GO/PHED COMMITTEE #1
September 30, 2020

M E M O R A N D U M

September 25, 2020

TO: Government Operations & Fiscal Policy (GO) Committee
Planning. Housing, and Economic Development (PHED) Committee

FROM: Pamela Dunn, Senior Legislative Analyst
Glenn Orlin, Senior Analyst
Robert H. Drummer, Senior Legislative Attorney

SUBJECT: 2020-2024 Subdivision Staging Policy (SSP), Bill 38-20, Development Impact Taxes for Public School Improvements, and cross-cutting school issues

PURPOSE: Worksession – recommendations expected

Expected Attendees for this Worksession:

Casey Anderson, Chair, Montgomery Planning Board
Gwen Wright, Director, Planning Department
Tanya Stern, Deputy Director, Planning Department
Jason Sartori, Chief, Countywide Planning Division, Planning Department
Lisa Govoni, Housing Policy Coordinator, Countywide Planning Division
Hye-Soo Baek, Senior Planner, Countywide Planning Division
Meredith Wellington, Land Use Planning Policy Analyst, Office of the County Executive

Councilmembers: Please bring your copies of the SSP Draft and Appendices to this worksession.

This joint worksession of the GO and PHED Committees will address recommendations from the Planning Board and its staff, the County Executive, the public hearing testimony, and Council staff regarding school-related issues that directly affect both the SSP and the impact tax law.

Background

The Subdivision Staging Policy is the tool by which the County coordinates the timing and pace of new developments with the availability of public services and facilities. It tests the County's infrastructure for adequacy based on projected capacity and growth. The policy is updated every four years to ensure that the tools used for evaluating the impact of development, such as a delay-based transportation test or student generation rates, reflect the latest growth patterns and trends in the County. Its purpose is

to evaluate individual proposals for development, to determine if the County's public infrastructure is adequate to meet the demands of such development. The Council's SSP resolution will describe the facility standards and/or conditions that must be met for public infrastructure to be considered adequate.

County Code §33A-15(b)(2) requires the Planning Board to approve and send to the Council a recommended Subdivision Staging Policy (SSP) by August 1. The Planning Board submitted a recommended 2020-2024 SSP on July 31, 2020. The Planning Board often recommends other legislative changes concurrent with its recommended changes to the Subdivision Staging Policy (SSP). Bill 38-20 is one of the Planning Board's recommended changes to law (see Appendix L).

Discussion

This worksession will focus on Planning Board recommendations that involve changes to both the SSP and development impact taxes for schools. There will be future GO Committee worksessions on changes limited to development impact taxes, and future PHED Committee worksessions on changes related to just the SSP. In this report, each of the Planning Board's recommendations are referenced by its 'Rec' number followed by the page number in the Planning Board Draft. For example, the recommendation for School Impact Areas is referenced as "Rec. 4.1 (p. 37)".

For this joint worksession, there are two cross-cutting recommendations for the Committees to consider. The first one involves multifamily structures, and the second, the designation of School Impact Areas.

A. Multifamily Structures

Currently, structure type plays a fundamental role in both the SSP and school impact taxes. There are four structure types (single-family detached house, single-family attached house, low-rise multifamily unit, and high-rise multifamily unit) used to evaluate adequacy under the SSP and to calculate school impact tax rates.

School impact taxes are levied by structure type based on the number of students generated by each type of unit and the associated capital cost to construct a seat for each student generated. Currently there are two different impact tax rates for multifamily housing, one for high-rise buildings (five stories or more) and one for low-rise (four stories or less). Under the SSP, structure types are used to evaluate applications for development and to estimate the future infrastructure needs of area master plans. For each structure type, a student generation rate is calculated based on the average number of students generated by that type of dwelling unit.

Rec. 6.1 (p. 88) proposes a change to the calculation of school impact taxes to include only one tax rate for all multifamily units, based on the student generation rate for all multifamily units built since 1990. Likewise, Rec. 4.13 (p. 54) proposes using only one multifamily structure type to calculate student generation rates used in estimating the impact of development applications and master planning.

