



Staging Allocation Fees

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Description

The White Flint Sector Plan ("Sector Plan") stages the Phase I capacity on a "first-in, first-out" basis. Each property owner must make a Staging Allocation Request ("SAR") upon approval of their sketch, preliminary, and site plans and before submitting a building permit. Staff is recommending a new fee to fund the activities the Planning Department will incur to process and track SARs.

Summary

The SAR is a request for staging capacity and the contents of the SAR are established in the *White Flint Implementation Guidelines* approved by the Montgomery County Planning Board ("Planning Board") in July 2011. Staff has numerous responsibilities related to the SAR including: checking the request for completeness; ensuring certain on-site features have occurred including the demolition of existing buildings and construction of new ones; preparing staff reports for Planning Board approval of the SAR if sufficient capacity remains; tracking used and remaining capacity; and reviewing reports submitted by property owners that shows compliance with a staging allocation approval.

Staff recommends the Planning Board approve new application fees for each SAR that requires Planning Board approval equal to \$0.01 per square foot for non-residential space and \$1.00 for each residential unit. The fee should be applied when a SAR application is submitted.

Authority to Assess Fees

The Planning Board is vested with the authority to establish fees for all applications under section 3.D of the *Manual of Development Review Procedures* approved and adopted in December 2007. The section indicates that the Planning Board must charge fees for the review of each application. The SAR is a new application type that must be submitted to the Planning Department for the tracking and staging of development capacity in White Flint and therefore fees must be collected.

Analysis

On March 31, 2011, Planning Department staff recommended each applicant submit a \$5,000 fee for each SAR unless the SAR is approved without Planning Board action. The basis for this recommendation is unclear. The need to assess fees is justified since each SAR generates necessary and required Planning staff activities post Planning Board approval that are in addition to the approvals necessary for site plans outside of areas with staging allocations. The new fee will offset Planning Department staff costs associated with the initial intake and processing of the SAR; writing staff reports for approval of SARs; tracking all staging allocation approvals to make sure the capacity is used in the allocated time; reviewing any and all reports submitted by applicants; and ensuring the staging allocation approvals remain valid. The fee staff is recommending does not include revenues to recover the costs already incurred to develop the model that tracks capacity, rather the fees are to fund activities incurred after the SAR is submitted.

Initially, Staff considered recommending a flat fee for all applicants but is now recommending a fee based on the number of residential units and non-residential square footage included in each SAR. Staff recommends a \$1.00 fee for each residential unit and \$0.01 per square foot fee for non-residential space included in a SAR.

The Sector Plan approved the potential to add 9,800 residential units and 5.69 million square feet of non-residential space within the sector plan area. The exact timing of this development is not known nor is it known if the White Flint area will achieve the densities approved within the next 20 years. However, Planning Department staff will incur costs as the SARs are submitted and processed.

The proposed fee structure, based on residential units and square footage, allows staff to track each SAR application with the remaining staging capacities. That is, the SAR clearly identifies the non-residential square footage and the number of residential units included in each application allowing for staging capacity draw downs to be transparent. The proposed fee structure sets constant base fees which is equitable for all SAR applicants. Variations between SAR fees are dependent on the total square footage and residential units proposed and not the base.

Staff did assess different base fees before recommending a \$1.00 per residential unit and \$0.01 per square foot of non-residential space fee. As previously mentioned, the Sector Plan identifies that 9,800 additional residential units and 5.69 million square feet of non-residential space could be created within the area. Projecting the proposed base fee to the maximum development potential could yield large revenues; however, staff is only concerned with assessing fees that cover the costs to process and track SARs. Under staff's proposal the maximum revenue that could be obtained if all density recommended in the Sector Plan is captured \$56,900 for the non-residential component (5.69 million X \$0.01 = \$56,900) and \$9,800 for the residential component (9,800 x \$1 = \$9,800). Staff is confident of the \$1.00 per residential unit fee captures costs because a lower base fee could have insufficient revenues to fund the activities necessary to process, approve, and monitor the approval. For example, a 500 unit residential SAR would have a fee of \$500 under staff's proposal, but if the fee were reduced to \$0.50 per residential unit the fee would be \$250 which is equivalent to just over 4 hours of staff time if staff is

billed at \$60 per hour, including benefits and overhead. Determining the unit fee for non-residential space was a little more difficult for the fee cannot be excessive. Initially staff considered a higher base fee, but any increase to the base considerably increases the overall fee. The staff's recommendation is to set the non-residential fee at \$0.01 per square foot. For a 300,000 square foot non-residential building the SAR application fee would be \$3,000 but if this fee were \$0.10 per square foot the fee would be \$30,000.

Soon the Planning Board will review a SAR that includes 493 residential units and 341,800 square feet of non residential space. Under staff's proposal, this applicant would have a SAR fee of \$3,911 ($\$1.00 \times 493 + (\$0.01 \times 341,800)$). This is still less than the \$5,000 recommended in March 2011 and the maximum fee is based on the density requested and not based on a flat fee. Therefore the per unit, or per square foot, cost remains the same whether the SAR is for a 300,000 square foot non-residential building or a 40,000 square foot non-residential building.

Recommendation

Staff recommends the Planning Board approve a new SAR application fee at a rate of \$1.00 per residential unit and \$0.01 per square foot of non-residential space for all SARs that require Planning Board approval.