



May 28, 2009

MEMORANDUM

TO: Montgomery County Planning Board

VIA: Glenn Kreger, Acting Chief *GK*
Vision Division

FROM: *aw* Piera Weiss, Master Planner (301.495.4728)

Dan Hardy, Chief
Move Division

HJ N'kosi Yearwood, Senior Planner (301.495.1332)
South Central Transit Corridor Team
Vision Division

Jacob Sesker, Planner Coordinator (301.650.5619)
South Central Transit Corridor Team
Vision Division

SUBJECT: Worksession #12: White Flint I Sector Plan
Implementation: Zoning, Staging, Administration and Financing
Rockville Pike (MD 355) Cross Section and Right-of-Way

STAFF RECOMMENDATION: Approve Staff Revisions to Public Hearing Draft Text

CURRENT JUNE-JULY WORKSESSION SCHEDULE

June 18 Worksession #13:
Review Final Draft

July 9 Worksession #14:
Request to transmit Sector Plan

PURPOSE OF THIS WORKSESSION

The purpose of this worksession is to review the Implementation Section (pp. 71–81) of the White Flint Sector Public Hearing Draft Plan in light of changes in circumstances that have occurred since the publication of the Plan in December 2008.

- No applicable TMX Zone

The County Council adopted the TMX Zone with a maximum of 2.0 FAR; it is therefore not applicable to the White Flint Sector Plan area as recommended in the Draft Plan.

- A Planning Department Zoning Ordinance rewrite effort and the Commercial-Residential mixed use District (CR District)

This effort has generated a new mixed-use zone, the CR District that better achieves the goals of the Sector Plan. It addresses issues raised by property owners regarding “the cost of exactions” and issues raised by surrounding communities questioning the maximum FAR recommendations. Using the new mixed-use district requires a rewrite of the Draft Plan’s Zoning Section (pp. 71–72) and zoning recommendations by District (pp. 35–50).

- Executive Branch public hearing testimony

The Executive testimony the public hearing questioned aspects of the Staging Plan (pages 72-76) and Table 7, the Proposed Capital Improvement Projects, including whether or not the costs of right-of-way acquisition had been addressed.

- Planning Board Worksession #11 – Financing and Administration

This worksession involved discussion with Executive Branch staff and led to a more comprehensive understanding of the implications of the Draft Plan recommendations for amending State and County law. Staff will be presenting revised text to replace the financing and administration recommendations found on pages 79-81 of the Draft Plan.

- Planning Board Worksession #11 – Alternative BRT cross-section for Rockville Pike

The worksession also included a presentation by the White Flint Partnership for a completely different cross-section for Rockville Pike. The proposed concept accommodates bus transit in a 50-foot wide median and involves constructing some improvements within the existing right-of-way during phase 1, and completing the cross-section at a later date. Staff held a meeting on May 18 attended by SHA, WMATA, MCDOT, Rockville Planning Department, MDOT, Glatting-Jackson, and members of the Partnership to discuss the proposed cross section and the implications of the proposed design may have on the functioning of Rockville Pike. Staff notes that there have been a number of correspondences urging Planning Board support.

STAFF REPORT ORGANIZATION

This staff report is organized as follows:

1. Zoning

Draft Plan Zoning Recommendation: the TMX Zone

New Proposal: the CR District Zones

Characteristics of the CR District

Transit Component

Developing the New CR Zones for the White Flint Sector Plan

Issue:

How to Address Height and Density Using the Fewest Zones

Possible: Test Case- White Flint Mall District

General Zoning Recommendations

Issues:

Identify Preferred Incentives

Grandfathering

Amenity Fund Projects

Amend the Draft Plan Implementation Section Regarding Zoning

2. Staging

Outstanding Issues

Rockville Pike Reconstruction

Parking Management Authority

Staging Plan

3. Administration and Financing

Outstanding Issues

Administration by Existing Models/Structures

Financing

ZONING

Draft Plan Zoning Recommendations

The Draft Plan recommended the use of the TMX Zone (pp. 71-72) and on pages 35-49 applied the TMX zone to properties within the eight districts. An existing zoning map (Figure 8) appears on page 16 and a proposed zoning map (Figure 29) on page 50. The TMX zone was applied uniformly to properties in the Sector Plan area where mixed use zoning was recommended. Density and heights were governed by maps indicating density and density transfer (Figures 15 and 17) and heights (Figure 18). Text in the section on the eight districts referenced where the TMX zone would be applied and which properties were to be confirmed in the existing zoning.

Prior to publication of the Draft Plan, the TMX zone was a pending text amendment that allowed a maximum of 4.0 FAR. Just before the Planning Board decided to release the Draft Plan for public hearing, the County Council approved the TMX text amendment but reduced the maximum FAR to 2.0. The Planning Board understood when they approved the Public Hearing Draft that the zoning recommendations were not implementable unless there was a text amendment for a TMX 4 zone. The Planning Board noted that there was also the possibility of a new zone, not yet articulated, that might achieve the vision of a mixed-use, transit-served, urban center.

New Proposal: The CR District Zones

Since the publication of the Draft Plan in December 2008, the Planning Department has explored mixed-use zoning as part of the Zoning Ordinance rewrite. In March 2009, a draft mixed-use zone, the CR District, was introduced to the Zoning Advisory Panel, a group of land use attorneys, citizens, developers and professional planners involved in the zoning rewrite project.

The White Flint Team distributed the draft to interested parties in the White Flint Sector Plan area and held a meeting in April to discuss the zone and elicit comments and suggestions. At the May 21 Planning Board meeting, the Planning Director presented the Commercial-Residential (CR) District; explained how the district compared to the other mixed-use zones, such as the TSM zone; and explained how the district could be used in this and other master plans underway as well as elsewhere in the County.

Characteristics of the CR District

1. Incentive Based Requirements for Public Facilities and Amenities:

The defining characteristic of the district is the use of FAR incentives to provide public facilities and amenities. Development between the base FAR and the maximum FAR can only be achieved through the use of incentives that allow for incremental increases over the base FAR. The incentives are organized into categories: Connectivity and Mobility, Diversity, Design and Environment. Each category has a selection of incentives. A master plan could encourage the use of some or all of the incentives in order to achieve a particular vision.

2. *Transit Component:*

The CR District allows an automatic increase over the base FAR based on proximity to transit. This particular feature of the CR District has direct application in the White Flint Sector Plan. The CR District allows 25 percent of maximum FAR for property adjacent or confronting transit access; 20 percent within ¼ mile, 15 percent within ¼ and ½ and 10 percent between ½ and 1 mile.

For example, the Sector Plan recommends a 4.0 Maximum FAR for properties within ¼ mile of transit. Under the CR District, an increase of 0.87 FAR would be automatic for properties zoned CR 4 fronting or adjacent to the Metro station. The resulting density would be .5 + .87 or 1.37 FAR. The remaining potential 2.63 FAR would have to be achieved through incentives, such as affordable housing, mid block crossings, etc.

3. *Developing the new CR Zones for the White Flint Sector Plan*

At the May 21 White Flint Sector Plan worksession, the Planning Board reviewed the density and height recommendations for each district presented earlier in the Design Guidelines. The Planning Board generally concurred with staff's recommendations with one exception, the White Flint Mall Property. Community members and the property owners of the White Flint Mall disagreed with staff's proposal and brought forth an alternative. The alternative proposal contained a series of gradations in FAR and heights transitioning between Huff Court and the edge of the property. The Planning Board discussed the proposed density and height distribution and with few changes accepted the alternate proposal.

Staff noted that tailoring a zone to match the gradations shown on the density and height maps would result in a fine grained zoning pattern that was more specific than necessary. Staff notes that density and heights cannot migrate over zoning lines. The more fine grained the zoning pattern, especially if it involves split zoning, the harder it will be to design a development that can stay within each designated zone.

After some discussion regarding how best to ensure that the density and heights discussed during the worksessions could be incorporated, the Planning Board concluded that the density and height maps must appear in the Sector Plan alongside a zoning map. This would give current and future Planning Boards a fuller picture of the intent of Sector Plan.

a. Land Use Mix

The defining feature of CR zoning is the relationship between the residential (R) and commercial (C) that can result in various combinations not to exceed the Total Maximum FAR. This provides great flexibility.

