



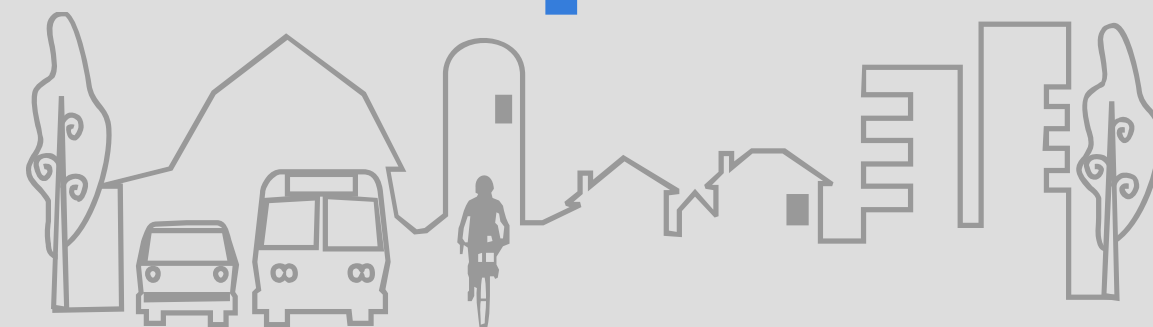
Montgomery Planning

Countywide Planning and Policy

01/22/2024

# Transportation Advisory Group

Meeting #3



# Agenda

- Introductions
- Policy Areas
- Non-Auto Driver Mode Share (NADMS) Goals
- Impact Taxes
- Next Steps



# Introductions and Welcome

- Darcy Buckley Project Manager
- Eli Glazier Acting Transportation Planning Supervisor
- Caila Prendergast Countywide Graduate Assistant
- Richard Brockmeyer Mid County
- Katie Mencarini Down County
- Lily Murnen Countywide



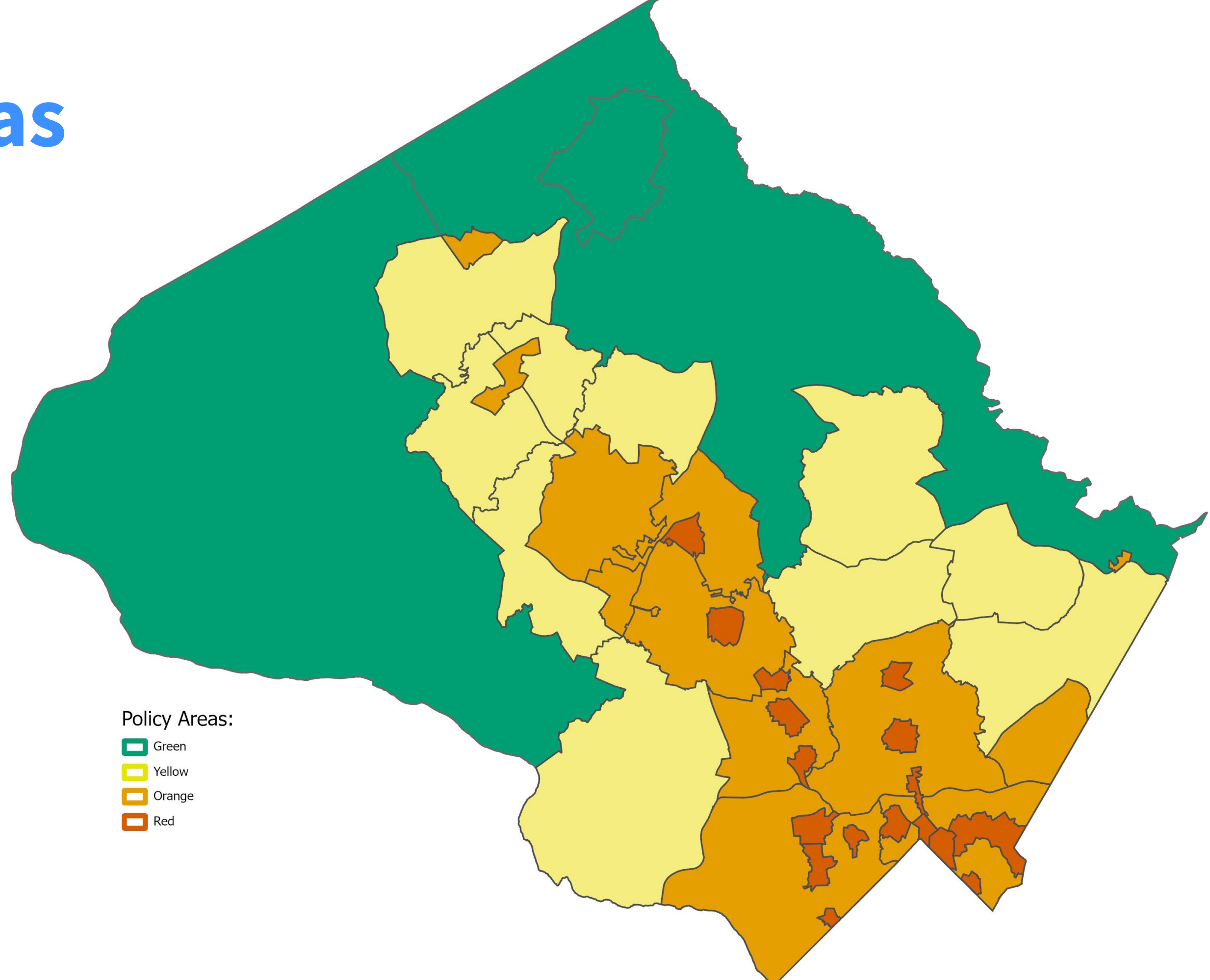
# TAG Members

- Neil Blanc
- Françoise Carrier
- Nick Driban
- Robert "Bob" Graham
- Chris Kabatt
- Patrick G. La Vay
- Nancy Randall
- Kate Kubit
- Stacy Silber
- Katie Wagner
- William Zeid
- Rebecca Torma, MCDOT
- Andrew Bossi, MCDOT
- Kara Olsen Salazar, DGS
- Meredith Wellington, OMB
- Joseph Moges, MDOT SHA
- Francine Waters, MDOT
- Alex Freedman, City of Takoma Park
- Douglas Smith, City of Gaithersburg
- Faramarz Mokhtari, City of Rockville