In 2003, student generation rates by housing unit type were introduced. The rates were used to calculate school facility payments (payments made per unit for development in any cluster exceeding adequacy standards) and impact taxes, and were provided to Montgomery County Public Schools (MCPS) for enrollment forecasting purposes. In the earlier years, student generation rates were calculated based on the Census Update Survey, a County-level survey administered by the Planning Department. Since

2013, student generation rates have been calculated using actual MCPS enrollment data that includes the address and grade of every student (all other personal information deleted). Planning staff map the address of each student and assign to that student the type of residential structure associated with that location. With this information, Planning staff then calculate student generation rates for various geographies, dwelling types, and school levels.

Below is a chart showing student generation rates: as introduced in 2003[1], updated in 2007, more recently in 2016, currently, and as calculated for the Planning Board's Draft.

Table 1.

Student Generation Rates – K thru 12					
Housing Type	**2003**	**2007**	**2016**	**Current**	**PB Draft**
Single-family Detached	0.640	0.595	0.463	0.462	0.464
Single-family Attached	0.480	0.440	0.484	0.490	0.487
Proportion of Students Detached/Attached	1.33	1.35	0.96	0.94	0.95
Multifamily Low-Rise	0.320	0.282	0.385	0.393	0.201
Multifamily High-Rise	0.128	0.114	0.139	0.110	0.067
Proportion of Students Low-rise/High-rise	2.50	2.47	2.77	3.57	3.00

Since student generation rates have been in use, it appears that low-rise units generate, on average, 2½ to 3½ times as many students as high-rise units, whereas single-family units show much less variation.

The Planning Board Draft notes increased methodological complexities with separating multifamily buildings into low- and high-rise categories as a motivation for combining units. One concern is with the future availability of land use data from the State Department of Assessments and Taxation (SDAT). Fortunately, extensive research and analysis has gone into each update of student generation rates since the switch to parcel-level data in 2013. Planning staff has spent considerable time and effort creating a database of the County's multifamily housing stock; therefore, updates that include new student-level address data will not require the effort required to date, and other sources of information[2] may be available to supplement SDAT data should it become less obtainable.

Planning staff's other concern is the relevance of delineating low- and high-rise construction based on four or five stories. The current 4-5 story distinction has been used for decades and is thought to reflect the cost differential between steel and concrete construction required of high-rise buildings, and wood or "stick-built" construction characteristic of low-rise development. Over the past few years, building methods have evolved to allow wood construction taller than 5-6 stories. However, the extent of this type of construction and a clear change in the number of stories associated with low/high-rise development is unknown. **The Council may want to request[3] that Planning undertake a study of construction methodology, materials, and development prior to the next biennial update of student generation rates.**

[1] Student Generation Rates were estimated based on a total School Facility Payment figure and School Facility Payment rates by structure type.
[2] Such as CoStar, Planning Pipeline/Approvals, and the Department of Housing and Community Affairs.
[3] The Council sets the Planning Department work program in the spring, prior to adoption of the Operating Budget.

Council staff recommends retaining low- and high-rise multifamily structure types for the calculation of student generation rates, given the clear difference in the number of students generated by low- and high-rise multifamily units. This would retain impact tax rates distinguished by four structure types, and would maintain the evaluation of development applications and master plans by dwelling unit types that include low-rise and high-rise multifamily units. The Executive and the Montgomery County Council of Parent Teacher Associations (MCCPTA) also recommend retaining the low- and high-rise structure types.

Rec 4.13 (p. 54) and Rec. 6.1 (p. 88) also include a recommendation to use all single-family units (regardless of year built) and multifamily units built since 1990 to calculate student generation rates. Planning staff conducted several in-depth analyses of student generation rates by dwelling type and year built. They found that the average K-12 student generation rate for multifamily structures built prior to 1990 was statistically different from structures built in 1990 and later. Figure 22 on page 55 of the Planning Board Draft demonstrates this finding. Single-family units, on the other hand, do not exhibit the same relationship. Single-family housing tends to be owner-occupied, with turnover occurring at a much slower rate than multifamily housing. In 2016, the Council decided to use student generation rates that capture the average student generation over the entire life of a single-family home.

The following table shows the student generation rates calculated using all single-family units (regardless of year built) and multifamily units built since 1990, retaining separate rates for low- and high-rise multifamily units.

