

# Montgomery County

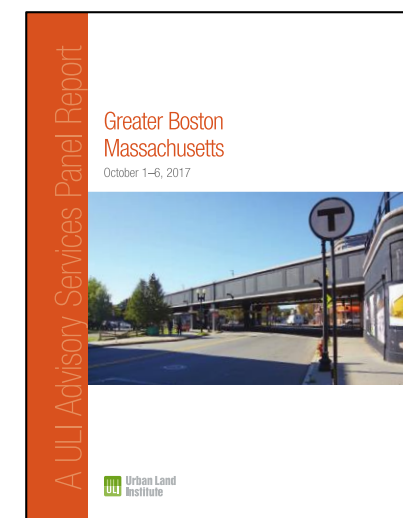
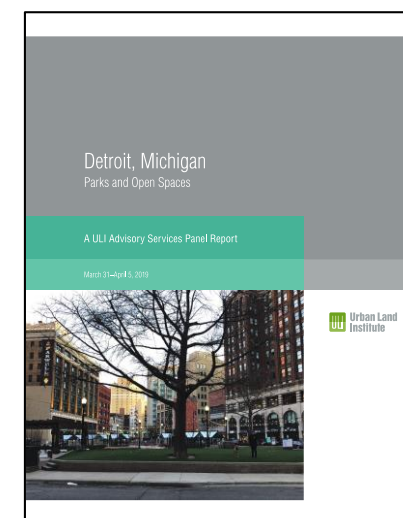
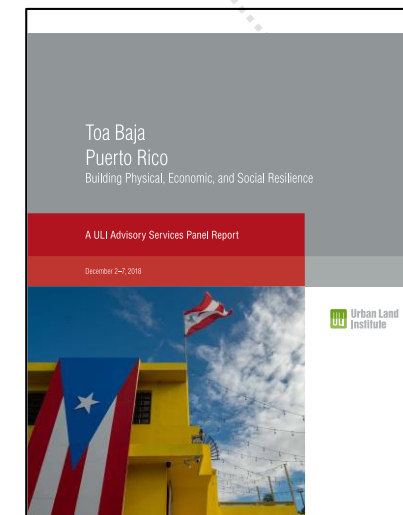
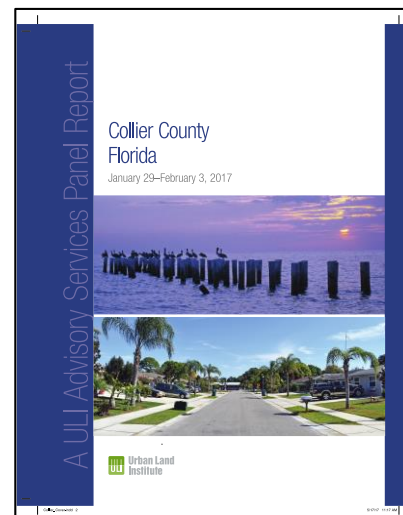
MARYLAND

ULI ADVISORY SERVICES  
VIRTUAL ADVISORY SERVICES PANEL  
APRIL 27-29, 2020

# About the Urban Land Institute

**ULI Mission:** to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide

- A multi-disciplinary membership organization with more than 45,000 members in private enterprise and public service
- What the Urban Land Institute does:
  - Conducts Research
  - Provides a forum for sharing of **best practices**
  - Writes, edits, and publishes **books** and **magazines**
  - Organizes and conducts **meetings**
  - Directs outreach programs
  - Conducts **Advisory Service Panels**



## ADVISORY SERVICES

Since 1947, ULI's Advisory Services Program has helped more than 700 communities find independent, strategic, and practical solutions for the most challenging land use issues.