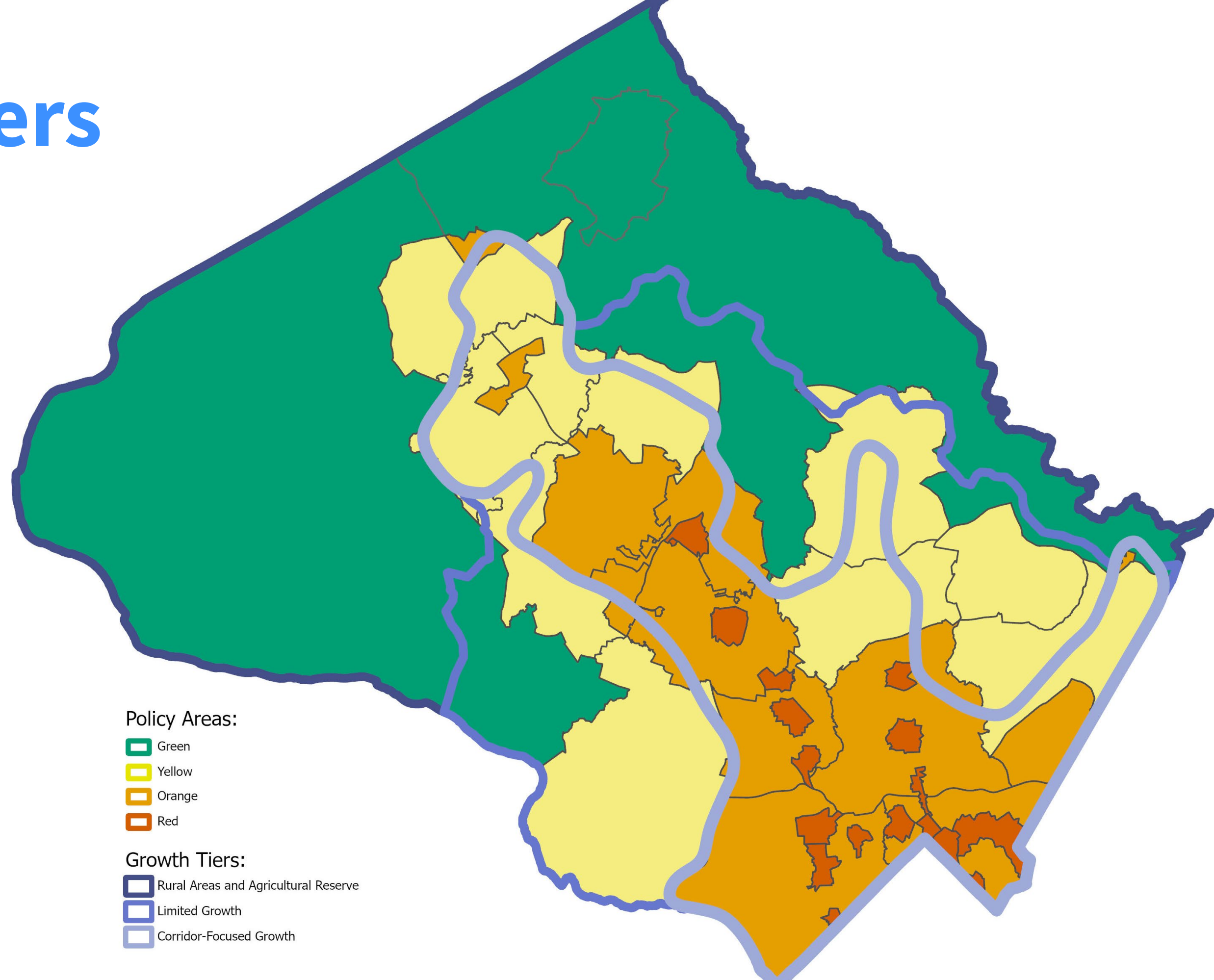
# Policy Areas



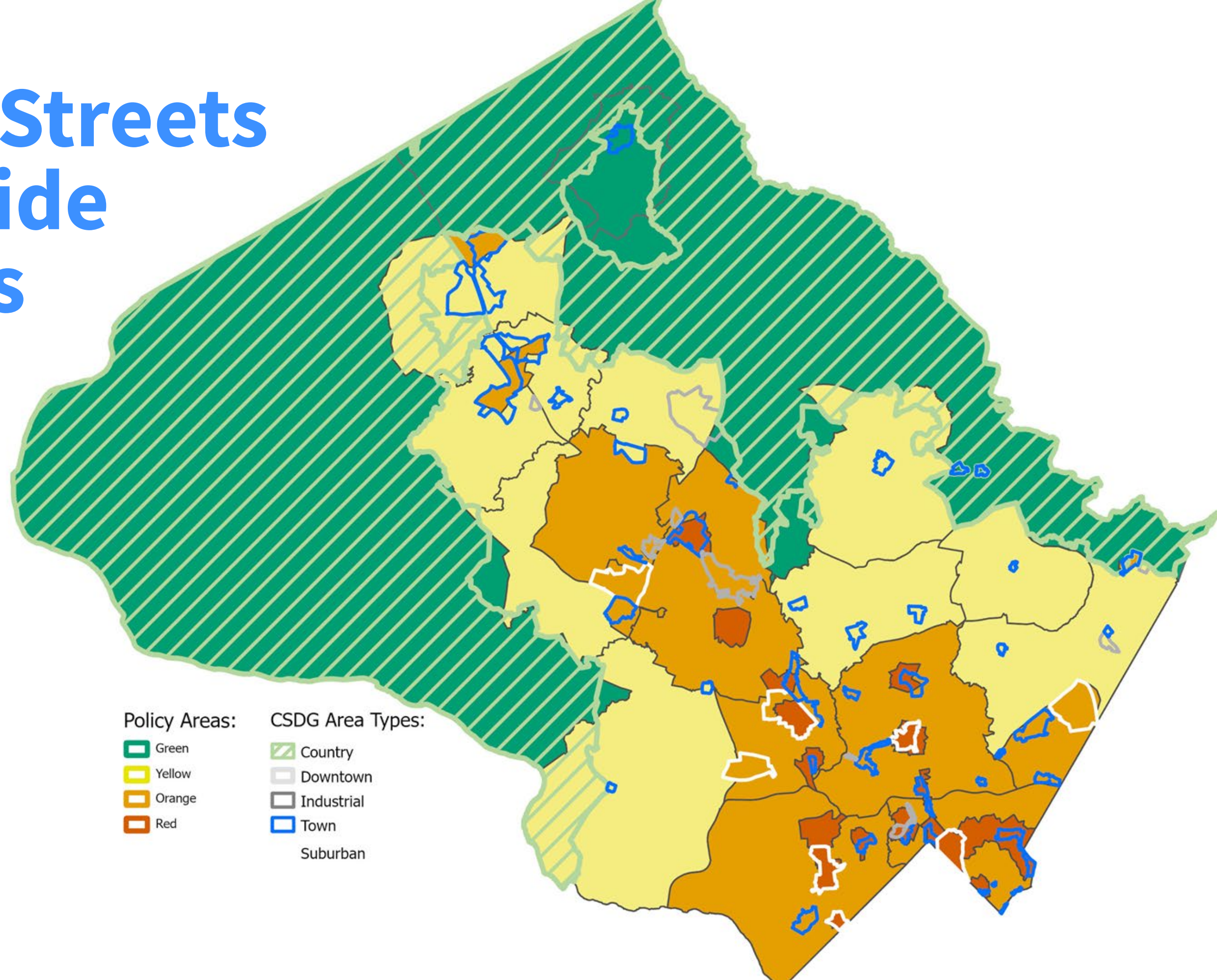
# Policy Areas



# Growth Tiers

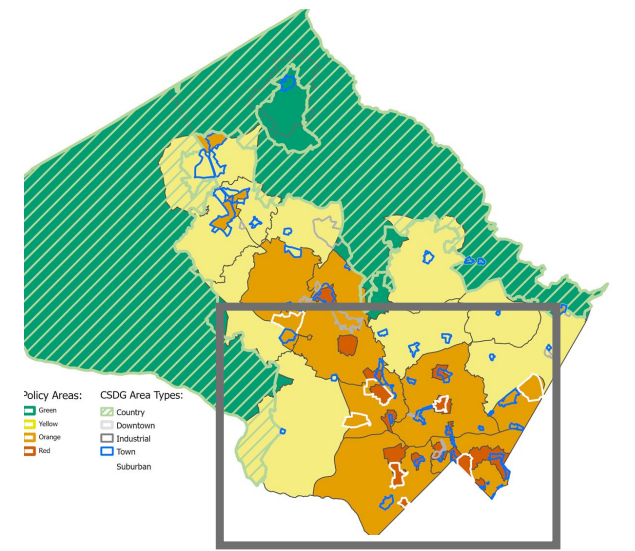
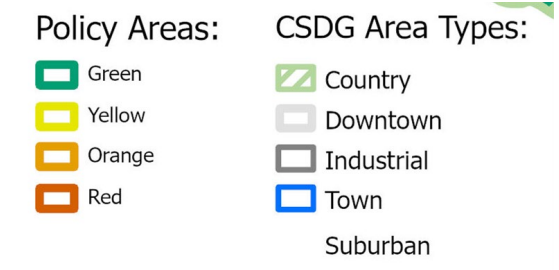
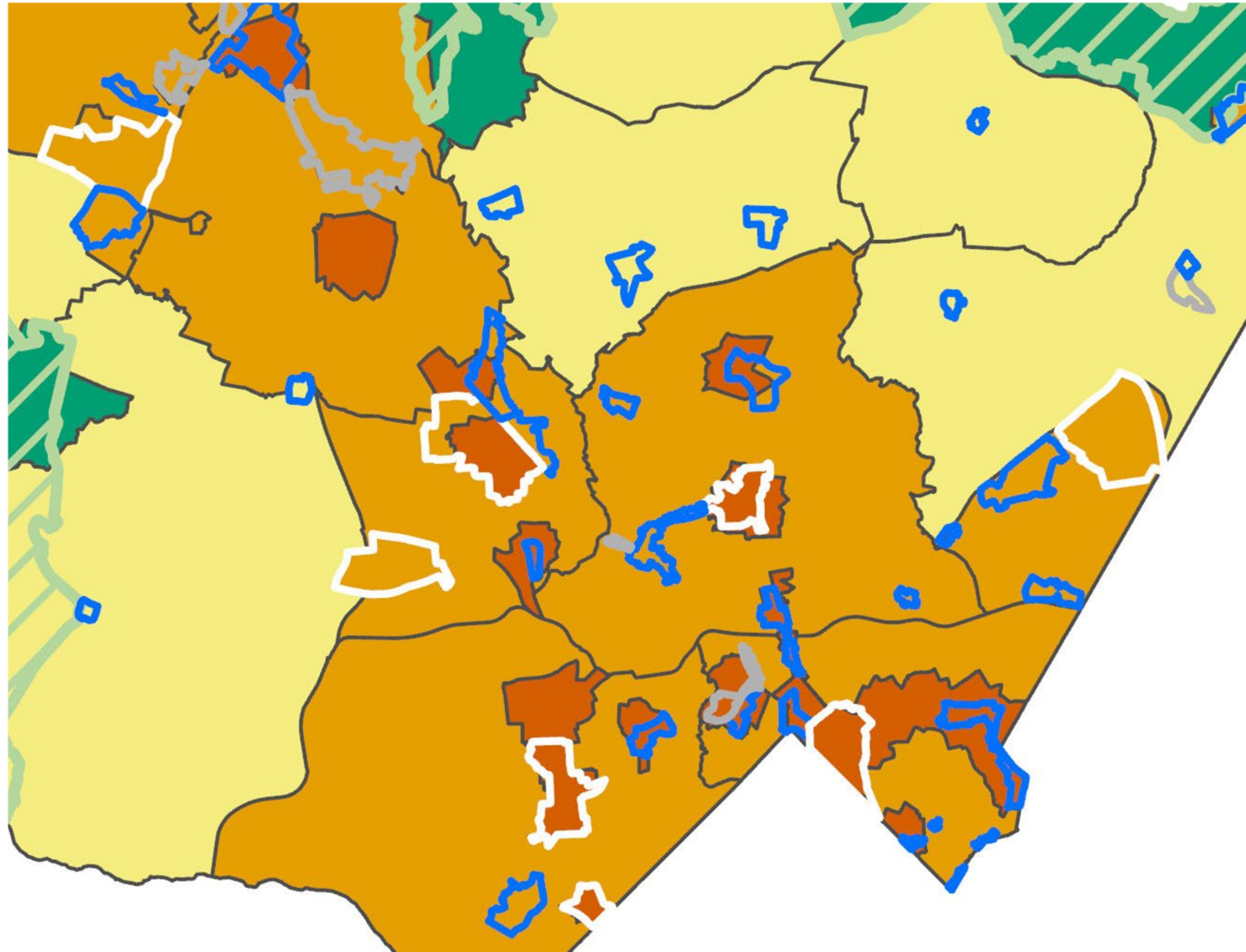


