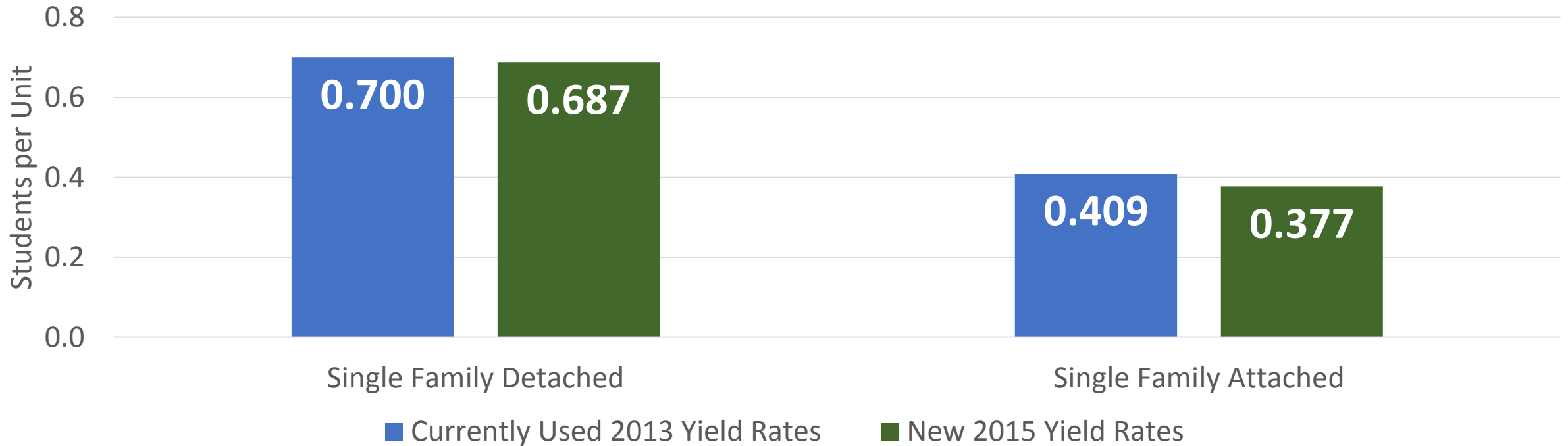
**Calculate School Facility Payments and the School Impact Tax using student generation rates associated with residential structures built over the prior 10 years.**

**RATIONALE:** School Facility Payments and School Impact Tax are intended to mitigate the school construction costs associated with **new development**. Therefore, it makes logical sense to use generation rates that only capture the enrollment impact of relatively new housing.

# Recommendation #1

**IMPACT:** For single family attached and detached dwellings, this does not change the current practice. Further, the new 2015 generation rates are not very different from the current 2013 generation rates.

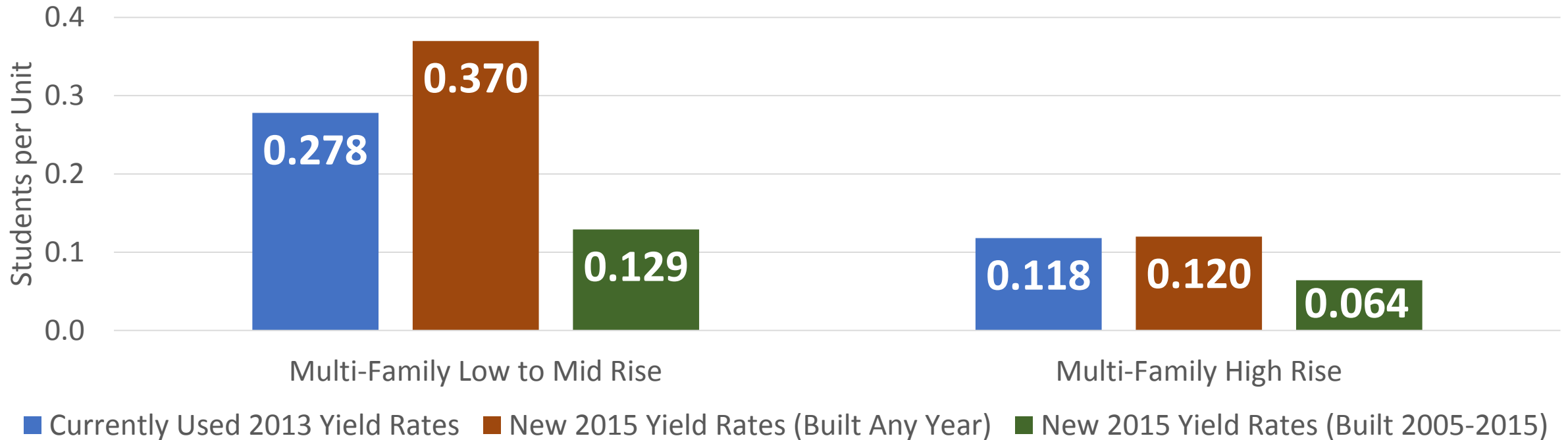
Student Generation Rates (K-12)