The White Flint Sector Plan recommends an overall 40/60% commercial/residential split to create residential communities, encourage the use of transit, and provide a more balanced jobs/housing ratio. Some property owners, however, testified during worksessions that it may not be feasible for all properties to provide primarily residential development, especially oddly configured properties along Rockville Pike. Other properties owners would like the flexibility to have a 50/50 split and still others would like to provide as much as 80% residential.

Table 1 indicates the minimum C and R values to accommodate a 50/50 or 20/80 split.

Total Maximum FAR	40 % C	60 % R	50 % C and R	80% R
CR 4	1.6	2.4	2.0	3.2
CR 3	1.2	1.8	1.5	2.4
CR 2.5	1.0	1.5	1.25	2.0
CR 2	.8	1.2	1.0	1.6
CR 1.5	.6	.9	.75	1.2

b. Evaluate Existing FAR on properties for potential non-conformity

An important consideration in rezoning existing development is the problem of creating non-conformity. The proposed C and R values should not conflict with existing conditions where existing FAR may be near or at the desired C or R value, or in some cases above the CR maximum. Staff reviewed existing FAR in order to evaluate the potential for non-conformity and crafted a new zone where necessary.

c. Heights

Using the height and density patterns established in the Design Guidelines, staff identified different combinations of C, R and H to accomplish the desired mixed-use split. The Planning Board has expressed interest in "suppressing" heights in the Sector Plan, which would reduce the number of zones.

Table 2 indicates the different combinations of C, R and H values are necessary to achieve the Plan vision.

Maximum Total FAR	C	R	H	Application
CR 4	C 3.5	R 3.5	300	At Metro - Office
CR 4	C 2	R 3.5	250	At Metro - Residential
CR 3	C 3	R 1.5	200	Existing Office
CR 3	C 1.5	R 2.5	200	½ mile Metro Tall
CR 3	C 1.5	R 2.5	100	½ mile Metro Medium
CR 3	C 1.5	R 2.5	70	½ mile Metro Low
CR 2.5	C 2	R 1.25	150	Office Medium
CR 2.5	C 1.25	R 2	70	Residential Low
CR 1.5	C .75	R 1.5	50	Transitional

Issue: How to address height and density in the Sector Plan using the fewest zones possible?

There are two options. Staff has defined the pros and cons of the two approaches and has prepared sample zoning maps for the White Flint Mall District, which has the most complex density pattern, which the Planning Board accepted at the May 21 worksession.

The following pages contain the two zoning map alternatives: one that tailors the zone to the desired density and height pattern (Alternative 1) and one that reduces the number of discrete zones (Alternative 2).

Staff Recommendation: Fewer zones, set maximum heights in zone, address lower heights in the Sector Plan.

Alternative 2 provides the most flexibility and allows a wider range of design solutions that capture the density and height limits. Based on the Board's decision, staff will prepare zoning maps for each district alongside density and height maps and text accordingly. These will be included in the Final Draft for the Planning Board's review on June 18.

Test Case Alternative 1: More Zones

Pros:

- More certainty

Cons:

- Planning Board has less flexibility to address unforeseen circumstances
- Harder to assemble properties
- Harder to develop one overall design for a large property



Design Guidelines: Density and Height Diagram



General

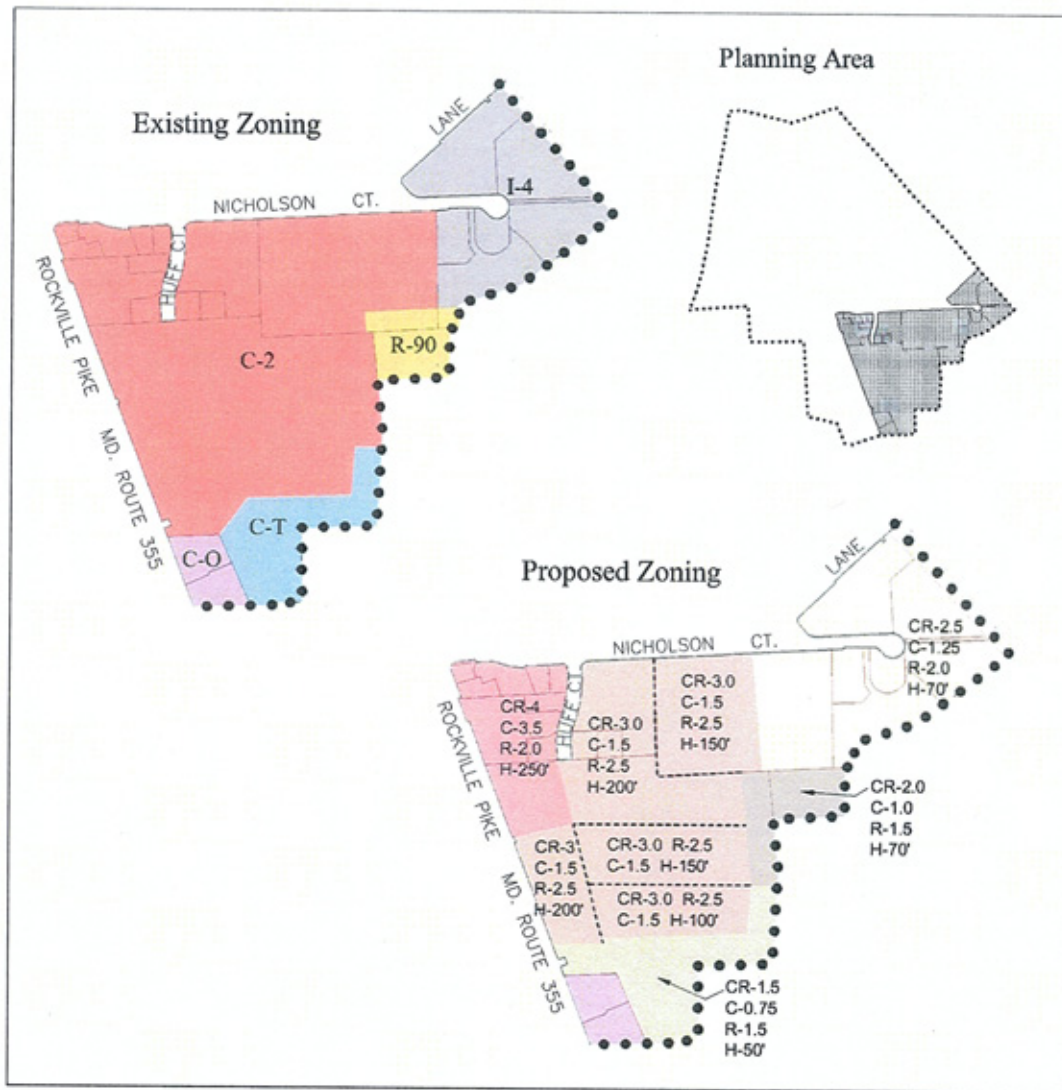
- Mid-Block Pedestrian Connection
- Proposed Open Space
- ▨ Buffer Zone
- ▨ Planning Area Outside District
- - - Planning Area Boundary

Maximum Building Height

- 250'
- 200'
- 150'
- 100'
- 70'
- 50'
- Existing
- 2.5 Density Allocation

Test Case Alternative 1: More Zones

White Flint Mall District - Existing and Proposed Zoning



- Sector Plan Area Boundary
- CR-4
- CR-3
- CR-2.5
- CR-2
- CR-1.5
- Commercial/Transitional (C-T)
- Commercial/Office Building (C-O)
- General Commercial (C-2)
- Low-Intensity, Light Industrial (I-4)
- Single-Family Residential (R-90)



Test Case Alternative 1: More Zones
Proposed Text to Accompany Maps

Block 1: Fitzgerald Eisinger

- Rezone land west of Huff Court (Fitzgerald property, a closed gas station and some smaller properties) to CR4, C3.5, R2.0, H250 feet. Residential uses may not be as desirable along Rockville Pike as offices or hotel uses.
- Rezone land east of Huff Court (Eisinger property and two lots owned by Lerner/Tower) to CR3, C1.5, R2.5, and H200 feet to encourage residential development. Affordable housing, especially workforce housing, may be appropriate at this location in conjunction with a mixed-use combined development with the western portion of Block 1.