# Complete Streets Design Guide Area Types



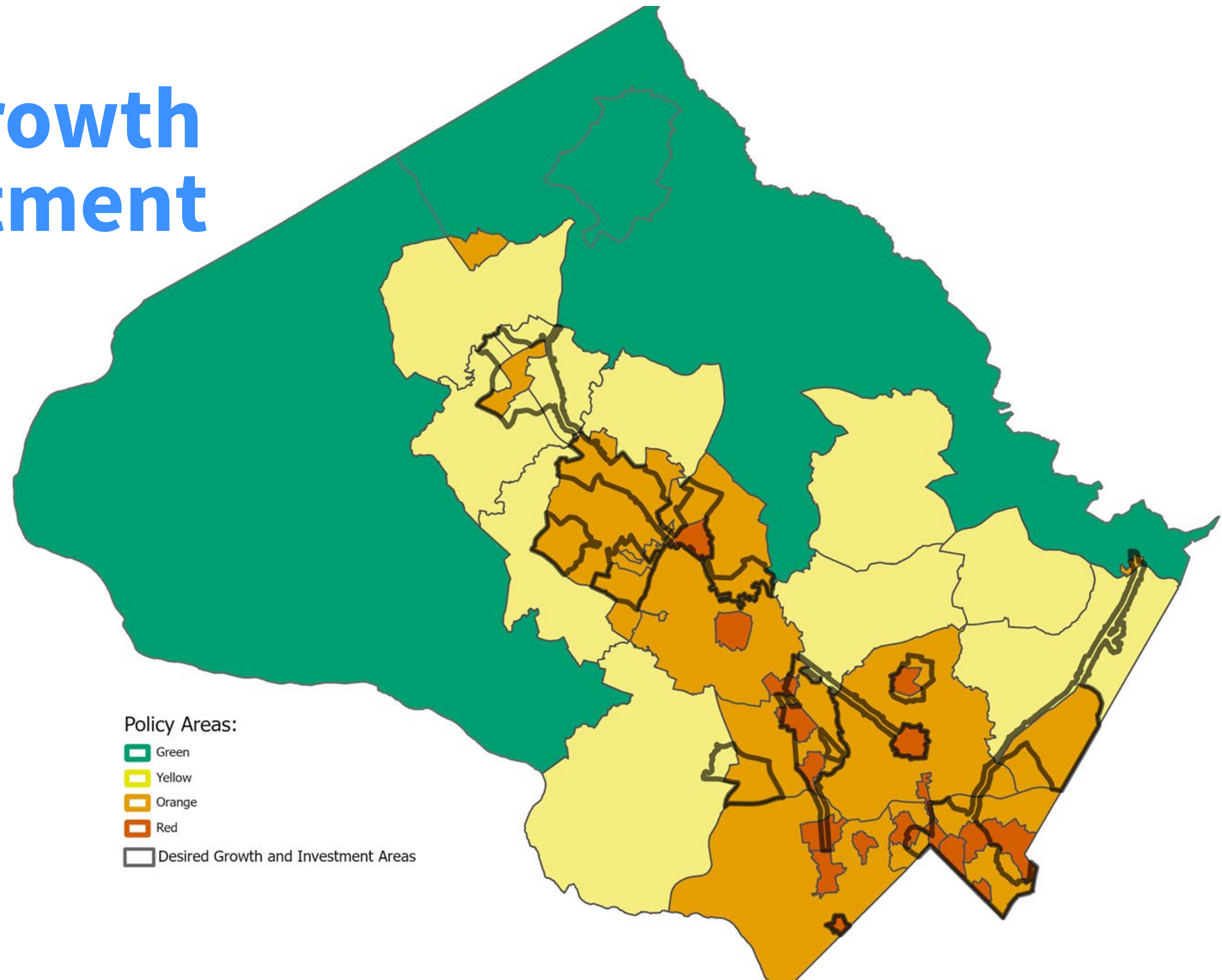


# CSDG Area Types Inset



# Desired Growth and Investment Areas

- Defined in the GIP
- Receive Impact Tax discounts:
  - Orange: 60% rate
  - Yellow: 68% rate
  - Red: no discount



# Discussion Questions

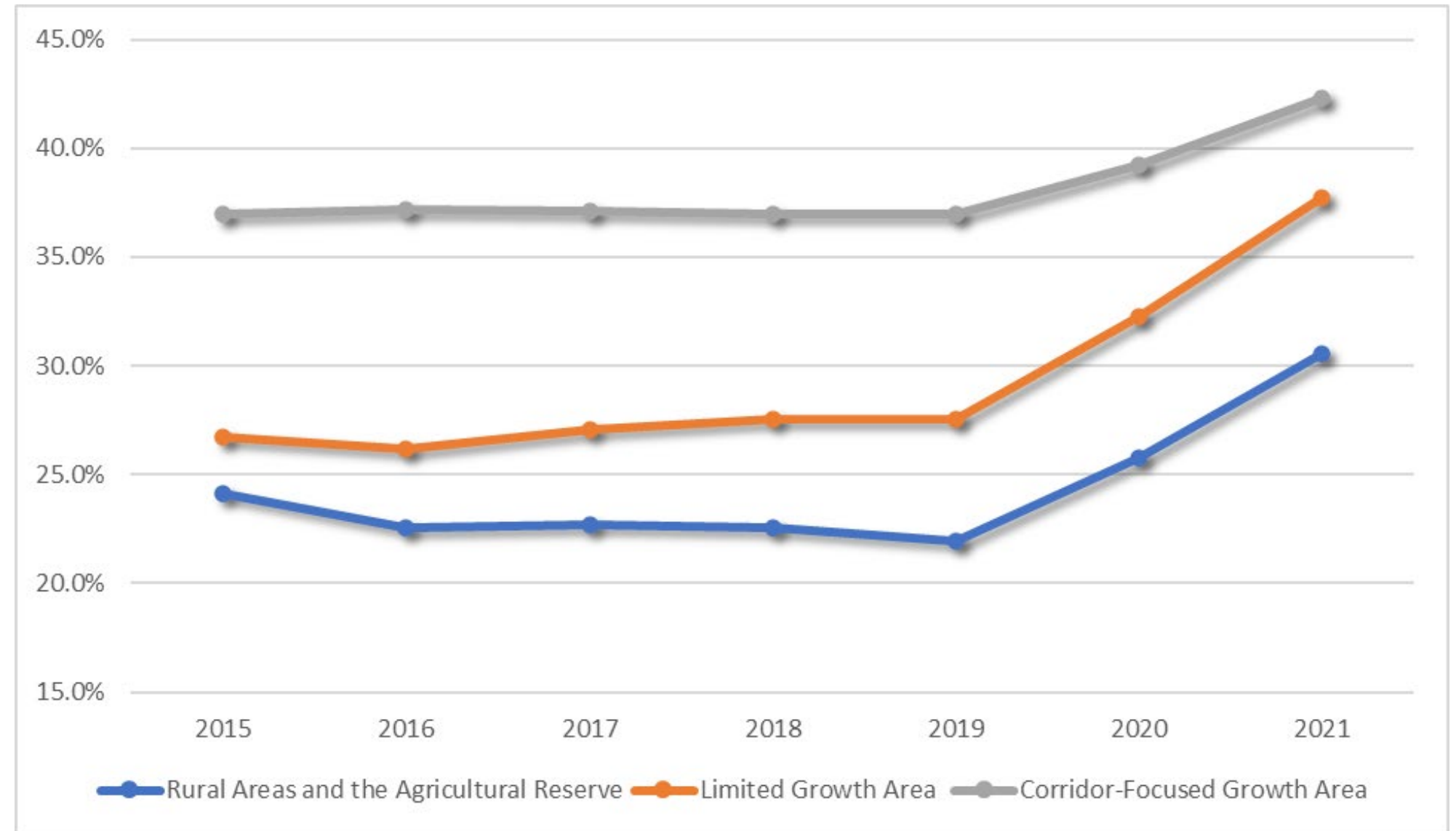
- Do policy areas have the appropriate boundaries?
- Do the policy areas have the right classifications (eg Orange)?
- Are the Desired Growth and Investment Areas properly defined?

# Non-Auto Driver Mode Share Goals



# Non-Auto Driver Mode Share (NADMS)

The percentage of commuters who did not drive for most of their commuting needs, including teleworkers.



# Establishing NADMS Goals

- Bill 36-18 allowed for the establishment of Transportation Management Districts (TMDs) countywide.
- 2020-2024 GIP established NADMS goals in all areas of the county where they didn't already exist (excluding Green Policy Areas)
  - GIP established goals for 24 policy areas

# Establishing New NADMS Goals

- **Red Policy Areas**
  - Proximity and comparability to areas with already established NADMS goals.
- **Orange and Yellow Policy Areas**
  - Set 5% higher than the existing NADMS, derived from the 2016 American Community Survey (ACS) data derived from the United States Census.
  - Montgomery Planning noted that 5% increase may be too conservative due to the pandemic's effect on telecommuting.

# NADMS Goals

	Rate %	GIP?
Aspen Hill	35	Y
Bethesda CBD	55	
Bethesda/Chevy Chase	41	Y
Burtonsville Town Center	25	Y
Chevy Chase Lake	49/36	
Clarksburg MPA	25	Y
Clarksburg Town Center	25	Y
Cloverly	23	Y
Derwood	39	Y
Fairland/Colesville	27	Y
Forest Glen	48/25	
Friendship Heights TMD	39	
Gaithersburg City	N/A	
Germantown East	28	Y
Germantown Town Center	/25	
Germantown West	27	Y
Glenmont	35	Y
Great Seneca Science Corridor MP	/28	
Greater Shady Grove MP (transit)	/12.5	
Shady Grove Policy Area (transit)	35/	
Elsewhere (transit)	25/	
Grosvenor	50	

	Blended	GIP?
Kensington/Wheaton	40	Y
Lyttonsville	50	
Medical Center	41	
North Bethesda TMD	30/39	
North Potomac	27	Y
Olney	22	Y
Potomac	29	Y
Purple Line East	50	
Rockville City	N/A	
Rockville Town Center	N/A	
Rural East	N/A	
Rural West	N/A	
Silver Spring TMD	65	
Silver Spring/Takoma Park	48	
Takoma	48	Y
Twinbrook	45	
Wheaton CBD	/30	Y
White Flint	51/50	
White Flint 2	/50	
East of CSX tracks	42/50	
Elsewhere	51/50	
White Oak	30	
Woodside	50	Y



# Discussion Questions

- Does each policy area have an appropriate goal?
- How should the rise in teleworking effect our NADMS goals?

# Impact Taxes



# Impact Taxes

- County Code requires new development to pay its pro rata share of infrastructure improvement necessary to support development.
  - Montgomery Planning reviews and prepares recommendations during quadrennial GIP update
  - Not technically part of the Growth and Infrastructure Policy, but closely related.
- In FY 2024, Impact taxes were:
  - 7.1% of the School capital budget
  - 4.4% of the Transportation capital budget
  - 2.9% of the County's total capital budget

# Impact Taxes

- Impact tax rates are updated every two years by the Dept. of Finance, effective July 1 of each odd-numbered year.
- Rates are based on land use type and geographic context (policy area).
- Impact tax revenue can be used to pay for certain public capital projects, as defined by code.
- Funds are not geographically constrained.
  - Transportation funds should be used in the policy area from which the funds were collected or an adjacent policy area, to the extent feasible.

