

## SUBDIVISION STAGING POLICY

Subdivision Staging Policy Component	2012-16 SSP	Adopted 2016-20 SSP	Explanation
Annual School Test	The annual school test consists of only cluster-wide tests of utilization.	The annual school test adopts a hybrid approach that combines the existing cluster utilization test with individual school capacity deficit tests for elementary and middle schools.	The addition of an individual school test recognizes that the cluster test can mask inadequacies at individual schools. It does not restrict the options available to MCPS to resolve an individual school inadequacy (capital project, new school, boundary change, program change, etc.).
Moratorium Threshold for Clusters	A residential development moratorium is imposed when school capacity utilization across the entire cluster for any one school level (elementary, middle or high) reaches 120%.	A residential development moratorium is imposed when school capacity utilization across the entire cluster for any one school level (elementary, middle or high) reaches 120%.	No change.
Moratorium Thresholds for Individual Schools	N/A	<p>For an individual elementary school, a moratorium is imposed in its service area if both of the following criteria are met and there is no capacity solution at another school/site in the CIP that addresses the school in question's inadequacy:</p> <ul style="list-style-type: none"> <li>• 110-seat deficit</li> <li>• 120% utilization</li> </ul> <p>For an individual middle school, a moratorium is imposed in its service area if both of the following criteria are met and there is no capacity solution at another school/site in the</p>	<p>The individual school moratorium thresholds (110 seats for elementary schools and 180 seats for middle schools) were set at 120% of the thresholds MCPS prefers to use to determine schools eligible for a capacity study. Ideally, MCPS uses a 92-seat threshold for elementary schools and a 150-seat threshold for middle schools. Often times, MCPS sets higher thresholds in its CIP request due to funding constraints.</p> <p>In addition to the seat deficit threshold, there is also a utilization</p>

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		CIP that addresses the school in question's inadequacy: <ul style="list-style-type: none"> <li>• 180-seat deficit</li> <li>• 120% utilization</li> </ul>	threshold, which accounts for differences in individual school sizes. A large elementary school with a program capacity of 750 students will not trigger a moratorium at a 110-seat deficit, which is 114.6%. This would not be enough to trigger a moratorium across the cluster, so should not be enough to trigger a moratorium at an individual school.
School Facility Payment Threshold for Cluster	A school facility payment was triggered when a school level (elementary, middle or high) reached 105% utilization across the entire cluster.	School facility payments no longer exist, therefore there is no longer a school facility payment threshold.	Eliminating the school facility payment makes the cost of development the same regardless of school adequacy. Under the previous policy, it would cost the developer more to build in an area deemed to have inadequate schools, but not inadequate enough to trigger a moratorium. The Council saw no evidence that the school facility payment helped defer development until school adequacy improved. Further, the school facility payment had very limited applicability – for instance, it was only collected for the specific school levels that were deemed to be inadequate – and therefore generated very little in school construction funding. The Council opted to remove school facility payments in an effort to simplify the SSP and to increase
School Facility Payment Calculation	The school facility payment for each school level is calculated at 60% of the residential unit's school construction cost impact.  The construction cost impact is calculated using countywide student generation rates based on the type of unit: <ul style="list-style-type: none"> <li>• For single-family units, student generation rates are based on structures built in the last ten years.</li> <li>• For units in multifamily structures, student generation rates are all multifamily units regardless of year built.</li> </ul>	School facility payments no longer exist.	

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	The construction cost impact is also calculated using per pupil school construction cost data from 2007, which have been adjusted biennially using a regional construction cost index.		funding from developers for school construction. In lieu of school facility payments, the Council increased the school impact tax from capturing 90% of a unit's construction cost impact to capturing 120% of the impact. The impact tax is paid for all units, regardless of school adequacy and is calculated to include the construction cost impact for all school levels. Over the last six years, the school facility payments generated \$4.96 million in school construction funding. But if the impact tax had been set at 120%, it would have generated \$53.57 million in additional school construction revenue over those same six years.
Facility Payment Updates	Informally updated with new generation rates on a biennial basis. A regional construction cost index is applied to update the construction cost component of the payment calculation on a biennial basis.	School facility payments no longer exist.	
Use of School Facility Funds	May only be used for capital improvements that, to the extent possible, result in added capacity for the cluster and school level for which they were collected.	School facility payments no longer exist.	In lieu of school facility payments, the Council voted to increase the school impact tax to 120% of a unit's school construction cost impact. Funds generated through the impact tax can be used for school construction anywhere in the county (they are not restricted to being used in the cluster for which they were collected).
Student Generation Rates	In addition to calculating school facility payments, student generation rates are used to estimate the impact of new development	Because there is no longer a school facility payment, student generation rates are only used to estimate the impact of new development	No change here, in that the student generation rates used to evaluate the queue have always been the same set of rates used to calculate

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	<p>applications during preliminary plan review. Projects in the queue are evaluated against the space available in the school cluster to determine whether the projects would trigger a school facility payment or moratorium. The student generation rates used in estimating the impact of single family and townhouse units are based on homes built in the last ten years. For multifamily units, the generation rates are based on all multifamily units, regardless of year built.</p>	<p>applications during preliminary plan review. Projects in the queue are evaluated against the space available in the school cluster and the individual school to determine whether the projects would trigger a moratorium. The student generation rates used in estimating the impact of the new development are based on all units, regardless of year built. The rates are updated biennially, effective July 1 of each odd-numbered year, using the most current MCPS student address data.</p>	<p>the school impact tax and school facility payments. For the impact tax calculation, the Council decided to use generation rates based on all residential units, regardless of year built. These generation rates are calculated using the same methodology as those used in the annual school test to project future enrollment.</p>
Placeholder Projects	No limit to the use of placeholder projects in the annual school test.	No limit to the use of placeholder projects in the annual school test.	No change.