Block 2: Combined Properties

- This property will be split zoned in order to accommodate a transition in height and density between Blocks 1 and 3.
- Rezone western portion to CR3, C1.5, R2.5, H200 feet.
- Rezone the eastern portion to CR 2.5, C1.25, R 2.0, H70 feet. This will accommodate existing commercial uses and FAR and allow for a transition to Block 3, Nicholson Court.

Block 3: Nicholson Court

- Rezone entire block to CR 2.5 C1.25, R 2.0, H 70 feet for a transit-oriented neighborhood centered on the MARC station. The C1.25 will accommodate the existing FAR.

Block 4: White Flint Mall

- This property will be split zoned in order to provide appropriate transitions between Rockville Pike, the expanded White Flint Neighborhood Park and residential communities to the south and east.
- Rezone four acres adjacent to Block 1 to CR 4, C3.5, R2, H250 feet.
- Rezone the R-90 and CT portions to CR 1.5, C.75, R 1.5, H50 feet. Lower density and height limits will ensure compatibility with the park and adjoining single-family detached development.
- Rezone central portion in with three height zones: CR3.0; C1.5, R2.5, H200 feet next to Block 2; CR3.0; C1.5, R2.5, H150 feet in the mid-section and CR3.0; C1.5, R2.5, H100 feet adjacent to the lower density CR1.5.

Test Case Alternative 2: Fewer Zones

Pros:

- More Planning Board discretion during site plan review
- Easier to assemble properties
- Easier to develop a well-organized design for a large property

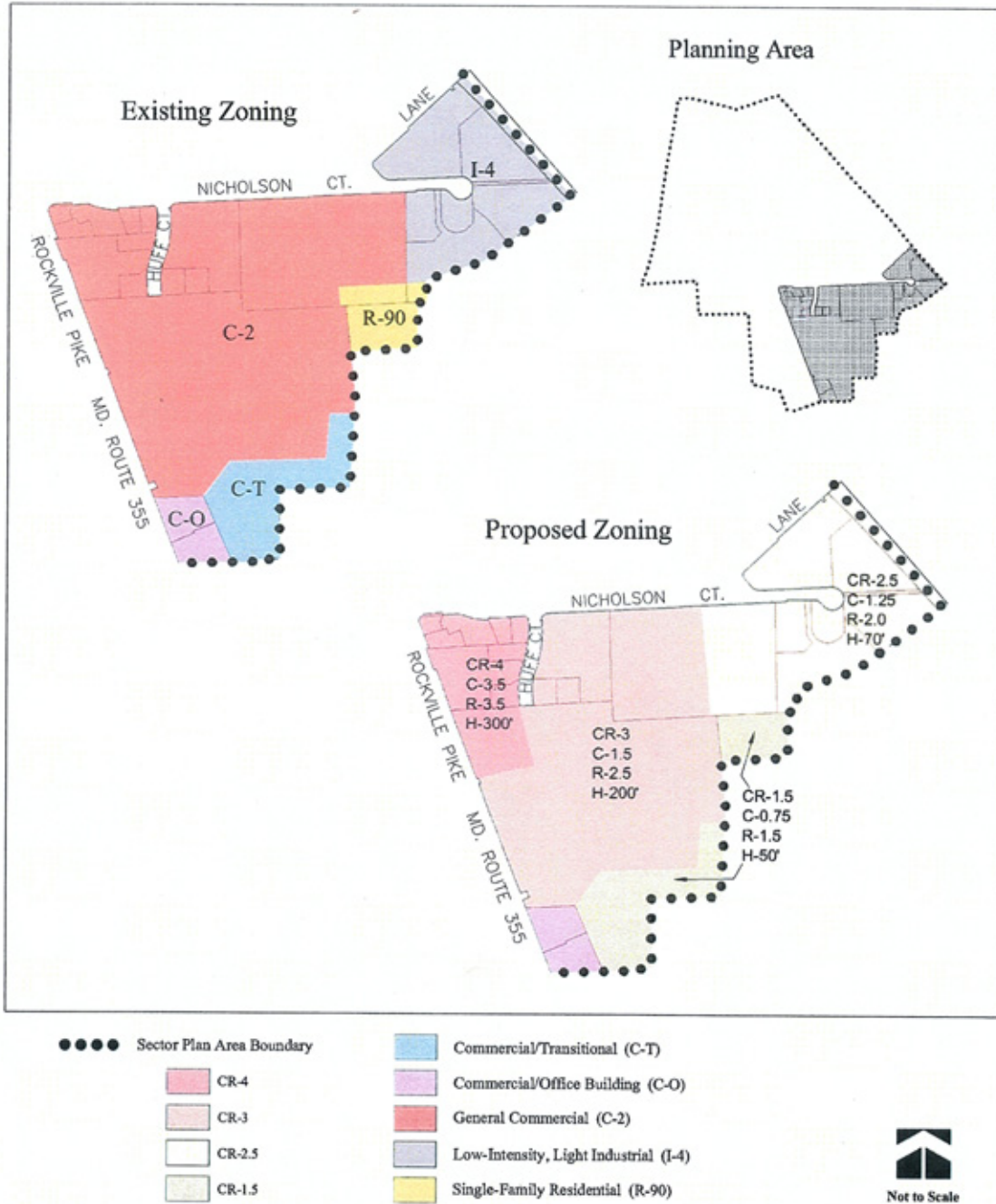
Cons:

- Language needed in Sector Plan to clarify intent and interpretation may change over time



Test Case Alternative 2: Fewer Zones

White Flint Mall District - Existing and Proposed Zoning



Test Case Alternative 2: Fewer Zones
Proposed Text to Accompany Maps

Block 1: Fitzgerald Eisinger

- Rezone land west of Huff Court (Fitzgerald property, a closed gas station and some smaller properties) to CR4, C3.5, R2.0, and H250 feet. Residential uses may not be as desirable along Rockville Pike as offices or hotel uses.
- Rezone land east of Huff Court (Eisinger property and two lots owned by Lerner/Tower) to CR3, C1.5, R2.5, and H200 feet to encourage residential development. Affordable housing, especially workforce housing, may be appropriate at this location in conjunction with a mixed-use combined development with the western portion of Block 1.



Block 2: Combined Properties

- Rezone property to CR3, C1.5, R2.5, and H200 feet. This C1.5 will accommodate existing FAR.
- The density and height map recommends that development on this property should transition between Block 1 and Block 3. The eastern portion should have a density of 2.5 and a maximum height of 70 feet to ensure compatibility with Block 3. Development on the western half should have 150 feet heights to ensure a transition between Block 1 and the eastern portion.

Block 3: Nicholson Court

- Rezone entire block to CR2.5, C1.25, R2.0, and H70 feet for a transit-oriented neighborhood centered on the MARC station. The C1.25 will accommodate existing commercial FAR on individual properties.

Block 4: White Flint Mall

- This property will be split zoned in order to provide appropriate transitions between Rockville Pike, the expanded White Flint Neighborhood Park and residential communities to the south and east.
- Rezone four acres adjacent to Block 1 to CR4, C3.5, R2, and H250 feet.
- Rezone the existing R-90 and CT portions to CR1.5, C.75, and R1.5, H50 feet. Lower density and height limits will ensure compatibility with the park and adjoining single-family detached development.
- Rezone central portion to CR3.0; C1.5, R2.5, H200 feet. The height and density map indicates height bands across the central portion, with the taller buildings at the north, lower buildings in the middle (150 feet) and the southern portion (100 feet tall) as shown in the height and density maps.

General Zoning Recommendations

The Implementation Section of the Draft Plan contains general zoning recommendations (pp. 71-72).

Issues

1: Should the Sector Plan Identify Preferred Incentives?

The entire White Flint Sector Plan area is within one mile of transit and therefore all properties are eligible for some automatic increase in FAR. To bridge the difference between the automatic transit based FAR increase and the maximum FAR, development will have to use incentives from the four incentive categories.