# Virtual Advisory Services Panel

A 2.5 day all-virtual model of a traditional 5-day, in-person Advisory Services Panel

- **Day 1:**
  - Sponsor briefing and Q&A
  - Stakeholder interviews
  - Initial panelist deliberation
- **Day 2:**
  - Panelist deliberation and work sessions
  - Draft narrative produced
  - Presentation of recommendations produced
- **Day 3:**
  - Presentation of recommendations



## ULI Virtual Advisory Services

Since 1947, **ULI Advisory Services** have helped communities find strategic, practical solutions for the most challenging issues facing today's urban, suburban, and rural areas. Advisory Services offerings are ideal for government, nonprofits, public, and private organizations that need independent, timely and unbiased solutions for specific land use and real estate development challenges.

In response to the worldwide COVID-19 pandemic, the ULI Advisory Services team has adapted by creating a new suite of virtual programs which will allow ULI and its members to continue to fulfill ULI's mission and provide strategic advice to communities on programmatic goals to incorporate social distancing as part of the program's execution.

**1 Virtual Advisory Services Panels (vASP)** are a pivot from ULI's traditional five-day Advisory Services offering where ULI members engage with stakeholders through in-depth interview, deliberate recommendations and create a presentation that leads to a letter report synthesizing their findings.

Final deliverables include a video recording of the presentation and Q&A between the sponsor and panelists; a final presentation of recommendations; and a letter report documenting the panel's recommendations.

**2.5 Day vASP:** This is a virtual offering meeting over 2.5 days tailored to meet a sponsor's needs. Working in partnership with ULI, the sponsor develops a problem statement and 4-6 challenge questions, along with a series of briefing materials to bolster the understanding of the problem scope. These briefing materials are shared electronically in advance with a multi-disciplinary panel of 4-6 member experts whose skills meet the needs of the identified challenge.

**Virtual Project Analysis Session (vPAS)** encourage creative thinking and problem-solving between a sponsor and a multi-disciplinary panel on a succinct and direct land-use challenge. These intimate, conversational offerings are structured and facilitated to yield provide in-depth, project-specific, and pragmatic recommendations in a short period of time.

Final deliverables include a video recording of deliberations between the panel and sponsor, and an optional memo summarizing the panel's recommendations.

**2 Half Day vPAS:** This is a three-hour analysis of a specific challenge that occurs in an intimate, conversational format. The offering begins with a sponsor-led brief overview of the challenge that complements the briefing materials. Panelists then engage in deliberations with the sponsor through a facilitated virtual convening.

**3 Full Day vPAS:** This is an eight-hour offering builds on the half-day program, an includes an opportunity to engage in a limited capacity with area stakeholders in addition to the sponsor. After engaging with stakeholders, panelists deliberate both with the sponsor and among themselves in order to develop strategic recommendations.



For further information of differentiation of these offerings and cost, please contact [advisoryservices@uli.org](mailto:advisoryservices@uli.org)

**ULI** Urban Land Institute  
Advisory Services Program

**Thank you to our sponsor!**

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# **Montgomery Planning**

A Department within the Maryland-National Capital Park and Planning Commission

# ULI Panelists and Staff

Selected for their subject matter expertise to provide **objective, volunteer** recommendations

## Glenda Hood (Panel Chair)

President, Hood Partners  
Orlando, Florida

## Eric Fladager

Comprehensive Planning Manager, City of Fort Worth  
Fort Worth, Texas

## Geoff Koski

President & CEO, Bleakly Advisory Group  
Atlanta, Georgia

## Heather Worthington

Principal, Worthington Advisors, LLC  
Interim Community Development Director, City of Bloomington, MN  
St. Paul, Minnesota

## ULI Staff

### *Lauren Callaghan*

*Director, Advisory Services*

### *Jacqueline Canales*

*Director, Advisory Services*

### *Georgia Gempler*

*Senior Associate, Advisory Services*

# The Challenge

- Peer-review of the schools section of the county's Subdivision Staging Policy (SSP) update
- The panel was asked the following questions:
  - What are some context-sensitive growth policy recommendations that the County should consider as it aims to update its SSP?
  - What are appropriate ways to define and measure school infrastructure adequacy?
  - What guidance exists to shift from a reactive development moratorium to a proactive prioritization of infrastructure areas where the county desires to grow?
  - What would be an effective and equitable method of generating funding for school infrastructure improvements?
  - Are there examples and best practices that can be derived from other jurisdictions around the Country with similar growth contexts and challenges? What might the County learn from these other places?
  - How have other jurisdictions created policies to ensure school adequacy while also promoting other planning priorities (such as affordable housing, economic development, and resilience)?