# Recommendation #1

**IMPACT:** Current practice for multifamily dwellings is to use the “built any year” or “all years” rates. If we continued using those rates, the yields would increase slightly. Using the rates for structures built in the last ten years, the rates fall 54% for Low/Mid Rise and 46% for High Rise.

Student Generation Rates (K-12)







## Recommendation #2

**Implement a hybrid annual school test that combines cluster utilization tests with individual school capacity deficit tests.**

**RATIONALE:** One purpose of the Annual School Test is to inform the Planning Board of the adequacy of school infrastructure. An individual school with a significant capacity deficit is clearly inadequate. Further, the recommended thresholds would align with MCPS's thresholds for determining when an individual school should be considered for an addition. This would help offset the costs incurred by MCPS to study the feasibility of an addition or boundary change.

# Recommendation #2



## Details:

	Elementary	Thresholds		Action	Change from Current Policy
		Middle	High		
Cluster Utilization Test	<b>105% utilization</b> projected in the sixth year of the CIP, across all elementary schools in the cluster	<b>105% utilization</b> projected in the sixth year of the CIP, across all middle schools in the cluster	<b>105% utilization</b> projected in the sixth year of the CIP for the cluster's high school	<b>School Facility Payment</b> applies for the appropriate level, across the entire cluster's service area	No change
	<b>120% utilization</b> projected in the sixth year of the CIP, across all elementary schools in the cluster	<b>120% utilization</b> projected in the sixth year of the CIP, across all middle schools in the cluster	<b>120% utilization</b> projected in the sixth year of the CIP for the cluster's high school	<b>Moratorium</b> applies across the entire cluster's service area if any one level surpasses the threshold	No change

# Recommendation #2

## Details:

	Elementary	Thresholds Middle	High	Action	Change from Current Policy
	Individual School Capacity Deficit Test	<b>92-seat</b> capacity deficit at any individual elementary school	<b>150-seat</b> capacity deficit at any individual middle school	N/A	<b>School Facility Payment</b> only applies to the applicable school service area, <b>unless a capacity project is planned elsewhere (as either an addition or a new school), specifically identified in the CIP to relieve over-enrollment at the school failing this adequacy test</b>
<b>120% utilization</b> and <b>110-seat capacity deficit</b> projected in the sixth year of the CIP		<b>120% utilization</b> and <b>180-seat capacity deficit</b> projected in the sixth year of the CIP	N/A	<b>Moratorium</b> only applies to the applicable school service area, unless a capacity project is planned elsewhere (as either an addition or a new school), specifically identified in the CIP to relieve over-enrollment at the school failing this adequacy test	New element

# Recommendation #2

## Impact: Preliminary Results of the Annual School Test for FY2017

Test	Action	Inadequate Outcomes by Level		
		Elementary	Middle	High
Cluster Utilization	School Facility Payments	Northwood Cluster (116.0%) Quince Orchard Cluster (113.2%)	Gaithersburg Cluster (107.5%) Rockville Cluster (116.2%) Wheaton Cluster (110.7%)	Blair (116.3%) Churchill (113.5%) Einstein (116.9%) Gaithersburg (107.6%) Walter Johnson (113.9%) Kennedy (112.5%) Richard Montgomery (112.2%) Northwood (114.8%) Paint Branch (111.0%) Quince Orchard (110.4%)
Individual School Capacity Deficit		Meadow Hall ES (-128) in Rockville Cluster Lake Seneca ES (-97) in Seneca Valley Cluster Garrett Park ES (-106) in Walter Johnson Cluster	[none]	[N/A]
Cluster Utilization	Moratorium	[none]	[none]	[none]
Individual School Capacity Deficit		[none]	[none]	[N/A]

PRELIMINARY RESULTS

The Final FY2017 School Test will reflect the adopted FY2017 Capital Budget and FY2017-2022 Capital Improvements Program.