The White Flint Sector Plan is primarily concerned with creating residential communities and improving access to transit. Of the four categories of incentives, Diversity and Connectivity and Mobility should be considered first.

Staff recommendation: Add language to the Plan that indicates a preference for Diversity and Connectivity and Mobility incentives.

2: Grandfathering

The CR Zone contains language grandfathering existing buildings, approved Development Plans, Preliminary Plans, and Site Plans. Some of the properties in the Sector Plan area have received such approvals. Property owners with such approvals are concerned that the proposed CR Zone does not have enough grandfathering provisions. For example, should the CR Zone apply only to the difference between what has been approved and the requested additional development?

Staff recommendation: This issue will have to be addressed during worksession on the zoning text amendment for the CR District.

3: Amenity Fund

The TMX Zone had a provision for an Amenity Fund for fulfilling the public use space requirements off-site or through an in lieu payment. The CR District has similar provisions: there are two options for providing the required public use space on site: improving an area within ¼ mile of the site or payment in part or in full to the Amenity Fund. In order to allow the use of this provision, the Plan must enumerate eligible projects. The following text has been excerpted from the Plan:

Amenity Fund

The CR district allows contributions toward off site facilities and amenities that enhance the public realm. The following is a list of such projects:

- Underground utilities and provide a streetscape on all existing public streets including, but not limited to, Old Georgetown Road, Nicholson Lane and Marinelli Road, Nebel Street, Nicholson Court, and Maple Avenue.

- Fund a Community Meeting Room.
- Contribute to the acquisition of the Civic Green.
- Fund a Facility Plan for the design and construction of the Civic Green to be overseen by the Department of Parks.
- Fund a Facility Plan for design and construction of Wall Local Park to be overseen by the Department of Parks in coordination with the Montgomery County Department of Recreation.
- Dedicate and construct Market Street.
- Improve Woodglen Drive for bicyclist and pedestrian access between the Bethesda Trolley Trail and Nicholson Lane including public art, benches, bicycle racks and trash receptacles.
- Construct a landscaped promenade on top of the Metro access tunnel easement between the Metro East District and the White Flint Mall District.
- Build mid-block pedestrian connections ~~across Rockville Pike~~ between Mid-Pike and Metro West Districts and NRC District and White Flint Mall District.

There may be other projects, not identified in this Sector Plan, that emerge as potential candidates. This Sector Plan recommends that the Advisory Committee described in the Staging Plan identify these projects in their periodic report to the Planning Board.

Staff recommendation: Retain the Amenity Fund list of projects described in the Draft Plan.

4: Amend the Draft Plan Implementation Section regarding Zoning

Staff recommendation: Approve the following underlined text that replaces all text on pages 71 and 72 in the Draft Plan with the exception of the amenity fund projects.

Implementing the Sector Plan vision is best accomplished with a mixed-use zone. The 1992 Sector Plan recommended the floating transit station mixed-use zones for redevelopment projects. Floating zones require local map amendments. The Sector Plan recommends using the Commercial/ Residential (CR) District. The CR District promotes a mix of commercial and residential uses at varying densities to provide sustainable development where people can live, work, and find services and amenities while minimizing automobile use.

The purposes of the district are:

- Implement the goals and objectives of applicable master and sector plans;
- Provide opportunities for the redevelopment of strip malls and surface parking lots with a sustainable mix of uses;
- Reduce dependence on the automobile by providing a mix of uses, including a range of housing opportunities, mobility options, services, and amenities;
- Provide for a range of context-sensitive densities to achieve an appropriate balance of “jobs to housing”;
- Provide certainty with regard to maximum density and building height in each zone but flexibility with regard to site design and the mix of uses; and
- Define the facilities and amenities required by private development to support the allowed optional method densities and heights.

The CR District allows a broad range of uses similar to the CBD zones and requires the designation of four elements: a total allowed floor area ratio (FAR), a maximum non-residential (C) FAR, a maximum residential (R) FAR, and a maximum building height (H). The CR zone is applied through a sectional map amendment consistent with the recommendations of a sector or master plan.

The CR District has two methods, standard and optional. The standard method requires compliance with a specific set of development standards and the optional method allows for greater density and height when supported by additional public benefits, facilities and amenities. The additional density may be achieved through a series of incentive bonuses that can be bundled to earn the maximum allowable density.

Properties within the White Flint Sector Plan area will have the benefit of incentives based on proximity to transit as well as incentives for providing a range of housing types, additional affordable housing, incorporating community facilities into mixed-use developments, environmental sustainability features and innovative design.

Moderately Priced Dwelling Units (MPDUs) are required in all residential development in Montgomery County with more than 20 units. The Plan includes a recommendation to expand the current Metro Station Policy Area to include all properties within the Sector Plan boundary. When that action has been taken, residential development within the Sector Plan will be required to comply with the County’s workforce housing requirements.

Proposed Zoning Map

The CR district as applied to the White Flint Sector Plan area is shown in Figure. The map indicates all four elements of the zone, the total maximum density, the total C and R FAR and the maximum height.

Public Use Space Requirements

The CR zone requires public use space for all development under either the standard and optional methods, based on the lot area, frontages and size of the lot. Public use spaces may be privately owned but accessible to the public. It is preferable for the public use space to be located on site and combined with adjoining development to create useful and connected places. This Plan assumes that much of the public use space system will be obtained through this requirement.

If all the properties recommended for CR zoning (about 340 acres) were to redevelop, the public use space requirement could yield approximately 30 acres. For example, the following three large properties could yield significant public use space.

- Mid-Pike Plaza (20 acres) would yield about two acres.
- The Lutrell Property (five acres) would yield a one-half acre which could become a neighborhood green or two smaller urban squares.
- The White Flint Mall Property (43 acres) would yield at least four acres.

Incentive Based FAR

The CR District zone is unique in the mixed-use zones in that it allows development above the standard method if certain public facilities and amenities features are provided. There are four categories of incentives: Connectivity and Mobility, Diversity, Design and Environment. The prime focus of this Plan is on creating walkable neighborhoods proximate to transit facilities. It is therefore recommended that development prioritize the benefits and amenities associated with the Connectivity and Mobility and Diversity categories.

STAGING

The Draft Plan recommends a three-phased Staging Plan with a critical pre-requisite component. Staff does not recommend any changes to the pre-requisites, however, in light of the Partnership's Rockville Pike proposal, more definitive and expanded text is necessary to guide the proposed Boulevard Feasibility Study recommendations on page 74 of the Draft Plan.

Issues

1: *Rockville Pike Reconstruction*

The proposed reconstruction of Rockville Pike is integral to recreating White Flint as an urban center. The Rockville Pike design concept described in the December 2008 Draft Plan resulted from nearly two years of conceptual alternatives analysis. The Draft Plan concept incorporated bus priority in a "diamond lane" treatment along the curb within a 150' right-of-way. There was a westerly shift in the roadway centerline to avoid any reconstruction conflicts within the Metro tunnel easement and to feature the easement area as part of a promenade treatment, particularly in the southern portion of the Plan area.

In May 2009, the White Flint Partnership proposed an alternative concept for Rockville Pike that would create a barrier-separated "vehicular rapid transit" system in the median within a 162' right-of-way (an additional 20' of sidewalk would be located in an easement). Other features of the Partnership proposal included all-day, on-street parking and independent bike lanes. A key element of the Partnership proposal was their belief that it could be implemented more rapidly than the Draft Plan proposal to reconstruct Rockville Pike reconstruction in Phase 3 of the Staging Plan.

The two alternatives for the Pike were discussed at Planning Board Worksession #10, at which time the White Flint Steering Committee endorsed the Partnership proposal.