Table 2.

Student Generation Rates		ES	MS	HS	K-12
Updated Countywide (Multifamily since 1990)	Single-Family Detached	0.198	0.111	0.155	0.464
	Single-Family Attached	0.222	0.115	0.151	0.487
	Multifamily Low-rise	0.097	0.047	0.057	0.201
	Multifamily High-rise	0.037	0.014	0.017	0.067

Table 3 below shows the current student generation rates calculated using all single-family and multifamily units regardless of year built.

Table 3.

Student Generation Rates		ES	MS	HS	K-12
Current Countywide	Single-Family Detached	0.199	0.110	0.154	0.462
	Single-Family Attached	0.227	0.113	0.150	0.490
	Multifamily Low-rise	0.197	0.086	0.109	0.393
	Multifamily High-rise	0.055	0.023	0.031	0.110

Table 4 shows the change in the current impact tax rate associated with the above change in the calculation of student generation rates. It does not include other Planning Board proposed changes to the calculation of impact taxes, such as the percentage cost of student seat or area specific discounts; these issues will be taken up at a future GO Committee meeting.

Table 4.

School Impact Tax Rates	Current	Multifamily since 1990
Single-Family Detached	$26,207	$26,271
Single-Family Attached	$27,598	$27,504
Multifamily Low-rise	$21,961	$11,274
Multifamily High-rise	$6,113	$3,789

Council staff concurs with using all single-family units (regardless of year built) and multifamily units built since 1990 to calculate student generation rates. The Executive did not comment on this part of Rec 4.13 (p. 54) or Rec. 6.1 (p. 88). The MCCPTA supports the change to using multifamily units built since 1990 (for at least the next four years), and testimony from Lerch, Early & Brewer also supports this change.

B. Designation of School Impact Areas

Two primary elements of the schools' portion of the SSP treat all areas of the County the same. One is the Countywide set of adequacy standards for school utilization. The other is the set of impact tax rates based on Countywide student generation rates. A deviation from this Countywide approach is the Planning Board's current use of regional student generation rates to calculate the enrollment impacts of master plans and development applications. These regional student generation rates, created by MCPS, are based on aggregations of adjacent school clusters. They indicate some variation in student generation across the County and provide slightly more nuanced estimates of potential student enrollment. Table G3 (Appendix p. 43) provides student generation rates by school level and region (East, Southwest, and Upcounty). Figure G. (Appendix p. 43) is a map of these three regions, including cluster boundaries.

Recognizing the potential in measuring student generation by geographic area, the Planning Board Draft recommends redefining regional student generation rates based on the characteristics of housing and enrollment growth in an area, instead of cluster assignment and relative proximity.

Rec. 4.1 (p. 37) proposes that County neighborhoods be classified into School Impact Areas based on their recent and anticipated growth contexts. To do this, Planning staff divided County neighborhoods into 35 areas.[4] These 35 planning areas were then statistically indexed based on their housing growth[5], type of housing[6], and enrollment growth[7]. Given their relative scores, each planning area was classified as one of three School Impact Areas:

1. Greenfield - Areas with high enrollment growth due largely to high housing growth that is predominantly single-family units.
2. Turnover - Areas with low housing growth where enrollment growth is largely due to turnover of existing single-family units.
3. Infill - Area with high housing growth that is predominantly multifamily units, which generate few students on a per unit basis.

[4] Pulling out certain areas within the larger planning area that were experiencing growth different from the broader area.
[5] Including the change in units from 2013-2018 and the density of the pipeline of unbuilt units.
[6] Including share of housing built 2013-2018 that is single-family, percentage of the pipeline that is single-family, and percentage of area zoned for single-family.
[7] Including change in number of students 2013-2018, mean number of days since single-family units last sold, and change in student/population ratio 2013-2018.

The initial map of School Impact Areas can be found on page 453 of the SSP Appendix. This map shows several of the Metro Station Policy Areas and Purple Line Station Policy Areas classified as Turnover Impact Areas according to the characteristics of the larger planning area in which they are located. In response, the Planning Board added Rec. 4.2 (p. 39), which recommends all Metro Station Policy Areas and Purple Line Station Policy Areas be classified as Infill Impact Areas. An updated map of School Impact Areas can be found on page 40 of the Planning Board Draft.