# Guiding Principles for Planning

Should align with shared values from the county

- **Children and Youth:** The agency partners (Montgomery Planning, MCC, MCPS, MCSB) agree that the education, safety and enrichment of all children and youth living in the county are of the utmost importance. The partners acknowledge that facilities, logistics, and educational attainment outcomes are not equitable. Policies adopted and implemented should prioritize the education, safety and enrichment of all children and youth over other issues.
- **Equitable and Orderly Growth:** The agency partners agree that equitable and orderly growth for the county as a whole is a priority. This means that policies and practices should emphasize investment in areas with racial and economic disparities. Growth policies should help mitigate disparate outcomes in development and past investment policies and practices.
- **Predictable Economic Development and Data:** Montgomery County Public Schools (MCPS) and Montgomery Planning will utilize a data set that is robust, accurate and well understood by the partners, communities, businesses, non-profits and developers and is reflective of market realities.
- **Engagement, Communication, and Transparency:** People feel informed and understand the policy; when the policy is implemented, interpreted or changed, people feel that they have a well-defined role in helping to revise it.
- **Problem-Solving:** Agencies, parents, advocates, partners and staff will prioritize problem-solving to address issues that arise, problems that exist, and future challenges that arise as a result of the policy and how it is implemented.



# Presentation Agenda

- Recommendations supported by the panel
- Recommendations for immediate or long-term consideration and modification
- Relevant case studies and useful resources



Photo Credit: Agence Olloweb, Unsplash

# SSP Recommendations

Panel supports a majority of the proposed updated recommendations

Recommendations for immediate or long-term consideration and modification in **BOLD**

- County Growth Policy
  - R1: Policy Name Change
- School Impact Areas
  - R2: Creation of School Impact Areas
- Annual School Test and Utilization Report
  - **R3: Annual School Test timing**
  - R4: Test level – individual school
  - **R5: Moratorium thresholds**
  - **R6: Utilization Premium Payments thresholds**
  - R7: Length of test results
  - R8: Utilization Report – Countywide reporting
  - R9: Utilization Report – individual school reporting



# SSP Recommendations

Panel supports a majority of the proposed updated recommendations

Recommendations for immediate or long-term consideration and modification in **BOLD**

- Residential Development Moratorium
  - R10: Moratorium applicability
  - R11: Moratorium exceptions
  - **R12: Elimination of current moratorium exception**
- Student Generation Rates
  - **R13: Calculation of Student Generation Rates**
- Development Application Review
  - R14: Planning Board review of school adequacy in Turnover Impact Areas
  - R15: Retesting for school adequacy when requesting an extension of APF validity period
  - R16: Establishing a limit on APF validity period extensions
  - R17: MCPS participation in Development Review Committee meetings
  - R18: Student Generation Rate Calculations and use for estimating application enrollment impacts

# SSP Recommendations

Panel supports a majority of the proposed updated recommendations

Recommendations for immediate or long-term consideration and modification in **BOLD**

- Funding Mechanisms

- **R19: Calculating impact taxes for multifamily units**
- **R20: Impact tax gradients and discount factors**
- R21: School Impact Tax Credits
- R22: Eliminating the impact tax exemptions on large units
- R23: Eliminating the Enterprise Zone impact tax exemption
- R24: Impact tax exemption for doubling the required share of MPDUs
- **R25: Applying impact taxes on a net impact basis**
- R26: Establishing tiered Utilization Premium Payments



Photo Credit: Reno Laithienne, Unsplash 12

## Broader Context

- Panel supports renaming the Subdivision Staging Policy
- Introduce the policy with a discussion of intention and shared values
- Use a phased approach for longer-range recommendations that need additional study
- Study commission or task force



Photo Credit: Element5 Digital, Unsplash

# Annual School Test Timing

# Annual School Test and Utilization Report

R3: By the effective date of the updated County Growth Policy, the Planning Board must adopt a set of School Test Guidelines which outlines the methodologies used to conduct the Annual School Test and to evaluate enrollment impacts of development applications and master plans.