The following placeholder capital projects were used to determine capacities for purposes of this preliminary test:

Cluster	Level	Placeholder Capacity
Gaithersburg Cluster	Elementary School	740 seats
Einstein Cluster	High School	6 classrooms
Walter Johnson Cluster	High School	8 classrooms
Northwood Cluster	High School	10 classrooms



# Recommendation #3

**Update the calculation of the School Facility Payments on a biennial basis using the latest student generation rates and school construction cost data.**

**RATIONALE:** To ensure developers are paying an accurate and fair share of school construction costs – no more and no less – it makes sense to update these on a regular basis as the generation rates are updated.

# Recommendation #3

## DETAILS:

Type of Unit	Current (2012) School Facility Payments			Proposed (2016) School Facility Payments		
	ES	MS	HS	ES	MS	HS
Single-family detached	\$6,940	\$3,251	\$4,631	\$7,989	\$3,825	\$4,725
Single-family attached	\$4,160	\$1,743	\$2,754	\$4,485	\$1,925	\$2,672
Multi-family low to mid rise	\$2,838	\$1,169	\$1,877	\$1,495	\$570	\$1,040
Multi-family high rise	\$1,166	\$531	\$804	\$803	\$309	\$394

**IMPACT:** The School Facility Payments would be updated biennially concurrent with the annual school test. For this update, most of the single-family payments will increase and all of the multi-family payments will decrease.



# Recommendation #4

**Limit counting placeholder capacity for a particular cluster level or school as funded capacity under the Annual School Test to two years.**

**RATIONALE:** Placeholders allow development to move forward and for School Facility Payments to continue to be collected. However, many community members fear that placeholders undermine the intent of the SSP, by not guaranteeing fully funded infrastructure to support development.

# Recommendation #4

**DETAILS:** A historical review shows there have been 11 placeholders to prevent moratoria since FY2011:

Cluster	Level	School Year / Fiscal Year						
		2010-11 FY11	2011-12 FY12	2012-13 FY13	2013-14 FY14	2014-15 FY15	2015-16 FY16	2016-17 FY17
Richard Montgomery	ES	PL 2015	MOR	CP 2017	CP 2017	CP 2018	CP 2018	CP 2018
Northwood	ES		PL 2016	CP 2015	CP 2015	CP 2015	CP OPEN	
Northwest	ES		PL 2016	CP 2017	CP 2017	CP 2018	CP 2018	CP 2018
Bethesda-Chevy Chase	MS		PL 2016	CP 2017	CP 2017	CP 2017	CP 2017	CP 2017
Bethesda-Chevy Chase*	HS			PL 2017	PL 2018	CP 2018	CP 2018	CP 2018
Northwood	MS						PL 2020	CP 2020
Northwood	HS						PL 2020	PL 2021
Gaithersburg	ES						PL 2020	PL 2021
Wheaton	MS						PL 2020	
Einstein	HS						PL 2020	PL 2021
Walter Johnson	HS						PL 2020	PL 2021

## KEY

**PL:** Placeholder for capacity in August of indicated year

**CP:** Capacity project scheduled to open in August of indicated year

**MOR:** Cluster placed in moratorium

**CP OPEN:** Capacity project open

**Red text:** Change in timeframe from previous year



# Recommendation #4



**IMPACT:** This would not have changed any of the previous placeholders since they were all replaced with capital projects in the CIP within two years. It would ensure that the four current placeholders would either be replaced with moratoria or real capital projects in the amended FY 2017-2022 CIP that will be adopted in May 2017.