# Transportation Impact Tax

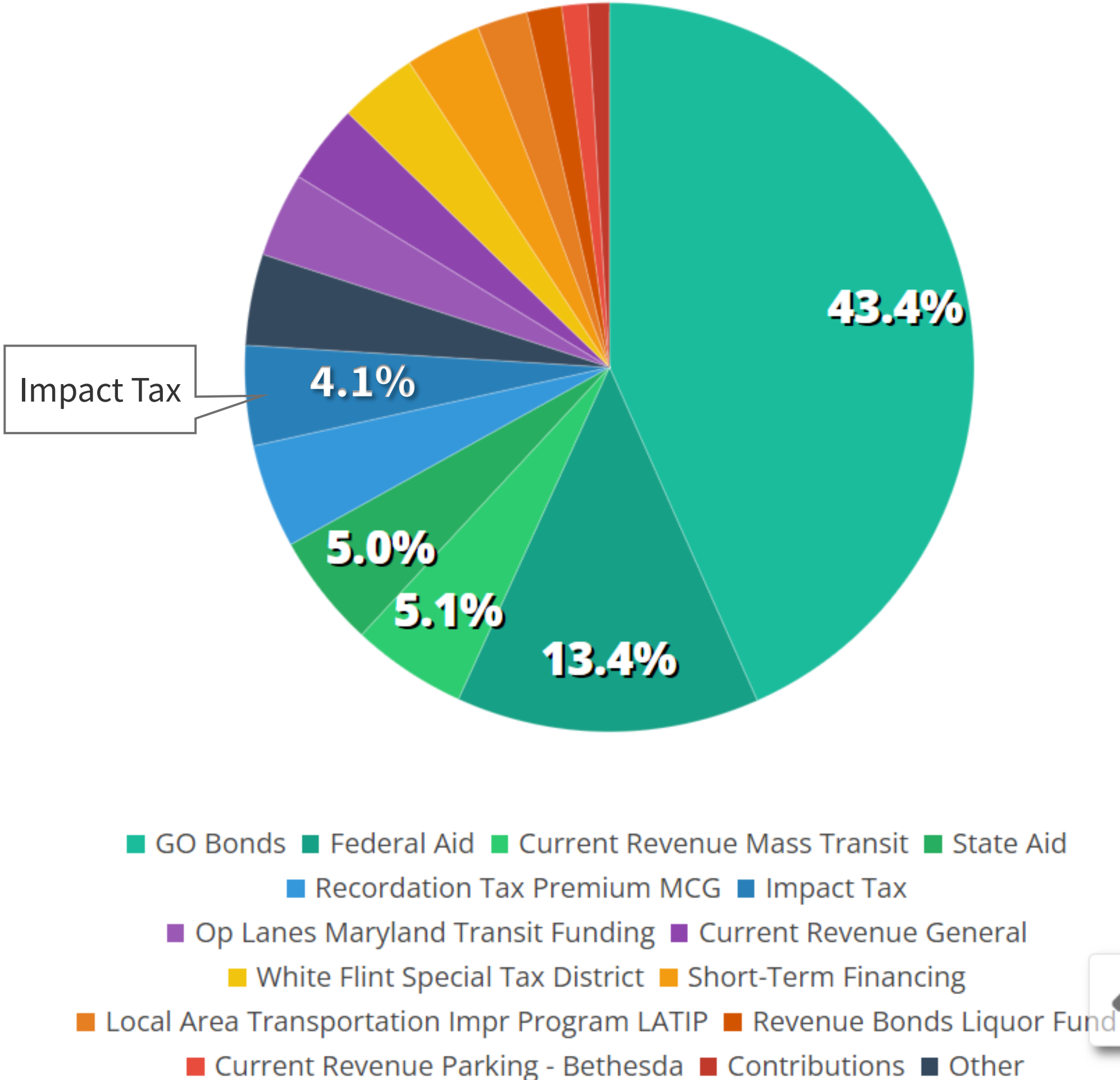
## Definition/Calculation

- The tax helps fund improvements to transportation capacity.
- Improvements to transportation capacity help ensure that development has adequate public facilities so projects can move forward
- **Calculation method:** the tax rates are set on July 1 of each odd-numbered year and adjusted by the cumulative increase or decrease in a published construction cost index specified by regulation over the prior two calendar years.

# Transportation Funding Sources

FY24 Approved Capital Budget

\$4.575 B  
6-year total



# Transportation Impact Tax

## Residential Uses Rates

FY 2024/2025 Rates:

Building Type	Red Policy Areas	Orange Policy Areas	Yellow Policy Areas	Green Policy Areas
Single-Family Detached	\$9,663	\$24,151	\$30,190	\$30,190
Single-Family Attached	\$7,905	\$19,761	\$24,702	\$24,702
Multi-Family Low Rise	\$6,146	\$15,366	\$19,208	\$19,208
Multi-Family High Rise	\$4,390	\$10,976	\$13,720	\$13,720
Senior Residential	\$1,755	\$4,391	\$5,488	\$5,488
Student-Built Houses	\$0	\$0	\$0	\$0

# Transportation Impact Tax

## Non-Residential Uses Rates

FY 2024/2025 Rates:

Building Type Per GSF	Red Policy Areas	Orange Policy Areas	Yellow Policy Areas	Green Policy Areas
Office	\$8.80	\$22.10	\$27.60	\$27.60
Industrial	\$4.45	\$10.95	\$13.85	\$13.85
Retail	\$7.85	\$19.70	\$24.60	\$24.60
Private Elem / Secondary School	\$0.70	\$1.80	\$2.25	\$2.25
Other Non-Residential	\$4.45	\$10.95	\$13.85	\$13.85
Hospital	\$0	\$0	\$0	\$0
Charitable/ Philanthropic	\$0	\$0	\$0	\$0
Bioscience Facility	\$0	\$0	\$0	\$0
Agricultural Facility	\$0	\$0	\$0	\$0
Place of Worship	\$0	\$0	\$0	\$0



# School Impact Tax Rates and Application

- Due to construction cost inflation and the post-pandemic enrollment rebound, the raw calculation rates increased significantly in FY 2024. As such, the Council adopted Expedited Bill 25-23 to establish a 20% cap on the previous rate.
- FY 2024/2025 Rates (reflects 20% cap):

<b>SFD</b>	\$25,004	\$26,084
<b>SFA</b>	\$21,664	\$29,456
<b>MFL</b>	\$6,584	\$13,625
<b>MFH</b>	\$3,739	\$6,073

- Imposed on residential development only (including residential units of a mixed-use development), regardless of the adequacy status of the school service area in which the project is located.

# Impact Tax Exemptions

- Government buildings
  - Moderately Priced Dwelling Units (MPDUs) and other affordable housing units
    - Discounts and potentially full exemptions are provided to all residential units in a project that includes a minimum of 25% of the units as MPDUs.
  - Projects located within state-designated Enterprise Zones or federally-recognized Qualified Opportunity Zones (except for in the city of Rockville)
- School impact tax exemption only:
    - Senior housing and all non-residential development
  - School impact tax discount only:
    - Three-bedroom dwelling units in a multifamily structure located in an Infill Impact Area.
  - Transportation impact tax discounts only:
    - Projects in Council-designated Desired Growth and Investment Areas located in an Orange or Yellow Policy Area.

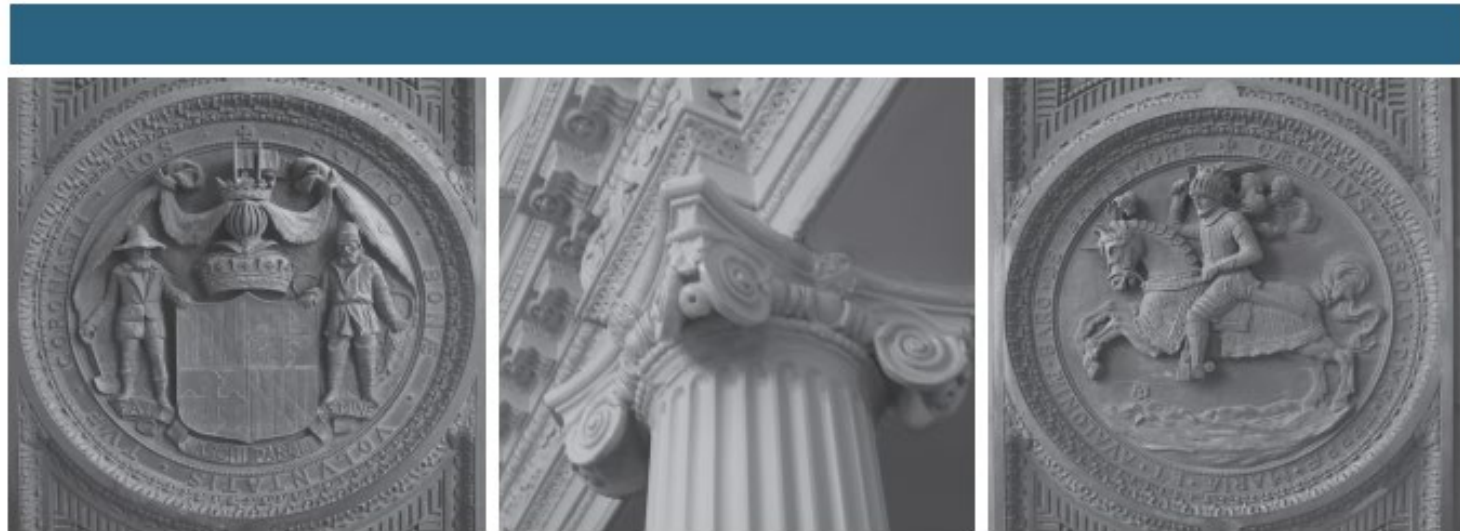
\*Additional discounts and credits may apply

# Expedited Bill 25-23/Resolution 20-214

- Modified the calculations for tax rate adjustments for transportation improvements by requiring a cumulative increase or decrease in the construction cost index rather than an annual average every two years.
- Established cap on the development impact tax rate for school and transportation improvements at 20%.
- If the biennial tax rate adjustment is calculated to exceed 20%, the excess percentage amount must be carried over and added to the next biennial adjustment.

