

## Next Steps Reps Subcommittee of the Capital Improvement Program Committee

This Subcommittee chaired by Liz King, with cluster coordinators from across the county providing input, have spent the entire year talking with the Board of Education, County Council members and Parks and Planning staff regarding the way residential development impacts schools and the manner in which these challenges are addressed by MCPS and the County.

The County's growth policy, the Subdivision Staging Policy, guidance that requires developers to meet adequate public facilities standards before being granted approval, is updated every 4 years. This is a great opportunity to have changes incorporated that could yield additional school construction funding for capacity projects (additions or new schools), address school overcrowding by considering individual school capacity rather than cluster capacity, better manage the pace and amount of residential development, among other items.

We respectfully submit these priorities for the Board's approval not only to move on for full Delegates' Assembly later this month, but especially for greater authority when MCCPTA and cluster coordinators will testify before the County Council on September 13<sup>th</sup> on the draft SSP document.

Liz King,  
NSR, Subcommittee Chair

Melissa McKenna  
CIP Committee Chair

Subdivision Staging Policy – School Issues

Next Steps Reps Subcommittee of the CIP Committee  
Montgomery County Council of PTAs

1. Student Generation Rates – *Planning Board (Planning Board Draft, July 21, 2016): Calculate School Facility Payments and the School Impact Tax using student generation rates associated with all residential structures built any year.*

**MCCPTA: Our first choice was the current approach: using student generation rates (A) from buildings built within 10 years, for single family homes and (B) from buildings built in any year, for other housing. This reflects the greatest impact each type of new housing will have on schools.**

**Since the Planning Board opposed that hybrid approach, we supported the approach described above. This approach addresses the impact of new development over the full life of that development. Further, it generates almost as much school impact tax revenue.**

2. Hybrid Annual School Test – *Planning Board: Implement a hybrid annual school test that combines cluster utilization tests with individual school capacity deficit tests.*

**MCCPTA: We requested a hybrid school test, and wholeheartedly support this approach. Many individual schools have reached dramatic levels of overcrowding (for example, Barnsley ES at 178 percent of capacity), and need the focus and attention that this hybrid test allows.**

3. Facility Payment Updates – *Planning Board: Update the calculation of the School Facility Payments on a biennial basis (concurrent with the annual school test or with the update to the Subdivision Staging Policy) using the latest student generation rates and school construction cost data, limiting any change (increase or decrease) to no more than five percent.*

**MCCPTA: We favor the use of the latest rates and cost data. We are concerned that the five percent limit might mean that School Facility Payments are not proportionate to costs of a seat under certain circumstances, such as soaring inflation.<sup>1</sup> Cost is cost, and if it rises significantly, the corresponding facility payment cannot be phased in over time without severely limiting the ability to construct new school capacity as needed.**

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<sup>1</sup> As examples of circumstances that might suddenly raise the cost of a seat by more than 5 percent, please consider: The State mandate regarding the Prevailing Wage Requirement alone increases county bid costs of construction projects by as much as 12% - 14% (*IAC Report to the Board of Public Works – October 28, 2015*). School construction cost estimates will increase by 29% in July 2016 to accommodate changes observed by the Interagency Committee on School Construction. Since 2010, school construction costs have increased by 50% (*Capital Budget Fiscal Briefing, Department of Legislative Services, pp 27-28, February 9, 2016*).

4. Facility Payment Multiplier – *Planning Board: Modify the calculation of the School Facility Payments to apply a 0.5 multiplier instead of the current 0.6 multiplier.*

**MCCPTA: We find this change unnecessary. We know that recommendation 7 will raise at least as much funding as this change eliminates, in most clusters.<sup>2</sup> However, the funding raised by recommendation 7 will be used for (badly needed) land acquisition. Thus, this change will reduce funding for school construction, which we oppose.**

**If anything, the multiplier for School Facility Payments should be increased because the payments aid areas with badly overcrowded schools and schools directly impacted by new residential development. We suggest a multiplier of 0.75.**