Looking at the map, Council staff was struck by the extent of the Greenfield Impact Area around Clarksburg, including the Town Center area and other areas recently built or under construction. Currently, under the SSP, evaluation of the impact of a development application looks forward 5 years[8] in future, the average time expected for projects to complete the review process, build units, and become occupied. The two metrics used to create the housing growth index are based on the number of units built 2-7 years ago and the number of unbuilt units in the pipeline of approved development relative to the size of the planning area. While the first metric helps explain recent and continued growth in students, and the second recognizes the potential for additional students from potential construction based on approved projects, a measure of the potential for future development not yet approved would best align with the purposes of the SSP.

Working with Planning staff, a third metric based on the potential for future residential development was created using data from the Residential Capacity Analysis[9] (Appendix p. 24). A metric based on the unused zoning capacity of an area was added as a measure of future housing growth. In evaluating the new data under a similar process to the initial analysis,[10] staff decided to designate White Oak-RDA[11] as a separate planning area based on its zoning capacity, compared to the greater Fairland planning area in which it was located.

The 36 planning areas were then re-indexed and re-classified as one of three School Impact Areas. As a result, three planning areas changed from one School Impact Area designation to another:

1. *White Oak-RDA*. Classified as an Infill School Impact Area instead of a Turnover School Impact Area, the classification of the Fairland planning area from which it was separated.
2. *North Germantown*. Classified as a Turnover School Impact Area instead of an Infill School Impact Area.
3. *Clarksburg*. Classified as a Turnover School Impact Area instead of a Greenfield School Impact Area.[12]

These shifts are the result of including a more forward-looking measure of the potential for future residential development. For both Germantown North and Clarksburg, adding the residential capacity data lowered the expected future growth based on the remaining zoning capacity in the planning area. For White Oak-RDA, the opposite occurred because the zoning capacity in this area has been practically untouched since the adoption of the White Oak Science Gateway Master Plan. The Planning Board map of School Impact Areas and a map of the revised classifications (listed under the Index as Council Staff) can be found at https://arcg.is/0q0yei.

[8] Rec. 4.5 proposes reducing this timeframe to 3 years. This recommendation will be discussed by the PHED Committee.
[9] The data analysis needed for this metric had not been completed in time for the Planning Board's review of the SSP.
[10] Certain areas within a larger planning area, experiencing growth different from the broader area, are pulled out to create a new planning area.
[11] RDA – Redevelopment Area.
[12] The impact on moratoria of having no planning area classified as Greenfield will be discussed at a future PHED Committee worksession.

Council staff supports the updated classification of planning areas to create an Infill School Impact Area and a Turnover School Impact Area resulting in the following student generation rates. The Executive does not support classification of regional student generations by School Impact Areas; however, the Superintendent of MCPS does. Testimony received from Lerch, Early & Brewer as well as the Maryland Building Industry Association indicates general support for this change; however, both note concern with the classification of the Greenfield School Impact Areas. Testimony from the MCCPTA notes concern with classifying Purple Line station areas as Infill Areas.

Table 5.

School Impact Area	Structure Type	Student Generation Rates			
Infill Impact Areas	Single-Family Detached	0.194	0.097	0.136	0.426
	Single-Family Attached	0.170	0.083	0.113	0.366
	Multifamily Low-rise	0.055	0.023	0.033	0.110
	Multifamily High-rise	0.039	0.014	0.016	0.069
Turnover Impact Areas	Single-Family Detached	0.198	0.112	0.156	0.466
	Single-Family Attached	0.231	0.120	0.157	0.508
	Multifamily Low-rise	0.124	0.063	0.073	0.261
	Multifamily High-rise	0.023	0.013	0.019	0.055
Countywide (Multifamily since 1990)	Single-Family Detached	0.198	0.111	0.155	0.464
	Single-Family Attached	0.222	0.115	0.151	0.487
	Multifamily Low-rise	0.097	0.047	0.057	0.201
	Multifamily High-rise	0.037	0.014	0.017	0.067

Rec. 6.2 (p. 89) suggests that the calculation of school impact taxes should be based on student generation rates associated with School Impact Areas. Table 6 shows the school impact tax rates by structure type for the Infill and Turnover School Impact Areas, compared to the current and updated Countywide rates. There have been no other adjustments based on Planning Board proposed changes to School Impact Taxes; these will be taken up at a future GO Committee worksession.