## Opportunities to Improve

- The panel recommends that Montgomery Planning work with MCPS to *simplify the test and better align the timing* of its components, to the extent possible.
- The School Test Guidelines to be adopted by the Planning Board per recommendation R3 provide an opportunity to **begin to address simplification, timing alignment, and clarification**, where possible. Future updates to the policy can continue the process of simplifying the test and aligning timelines.



# Annual School Test and Utilization Report

R5: The Annual School Test will evaluate projected school capacity utilizing five years in the future against identified school adequacy standards to determine residential development moratoria and areas requiring Planning Board review.

## Opportunities to Improve

- The Annual School Test's evaluation of projected capacity utilization to determine moratoria is based on a five-year projection.
- The relatively long time horizon used in the projections results in greater uncertainty, as the accuracy of the projection may decline significantly in the out-years.
- The panel suggests **shortening the projection horizon to three years as a way of improving the accuracy of the projection results and adding predictability** for the development community.

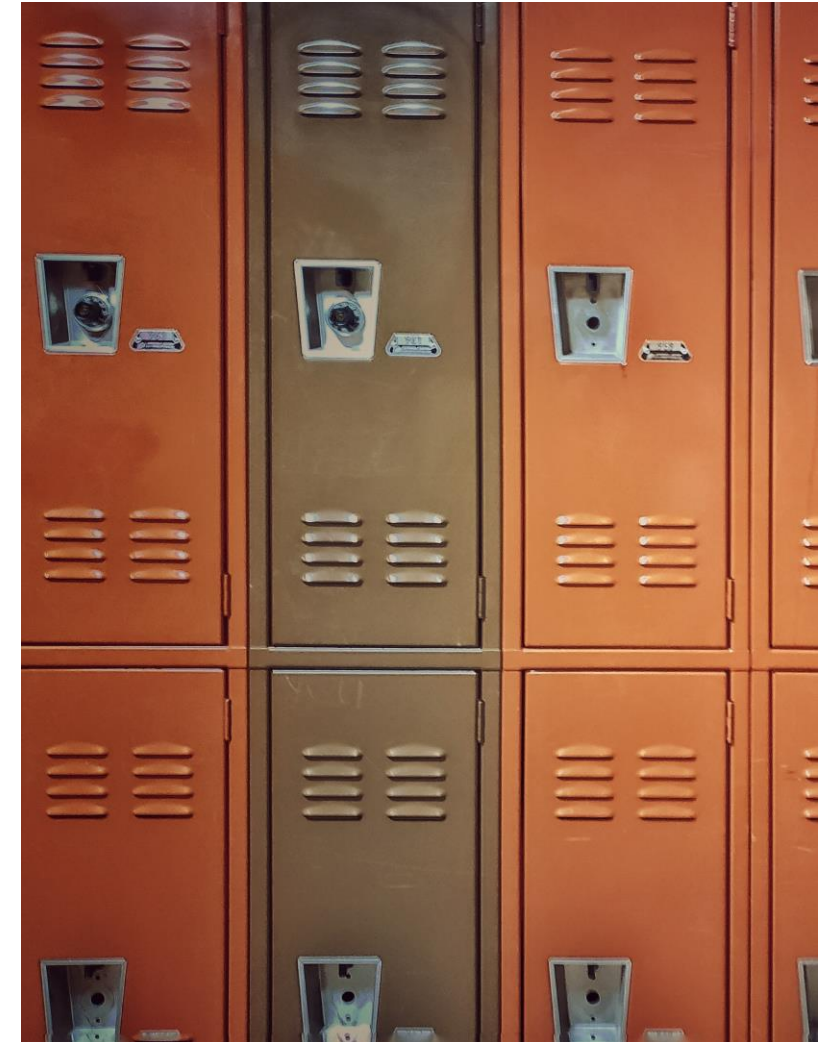


Photo Credit: Joshua Hoehne, Unsplash



# Utilization Premium Payment

R6: The Annual School Test will evaluate and report the combined utilization of each articulation pattern for the following school year to determine applicable Utilization Premium Payments.