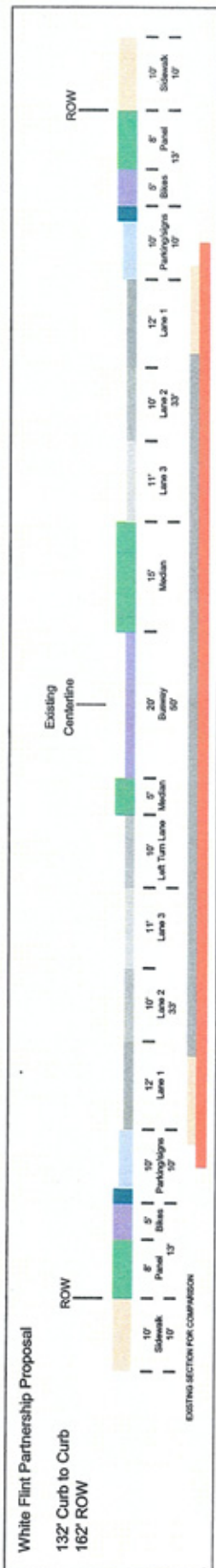
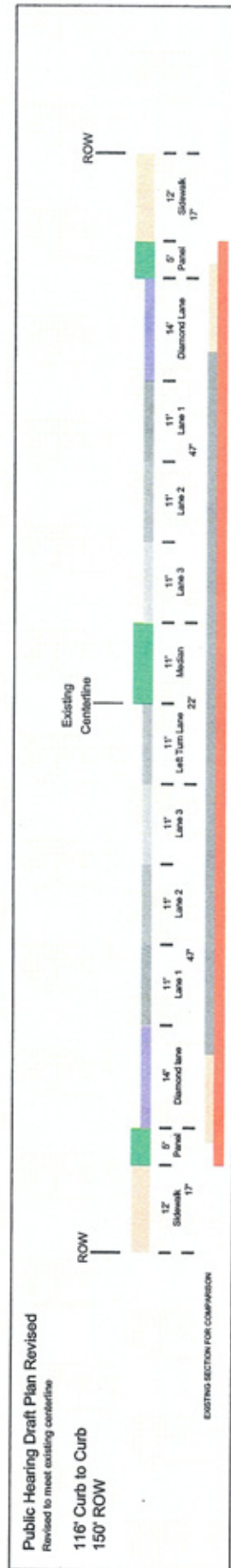
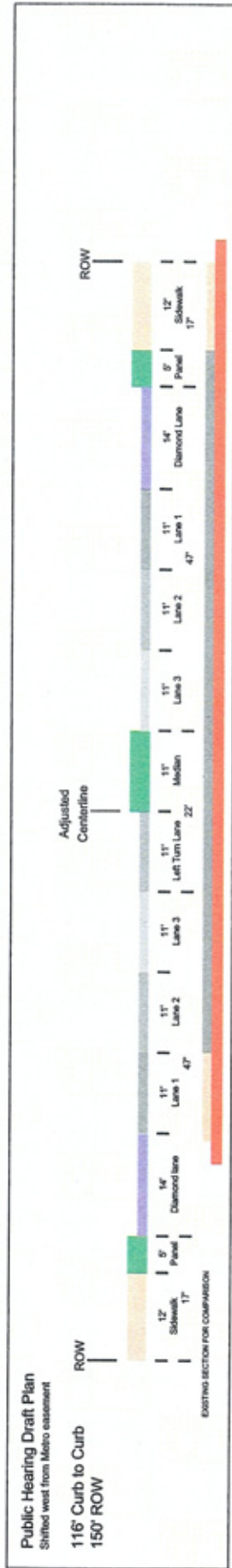
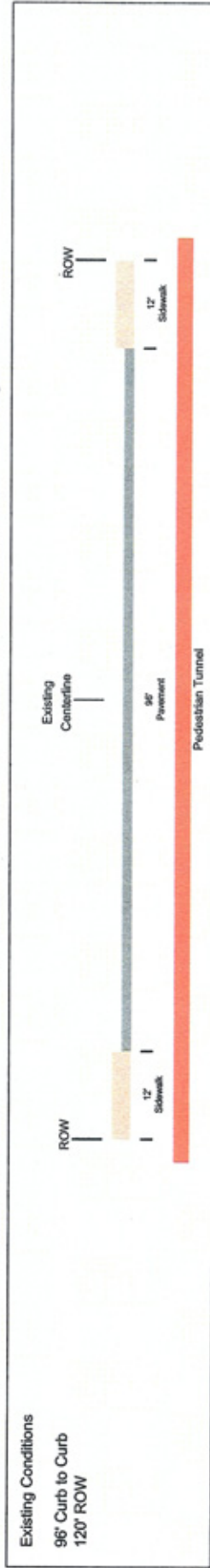
Staff convened an interagency meeting on May 18, including MDOT, SHA, Montgomery County DOT, WMATA, and Partnership representatives to review both the Draft Plan and Partnership proposals and develop a strategy for completing the Sector Plan and pursuing subsequent alternatives analyses and design studies. Figure 1 provides a comparison of four alternative Pike sections, using the existing Metro tunnel location as a fixed point of reference:

- Existing conditions: 120'-150' right-of-way
- The Draft Plan recommended concept (150' right-of-way, centerline shifted to the west)
- The 150' right-of-way, existing centerline retained
- The Partnership proposal (162' right-of-way and 20' easements, existing centerline generally retained with some shifting – up to 6' – to the east)

FIGURE 1

White Flint Sector Plan Alternative Rockville Pike Sections

Metrorail Station South Entrance ~200 feet north of Marinelli Lane Looking North



Primary conclusions at the May 18 interagency meeting were:

- There are no fatal flaws associated with a 162' wide right-of-way that overlaps with the WMATA easement on the east side of the Pike. Continued coordination between SHA, WMATA, MCDOT, and adjacent property owners is needed to determine structural requirements that will be dependent on the design.
- The value of a median busway in White Flint is dependent upon BRT planning outside the Sector Plan area, a subject of County study during FY 10. The potential to provide a median BRT facility in the Sector Plan should be preserved in the event that the County concludes a BRT network should include a substantially longer median segment (such as between the Rockville Town Center and Medical Center Metrorail stations). If the County concludes a longer BRT segment is not desirable, then transit riders and pedestrians may be better served by the curb lane bus priority concept.
- The provision of all-day, on-street parking is a safety and operational concern for transportation agencies regardless of the operating speed. Further study is needed to evaluate the benefits and problems of all-day parking on roadways carrying at least 50,000 ADT.
- Any alternatives analysis for Rockville Pike should follow the requirements of SHA. The County needs to identify Rockville Pike as a top priority project so that the state delegation will support the study in the state Consolidated Transportation Program. The County needs to determine the proposed study limits, a decision that should be considered in tandem with the results of the pending countywide BRT analysis.

The selection of a preferred concept must consider two basic differences between the Draft Plan proposal and the Partnership proposal:

- Shifting of the center line
- A busway in the median.

a. Shifting of the center line

The Draft Plan recommendation to shift the centerline of Rockville Pike in a westerly direction by 15' was influenced by both urban design and feasibility interests. From an urban design perspective, a westward shift was intended to facilitate a consistent cross-section design, uninterrupted by limitations at the Metrorail station and Nuclear Regulatory Commission properties. A westward shift would avoid concerns associated with construction on top of the Metrorail easement. The western shift would require approximately two acres of property from properties along the western edge and would have required development of a revised centerline that tied back to the existing centerline at both northern and southern ends of the Sector Plan. Depending upon the specific alignment of the revised centerline, the Draft Plan recommendations would have resulted in impacts on approved development on the west side of the Pike, including the North Bethesda Marketplace under construction.

Staff recommends that amending the Sector Plan so that it does not include a westward centerline shift, but rather retains the current roadway centerline.

b. A busway in the median

Staff does not think that a median busway is needed on Rockville Pike to serve Sector Plan development. However, staff notes that substantial support exists for a median BRT facility travel demand for bus-rapid transit (BRT) service along the Pike will be included in the Countywide BRT study approved in the County's FY 10 budget.

Several factors influence staff thinking regarding the median busway:

- Transportation agency interest in a median BRT system relates to the potential for a BRT network that would extend well beyond the Sector Plan boundary north to south.
- The potential for longer-distance BRT services along the Pike will not be known for about a year.
- The study of Countywide BRT opportunities would need to be followed by a functional amendment to the Master Plan of Highways.
- The Partnership proposal preserves the 150' right-of-way for the Draft Plan concept along the existing Pike centerline and identifies additional right-of-way (up to 6' more on the west side of the Pike and up to 12' more on the east side of the Pike) that could be used to implement median BRT.
- Substantial community and developer support exists for a median BRT system and for the Partnership proposal.
- Preservation of more right-of-way than needed to implement the Sector Plan concept will not have a significant effect on the placemaking characteristics of the Pike and may provide more options for the subsequent SHA feasibility study.