Table 6.

School Impact Tax Rates	Current Countywide	Countywide (mf since 1990)	Infill Impact Area	Turnover Impact Area
Single-Family Detached	$26,207	$26,271	$24,104	$26,388
Single-Family Attached	$27,598	$27,504	$20,623	$28,629
Multifamily Low-rise	$21,961	$11,274	$6,240	$14,577
Multifamily High-rise	$6,113	$3,789	$3,832	$3,120

Council staff supports using the student generation rates resulting from the updated classification of School Impact Areas to calculate school impact taxes.

This packet contains:	**Circle #**
Excerpt of County Executive Comments on School Issues	1-2
Excerpt from MCCPTA Testimony	3-6
Excerpt from Testimony submitted by Lerch, Early & Brewer	7
Excerpt from a Letter by the Superintendent of MCPS	8
Excerpt from Comments submitted by Maryland Building Industry Assoc.	9

County Executive Comments on the Planning Board Draft for the 2020-2024
County Growth Policy—September 10, 2020

Schools Recommendations: School Impact Areas

4.1 Classify county neighborhoods into School Impact Areas based on their recent and anticipated growth contexts. Update the classifications with each quadrennial update to the County Growth Policy.

The CE opposes these classifications as irrelevant to an SSP that provides adequate public facilities. The CE also questions their usefulness even for the purpose for which they were created.

This division is only necessary to implement the schedule of impact fees and discounts that the Planning Board recommends in order to encourage certain housing types in certain parts of the county. It is not being used for the purposes of the SSP—to diagnose infrastructure problems, and provide for adequate public facilities. What do these divisions add to the SSP requirement to evaluate school overcrowding attributable to new development?

4.2 Classify all Red Policy Areas (Metro Station Policy Areas and Purple Line Station Policy Areas) as Impact Policy Areas.

MCDOT recommends deferring classifying the Purple Line Stations to Red Policy Areas, and the CE supports that recommendation.

It is preferable to wait until the Purple Line is ready to be operational. Developments under construction should be reviewed under current provisions and not the proposed new provisions for the Red Policy Area. The county should also wait in order to get the benefit of the University of Maryland's review of the
Purple Line Corridor planned land use and TOD opportunities.

4. 13 Calculate countywide and School Impact Area student generation rates by analyzing all single-family units and multifamily units built since 1990, without distinguishing multifamily buildings by height.

It is important to have the most accurate SGRs possible for two reasons: 1) in order to anticipate overcrowding early enough to remedy it, and 2) in order to assure that the developer pays his fair share.

The CE does not support merging multi-family buildings when calculating SGRs.

Multi-family--The Planning Board Draft, p.54, notes "a major difference" between the SGR when high and low-rise multi-family are counted separately. When calculated separately, low-rise generates on average 3.58 times more students than high rise. The result is an overall higher SGR than when the SGR is calculated for all multi-family units, low and high, without distinguishing between high and low-rise. This discrepancy needs to be resolved. Otherwise, the Planning Staff should continue to calculate high and low rise multi-family separately.

Single-Family--Planning Staff recognizes that for single family homes, there is a debate about how to count new houses that were built as a result of tear downs. The Planning Board is of the view that students from new houses/teardown are part of turnover, so long as the new home is built less than a year after the teardown. Using this categorization, 23.3% of all new students are attributable to new development. (SSP work session, June 18, 5:36:26--5:40:50)
Planning Staff has calculated what the percentage would be if new homes/teardown were included as new

construction--27.6%--an additional 4.3%. (Staff Presentation to Planning Board, March 26)There were 848 homes in this category.

The CE agrees with ULI's recommendation that new homes/teardown be counted as new construction, and any students generated counted in the SGR.