## Opportunities to Improve

- The Utilization Premium Payment makes sense as a means to increase resources available to improve school capacity where it is most needed. However, the increased fees can be significant and will increase the potential cost burden on the development community.
- The panel supports the Utilization Premium Payment, but recommends **ensuring transparency in its creation and clarity in its application, as well as highlighting the benefits to the community to heighten and sustain community support.**



Photo Credit: Hans-Peter Gauster, Unsplash

A stack of several books with worn spines in various colors including light green, blue, and red. The books are stacked vertically on the left side of the image.

# Residential Development Moratorium

# Guiding Questions

What guidance exists to shift from a reactive development moratorium to a proactive prioritization of infrastructure areas where the county desires to grow?

- The updated strategy to designate each county neighborhood into one of three School Impact Areas takes a step toward a more proactive prioritization approach.
  - Eliminating moratoria in the Infill and Turnover Impact area allows development to move forward in these locations where most priority master planned areas have been adopted.
- Additional development incentives could be necessary, in concert with the SSP, to proactively entice development to priority areas
- Montgomery County is in a position to build upon the established cooperation between MCPS and the county planning department.
- We recommend seeking additional opportunities for systemic alignment in educational facilities planning and area master planning, to the greatest extent possible.

# Residential Development Moratorium

R12: Eliminate the moratorium exception adopted in 2019 pertaining to projects providing high quantities of deeply affordable housing or projects removing condemned buildings.

- It is prudent to limit automatic moratoria only to Greenfield Impact Areas unless a development meets certain exceptions as recommended in R10 and R11.
- However, R12 runs the risk of losing sight of the county's affordable housing priorities.
  - Maintaining a moratorium exclusion for affordable housing sends a signal that affordable housing production continues to be a county priority
  - Removing the affordable housing exemption, the county is in danger of communicating a message detrimental to its policy and community goals
  - R12, in practice, could decrease interest in developing affordable housing in all corners of the county, thereby potentially undermining county goals



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# Student Generation Rates

# Student Generation Rates

R13: Calculate countywide and School Impact Area student generation rates using all single-family units and multifamily units built since 1990 and combining all multifamily (not distinguishing by height).

- This recommendation is enthusiastically endorsed by this panel.
- Planning staff thoroughly reviewed student generation rates by dwelling type and year-built and proved:
  - Single-family homes generate students in predictable cycles
    - Increasingly generating students when first sold (regardless of the age of the home) then decreasingly after about 10 years.
  - Multifamily homes tend to generate students consistently throughout their lifespan, regardless of height
- Recommendation: continuous evaluation of the student generation rates by unit type and year built to monitor shifts over time.



Photo Credit: David Pennington, Unsplash

# Funding Mechanisms

# R19: Calculating impact taxes for multifamily units

- Comment: This policy should be carefully data driven with regard to the demographic information available to planners and policymakers.
- Specifically, the following was observed in conversations with stakeholders:
  - A tendency to assume that new residents in multifamily units had several children (when data would suggest otherwise)
  - A tendency to consider multifamily housing less desirable than single-family housing
- Any impact fee charged should take into consideration the alignment of the project with other county policy goals, such as transit-oriented development, climate change/sustainability, and affordable housing goals. Exemptions from the impact fees should be weighted toward projects that fulfill multiple goals. It may be helpful to utilize a rating system, with points assigned for each goal area. Exemption from fees is an important incentive program, and the cost should be quantified and be transparent to stakeholders.



