



2016 Subdivision Staging Policy: School FAQs

What is the Subdivision Staging Policy?

Formerly called the Growth Policy, the Subdivision Staging Policy seeks to ensure that Montgomery County's infrastructure, particularly schools and transportation, keeps pace with new development. The policy is updated every four years to ensure that the best available tools are helping to achieve this goal.

How are school infrastructure improvements funded?

In general, school infrastructure improvements are funded through a combination of County general obligation bonds, state aid, school facility payments, and property, recordation and impact taxes.

Do developers help pay for school capital projects?

Yes. The County imposes both impact taxes and school facility payments on new residential development to help fund school improvements necessitated by the development. School impact taxes are levied on all new residential development, whether or not the schools in the area of development are overcrowded. The school impact tax helps pay for the construction or expansion of school facilities across the entire County. School facility payments are collected on new development in areas that are deemed to have inadequate school capacity, and are used to help fund capacity projects in the cluster for which they are collected. It is important to remember, however, that new development is only one factor that leads to increases in student enrollment. Housing turnover, i.e. when residents who no longer have children in the public school system sell their homes to young families with children, is another important factor.

What types of residential development are exempt from school impact taxes?

Currently, the following residential dwelling units are exempt from school impact taxes (and school facility payments, if otherwise applicable):

- Units built within current and former State of Maryland-designated Enterprise Zones.
- Units that are age-restricted for seniors.
- Moderately priced dwelling units (MPDUs).

The 2016 Subdivision Staging Policy Planning Board Draft proposes phasing out the exemption for the school impact tax (and school facility payment) for former Enterprise Zones. This means

that school impact taxes and school facility payments will be collected for residential projects in areas such as the Silver Spring Central Business District.

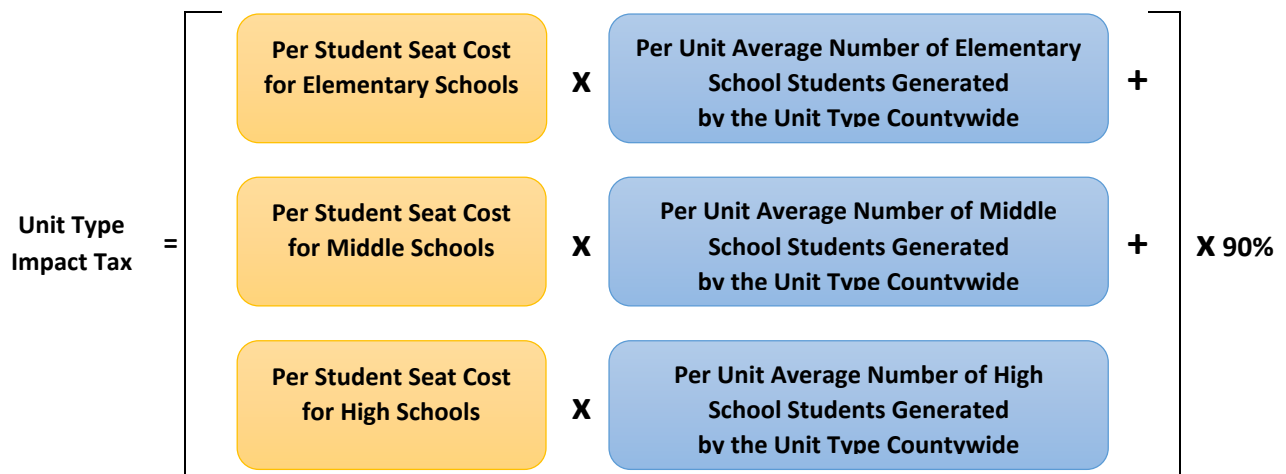
How are school impact taxes calculated?

School impact taxes are calculated using the per student seat cost of school construction and the student generation rate for the type of dwelling unit being constructed, i.e. single family detached, single family attached, multi-family low-rise and multi-family high rise.

What is the per student seat cost? The total cost of constructing a school, divided by the number of students in the school, gives you the per student seat cost. School construction costs vary by school level. Elementary, middle and high schools have a different per student seat cost because elementary schools are smaller and serve a smaller population than middle schools. Middle schools, in turn, are smaller and serve fewer students than high schools. In addition, certain program requirements, such as science labs for secondary schools, will contribute to the difference in construction costs by school level.

What is the student generation rate? This number identifies how many students attend the public schools from different housing types. The Planning Department works with Montgomery County Public Schools (MCPS) to calculate these rates using actual student addresses from MCPS enrollment data linked to a State parcel file identifying structure type – detached house, townhouse, garden-style apartment or multi-family high rise.

As shown in the diagram below, school impact tax rates are currently set at 90 percent of a dwelling unit’s calculated school construction cost impact (as determined by the per student seat cost and student generation rates):



What is the difference between the old and new ways of calculating the school impact taxes?

The recommended changes to the school impact tax result primarily from three updates, as described below:

Multiplier Update. The 2016 Subdivision Staging Policy Planning Board Draft proposes changing the 90 percent multiplier to 100 percent in order to ensure the school impact tax captures 100 percent of a unit's calculated school construction cost impact.

Construction Cost Update. The 2016 Subdivision Staging Policy Planning Board Draft proposes updating the per student seat cost for each school level with the most recent actual school construction cost data, and to do so going forward on a biennial basis. The last time the school impact tax was calculated based on the current cost of construction was 2007. Since then, the tax has been adjusted biennially according to a construction cost index. Despite general increases in construction costs since 2007, changes in the per student school construction costs have varied by school level. These changes are due in large part to the economies of scale that have been recognized by building larger capacity schools. Therefore, increases to the impact tax based on the construction cost index have, in some cases, outpaced actual per student seat school construction costs.