Staff concludes that the right-of-way for Rockville Pike should preserve a 162' cross-section on a revised centerline that shifts the existing centerline in an easterly direction up to six feet in certain locations.

Staff Recommendation:

Amend the Sector Plan recommendation to:

- *retain the proposed typical section for Rockville Pike,*
- *shift the Pike centerline back to the existing centerline, and*
- *reserve additional right-of-way to accommodate a wider median and to anticipate and preclude an amendment to the Sector Plan resulting from the BRT study results.*

Add text as follows (p. 56):

The primary purpose of Rockville Pike is to accommodate the movement of people and goods in all modes in a safe and efficient manner, providing connectivity for travel to, from, and through all Sector Plan neighborhoods and adjacent communities.

The Sector Plan recommends retaining Rockville Pike as a six-lane major highway but stresses the need to redesign and reconstruct the Pike as an urban boulevard with both design elements and adjacent building lines reinforcing the need to lower travel speeds as appropriate for an urban environment.

The reconstruction of the Pike needs to include the following elements:

- Pedestrian elements that provide pedestrian comfort in both sidewalks and crosswalks
- Bicyclist accommodation both provided on-road and facilitated via the east-side sidewalk
- Bus priority lanes located to balance the needs for Metrorail feeder, circulator, and potential new line-haul services along Rockville Pike as would be found desirable to supplement Metrorail.

The design analysis for the Pike should be undertaken during the first phase of the Plan, with the support of the County Executive and Council as a priority study. The design analysis needs to reflect further study of:

- A BRT network beyond the Sector Plan area, to be examined by the County during the next year. In the interim, both barrier-separated median busway and curb-lane busway options should be preserved.
- Transit service concept planning
- Pedestrian demand studies focused on Metrorail access
- Metrorail tunnel structural load analyses
- Coordination with utility companies
- Operational analysis of the effect of on-street parking

2. *Parking Management Authority*

The Public Hearing Draft of the White Flint Sector Plan on page 62 recommends establishing a Parking Lot District (PLD) to manage parking demand. This recommendation reflects an emphasis in applying parking management strategies to help affect a modal shift from private auto to transit and non-motorized travel.

The County currently has four PLDs (Silver Spring, Bethesda, Wheaton, and Montgomery Hills). In these PLDs, whose establishment dates to the 1950s, the primary value was to leverage the value in County-owned land to spur economic development. In White Flint, there is not as much publicly owned land and the need to spur economic development is not as compelling.

However, the need to efficiently manage parking supply and demand is of increasing importance throughout the County. Since the publication of the Draft Plan and subsequent discussions with the Executive Branch, staff has pursued a three-pronged approach to managing parking.

- Reduce parking requirements for all new development and encourage private sector parking be made available to the public (at a fee) through both the Comprehensive Zoning Ordinance project and the new CR District.
- A programmed study of appropriate commercial parking requirements (an outcome of OLO Report 2009-6 on travel demand management and the Climate Protection Plan), approved in the FY 10 budget by the County Council.
- Exploration of a new Parking Management Authority concept in Section 60 of the County Code to combine public sector promotion of parking options with private sector construction and operation of garages.

The draft CR District presented to the Planning Board on May 21 included mechanisms to limit parking and incentivize the provision of public parking:

- Section 59-C-15.231 requires that the minimum parking requirements in Section 59-E of the ordinance be considered maximum parking requirements in the CR District and identifies new minimum parking requirements that are a fraction of the Section 59-E requirements based on the distance to transit services.
- Section 59-C-15.264 provides incentive density floor area for on-site provision of publicly accessible parking spaces.

The MCDOT will contract with a consultant in FY 10 to develop a systemic set of formulae to link commercial maximum and/or minimum parking space requirements to match employee commute mode share goals and reflect the presence or absence of a Parking Lot District or other parking management authority. The results of this study, expected in early calendar year 2010, will be used to finalize or amend the CR District.

Staff has coordinated with the Executive Branch and members of the White Flint development community on how publicly accessible parking could be sited, funded, constructed, and operated. A primary tenet of these discussions is the recognition that the construction of structured parking requires property and capital funds. Whoever provides the resources should be able to control the income generated by the parking. Staff believes that it is more practical and efficient to expect the private sector to build parking but that some public parking should be provided.

Encouraging public parking through zoning achieves several objectives:

- Publicly-accessible garages can be located during the development process rather than prescribed by the Plan.
- Provision of publicly-accessible garages will occur in phases as development comes online, rather than requiring public funding to anticipate and stay current with the private sector marketplace.
- Parking garages could be a mix of privately operated or publicly operated garages, based on agreements reached during the development approval process.

Staff Recommendation:

Replace the section on Parking Districts on page 62 of the Draft Plan in its entirety as follows and delete Figure 35:

Parking Management

Encourage provision of public parking by private development through incentives in the CR Zone. Establish a Parking Management Authority for the Sector Plan area to assist in the active management of parking demand and promote shared parking efficiencies, particularly relieving the requirement for smaller properties to self-park. Public-private parking agreements should be encouraged as private properties redevelop.

3. *Staging Plan*

The staging plan for the Sector Plan has been revised to clarify those transportation system elements that are required to facilitate Pike reconstruction and those elements (including the development of Market Street) needed to create a civic core. This requires a revised cost estimate (see Table 7) for all staging plan infrastructure without assigning it specific private-sector or public-sector responsibility. The assessment of responsibility will occur during establishment of development districts for the Plan prior to Stage 1.

The implementation and financing scheme developed in 2008 did not include estimates of right-of-way costs, anticipating that properties would dedicate right-of-way during the development process. Staff recognizes that this assumption inadvertently presented a "best-case scenario." On the other hand, the cost estimate included transportation infrastructure that would logically be the responsibility of individual developers (such as master-planned streets on Mid-Pike Plaza or White Flint Mall properties). While staff can make assumptions regarding which properties might choose to develop in any of the three stages, **the Sector Plan staging plan should not be tied to those assumptions.** Therefore, staff must establish a "worst-case scenario" in which the public sector would need to implement all the necessary staging plan elements for Stage 1 or Stage 2 infrastructure needs.

Table 7. Capital Improvement Projects and Staging Plan

Staff estimates of capital costs for projects that may require public financing and implementation. Projects may also include private sector participation. Projects already fully funded in CIP or CTP such as Montrose Parkway, Citadel Avenue, and Chapman Avenue are not included

Phase	Project Name	Location/Limits	Road #	Right-of-way		Construction		Total Cost (\$M)
				Acres	Estimated Cost (\$M)	Length (mi)	Estimated Cost (\$M)	
1	Civic Green			1.0	\$ 6.5			\$ 6.5
1	Library				\$ -		\$ 5.0	\$ 5.0
1	Main Street and Promenade	MD 187 to MD 355		3.2	\$ 20.8	0.3	\$ 7.5	\$ 28.3
1	Wall Park			11.0	\$ 71.5		\$ 10.0	\$ 81.5
1	Police and Fire/Rescue			1.5	\$ 9.8		\$ 10.0	\$ 19.8
1	Streetscape improvements				\$ -	3.0	\$ 15.0	\$ 15.0
1	MD 187 / Executive intersection	M-4 / M-4(a) junction		0.5	\$ 3.3	0.3	\$ 7.5	\$ 10.8
1	Old Old Georgetown Road	Executive to Montrose	M-4(a)	0.2	\$ 1.3	0.3	\$ 7.5	\$ 8.8
1	Executive Boulevard realignment		B-15	2.6	\$ 16.9	0.3	\$ 7.5	\$ 24.4
2	Nebel Street Extended (south)		B-5	5.2	\$ 33.8	0.5	\$ 12.5	\$ 46.3
2	Metrorail Northern Station Entrance	MD 355 to Nicholson Lane			\$ -		\$ 25.0	\$ 25.0
2	Streetscape improvements				\$ -	5.4	\$ 27.0	\$ 27.0
3	Rockville Pike boulevard	Montrose to Edson	M-6	2.4	\$ 15.6	1.2	\$ 66.0	\$ 81.6
3	MARC Station / access improvements	Nicholson Court			\$ -		\$ 15.0	\$ 15.0
	Phase 1 Subtotal				\$ 130.0		\$ 70.0	\$ 200.0
	Phase 2 Subtotal				\$ 33.8		\$ 64.5	\$ 71.3
	Phase 3 Subtotal				\$ 15.6		\$ 81.0	\$ 96.6
	TOTAL				\$ 179.4		\$ 215.5	\$ 394.9
Remaining projects expected to be provided by private sector								
1	Circulator shuttle phase 1							
1	North Bethesda Town Center streets	LCOR property	B-4, B-10, B-11, B-12					
2	Circulator shuttle phase 2							
2	Executive Boulevard Extended	Woodglen to Nebel Ext	B-7					