# Review of County Impact Taxes

## COUNTY DEVELOPMENT IMPACT FEES AND BUILDING EXCISE TAXES IN MARYLAND AMOUNTS AND REVENUES



DEPARTMENT OF LEGISLATIVE SERVICES 2014

- The 2013 and 2014 reports on development impact fees and building excise taxes from the State of Maryland was the starting point of the research
- Similar work was done by another intern in 2020

# Initial Data Collection

- Data sources and clarity varied widely across jurisdictions
- County Code or jurisdiction websites are the primary sources
- Excel chart collecting the following qualitative data:
  - Update year
  - Fee amounts
  - Determining factors
  - Notes on implementation
  - Link to data source



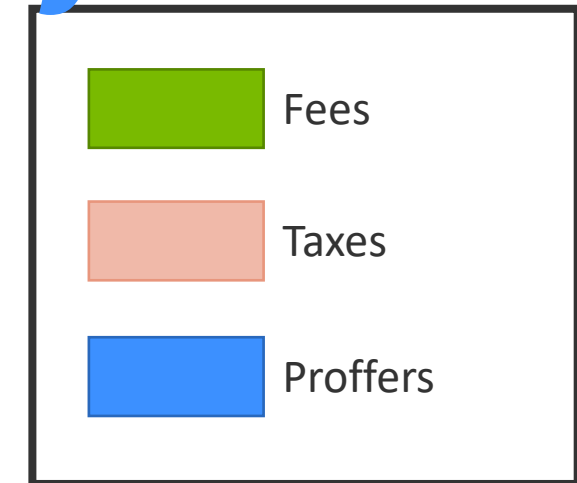


# Data Visualization

- Organized the more qualitative data into a quantitative format
- Included several different iterations of data organization to be able to produce the desired outcomes
- Also included an element of GIS to get a sense of the cost of impact taxes specifically in Montgomery County

# Existing Development Fees Types By County

Jurisdiction	Schools	Transportation	Parks/Rec	Public Safety	Library	Solid Waste	General Gov	Comm College
Montgomery	Taxes	Taxes						
Anne Arundel	Fees	Fees		Fees				
Baltimore*	Fees	Fees		Fees				
Calvert	Taxes	Taxes	Taxes			Fees		
Caroline	Fees			Fees				
Carroll	Fees							
Charles	Taxes							
Dorchester *	Taxes				Taxes			
Frederick County	Fees				Fees			
Harford *	Fees							
Howard	Fees	Taxes						
Prince George's	Fees			Fees				
Queen Anne's	Fees		Fees	Fees				
St. Mary's	Taxes	Taxes	Taxes	Taxes				
Talbot	Fees	Fees	Fees		Fees		Fees	Fees
Washington *	Taxes	Taxes	Taxes	Taxes	Taxes			
State of Virginia	Proffers	Proffers	Proffers	Proffers				

