

Subdivision Staging Policy (SSP)

By Dan Wilhelm, As of 11/15/2016

The SSP is intended to be the primary tool the County uses to pace new development with the provision of adequate public facilities. The policy is updated every four years and this is one of those years. In addition to the SSP, there are impact taxes which are collected from developers to pay their share of the capital cost needed to support their development. The primary two areas SSP and impact taxes address are transportation and schools.

The Council took 63 straw votes on the SSP and Impact tax on Nov 3, 2016 and November 8, 2016. The Council approved it on November 15. The key points are:

Current Transportation Policy Situation

There are two transportation tests: policy area and local area. The policy area test is based upon a computer model run by the Planning Staff that calculates the average congestion within each policy area, excluding freeways. Over the last decade there have been multiple area wide tests, all of which were disliked by county officials and the public. The current test is called the Policy Area Transportation Test (TPAR). The various area wide tests had evolved over the last decade into a pay-and-go approach. TPAR includes both a road test and transit test. If either test fails, the developer must pay an additional fee equal to 25% of the impact tax. If both fail, then the developer must pay an additional fee equal to 50%.

The local area test measures the adequacy of road intersections near the proposed development. It is called the Local Area Transportation Test (LATR). The number of intersections the developer must study increases with the size of the development: one signalized intersection in each direction for small projects, up to seven for the large projects. The measure used to determine whether or not an intersection is congested or not is known as critical lane volume (CLV). There is a CLV standard that defines what level is acceptable, and that standard varies by policy area from 1350 to 1800. Where the standard is exceeded or is projected to be exceeded because of the proposed development, the developer must undertake some measure to ensure the intersections are lower than the standard or at least eliminate the amount of traffic he adds to the intersection (which could mean that it still exceeds the standard). There is a menu of improvements the developer can make.

The difficulty with developer-proposed improvements is that developers who apply earlier can make simple and less expensive improvements while those who apply later may only have cost prohibitive options. Since this approach may only require a developer to build part of an improvement (say add half a lane) always requiring construction is not always practical. As a result, developers also have the option to make a payment rather than implement a solution. Also, a developer-proposed solution would address his need but it may not be the best long-term solution for the county/community. Furthermore, many people dislike the CLV approach as it doesn't provide an accurate indication of congestion.

To address the above problems, a new prorata approach was added two years ago for the White Oak Planning area, when it was created. In this approach, the council decided that improvements that contribute more to regional mobility would be the financial responsibility of the county or the state (for example, an \$100M interchange on US29.) Otherwise, DOT would identify the improvements that are largely a developer responsibility and their cost. The council would then decide how much each development would need to pay, based upon a cost per square foot. This effort is based upon the expected master plan build-out. The exact amount and type (residential, office, retail etc.) of land use

that will be developed is unknown so the projection is based upon historical experience and the use of the computer model used for the TPAR test. DOT has completed the study for White Oak and the results along with a proposed prorata share are expected to be submitted to the public and council later in November 2016. The prorata approach replaces LATR.

Transportation Policy Changes (effective Jan 1, 2017)

There are three major new features included in the SSP:

1. The Planning Staff and Board realized that transportation needs varied based upon the policy area location within the county. Therefore, the Board proposed the 33 policy areas be organized into four categories. After much debate as to what to name them, they selected the names to be colors in order: red, orange, yellow and green. Going from red to green, the land-use density decreases and the amount of transit that exists or could exist in the future also decreases. The red area consists of the 10 Metro Station Policy Areas (MSPA), which have Metrorail stations and high density development. The green area is at the other extreme and consists of the two rural areas and Damascus. They have very low land use density (including the agriculture reserve) and little/no transit. The orange category of 11 current policy areas consists of those with less dense land use than the red category and is also slated to receive premium transit (purple line, Corridors City Transitway (CCT) or Bus Rapid Transit (BRT)) in the not too distant future. The yellow category of 9 current policy areas would have even less dense land use and some transit service; BRT is possible in these areas but not likely for years. In addition, the council voted to create four new policy areas and modify the Burtonsville Crossroads Neighborhood area boundaries. Except for the red category, the major criteria used in deciding the category is land use density and current non-auto driver mode share (NADMS), not transit.
2. The Council generalized the White Oak prorata approach to one where DOT (with Planning Staff participation) will identify all the transportation improvements needed to support the master plan. Some improvements would be the financial responsibility of only the government (County or State/Federal) while others would be paid for by developers on a prorata basis as development occurs over time. The White Oak effort looked only at local road improvements but the new program, called the Unified Mobility Program (UPM), will include all four modes (roads, transit, pedestrian and bike). UPMs will be developed over time for the various policy areas and the results reported to the Council, who would set the prorata rates. Once an UPM is developed for a policy area, local area tests are no longer required for that area.
3. DOT and Planning Staff are working on an effort to improve transportation demand management (TDM), which would include Transportation Management Districts in some areas. The agencies were directed to finish fleshing out this effort and provide recommendations to the council for action - within a year or so. The council action could include modifications to some of the SSP and impact tax legislation being enacted at this time, but also could change the budgeting process.