# Recommendation #5

**Update the School Impact Tax amounts **on a biennial basis** to reflect current school construction costs and updated student generation rates.**

**RATIONALE:** The per-student construction cost was last updated in the calculation of impact taxes in 2007. Since then, the construction cost component has been updated on a biennial basis using a construction index. This has caused the construction cost component to increase faster than actual per student school construction costs have increased. This change would ensure developers are paying an accurate and fair share of school construction costs – no more and no less.

# Recommendation #5

## DETAILS:

Unit Type	Current (2007) Impact Tax per Unit	Updated (2016) Impact Tax per Unit
Single Family Detached	\$26,827	\$24,809
Single Family Attached	\$20,198	\$13,623
Multi-Family Low- to Mid-Rise	\$12,765	\$4,659
Multi-Family High-Rise	\$5,412	\$2,259

**IMPACT:** The Impact Tax amounts would be updated biennially concurrent with the annual school test. In the current update, all School Impact Taxes will decrease.



# Recommendation #6

**Remove the 0.9 multiplier in the School Impact Tax, so as to capture the full cost of school construction associated with a new residential unit.**

**RATIONALE:** The impact tax should represent the full school capital cost associated with new construction.

# Recommendation #6

## DETAILS:

Unit Type	Current (2007) Impact Tax per Unit	Updated (2016) Impact Tax per Unit	Proposed (2016) Impact Tax per Unit
Single Family Detached	\$26,827	\$24,809	\$27,565
Single Family Attached	\$20,198	\$13,623	\$15,136
Multi-Family Low- to Mid-Rise	\$12,765	\$4,659	\$5,177
Multi-Family High-Rise	\$5,412	\$2,259	\$2,510

**IMPACT:** Compared to the current School Impact Tax, the tax for Single Family Detached dwelling units would increase by \$738. The Impact Tax for all other unit types would still decrease from the current tax amounts. The decreases range from 25.1% to 59.4%.



# Recommendation #7

## Reintroduce the School Impact Tax and School Facility Payments in former Enterprise Zones through a phased approach.

**RATIONALE:** Maryland's Enterprise Zone program offers businesses income and property tax credits for creating jobs within these areas. The Silver Spring CBD's Enterprise Zone designation had just expired when significant changes to the SSP and Impact Tax laws were adopted in 2007. The sentiment at the time was to provide Silver Spring a little longer to solidify its redevelopment. It has now been 10 years since the designation expired and exemption with respect to this status no longer seems applicable.

# Recommendation #7



## DETAILS:

- For the first three years following the expiration of the Enterprise Zone designation, the standard School Impact Tax and School Facility Payments (if applicable) would be discounted by 50 percent.
- After three years, the tax and payments will increase to the full level.
- All former Enterprise Zones currently exempt from the School Impact Tax and School Facility Payments enter into the three-year discount phase, regardless of the length of time since the Enterprise Zone designation expired.

**IMPACT:** The Silver Spring CBD is the only former Enterprise Zone in Montgomery County. Current Enterprise Zones include Olde Towne Gaithersburg (expiring 2018), Wheaton (2019), Glenmont (2023) and Long Branch/Takoma Park (2023).



# Recommendation #8

## **Conduct further research to develop the criteria and process by which an area of the County can be exempted from the School Impact Tax and School Facility Payments.**

**RATIONALE:** There is a tenuous relationship between the purpose of Enterprise Zone, which is to stimulate job creation and economic growth, and the exemption of impact taxes and facility payments for new dwelling units within the Enterprise Zones. There could be criteria that more directly relates to residential development – by which we designate areas of the county for impact tax and facility payment exemptions.





# Recommendation #9

**Further investigate options to increase the recordation tax to better capture the school construction cost associated with a home sale.**

**RATIONALE:** The vast majority of the county's school enrollment growth comes from turnover within the existing housing stock – not from the construction of new homes. Staff believes the recordation tax can be used to better capture the enrollment and school construction effect of this turnover. The County Council is considering such a measure now.

## Future topics for next SSP:

- Sustainability
- Water Quality as a Growth Offset Factor
- Adequate Green Infrastructure: Urban Parks
- Urban Environmental Design Guidelines

## NEXT STEPS:

- Approve a Public Hearing Draft
- Set Public Hearing for June 2, 2016
- Hold Planning Board Worksessions throughout the month of June
- Late July Transmittal to Council
- Fall Council Worksessions and Public Hearing
- November 15 Council Adoption