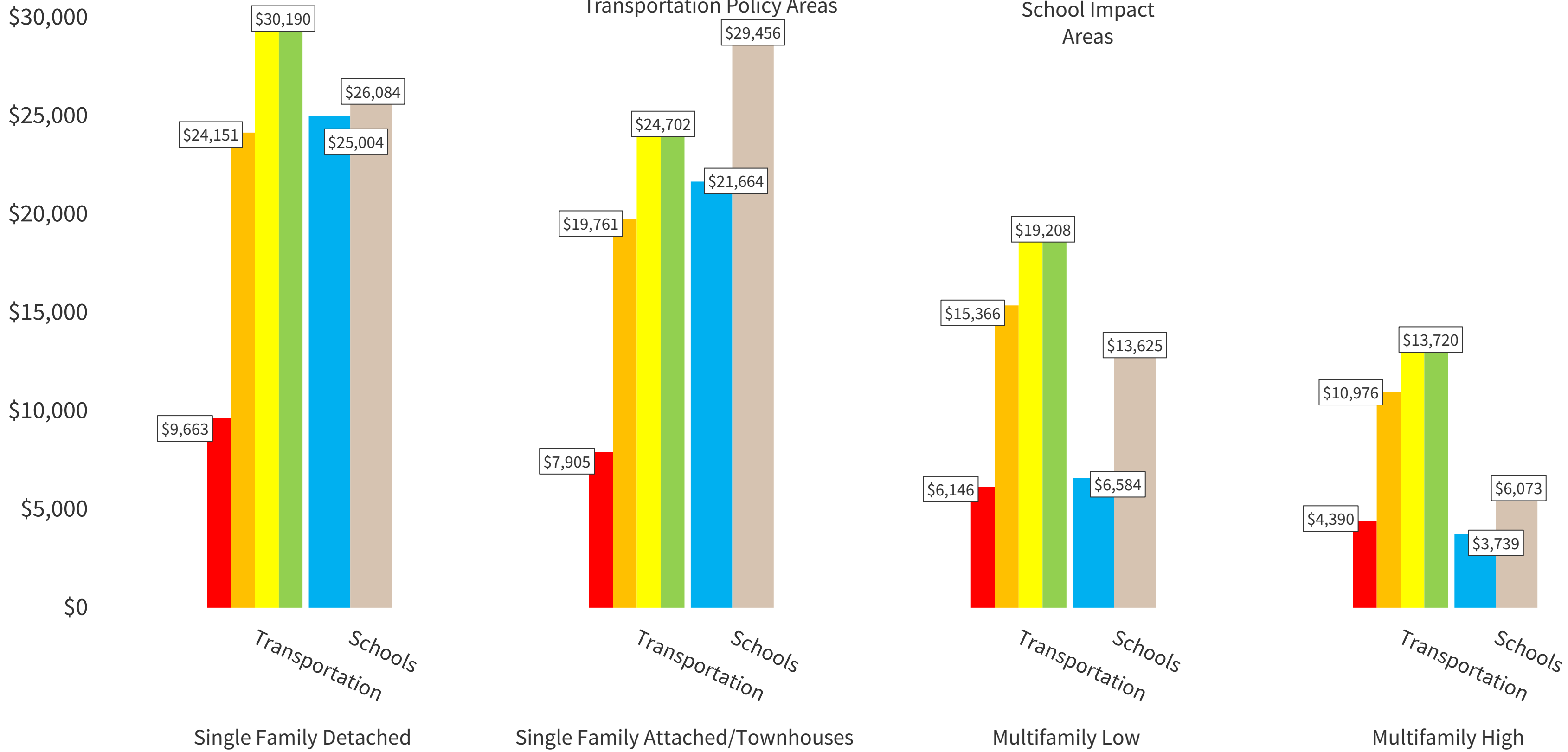


# Montgomery County Impact Tax Rate Breakdown

■ Red   
 ■ Orange   
 ■ Yellow   
 ■ Green   
 ■ Infill   
 ■ Turnover

Transportation Policy Areas

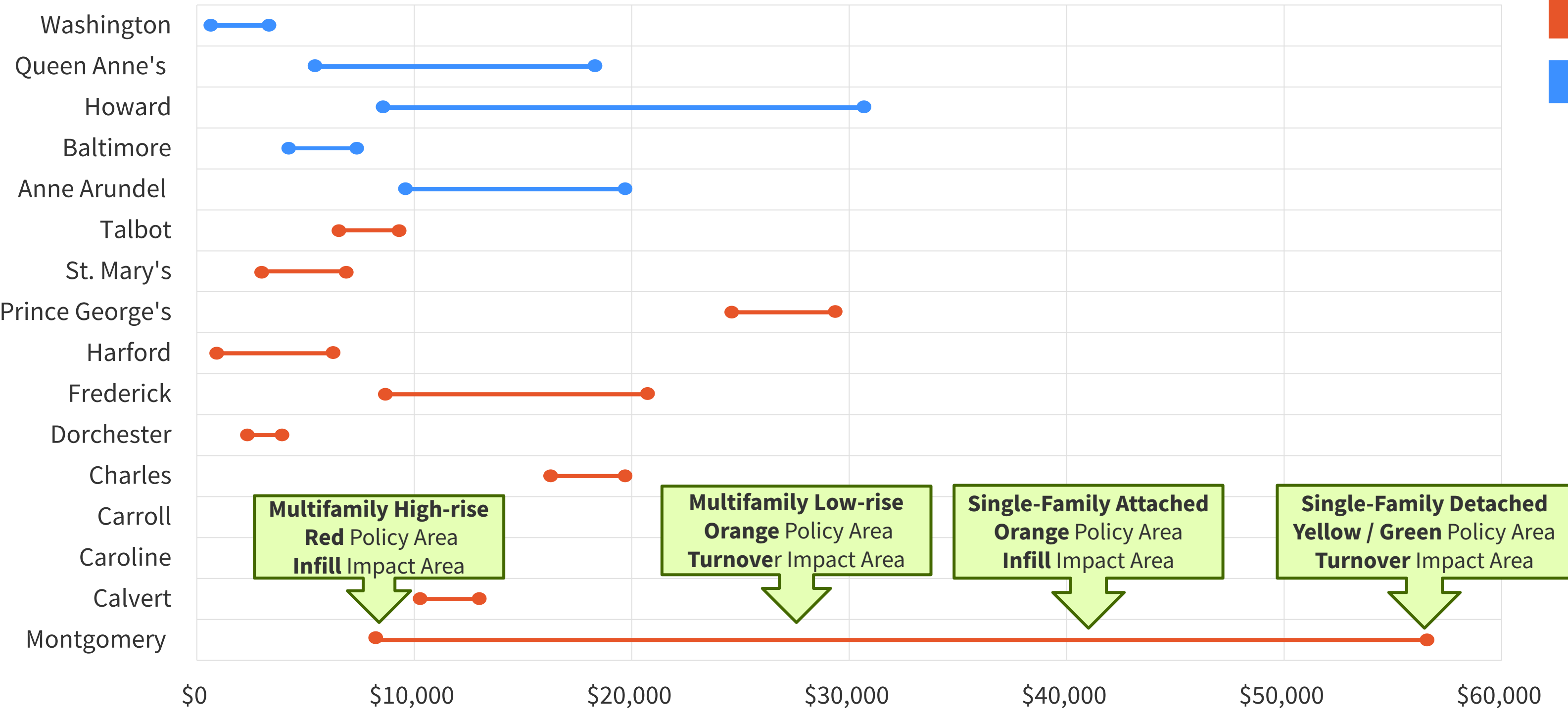
School Impact Areas





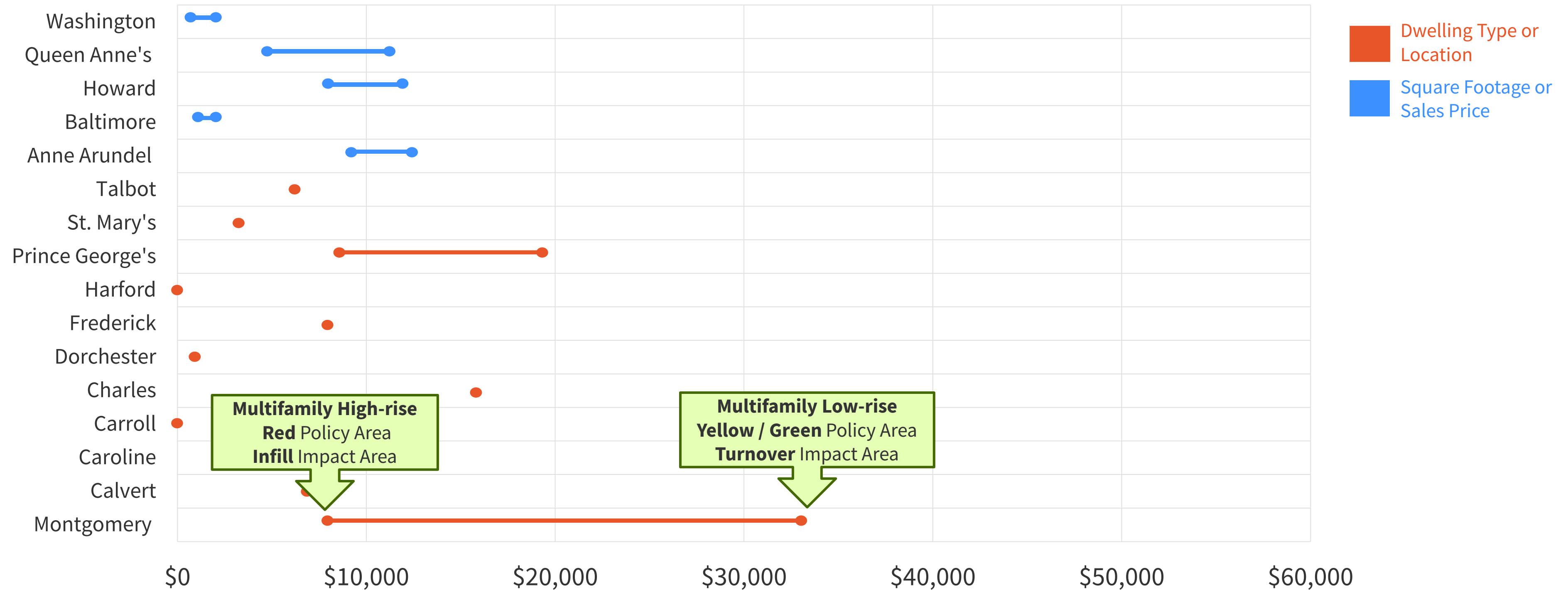
# Total Impact Fee Range by County (Per Unit)

■ Dwelling Type or Location  
■ Square Footage or Sales Price



Does **NOT** include project-specific discounts and waivers OR area-wide exemptions.

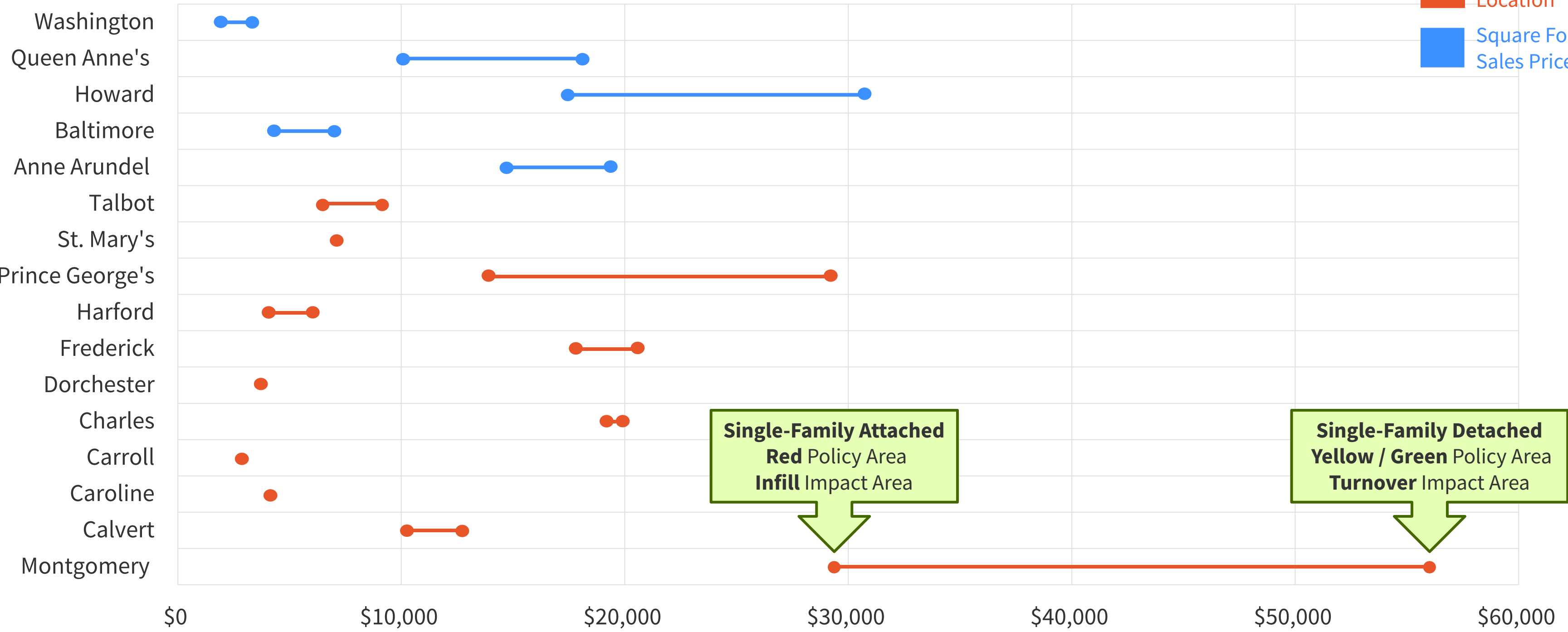
# Total Impact Fee Ranges: Multifamily



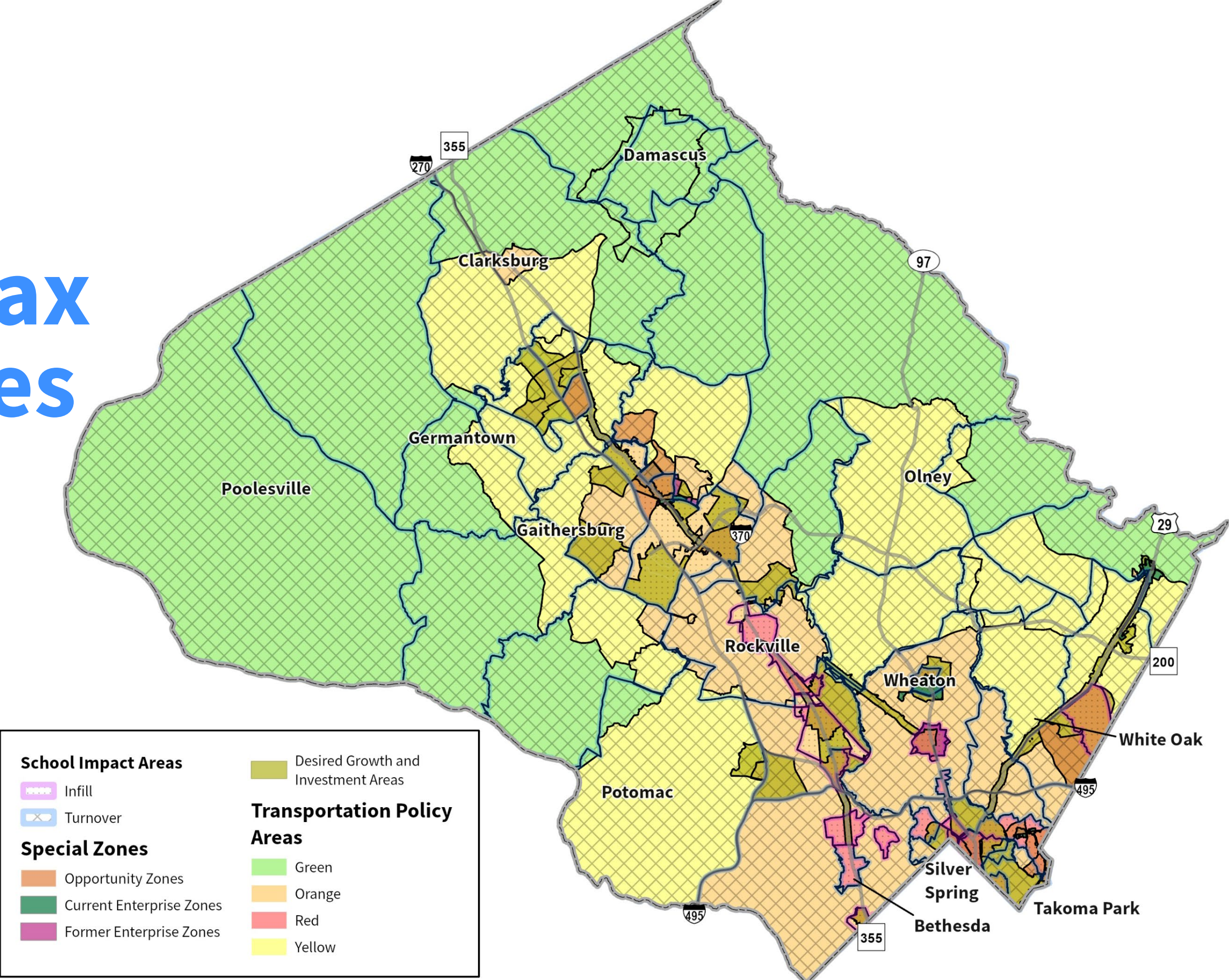
Does **NOT** include project-specific discounts and waivers OR area-wide exemptions .