The ULI said, in part:

The panel understands the interpretation of the staff research and recommendation. However, the panel suggests that the county take into consideration the following in revising the policy: • The impact fee is a single event from a funding perspective; the generation of that fee on what is essentially a "new construction" event (despite the fact that an existing home is being replaced) is important in terms of generation of revenue. • The imposition of an impact fee is a progressive revenue source; the cost of that fee can, and probably will be, rolled into a future mortgage, amortizing the fee over a long period of time.

Tax Recommendations: School Impact Taxes	
6.1	Change the calculation of school impact taxes to include one tax rate for all multifamily units, in both low-rise and high-rise buildings, based on the student generation rate for multifamily units built since 1990. **The CE does not support this change in the calculation of SGRs for multi- family units. See answer to 4.13.**
6.2	Calculate standard school impact taxes at 100% of the cost of a student seat using School Impact Area student generation rates. Apply discount factors to single-family attached and multifamily units to incentivize growth and maintain the current 120% factor within the Agricultural Reserve Zone, in certain desired growth and investment areas. **The CE does not support the reduction of revenue that this formu**la **represents**. First, the CE supports the current standard of 120% to calculate the cost of a student seat. The CE does not agree that the UPPs represent sufficient revenue to justify a 10% reduction in the standard. The additional 10% was to help pay for land for school sites. There has been no change in the need for land for schools. As discussed in his letter, the County Executive does not support the reduced impact tax rates and discounts, because this revenue is needed to deal with the county's schools and other important infrastructure.

MCCPTA Comments on 2020-2024 County Growth Policy Recommendations

Submitted to the County Council September 8, 2020

4.1: Classify county neighborhoods into School Impact Areas based on their recent and anticipated growth contexts. Update the classifications with each quadrennial update to the County Growth Policy.

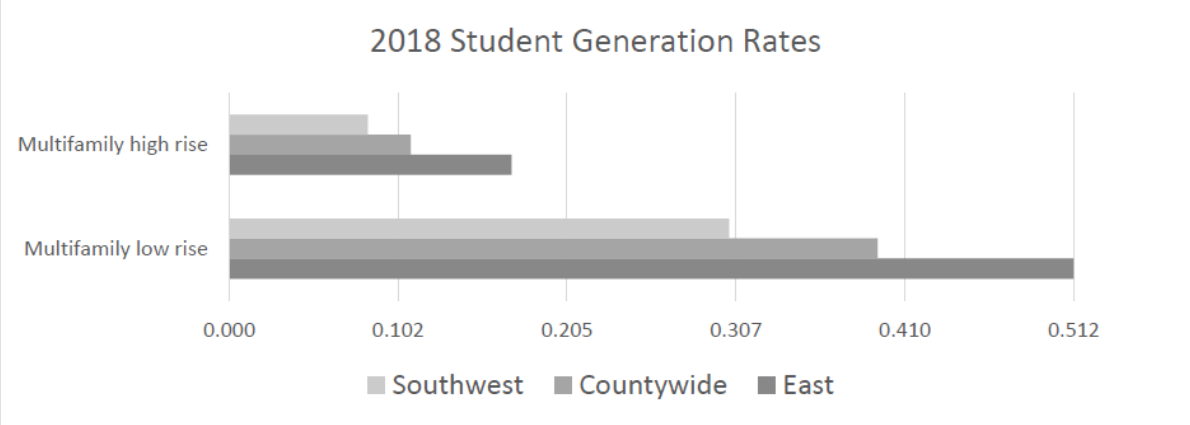
We commend the effort to classify our diverse county in School Impact Areas. One size does *not* fit all in Montgomery County. We are concerned that the purpose of the designations is intended more for tax rates than for understanding and supporting growth patterns.

1) The criteria for the designations are unclear, and how they will be maintained and/or modified?
2) Large developments are common in Infill Impact Areas with significant impact in some cases. Even though these are "desired growth areas," care should be taken to ensure timely infrastructure to meet growing demand.
3) The designations are used primarily to set tax rates and student generation rates (in ways that are exceedingly favorable to developers). Incentives are an important tool to encourage housing, and one can argue that lower transportation impact taxes make sense in an area served by public transportation, but meeting the demands on our schools is increasingly difficult in densifying areas.
4) If are calculate student generation rates by impact area, should we also calculate school costs by impact area?
5) **Impact Areas should be employed to analyze and address school capacity objectives as well as growth objectives.**

4.2: Classify all Red Policy Areas (Metro Station Policy Areas and Purple Line Station Policy Areas) as Infill Impact Areas.