5. Placeholder Limits – *Planning Board: Placeholder capacity for a particular cluster level or school can only be counted as capacity in the annual school test for two years.*

**MCCPTA: We requested a limit on (or elimination of) placeholders, which disconnect development from its impact on schools, and allow development to proceed well before schools are funded or built. We view this limit as a partial solution.**

6. Impact Tax Updates – *Planning Board: Update the School Impact Tax amounts on a biennial basis (concurrent with the annual school test or with the update to the Subdivision Staging Policy) using the latest student generation rates and school construction cost data, limiting any change (increase or decrease) to no more than five percent.*

**MCCPTA: We favor the use of the latest rates and cost data. We are concerned that the five percent limit might mean that School Impact Taxes are not proportionate to costs of a seat under certain circumstances, such as soaring inflation. If the cost of a seat rises significantly, the corresponding impact tax cannot be phased in over time without severely limiting the ability to construct new school capacity as needed.**

7. Income Tax Multiplier – *Planning Board: Remove the 0.9 multiplier in the School Impact Tax, so as to capture the full cost of school construction associated with a new residential unit.*

**MCCPTA: We wholeheartedly support this approach. However, we note that the combined effect of recommendations 4, 7, and 8 will be to reduce school construction funding. At a minimum, the Subdivision Staging Policy must maintain or increase school construction funding. In addition, it must provide payment for land in those particular areas where it is no longer possible to obtain land by dedication – to offset the value of that land. Please note**

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<sup>2</sup> In clusters that include municipalities, recommendation 7 may not raise as much funding as this change eliminates.

that a land payment is not an increased contribution by developers – simply a change in the type of resources provided.

**Please remember, among the reasons that we need a robust School Impact Tax: Because the School Facility Payment is cluster specific and cannot be collected in municipalities, the School Impact tax must be used to cover that deficit, further diluting the money available to all school clusters.**

8. Land Acquisition Fund – *Planning Board: Require a portion of the School Impact Tax equivalent to 10 percent of the cost of a student seat be dedicated to land acquisition for new schools.*

**MCCPTA: We requested a mechanism to collect funds for school land acquisition, in order to continue to get land resources in areas where land dedication is now problematic. We are delighted to see this sort of mechanism under consideration.**

**However, we emphasize that funds should replace land dedication only for plans where land dedication is impracticable. Furthermore, since the cost of land is not related to MCPS's cost of a seat, the amount of funding for land acquisition should be calculated separately. It should be sufficient to replace the cost of the land MCPS has traditionally obtained by dedication. And it should cover the proportionate share of the cost of land for secondary as well as elementary schools.**

9. Credit for Land Acquisition – *Planning Board: Allow a credit against the School Impact Tax for land dedicated for a school site, as long as the density calculated for the dedication area is excluded from the density calculation for the site, and MCPS agrees to the site dedication.*

**MCCPTA: For decades, the County has obtained school sites through dedications by developers. The County should not end its expectation that a developer will contribute land (or funds toward land), to an extent proportionate to the number of students the development generates.**

**So, when a developer dedicates land, it should not get a credit for a dedication that has long been expected. However, if the developer dedicates land in addition to its proportional contribution, we support a credit for that additional contribution.**

10. Former Enterprise Zones – *Planning Board: Reinroduce the School Impact Tax and School Facility Payments in former Enterprise Zones through a phased approach.*

**MCCPTA: We agree. Developers with projects in areas that are not enterprise zones should pay these taxes and payments. The current policy denies facility payments to clusters in former enterprise zones - which are generally lower-income areas that need school resources.**

**Concerning the phased approach, we understand the desire to give notice to developers in areas that are now, or will soon be, former enterprise zones. In the future, developers in former enterprise zones should not need a phaseout, as they would have notice that their exemptions are ending.**

- 11. Future Exemptions – *Planning Board: Conduct further research to develop the criteria and process by which an area of the County can be exempted from the School Impact Tax and School Facility Payments.***

**MCCPTA: We agree. This seems to be prudent planning.**