Staff Recommendation:

Amend the Sector Plan to clarify both the staging plan and “worst-case” estimated capital costs that could require up-front public sector investment (with reimbursement through development district participation or tax assessment). The revision to Table 7 now identifies approximately \$410M of improvements that may require public financing.

The revised staging plan incorporates the following:

- *Reflect the revised staff approach toward implementation entities.*
- *Reflect the long-term parking space caps to be established in the Growth Policy.*
- *Move the MARC station from Stage 2 to Stage 3.*
- *Amend staging plan text (in italics) by removing text indicated as strikeout and adding double underlined text as follows:*

Staging Plan

A staging plan addresses timing of new development and public facilities within the lifetime of the Sector Plan. A successful staging plan should be elastic enough to respond to market forces without losing the vision of the Plan or requiring amendments. It must also make realistic assumptions about the facilities needed to support development while minimizing negative impacts on surrounding development. In White Flint, staging must include increasing transit ridership as a means to reduce traffic congestion. The White Flint staging plan is guided by the following:

- *Ensuring fiscal responsibility. Timing and sequence of development should be matched to capital improvement funding. Funding for the capital improvements required by new growth will come from a variety of public and private sources. Private development should provide for those public facilities needed to support the new development and not burden existing facilities.*
- *Coordinating development with public infrastructure. Public facilities should be provided in conjunction with private land development, including dedication of land for public use in order to reduce the costs to the public.*
- *Promoting balance. The Sector Plan recommends substantial residential development to create neighborhoods in White Flint. Nonresidential development should not preempt residential development by absorbing available capacity or land.*
- *Promoting a sense of place. The reconstruction of Rockville Pike as a Boulevard and the creation of a Civic Core area are both fundamental to creating a sense of community and place in White Flint. The sequence in which these projects are developed, especially the construction phases for Rockville Pike, is critical to traffic management and minimizing disruption to commerce and impacts to surrounding communities.*

The proposed zoning envelope contains more potential density than will be used over the life of the Sector Plan. The Mobility Chapter outlined the requirements for accommodating new development, such as the desired mode split, the enhanced street network and more emphasis on multi-family residential development since it generates

less traffic than nonresidential development. The Plan recommends a staging plan that meters development approvals to ensure that the transportation infrastructure is in place when needed. The amount of development that can be accommodated by the proposed infrastructure and transit is approximately 75 percent of the zoning envelope capacity.

Of primary importance is managing traffic congestion, which can be accomplished by building the proposed street grid and improving and enhancing access to transit. The critical part of the road network that provides for through traffic flow is the realignment of Old Georgetown Road and Executive Boulevard to provide alternatives to Rockville Pike and to diffuse traffic in the Sector Plan area.

Second is ensuring that proposed civic uses intended to create the vitality within the urban core (i.e. the Civic Green, Wall Local Park and Market Street) are built and constructed early within the life of the Sector Plan.

Finally, reconstruction of Rockville Pike will require right-of-way from the west side, which cannot be obtained all at once, since development will occur property by property. It may be necessary to have an interim solution, such as locating a drive-aisle in the setback area or setting aside vaults for the undergrounding of utilities outside the limits of the future reconstruction. Regardless of when the reconstruction occurs, there will be disruption to adjacent businesses. Efforts should be made to address that possibility such as local bus shuttles and an evening construction schedule.

Pre-Requisites

Before any development can be approved, the following actions must be taken:

- Approval and Adoption of the Sector Plan.
- Approval of Sectional Map Amendment.
- Council resolution to expand the Metro Station Policy Area to include the entire Sector Plan boundary.
 - Requires workforce housing
 - Propose legislative changes to allow impact fees to be captured in a Metro Station Policy Area
 - Reduces Transportation Impact Tax
 - Allows Critical Lane Volume (CLV) Standard to increase to 1,800
- Coordinate with SHA/MCDOT to develop a Rockville Pike Boulevard Feasibility Study.
- Establish the Sector Plan area as a State of Maryland "Bicycle Pedestrian Priority Area."
- ~~• Create a public entity consistent with the goals of the Sector Plan and the general principles of the staging plan to oversee the timely implementation of the recommended infrastructure. The structure may include oversight through the following:
 - ~~Urban Service District~~
 - ~~Development District~~
 - ~~Business Improvement District~~
 - ~~Public Parking Lot District~~~~

- Create any public entities necessary for the implementation of the Sector Plan including, as appropriate, the following:
 - Parking Management Authority
 - Urban Service District
 - Redevelopment Office or similar entity
- Develop a Transportation Approval Mechanism and Monitoring Program.
 - Planning Board to develop biennial monitoring program for the White Flint Sector Plan area. This program will include a periodic assessment on development approvals, traffic issues, public facilities and amenities, the status of new facilities, the Capital Improvements Program (CIP) and Annual Growth Policy (AGP) as it relates to White Flint with the LATR/PAMR process replaced by an alternative financing and exaction process. The program should conduct a regular assessment of the staging plan and determine if any modifications are necessary.
 - Establish an advisory committee of property owners and interested groups that support the redevelopment of the White Flint Plan area, to evaluate the assumptions made regarding congestion levels, transit use, etc. The committee's responsibilities should include monitoring the Plan recommendations, identifying new projects for the Amenity Fund, monitoring the Capital Improvements Program (CIP) and Annual Growth Policy (AGP), and ensuring that issues are addressed by the Planning Board and/or Council.
 - Establish an inventory of long-term parking spaces to set requirements for Stage 1 and Stage 2 parking caps that provide a progressive achievement of the end-state limitation of 0.61 long-term parking spaces per employee in the Sector Plan area.

Phasing

Development may occur anywhere within the Sector Plan area, however, all projects will be required to fund or at a minimum defray total transportation infrastructure costs. The three phases of the Staging Plan are set at 30 percent, 30 percent and 40 percent respectively of the 17.6 million square feet of new development.

Phase 1: 3,000 dwelling units and 2.0 million square feet nonresidential development

During Phase 1, the Planning Board may approve both residential and nonresidential development until either of the limits above is reached. During Phase 1, the projects listed below must be completed:

- Fund the realignment of Executive Boulevard and Old Georgetown Road.
- Fund the construction of an east-west Market Street (B-10) in the Conference Center block.
- Achieve 30 percent non-auto driver mode share for the Plan area.
- Provide streetscape improvements; pedestrian systems improvements and bicycle network/plan for all streets within a ¼ mile of the Metro station: Old Georgetown Road, Marinelli Road, and Nicholson Lane.

- ~~Establish a Parking Lot District for the Sector Plan area.~~
- Acquisition or dedication of the Civic Green.
- Relocate surface parking on Wall Local Park in cooperation with an amenity fund project or with private development funding in order to create the recreational anchor for the Town Center core.
- Establish a bus circulator system linked to surrounding office districts and residential neighborhoods.
- Conduct a North Bethesda residential areas circulation study.
- Construct an express library and police/fire and rescue facility.
- Limit long-term parking spaces to capacity established in Growth Policy.