All tables and rates should be updated to reflect this change before a decision is made on this(e.g. Table 5, with growth in population, housing, and students by school impact area). Regarding Purple Line Stations being put in this category, student generation rates in the Eastern part of the county

are historically much higher than Southwest and Countywide rates, particularly in multifamily units (69-104% and 30-55% respectively). 1) It's not clear that the higher generation rates in these areas are reflected in the Infill student generation rates, and more importantly, 2) We don't know how this housing will behave and it's premature to assign lower student generation rates (and taxes) in these areas.



4.13 Calculate countywide and School Impact Area student generation rates by analyzing all single-family units and multifamily units built since 1990, without distinguishing multifamily buildings by height.

As indicated in Appendix G, and consistently in historical student generation rates, the student generation rates (SGR) for multifamily low rise are much higher than multifamily high rise. In fact, multifamily low rise SGRs are closer to single-family attached than to multifamily high rise. MCCPTA proposes that for at least the next four years, we calculate SGRs for units since 1990 as proposed

(which will result in *significantly lower* SGRs for multifamily units than all-time), but continue to track the four established unit types.

REGIONAL STUDENT GENERATION RATES		ES	MS	HS	K-12
East Region Downcounty Consortium (Montgomery Blair, Albert Einstein, John F. Kennedy, Jr., Northwood and Wheaton clusters) and Northeast Consortium (James H. Blake, Paint Branch and Springbrook clusters)	Single-Family Detached	0.203	0.103	0.144	0.450
	Single-Family Attached	0.219	0.115	0.160	0.494
	Multifamily Low Rise	0.253	0.112	0.148	0.512
	Multifamily High Rise	0.088	0.036	0.047	0.171
Southwest Region Bethesda-Chevy Chase, Winston Churchill, Walter Johnson, Richard Montgomery, Rockville, Walt Whitman and Thomas Wootton clusters	Single-Family Detached	0.186	0.109	0.151	0.446
	Single-Family Attached	0.167	0.085	0.111	0.363
	Multifamily Low Rise	0.150	0.068	0.085	0.303
	Multifamily High Rise	0.041	0.018	0.025	0.084
Upcounty Region Clarksburg, Damascus, Gaithersburg, Magruder, Northwest, Poolesville, Quince Orchard, Seneca Valley, Sherwood and Watkins Mill clusters	Single-Family Detached	0.210	0.120	0.169	0.499
	Single-Family Attached	0.248	0.121	0.157	0.526
	Multifamily Low Rise	0.183	0.077	0.093	0.352
	Multifamily High Rise	0.020	0.008	0.010	0.038

Source: Montgomery Planning

Rates calculated for buildings since 1990 might be disproportionately thrown off by vacancies. This is not the case when we look at all-time units, but given the smaller sampling, we request an analysis of the potential impact of including vacant units in the denominator. Furthermore, known short term rentals (e.g. Airbnb) should be excluded from the unit count, particularly as they increase in volume.

Regarding School Impact Areas versus previously used county regions, MCCPTA would like to see a financial impact analysis of what the impact would have been over (at least) the last five years, independent of proposed discounts.

As noted, existing student generation rates in neighborhoods along the Purple Line should be maintained until there is demonstrable similarity to Red Policy areas.

6.1: Change the calculation of school impact taxes to include one tax rate for all multifamily units, in both low-rise and high-rise buildings, based on the student generation rate for multifamily units built since 1990.

MCCPTA proposes we defer this decision until 2024. Per our comments on 4.11, the SGRs for multifamily low rise and multifamily high rise have historically been very different. Whatever the SGRs, the impact taxes will reflect them, and the tax will be appropriate to the unit type.

6.2: Calculate standard school impact taxes at 100% of the cost of a student seat using School Impact Area student generation rates. Apply discount factors to single-family attached and multi-family units to growth in certain desired growth and investment areas. Maintain the current 120% factor within the Agricultural Reserve Zone.