Area Transportation Test: The Planning Board had proposed replacing the TPAR test with a transit accessibility test – number of jobs within 60 minutes available by transit. The Council decided to drop the area test completely. To recover the lost revenue, the impact tax rates will be increased 25% in the orange, yellow and green areas. The red areas rarely failed the area wide test (19 out of 20 times and the other one had unusual features) and therefore it was decided that a surcharge would not apply

there. In the other policy areas, all but 3 failed the road or the transit test and thus had to pay a 25% surcharge. Three passed both tests and three others failed both tests so had to pay a 50% surcharge. Thus a 25% for the non-red category policy areas would produce approximately the same revenue as the current policy.

Local Area Test: There are a number of changes to the current LATR process. LATR is now being expanded to include transit and pedestrian modes. An inventory would also be required for bicycles. It also changes the focus from vehicle trips to person trips and includes adjustment factors by policy area to the national standard Institute of Transportation Engineering (ITE) vehicle trip rates. Development with less than 50 peak-hour person trips would be exempt from it. The current CLV test would be eliminated and replaced by a Highway Capacity Manual (HCM) test or traffic flow models depending upon the degree of congestion. Since some 500-600 of the 700 signalized intersections are not congested, there is a need to identify which are congested before undertaking the costly and labor intensive tests identified previously. The Council decided to continue to use a 1350 CLV (or equivalent 0.84 HCM measure) to identify where congestion exists. The Planning Board also proposed changing the mitigation priorities so that road capacity improvements would now be last rather than first; this change was not included in the SSP since the Planning Board can include it in their LATR guidelines. The Planning Board also proposed allowing a reduction impact tax for a reduction in the number of required parking spaces; this was not part of the council action but could be an item the Planning Board includes in the LATR Guidelines.

The Planning Board had proposed not including a LATR test for the red area since it is unlikely that any road improvements would be implemented and adequate transit already exists. The Council decided to continue the LATR test for the red areas, which would stop after the UMP was approved for each policy area.

The expansion of the LATR test to include transit, pedestrian and bike tests in addition to the traditional road tests is key for addressing congestion and providing mobility. There was an exhaustive study in 2000-2002 that considered over 100 possible road projects (with no cost or other constraints). The study found that even if all of these projects could be built by now, road congestion would continue to increase to the point where the congestion period would last 14 hours a day by 2030. The study suggested the way to avoid this severe level of congestion was to include much improved transit, including what is now called BRT. The basic thrust to include a balanced system including transit has been part of the county's General Plan since 1969. The focus on transit and related pedestrian and bike modes would apply for the red, orange and yellow categories while the green category would continue to focus solely on roads.

Transportation Impact Tax

(Effective at time of building permit, starting March 1, 2017)

The transportation impact tax rates, both current rates and new rates are provided below. The discontinued TPAR mitigation payments would have generated about \$12 million. To replace this lost revenue, the council decided to add a 25% fee for the orange, yellow and green policy areas to the base impact tax. The 25% fee is expected to increase the net revenue by about \$1.5 million. For projects that have already been approved with a require TPAR payment and Impact Tax payment, they will be rescinded and the new rates below will be used for development that obtains a building permit after March 1, 2017. The use of the funds and credits against them could then be used for BRT, but not light rail. The impact taxes and payment for LATR improvements can be used anywhere in the county for

transportation, not just the policy area where collected. The council is going to look at enterprise zones within the next year and decide how to treat them.

Current Transportation Impact Taxes.

	Current MSPA (Red)	Current General Rate	Current Clarksburg
Residential Uses (per unit)			
Single family detached	\$6,984	\$13,966	\$20,948
Single family attached	\$5,714	\$11,427	\$17,141
Multi-family, low rise	\$4,443	\$8,886	\$13,330
Multi-family, high rise	\$3,174	\$6,347	\$9,522
Multi-family, senior	\$1,269	\$2,539	\$3,808
Non-Residential (per Sq Ft)			
Office	\$6.35	\$12.75	\$15.30
Industrial	\$3.20	\$6.35	\$7.60
Retail	\$5.70	\$11.40	\$13.70
Bioscience	-	-	-
Place of worship	\$0.35	\$0.65	\$0.90
Private grade school	\$0.50	\$1.05	\$1.35
Hospital	-	-	-
Social Services	-	-	-
Other non-resident	\$3.20	\$6.35	\$7.60

New Rates Transportation Impact Rates (including 25% surcharge)