# Total Impact Fee Ranges: Single Family

■ Dwelling Type or Location  
■ Square Footage or Sales Price



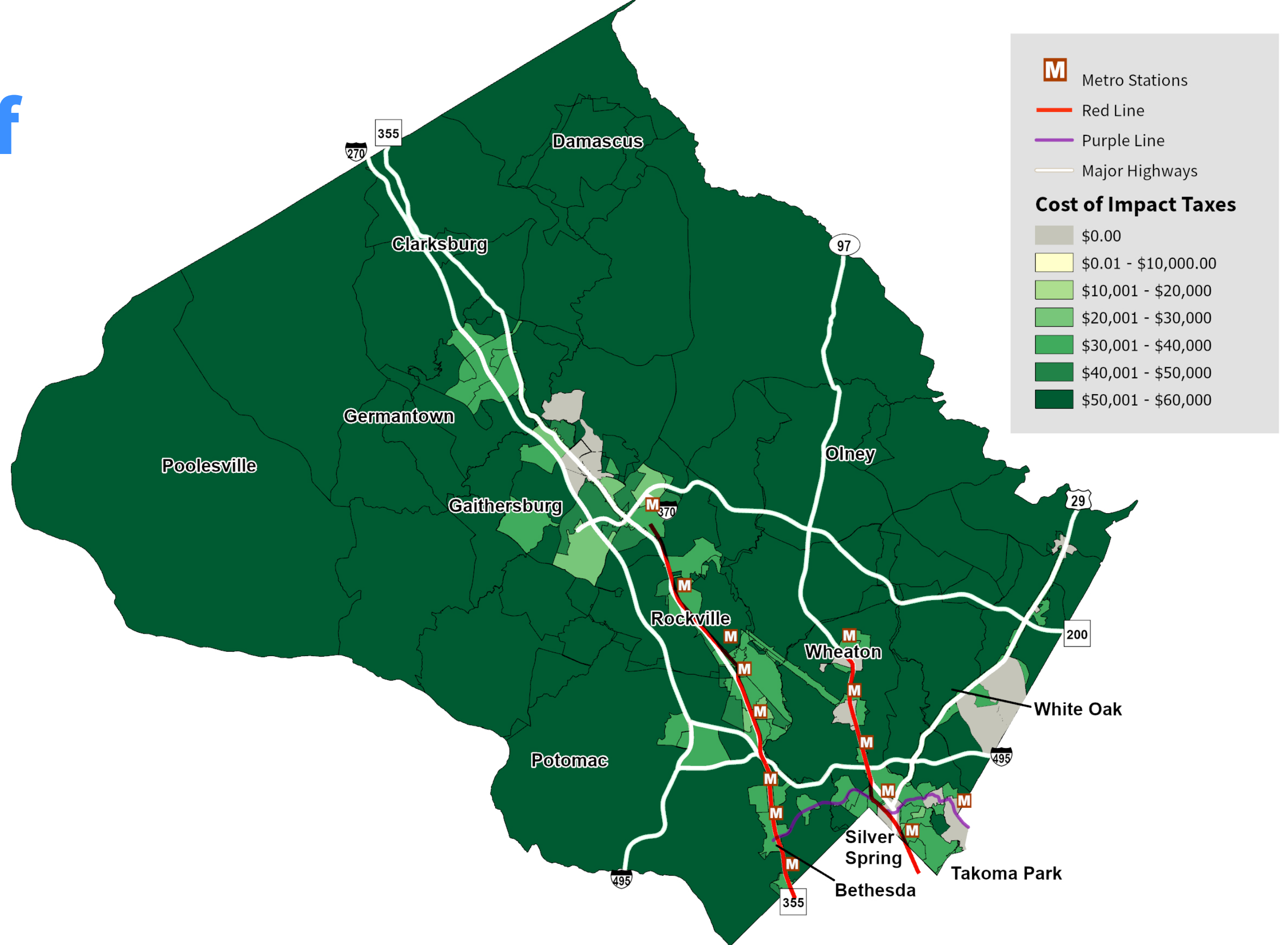
# Impact Tax Categories



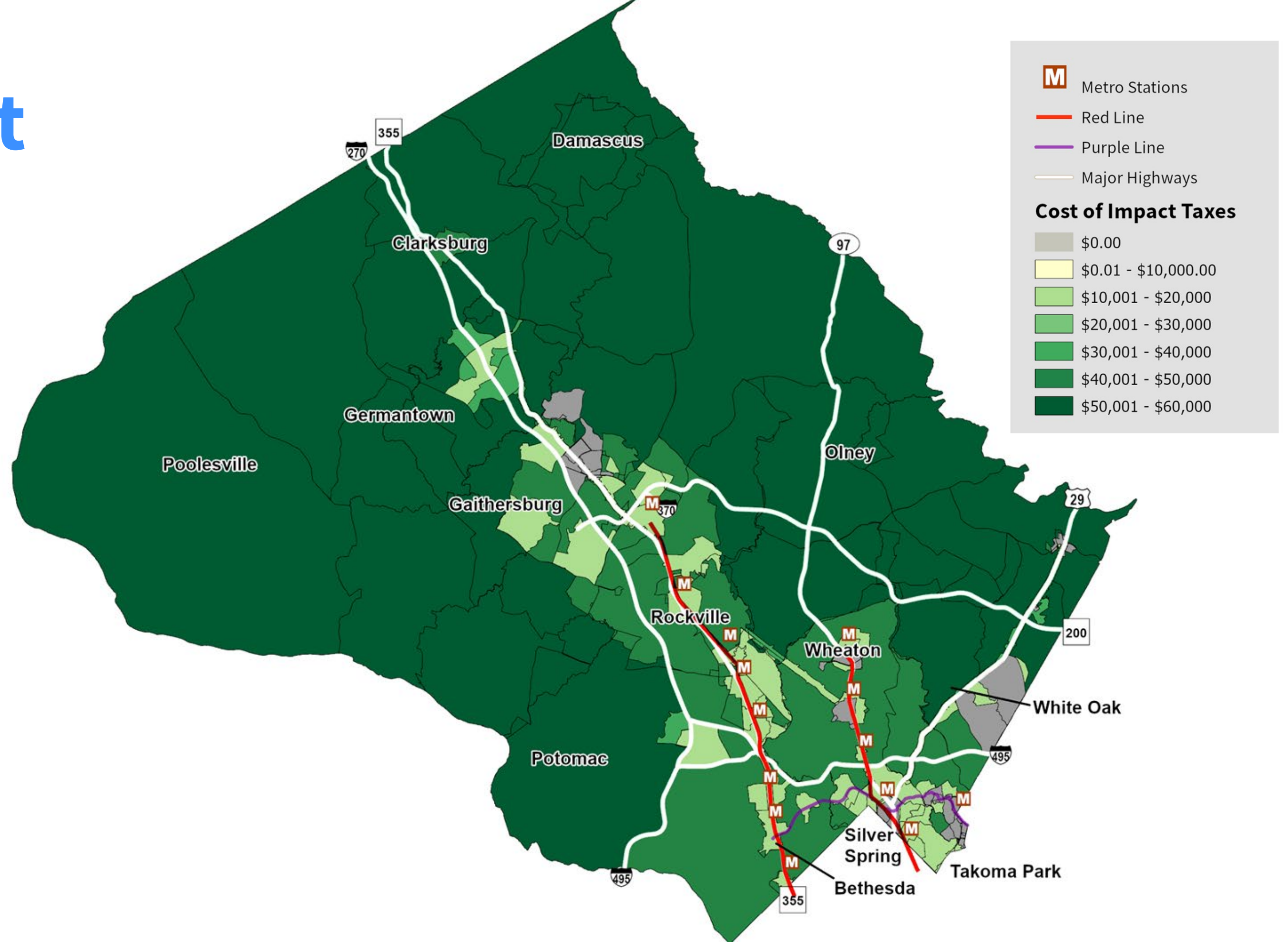
# Total Cost of Impact Taxes Maps

- Maps show the total cost of impact taxes in the county.
- The maps include transportation policy areas and school impact areas costs.
- The maps also include:
  - Desired Growth and Investment Areas discounts for transportation impact taxes.
  - Opportunity Zone waivers.
  - Current Enterprise zone waivers.
- The maps do **NOT** include project specific discounts and waivers (i.e. senior housing, affordable units, 25% MPDU discounts/waivers, three-bedroom dwelling units in a multifamily structure located in an Infill Impact Area).

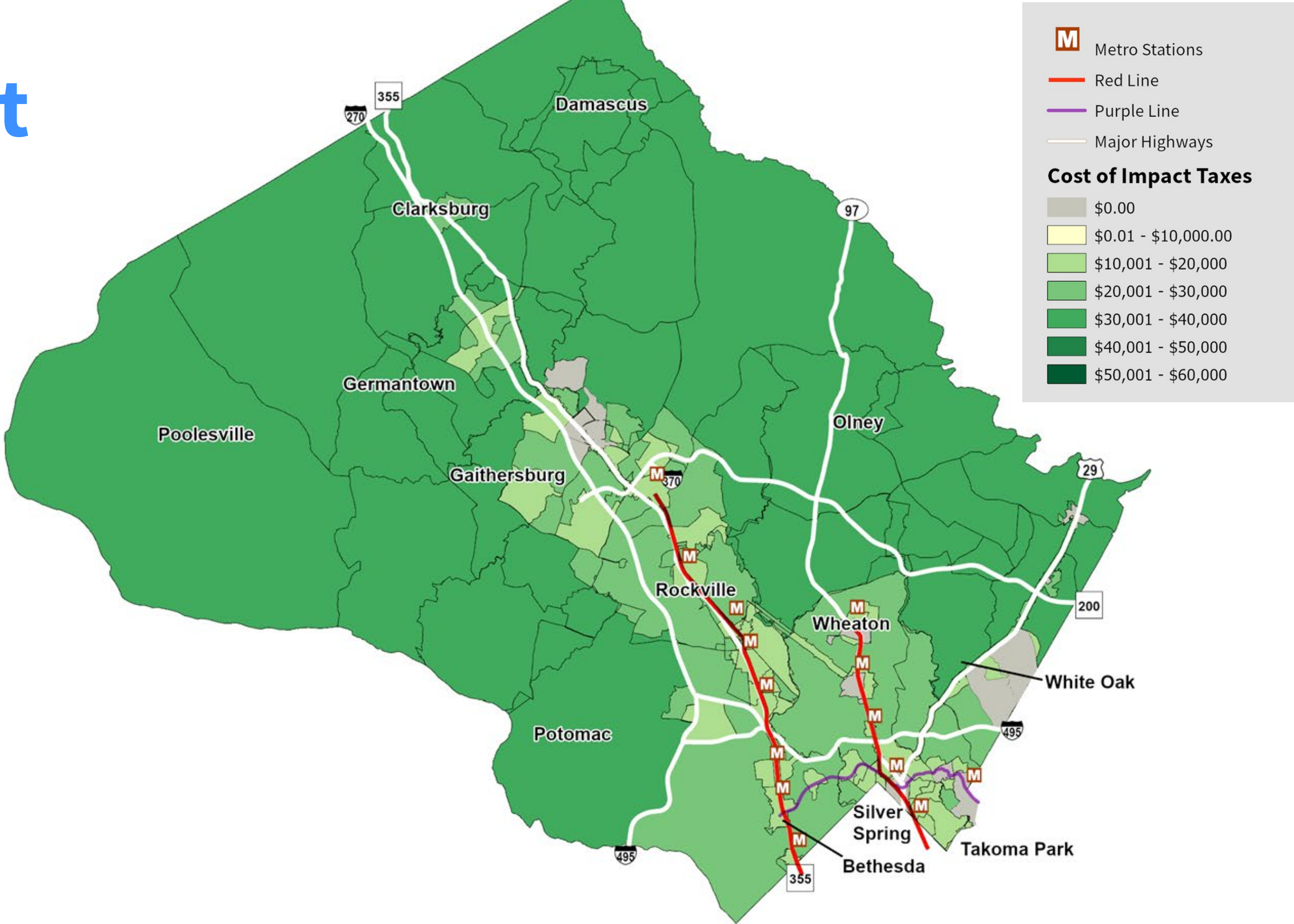
# Total Cost of Impact Taxes: Single-Family Detached