MCCPTA opposes the use of the APFO and discounting of school impact taxes to incentivize growth in certain areas over others in this way. It is unnecessarily complicated, and the objective of impact taxes is to recoup to cost of the additional infrastructure necessary to meet increased demand. Yes, impact taxes are been exempted in some cases to incentivize affordable housing, but there are other, better ways to drive development where we want it. Zoning policies and master plans are the appropriate way to drive the housing we want.

Impact taxes in Infill Areas are already adjusted to reflect the SGRs of those units, and they are significantly lower than Turnover and Greenfield Impact Areas. The rate for impact taxes on market rate units should be 100% the cost of impact, regardless of Impact Area. This recommendation gets overly complicate with seven separate tax rates and multiple exceptions without clear criteria.

The cumulative reductions – 120% down to 100%, adjusted student generation rates by impact area instead of region, change to exclude multifamily units prior to 1990, elimination of large house surcharge – already hinder MCPS's ability to keep up enrollment growth from population growth. Transportation tax exemptions are defensible for transit-oriented development, but school impact tax reductions where it is arguably more expensive to support infrastructure are not warranted on top of reductions to SGRs and concomitant impact taxes already made in those areas.

September 11, 2020

Schools Recommendations: School Impact Areas

4.1 Classify county neighborhoods into School Impact Areas based on their recent and anticipated growth contexts. Update the classifications with each quadrennial update to the County Growth Policy.

Comments: We support this recommendation, but have concerns with some of the recommendations within the Greenfield Impact Area (*see* further comments under Recommendation 4.9).

4.2 Classify all Red Policy Areas (Metro Station Policy Areas and Purple Line Station Policy Areas) as Infill Impact Areas.

Comments: We support this recommendation.

Schools Recommendations: Student Generation Rate Calculation

4.13 Calculate countywide and School Impact Area student generation rates by analyzing all single-family units and multifamily units built since 1990, without distinguishing multifamily buildings by height.

Comments: We support this recommendation.

Tax Recommendations: School Impact Taxes

6.1 Change the calculation of school impact taxes to include one tax rate for all multifamily units, in both low-rise and high-rise buildings, based on the student generation rate for multifamily units built since 1990.

Comments: We support this recommendation.

6.2 Calculate standard school impact taxes at 100% of the cost of a student seat using School Impact Area student generation rates. Apply discount factors to single-family attached and multifamily units to incentivize growth in certain desired growth and investment areas. Maintain the current 120% factor within the Agricultural Reserve Zone.

Comments: We support lowering school impact taxes in desired growth areas. As a general policy, development impact taxes should be lowered as much as possible to increase the County's economic competitiveness.

September 10, 2020

1. *Classify County neighborhoods into School Impact Areas based on their recent and anticipated growth context.* While the current SSP divides the County into clusters, the recommendation would divide the County into three school impact areas-Greenfield, Turnover, and Infill-based on similar amounts of development, type of development, and amount of school enrollment growth. An evaluation of school infrastructure based on the three school impact areas, as a result of an evaluation of the three factors, is understandable and similar to the process used by MCPS to develop enrollment projections and priorities for capital projects in the Capital Improvements Program (CIP).

MBIA - 2020-2024 Growth Policy - Recommendations / Positions

Index of Recommendations	5/28/2020 Recommendations	Final PB Draft Recommendations	Support	Neutral	Oppose	9/10/2020 Comments	Comments	Addt'l Comments /Questions
4.1	Classify county neighborhoods into School Impact Areas based on their recent and anticipated growth contexts. Update the classifications with each quadrennial update to the County Growth Policy.	Same			X	Still opposing higher fees that hinder development	The change to the School impact areas seems to make sense with respect to the data. However, the fee structure is very high for Greenfield area	Hindering more affordable housing areas - also discouraging economic development in the Clarksburg area
4.2		Classify all Red Policy Areas (Metro Station Policy Areas and Purple Line Station Policy Areas) as Infill Impact Areas.	X			Support Red and Purple line areas being classified as Infill Impact Areas		