	Red	Orange	Yellow	Green
Residential Uses (per unit)				
Single family detached	\$6,984	\$17,458	\$21,822	\$21,822
Single family attached	\$5,714	\$14,284	\$17,855	\$17,855
Multi-family, low rise	\$4,443	\$11,108	\$13,884	\$13,884
Multi-family, high rise	\$3,174	\$7,934	\$9,917	\$9,917
Multi-family, senior	\$1,269	\$3,174	\$3,967	\$3,967
Non-Residential (per Sq Ft)				
Office	\$6.35	\$15.95	\$19.95	\$19.95
Industrial	\$3.20	\$7.95	\$9.95	\$9.95
Retail	\$5.70	\$14.25	\$17.80	\$17.80
Bioscience	-	-	-	-
Place of worship	-	-	-	-
Private school	\$0.50	\$1.30	\$1.65	\$1.65
Hospital	-	-	-	-
Social Services	-	-	-	-
Other non-resident	\$3.20	\$7.95	\$9.95	\$9.95

15% reduction within ½ mile of MARC stations.

HOC housing exempt where income requirement is equal to or less than 60% of AMI.
Clergy house considered incidental and subordinate to collocated place of worship.
Student built houses exempt.

Current School Policy Situation

Presently, if the projected enrollment 5 years out at any level (ES, MS or HS) within a cluster exceeds 120% of the program capacity used by MCPS, then the cluster is placed in moratorium for new housing approvals. (Non-residential development is not affected by the school test.) Since 2007 a developer could pay what is known as a School Facility Payment (SFP) in addition to a school impact tax in order to proceed with his development when the cluster exceeded 105% of capacity. The SFP rate is based on the average cost per student at each level that the development generates.

School Policy Changes (effective Jan 1, 2017)

There was debate about changing the level at which a cluster is placed in moratorium, but the final vote didn't change the 120% level. The Council however decided to eliminate the SFP since developers apparently often wait for the enrollment to drop (because of some MCPS action) below 105% before proceeding in order to avoid the extra cost.

The cluster average enrollment could hide the fact that one or more schools within the cluster far exceeded the 120%. Therefore, the Council decided to add an individual school test. The school test is set at 120% of capacity and a deficit exceeding 110 seats at an ES and 180 seats at a MS. (This doesn't apply to HS since there is only one HS within a cluster.)

School Impact Tax

There was a lot of discussion about what the school impact tax should be. It was decided that it would be set at 120% of the current rate. Of this amount, 10% would recover the revenue lost from eliminating the SFP. There is also currently an extra \$2/sf surcharge for large homes (3,500 to 8500 sf). There was debate about whether to increase this amount but the Council decided to retain the existing surcharge. The projected enrollment is also now using actual school data, which determines the enrollment from each house. The Council agreed that the impact rate would be updated biennially in odd-numbered years based upon new student generation rates and school construction cost per seat.

The table below shows the current and new school impact taxes. The new school tax rates are estimated to generate about \$30 million more in FYs 17-22 than current rates. The discontinued school facility payments would have generated perhaps \$5-10 million during this period, so the net additional revenue should be in the \$20-25 million range.

SCHOOL IMPACT TAX RATES Current \$ - \$	Current	New
Single-Family Attached	\$ 26,827	\$ 22,654
New Single-Family Detached	\$ 20,198	\$ 23,572
Multi-Family: Low-Rise	\$ 12,765	\$ 18,608
Multi-Family: High Rise	\$ 5,412	\$ 6,684
Multi-Family Senior	-	-

A large single-family house surcharge of \$2.00/sf is added above 3,500sf. The maximum surcharge is \$10,000. This applies to both the current and new rates.

School CIP Background

MSPS has established standard sizes for new schools: 740 for ES, 1200 for MS and 2400 for HS. The current construction cost per pupil based upon these standards is \$37,192 for ES, \$39,600 for MS and \$46,875 for HS. These costs, along with the student generation rate, determined the base impact tax rate; the result was multiplied by 120% to determine the above rate

MCPS projected within the last year or so that they had a construction backlog that consists of \$800M for renovation and \$800M for additional capacity. In recent years, the MCPS enrollment has increased by approximately 2500 students per year. Most people think that the enrollment comes only from new development. Actually a sizable part comes from family turnover within existing housing. Based upon the CIP numbers and new impact tax rates being developed to cover the cost per student, approximately 13% of the CIP need comes from new development and thus some 37% from turnover (the other 50% is renovation). MCPS decides its facility priorities each year when it submits the recommended capital budget to the county so the above is very approximate. They don't ask for everything they need but take into account the county's spending affordability guidelines. The request is composed of renovation (or rebuild) and additional capacity. The need for additional MCPS capital funding is an ongoing long-term problem. The funding sources for MCPS approved FY17-22 CIP are composed of:

Funding Source	Amount	% of Total
GO Bonds/Current Revenue	\$ 834,292,000	48.3%
Recordation Tax	\$ 373,700,000	21.6%
State Aid	\$ 308,628,000	17.8%
School Impact Tax	\$ 210,984,000	12.2%
School Facility Payment	\$ 1,854,000	0.1%
Total	\$1,729,459,000	100%