Generation Rate Update. Until 2014, the school impact tax was calculated using estimated student generation rates for households that moved within or into the County in the prior five years. The estimate was based on a sample survey of approximately one out of 12 Montgomery County households. Advances in technology now allow a new methodology to be used that calculates the generation rates using the actual address for every MCPS student. This new method has allowed us to match more than 96 percent of current MCPS students to a specific dwelling type. In 2014, it was also decided that the generation rates for single family units should be based on dwelling units built in the past 10 years, not five. The impact taxes for multi-family units were updated to reflect rates for dwelling units built in any year. For consistency across all dwelling types, and to approximate the construction cost impact of new development over the full life of that development, the 2016 Subdivision Staging Policy Planning Board Draft proposes using the countywide generation rates for dwelling units built in any year for all types of units.

What are current school construction costs?

The table below shows the data used to calculate the 2016 per student school construction costs:

Estimated 2016 School Construction Costs for New or Revitalized/Expanded Schools

	Elementary School	Middle School	High School
Capacity/Core	740	1,200	2,400
Building Size (sf)	99,000	165,000	400,000
Project Cost	\$27,522,000	\$47,520,000	\$112,500,000
Cost per Pupil	\$37,192	\$39,600	\$46,875

Source: MCPS Department of Facilities Management.

Note: Figures reflect average cost based on 2016 construction market conditions and will vary, pending proposed programs and existing conditions of each project. Figures include all site work, furniture and equipment.

How have per pupil costs changed over recent years?

From 2007 to 2016, the per seat construction costs have increased for elementary students, but decreased for middle and high school students.

Differences in Per Seat Construction Costs

	2007	2016	Difference
Elementary School	\$32,525	\$37,192	\$4,667
Middle School	\$42,352	\$39,600	(\$2,752)
High School	\$47,502	\$46,875	(\$627)

Source: MCPS Department of Facilities Management

How are the new student generation rates calculated?

The table below includes the data used to calculate the generation rates that were used to update the impact taxes in the 2016 Subdivision Staging Policy Planning Board Draft:

	Number of MCPS Students				# of Units	Students Generated per Unit			
	ES	MS	HS	Total		ES	MS	HS	Total
Single Family Detached	37,381	19,961	26,986	84,328	182,309	0.205	0.109	0.148	0.463
Single Family Attached	15,753	7,224	9,628	32,605	67,336	0.234	0.107	0.143	0.484
Multi-Family Low to Mid Rise	14,416	5,612	7,357	27,385	71,128	0.203	0.079	0.103	0.385
Multi-Family High Rise	3,163	1,287	1,702	6,152	44,348	0.071	0.029	0.038	0.139

How do the proposed generation rates compare to those currently used to calculate the school impact taxes?

The following table shows the generation rates used to calculate the current school impacts and how they compare to the proposed generation rates shown in the chart above:

	Current Student Generation Rates per Unit (10 Years for Single Family Units, All Years Multi-Family Units)				Change in the Student Generate Rate			
	ES	MS	HS	Total	ES	MS	HS	Total
Single Family Detached	0.357	0.153	0.190	0.700	-0.152	-0.044	-0.042	-0.237
Single Family Attached	0.214	0.082	0.113	0.409	0.020	0.025	0.030	0.075
Multi-Family Low to Mid Rise	0.146	0.055	0.077	0.278	0.057	0.024	0.026	0.107
Multi-Family High Rise	0.060	0.025	0.033	0.118	0.011	0.004	0.005	0.021

How do the proposed school impact taxes compare to the current school impact taxes?

Using the formula of multiplying the new student generation rates by the new per seat construction costs and accounting for changing the multiplier to 100 percent, there is a new list of school impact taxes. The following table shows the current school impact taxes and how they compare to the proposed school impact taxes:

	Current School Impact Tax (2007 base)	Proposed School Impact Tax (2016 base)	Difference
Single Family Detached	\$26,827	\$18,878	-\$7,949
Single Family Attached	\$20,198	\$19,643	-\$555
Multi-Family Low to Mid Rise	\$12,765	\$15,507	\$2,742
Multi-Family High Rise	\$5,412	\$5,507	\$95

What are the rates for school facility payments?

School facility payments are collected on new development in areas that are deemed to have inadequate school capacity, and are used to help fund capacity projects in the cluster for which they are collected. The facility payments are in addition to the school impact taxes, and are currently calculated at 60 percent of a unit's school construction cost impact. The Planning Board Draft of the Subdivision Staging Policy proposes reducing the multiplier used to calculate school facility payments from 60 percent to 50 percent, which results in the following:

	Current (2012) School Facility Payments			Recommended (2016) School Facility Payments		
	ES	MS	HS	ES	MS	HS
Single Family Detached	\$6,940	\$3,251	\$4,631	\$3,812	\$2,158	\$3,469
Single Family Attached	\$4,160	\$1,743	\$2,754	\$4,351	\$2,119	\$3,352
Multi-Family Low to Mid Rise	\$2,838	\$1,169	\$1,877	\$3,775	\$1,564	\$2,414
Multi-Family High Rise	\$1,166	\$531	\$804	\$1,320	\$574	\$891