Photo Credit: Hans-Peter Gauster, Unsplash



## R20 Impact tax gradients and discount factors

- Comment: The panel is in general agreement with this policy. We offer the following thoughts to ensure that mitigating factors are not overlooked in the implementation of the policy recommendation:
  - In order to make property-value based fees and taxes economically progressive, it is important to consider the relative value of the property AND the socio-economic standing of the owner/tenant (make the policy more data driven here)
  - Think about how the Turnover and Infill areas will increase in value (and potentially lead to displacement) as they become more desirable because of proximity to transit and other amenities
  - Consider further naturally occurring affordable housing preservation “hedge strategies” in these areas to preserve affordability and access
  - As with other policy recommendations, ensure that communication and education around the historical impact of this policy is made available.



Photo Credit: Aaron Burden, Unsplash

## R25 Applying impact taxes on a net impact basis

- Comment: The panel understands the interpretation of the staff research and recommendation. However, we would suggest the following considerations:
  - 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.
  - The replacement of that home may be more likely because a fee is not charged; this may also result in the loss of a more affordable single-family property (and there is likely disparate impact that differs by neighborhood and proximity to transit).
  - Further consideration should be given to how the impact fee influences development patterns (some which may not meet MCC goals), and how that impact fee can leverage other goals, e.g. preservation of naturally occurring affordable housing, or improved land use in existing neighborhoods through construction of additional units per lot or other more efficient land use methods.
  - Care should be taken to balance the mix of development, and ensure that the redevelopment of areas (including replacement of single-family homes with larger homes for instance) results in long-term economic viability of that area and the county as a whole. (Specifically, that imbalance does not occur from either an over-building of market/luxury rate or senior units, or affordable units).



# Inspiration and Information

# Relevant Case Studies/Resources

- **Center for Cities and Schools**
  - "promotes high-quality education as an essential component of urban and metropolitan vitality to create equitable, healthy, and sustainable communities for all"
  - <https://citiesandschools.berkeley.edu/school-facilities>
- **Orange County Public Schools (Florida)**
  - <https://www.ocps.net>
  
- **Basics of County Financing for Public Schools (North Carolina)**
  - <https://www.ncacc.org/DocumentCenter/View/2715/Basics-of-County-Financing-of-Public-Schools>
- **School Impact Fees**
  - <http://mrsc.org/Home/Stay-Informed/MRSC-Insight/January-2018/The-Ins-and-Outs-of-School-Impact-Fees.aspx>
- **School Impact Fee Project**
  - <https://www.williamsoncounty-tn.gov/1663/School-Impact-Fee-Project>
- **Broward County FL Student Generation Rate**
  - [http://bcpsagenda.browardschools.com/agenda/00932/Item%20A-2%20\(11362\)/SUPP\\_DOCS/Exhibits/Doc4.pdf](http://bcpsagenda.browardschools.com/agenda/00932/Item%20A-2%20(11362)/SUPP_DOCS/Exhibits/Doc4.pdf)
- **St. John's County FL Impact Fees (including schools)**
  - <https://www.sjcfl.us/DevelopmentReview/media/DRM/Section%2037.0%20Impact%20Fees.pdf>

# Relevant Case Studies/Resources Continued

## ■ Funding Resources

- <https://www.americanprogress.org/issues/education-k-12/reports/2019/02/12/466104/case-federal-funding-school-infrastructure/>
- <https://www.infrastructurereportcard.org/cat-item/schools/>
- <https://blogs.worldbank.org/education/why-education-infrastructure-matters-learning>
- <https://www.schoolinfrastructure.nsw.gov.au/>
- <https://www.newschools.org/investment-areas/innovative-public-schools/>
- <https://www.usnews.com/news/the-report/articles/2018-01-31/infrastructure-spending-for-schools-if-history-repeats-itself-no>

# Q&A

Thank you!

<http://www.uli.org/advisoryservices>