## SCHOOL IMPACT TAX

School Impact Tax Component	School Impact Tax Effective Prior to March 1, 2017	School Impact Tax Effective March 1, 2017	Explanation
Impact Tax Calculation: Student Generation Rates	Student generation rates are used to calculate the impact tax. The student generation rates used to calculate the impact tax for single family and townhouse units are based on homes built in the last ten years. For multifamily units, the generation rates are based on all multifamily units, regardless of year built.	For all unit types, the impact tax is calculated using student generation rates associated with all residential structures regardless of year built. The generation rates are to be updated on a biennial basis, effective July 1 in every odd-numbered year, using the most current MCPS student address data.	The Council wanted to treat all types of units the same in terms of which generation rates to use in the impact tax calculation. Using rates based on all residential structures, regardless of year built, ensures that the rate captures the average impact of a residential unit over its entire life.
Impact Tax Calculation: Multiplier	The calculation includes a multiplier of 0.9, meaning that the taxes are calculated at 90% of the unit's school construction cost impact.	The calculation includes a multiplier of 1.2, meaning that the taxes are calculated at 120% of the unit's school construction cost impact.	The Council opted to increase the multiplier, and thus the impact tax, by one-third. This increase compensates for the elimination of the SSP's school facility payment and the funding it generated and then some. The impact tax is paid for all units, regardless of school adequacy and is calculated to include the construction cost impact for all school levels. Over the last six years, the school facility payments generated \$4.96 million in school construction funding. But if the impact tax had been set at 120%, it would have generated \$53.57 million in additional school construction revenue over those same six years.
Large Home Surcharge	\$2/sf surcharge for every square foot over 3,500 sf, up to 8,500 sf.	\$2/sf surcharge for every square foot over 3,500 sf, up to 8,500 sf.	No change.

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Charge for Home Expansions	No policy or charge.	No policy or charge.	No change.
School Impact Tax Updates	Updated on a biennial basis, on July 1 of all odd-numbered years by applying the Balt/Wash construction cost index.	Updated on a biennial basis using the latest student generation rates and actual MCPS school construction cost data. The updates will continue to be effective on July 1 of all odd-numbered years.	This change ensures that the school impact tax is fair and accurately reflects the school construction costs of a residential unit. Previously, the construction cost index that was applied outpaced the actual per student cost of construction, in part because MCPS is building bigger schools and economies of scale provided a lower per pupil construction cost. Under the new policy, the construction costs component will reflect the actual costs and size of the most recent school construction projects.
Capping Adjustments to School Impact Taxes	No limits – when the impact tax is updated biennially, it can go up or down by any amount.	No limits – when the impact tax is updated biennially, it can go up or down by any amount.	No change.
Land Acquisition Funds	No dedication of funds for land acquisition.	No dedication of funds for land acquisition.	No change, but the increase in the impact tax to 120% of the cost of construction was in part justified by the fact that the construction cost calculation does not include the cost of land acquisition. The increase to 120% will generate more funding for schools, which MCPS can choose to use to acquire school sites.

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Impact Tax Credit for Land Dedication	No credit provided.	Developers are provided a credit for land dedicated for schools as long as the land is acceptable to MCPS and the density from the dedicated land is not applied to the remainder of the project.	Developers were already allowed a credit for the construction of a school. This just extends the credit to the dedication of land. This may encourage more developers to dedicate scarce land for a school site.
Exemption for Current and Former Enterprise Zones	New residential units in current and former state-designated Enterprise Zones are exempt from impact taxes.	New residential units in current and former state-designated Enterprise Zones are exempt from impact taxes.	The Council considered changing this exemption, but ultimately decided to keep it intact until they could develop an alternate set of measures by which an area of the county can qualify for an impact tax exemption.
Impact Tax Credit Expiration	No deadline for when school impact tax credits must be used.	Developers are required to use school impact tax credits within 12 years of certification by MCPS.	This change ensures that school impact tax credits are treated the same transportation impact tax credits.
Impact Tax Restrictions	No related provision.	Allows a school impact tax credit to be applied by the developer or its successor in interest, but only to the property for which the credit was originally certified by MCPS.	This change was intended to clean up and clarify the use of impact tax credits.
Design for Life Impact Tax Credit	A developer's credit for providing certain levels of accessibility standards is applied solely to school impact taxes.	A developer's credit for providing certain levels of accessibility standards is applied evenly between the school impact tax and the transportation impact tax.	The Council felt that the impact of the credit should be applied evenly between schools and transportation, rather than only be borne schools.