# Total Impact Taxes: Single-Family Attached

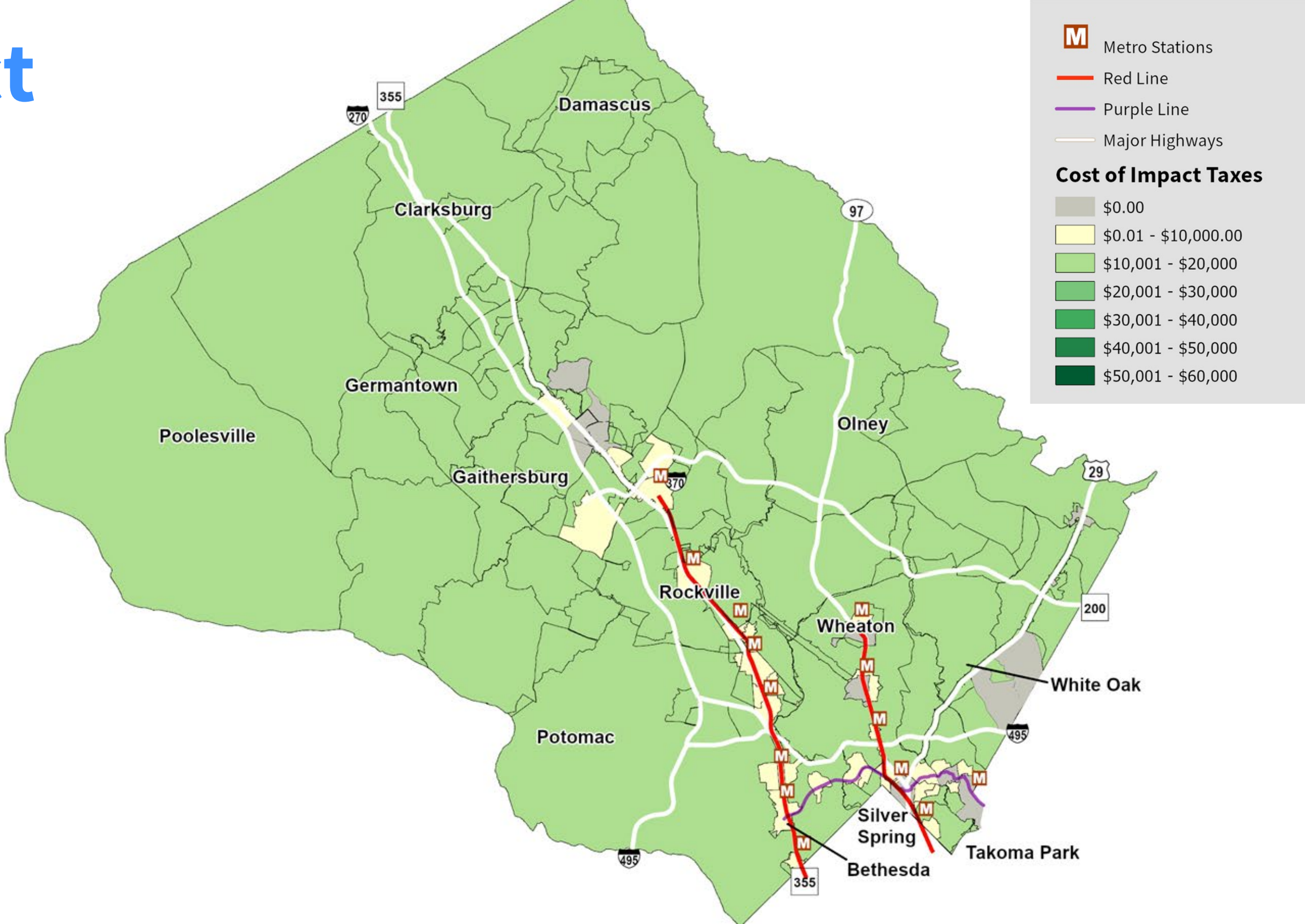


# Total Impact Taxes: Multifamily Low

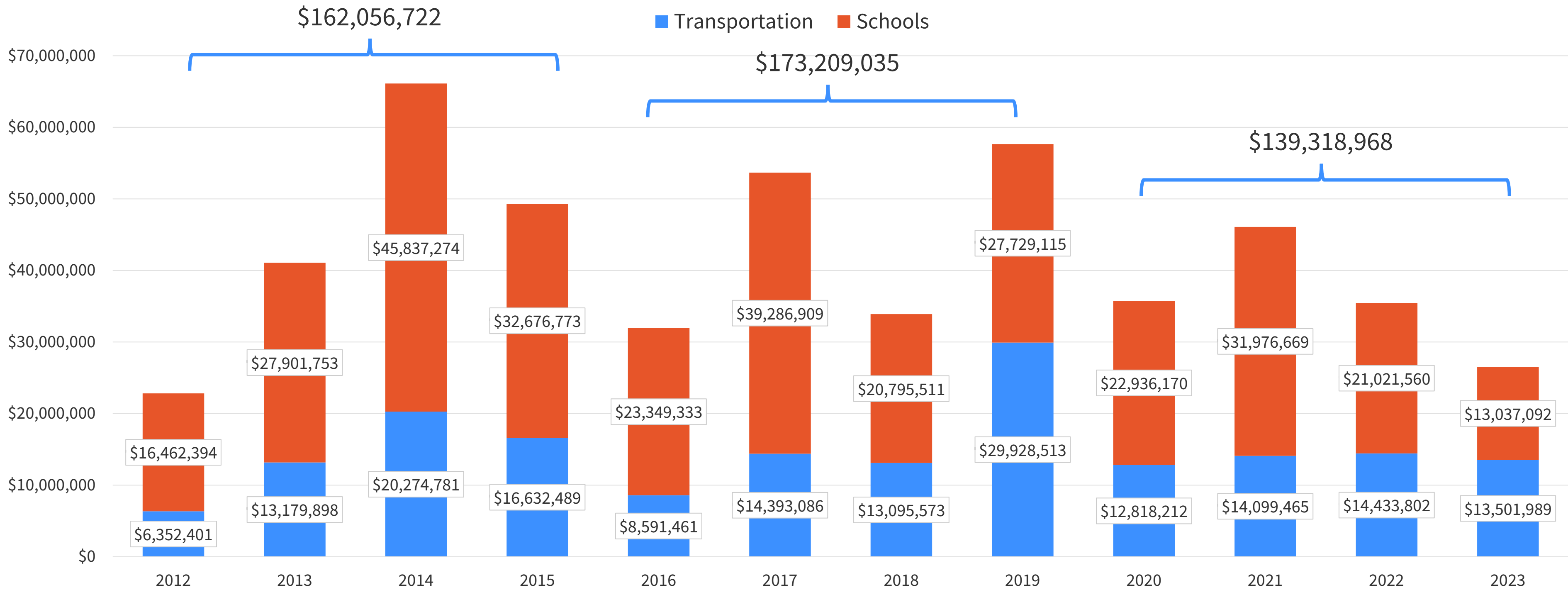




# Total Impact Taxes: Multifamily High



# Total Impact Tax Revenues in Montgomery County



# Impact Tax - Credits

## Sec. 52-47

“... a property owner must receive a credit for constructing or contributing to an improvement of the type listed in Section [52-50](#), including the cost of an improvement in a Unified Mobility Program or the White Oak Local Area Transportation Improvement Program, **if the improvement reduces traffic demand or provides additional transportation capacity** and to the extent the cost of the improvement exceeds the property owner’s fee under a Unified Mobility Program or the White Oak Local Area Transportation Improvement Program.”

# Impact Tax - Credits

## Sec. 52-47

(l) The Department must not certify a credit for:

(1) the cost of a project in a Unified Mobility Program or the White Oak Local Area Transportation Improvement Program up to the property owner's fee under a Unified Mobility Program or the White Oak Local Area Transportation Improvement Program; or

(2) **any improvement in the right-of-way of a State road**, except:

(A) a transit program that operates on or relieves traffic on a State road or an improvement to a State road that is included in a memorandum of understanding between the County and either Rockville or Gaithersburg; or

(B) the cost of an improvement in a Unified Mobility Program or the White Oak Local Area Transportation Improvement Program to the extent it exceeds the property owner's fee under a Unified Mobility Program or the White Oak Local Area Transportation Improvement Program.

# Impact Tax - Credits

## Sec. 52-50

- (a) new road or total reconstruction of all or part of an existing road that adds an additional lane or turn lane or improves transit service or bicycle commuting, such as bus lanes or bike lanes;
- (b) new or expanded transit center or park-and-ride lot,
- (c) bus added to the Ride-On bus fleet, but not a replacement bus;
- (d) new bus shelter, but not a replacement bus shelter;
- (e) hiker-biker trail and protected bike lanes used primarily for transportation;
- (f) bicycle locker that holds at least 8 bicycles;
- (g) bikesharing station (including bicycles) approved by the Department of Transportation;
- (h) sidewalk connector in a public right-of-way to or within a major activity center or along an arterial or major highway; or
- (i) element of bus rapid transit, including exclusive bus lanes, shelters, and buses.

# Discussion

- Do you think the current impact system regime is working?
- Does the current impact tax system incentivize the type of development we want, in the places we want to see it?
- Do we have the right exemptions for impact taxes?
- Are there are any other discounts, credits, or exemptions we should look into?

# Next Steps



# Future TAG Meetings

- Monday, Feb. 26, 2024      **Policy Recommendations**
- TBD 2024      **LATR Guidelines**



# Project Schedule





# Thank you!

## Montgomery County Planning Department

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