



September 10, 2024

Hon. Andrew Friedson  
President, Montgomery County Council  
100 Maryland Avenue, 4<sup>th</sup> Floor  
Rockville, MD

Dear President Friedson and Members of the Council:

Members of MBIA and NAIOP participated in both the Transportation Advisory Group (TAG) and the School Technical Advisory Team (STAT), collaborating with MNCPPC Staff along with several advocates and stakeholders, as well as representatives from local municipalities to influence and shape the updates to the GIP based on our areas of expertise. We commend staff for weighing the needs of countless residents and positioning our guiding APFO document to provide a sustainable system for the next four years. The implementation of these recommendations is an important step to help make the County more resilient, increase the housing supply, encourage a swift and through development review process, and spur economic development by not placing huge cost burdens on developers.

We would now like to highlight a few important points NAIOP and MBIA would support and provide further refinements.

First, we highlight our support for the removal of the proportionality guide for affordable housing. We are also excited to support the exemption of the LATR requirement for Mixed Income Communities. By doing so, this will reduce the reliance on County funds to build affordable units as the market rate units in the mixed income communities will now support the viability of the affordable units.

- We support the elimination of the proportionality guide and impact tax exemptions for large multifamily units (Recommendation 3.12 and 4.5).
- We support the exemption of an LATR study for daycares and bioscience projects (Recommendation 3.13 and 3.14). These are needed uses in the County and often these projects are infill development, and the trips associated with the uses are already assumed to be on the roadway network. With the number of LATR exemptions proposed, we would like to encourage the focus of the transportation studies in the county to ensure they have a focus on-site transportation elements.
- (Recommendation 4.8a). Currently eligible projects for impact tax credits include projects that are adding regional capacity or reduce traffic demand. We believe that the eligibility criteria, as defined in the County Code, needs further evaluation. The current eligibility criteria are limited and do not align with the County's broader goals of enhancing multimodal infrastructure and

safety. Notably, the eligibility list omits improvements along roadways owned by the state, which represents the majority of roads along major development corridors, upgrades to infrastructure to comply with ADA standards, upgrades to conform to the County's Complete Streets guidelines, and improvements to support the County's commitment to Vision Zero. We would encourage you to allow all transportation projects that align with the County's current policies in both County and State ROW to be eligible for impact tax credits.

- (Recommendation 3.8). The Proportionality Guide was established in response to concerns associated with the costs borne by developers to meet multimodal adequacy standards. We support the efforts to ensure that required off-site transportation improvement costs are reasonable and proportional to a project's impact. However, we note a disparity in rates, particularly for residential developments in Red Policy Areas. Higher non-auto driver mode share goals in these areas result in higher Proportionality Guide Rates that are greater than the Transportation Impact Tax Rates for these projects.
  - o These rates need to be adjusted to equally apply to all policy areas.
- We support the recommendation for a 50% reduction in impact fees for single-family attached or detached dwelling units smaller than 1,800 sf (Recommendation 4.3). We spoke with a number of home builders and they do not see viability in building homes smaller than 1,500 sf and the 1,800 sf allows units to be built that will be able to take advantage of this policy. This is for a number of reasons including the required width of units and achieving the number of bedrooms homeowners are interested in having, even in the smallest units. Additionally, we support the recommendation for impact tax incentives to encourage office to residential conversions by offering tax exemptions or a 50% reduction for these conversions (Recommendation 4.6). We believe this will encourage these conversions and support the County's goals of increasing the housing supply.
- We support the move to 50 vehicle trips, being the requirement for an LATR traffic study (Recommendation 3.2). We support updating the delay standards (Recommendation 3.3), simplifying the LATR study area boundaries (Recommendation 3.4), and refining the LATR Vision Zero statement to focus on managing speeds (Recommendation 3.6)
- We support the recommendation for the 30-day SHA review timeline and desire to have mutual expectations in the development review process (Recommendation 3.18). We consistently get requests for analysis from SHA for projects located in Red Policy areas and the purpose of the study is typically for informational purposes where no access permit is required or outside the desired project timeline.
- We support the recommendation for alignment of School Impact Tax Areas with the Transportation Policy Area Boundaries (GIP Recommendation 2.1).
- We support the recommendation of adjusting the seat deficit thresholds of each Utilization Premium Payment (UPP) tier to align with MCPS Capital Improvement Plan (CIP) guidelines for classroom additions and maintain the existing utilization rate thresholds (GIP Recommendation 2.2).. We suggest continuing to monitor the effectiveness of the UPP system, to date little money has been paid into the program to impact schools.
- We support the recommendation of keeping stacked flats in the multi-family low-rise category for the purposes of school generation rates and impact taxes (GIP Recommendation 2.4). Stacked flats and similar building typologies are critical to the attainable housing initiative being pursued by MNCPPC as a tool to create more housing types and sizes that are affordable for

citizens of the County. The creation of separate criteria for these building types would result in increased costs, driving the affordability of the unit types further out of reach antithetical to the current initiatives ongoing throughout the County.

- We support the recommendation to modify the calculation of the standard school impact tax rates to reflect the true per student cost of school construction to the County. Do this by adjusting the rates to account for the portion of funding for school capacity projects in the adopted 6-year CUP attributed to state aid (Recommendation 4.1). Accounting for state aid in the school impact tax calculation will promote fair assessment and reduce cost to developers, and ultimately cost to the home purchasers.
  - o Montgomery County is one of the few Counties that forward funds school construction, contributing to lack of clarity on how much the County funds for a the cost of a seat v. how much the state funds.

Finally, we support the recommendation to exempt office-to-residential conversions from transportation and school impact taxes when the building is adaptively reused or renovated for multi-family housing. Offer a 50% transportation and school impact tax discount for office-to-residential conversions when demolition is involved in the conversion of office-to-residential to multi-family or single-family attached housing (Recommendation 4.6).

We would like to note that the illustration in the MNCPPC recommendation (Table 14) doesn't appear to appropriately convey the 50% discount as described and request the Council review that with staff to ensure it is enacted effectively.

In closing, MBIA and NAIOP are excited to see the transportation and school recommendations put forth in the GIP Update. We believe these recommendations look to make Montgomery County resilient, increase the housing supply, encourage a swift development review process, and spur economic development.

Thank you for your time today.

cc: Montgomery County Council