

June 5, 2020

Montgomery Planning Board
8787 Georgia Ave
Silver Spring, MD 20910

2020-2024 Subdivision Staging Policy (Item 7)

Testimony for June 11, 2020

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Chair Anderson and Planning Commissioners, thank you for the opportunity to testify. This testimony is on behalf of the Coalition for Smarter Growth, the leading organization in the DC region advocating for more walkable, inclusive, transit-oriented communities. Please see below for our comments on the 2020-2024 Subdivision Staging Policy (SSP) working draft. Generally, we urge you to support policies that encourage sustainable growth patterns and maintaining a high-quality school system.

Schools & Taxes:

1. We strongly support the elimination of automatic housing moratoria throughout most of the county. The staff recommendation to create School Impact Areas correctly takes into consideration the distinct development contexts of different areas and how those contexts impact school enrollment growth.

The current moratorium policy assumes that the majority of new student generation comes from new development. However, we now know from the data that stopping development does not actually solve school overcrowding – less than 30 percent of school enrollment growth can be attributed to new development. Most new students come from young families moving into existing single-family homes – not from new apartment buildings.

The working draft also correctly identifies the other negative impacts of the current housing moratorium policy, including worsening housing affordability, hindering economic development, and preventing sustainable growth patterns. Rather than locating in a transit-oriented neighborhood, households and businesses alike are pushed into less desirable areas for growth. We should do all we can to encourage new housing in major transit and job hubs, not ban it – especially during a recession.

2. We support reducing the school impact tax to 100 percent of the cost of a seat, maintaining the current rate at 120 percent in the Agricultural Reserve, and further lowering the rate to 60 percent in Activity Centers. This recommendation correctly recognizes that impact taxes are a tool to either incentivize or disincentivize economic development. In some cases, it may be worth lowering impact taxes in order to expand the overall, long-term tax base and promote growth in the places we want to see it. Although, we'd like to note that some of the identified Activity Centers in outer areas lack transit and are overly large.

Montgomery County has one of the highest school impact taxes in the region. Even at this comparatively high

rate, school impact fees only funded approximately 8 percent of the Montgomery County Public Schools (MCPS) capital budget in both FY19 and FY20. For FY21, impact taxes are only 6 percent of the MCPS capital budget, while recordation taxes fund nearly 24 percent of the budget. In short, reducing the school impact tax for areas where we desire growth will not make or break the MCPS capital budget, but impact taxes *do* play a significant role in whether new home projects pencil out. Even if a project can move forward at the existing tax rate, the increased cost is ultimately passed onto buyers through higher housing prices.

3. We are concerned by the proposed Utilization Premium Payments.

We should not charge developers for impacts not caused by their project. If a school is already overcrowded, it is because of past student enrollment growth and points to a larger funding failure within the county to raise and allocate enough resources to adequately fund schools' capital needs. A future project will add to the overutilization, which is why future projects should contribute to the school impact fee pool to fund the seats of any students that project generates.

This recommendation will not build schools, just as the past School Facility Fees provided marginal funding at best – Utilization Premium Payments will only deter economic development. However, we would support increasing the school impact tax from 60 percent to 100 percent for projects located in Activity Centers with overcrowded schools.

4. We support progressive increases to the recordation tax.

While we do not think the Utilization Premium Payments have a strong nexus, the recordation tax does. Since over 70 percent of new students come from neighborhood turnover and recordation taxes account for nearly a quarter of the MCPS capital budget, it makes sense to target home purchases to fund school capacity projects.

We especially support an increase that is progressive, thus raising prices more on homes over \$1.5 million, with an expansion of the first-time homebuyer exemption. Staff estimates that these changes would have raised roughly \$20 million more for school construction in FY19. Nevertheless, if increasing the recordation tax is not feasible, we recommend instead adjusting the distribution of the revenue to increase the share going to schools and affordable housing.

5. We oppose ending the impact tax exemption for downtown Silver Spring.

As previously stated, impact taxes are a tool to either incentivize or disincentivize economic development, and it's important to consider the short-term tradeoffs for longer term benefits. The Silver Spring impact tax exemption is a perfect example of this: between 2006 and 2016, the exemption only cost the county \$5.8 million. Although Silver Spring is the only Enterprise Zone to successfully graduate from the program, its future success is far from guaranteed, especially in the current difficult economic environment.

A few things that weren't mentioned: The working draft does not reference the capacity relief that boundary changes would bring system-wide, reducing the need for some expensive capital projects. Utilization is one of the three factors being examined by the current boundary analysis. We also urge the staff to make note of the effect that flexible school siting and creative project financing techniques could bring on the MCPS capital budget.

We recognize that these recommendations fall under the jurisdiction of MCPS and the Board of Education, not the SSP. Still, we believe those ideas warrant mentioning. Furthermore, it is apparent that there needs to

be a better dialogue between MCPS, the Board of Education, Planning Board, and the County Council. Schools issues are greatly interconnected with housing, health, transportation, and more, and should be treated as such by the county's various institutions.

Transportation:

We appreciate and strongly support the move to better incorporate Vision Zero into the Subdivision Staging Policy, as well as the recommendation to increase intersection delay standards along Purple Line and BRT corridors. This small adjustment would save lives and support walkability around these future transit nodes.

We understand the objective to look at policy area transportation impacts for Master Plans, but are unsure why this should require a mandate within the SSP. If this recommendation moves forward, we believe that there should be higher standards than the baseline requirements to help us work towards our mode share, climate, and congestion goals. For example, we should set more equal standards for average time per trip. 19 minutes for auto trips and 52 minutes for transit encapsulates the transit inequities ingrained into our land use and transportation planning. We must do better.

Thank you for your consideration.