Phase 2: 3,000 dwelling units and 2.0 million square feet nonresidential development

Before development beyond the limits set in Phase 1 can be approved, the Planning Board must determine that all the public projects listed in Phase 1 have been completed. The amount of development that could be approved in Phase 2 is set at approximately one third of the planned development. Development can occur anywhere within the Sector Plan area; however, development will be required to defray the costs of the projects associated with Phase 1 as well as projects associated with Phase 2.

During Phase 2, the Planning Board may approve both residential and nonresidential development until either of the limits above is reached. During Phase 2, the projects listed below must be completed:

- Increase non-auto driver mode share to 35 percent.
- Montgomery County Public Schools (MCPS) to evaluate the need and/or status of an additional elementary school within the cluster and determine if a school site is necessary in the Sector Plan area.
- Fund the second entrance to the White Flint Metro Station.
- ~~Fund MARC station.~~
- ~~The reconstruction of Rockville Pike (between Edson Road/Executive Boulevard and Montrose Parkway) requires a comprehensive state project. During Phase 2, the critical elements of a business street network that relieves Rockville Pike will be completed.~~
- Construct Nebel Street Extended between Nicholson Lane and Rockville Pike.
- Limit long-term parking spaces to capacity established in Growth Policy.

Phase 3: 3,800 dwelling units and 1.9 million square feet nonresidential development

Before development beyond the limits set in Phase 2 can be approved, the Planning Board must determine that all the public and private projects listed in Phase 1 have been completed and that projects listed in Phase 2 have been approved, under construction or completed.

In Phase 3, the remaining transportation capacity could be committed. As in Phases 1 and 2, development may be required to help defray the costs of necessary infrastructure projects in all three phases. At the end of Phase 3, the development should total 14,500 units (17.4 million square feet) 12.9 million nonresidential square feet. This is a 58/42 split and close to the desired 60/40 split.

- *Increase non-auto driver mode share to 39 percent.*
- ~~*Fund the Old Georgetown Road extension to the CSX tracks within the State Consolidated Transportation Program, the County Capital Improvements Programs, public/private joint venture, or privately.*~~
- *Complete all streetscape improvements, pedestrian systems improvements and bicycle network/plan outside a ¼ mile from the Metro.*
- *Reconstruct Rockville Pike.*
- *Fund MARC station.*
- *Limit long-term parking spaces to 0.61 per employee.*

Phase 4: Raising the Transportation Cap

The Plan recommends a level of development and a mix of uses that can be accommodated by the road network and transit facilities. The proposed road infrastructure supports the proposed development and it is important to note that there are no additional roads within the boundaries of the Plan area that would further improve vehicular mobility.

There is growing evidence in other parts of the country that urban scale, transit-served development does not always result in higher traffic congestion. Detailed monitoring of traffic conditions over time will indicate if transit use results in fewer than anticipated vehicle trips. If that is the case, the Transportation Cap of 9,800 dwelling units and 5.9 million square feet of development should be reexamined. The TMX Zone as applied in the Sector Plan allows a greater zoning capacity than can be served by the proposed mobility infrastructure. This was done so that if assumptions regarding the Transportation Cap proved conservative, the County Council would not have to revisit the zoning envelope to allow more development and could confine their review to the transportation issue. The proposed monitoring program should include provisions for alternative transportation analyses, such as a cordon line cap, to evaluate how much additional density could be supported.

ADMINISTRATION AND FINANCING

The Draft Plan recommended the creation of an implementation authority possessing broad powers and numerous specified responsibilities. The purpose of the implementation authority was to implement the staging and capital improvements elements of the Draft Plan. The activities of the implementation authority, including capital projects, would have required substantial funding. The financing section of the Draft Plan described a specific public-private financing mechanism capable of funding certain capital projects. The Executive Branch submitted testimony in opposition to the administration and financing sections of the Draft Plan. The Executive Branch further clarified its positions on these topics in a series of meetings following the public hearing.

Issues

1. *Administration by existing models/structures*

On May 7, 2009, staff revisited the issue of administration with the Planning Board. The Planning Board supported changing the section on administration by removing the Draft Plan's recommendation that the County create an implementation authority. In lieu of an implementation authority, implementation of the staging and capital improvements elements of the Sector Plan will be aided by the Bethesda-Chevy Chase Regional Services Center, an Urban Service District, and a Redevelopment Office or similar entity.

Staff recommendation: The Planning Board should approve the following underlined text, which replaces the text found in the Administration section on pages 79 and 80.

Administration

This Plan recommends the creation of an Urban Service District, as well as a Redevelopment Office or similar entity, both of which will work in close coordination with the Bethesda-Chevy Chase Regional Services Center.

The Urban Service District will perform the following: provide increased maintenance of the streetscape and its amenities; provide additional public amenities such as plantings, seating, shelters, and works of art; promote the commercial and residential interests of the community; and program cultural and community activities.

The Redevelopment Office, or similar entity, would provide specific redevelopment expertise. A redevelopment office would serve as an interface between developers and County agencies regulating development, utilities, State Highways, WMATA, and other affected common carriers and public sector entities.

2. *Financing implementation of the Sector Plan*

The Draft Plan recommendations related to financing were revisited with the Planning Board on May 7, 2009. The Planning Board supported making changes to the financing language in the Draft Plan in light of the information provided by the Executive Branch after the public hearing, and in light of the changes to the recommendations related to administration.

Staff Recommendation: The Planning Board should approve the following underlined text, which replaces the text found in the Financing section on pages 80 and 81.

Financing

Implementation of the White Flint Sector Plan will require substantial public and private investment in infrastructure and public facilities. Montgomery County has a number of tools available that can be used to implement the Sector Plan. Tools other than the regular CIP process include the following:

- Tax Increment Financing (TIF)
- Development impact taxes and other excise taxes
- Special assessment districts
- Development districts

In choosing the appropriate tool or tools for financing certain infrastructure and public facility projects, plan implementation should be guided by the following principles:

- Leverage the substantial tax increment generated by redevelopment in the Sector Plan.
- Be sensitive to the limits of the private sector's capacity to fund public infrastructure in light of the requirements to provide public benefits and amenities.
- Provide maximum certainty regarding the timing and extent of public sector investments.
- Expand the Metro Station Policy Area boundary to be coterminous with the Sector Plan boundary.
- To the extent possible, capture impact taxes or similar excise taxes paid by development in the district and spend those revenues within the Sector Plan boundary.
- To the extent possible, residential condominium developments' share of the financing burden should be met by one-time payments rather than recurring obligations.
- Direct private sector funds to improvements within the Sector Plan boundary, to the extent that the benefits of those improvements accrue within the Sector Plan boundary.
- Direct public sector funds to improvements within the Sector Plan boundary to the extent that the benefits of those improvements accrue beyond the Sector Plan boundary or accrue to the public sector as a property owner.

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Attachment: Revised Attachment D – Tax Increment Financing (TIF)

REVISED ATTACHMENT D: TAX INCREMENT FINANCING (TIF)

Revised May 12, 2009

Introduction

In a TIF, property tax revenues derived from the increase in assessed values due to appreciation and/or new development are used to pay off bonds issued for improvements in the TIF District. At the time the TIF District is created, a baseline of revenues is established. Some or all of the revenue above that baseline accrues to the TIF District and is applied to the debt payments.

Purpose of TIF

In the absence of government participation in the development or redevelopment of urban areas, real estate developers and investors are more willing to invest in simpler, "Green field" sites. In "Green field" sites land costs are generally lower, redevelopment requires less land assemblage, public facility capacity is less encumbered by existing development, and infrastructure investments are less likely to involve expensive retrofits.

Under certain circumstances, TIF can serve as an effective tool for jurisdictions seeking to fund redevelopment of targeted geographic areas, especially those that contain "Brownfield" or "Grayfield" sites. As such, state and local officials in jurisdictions around the nation recognize that TIF can be a valuable tool in suburban transit-oriented development (TOD) projects as a way of meeting the high costs of retrofitting aging or obsolete suburban infrastructure.

TIF in Maryland

The Maryland Tax Increment Financing Act authorizes most Maryland counties and municipalities to use TIF for the purposes of financing certain development/redevelopment projects. See Title 12, Subtitle 2 of the Economic Development Article of the Maryland Code, Sections 12-201 through 12-213.

In Maryland, authorized local governments may issue TIF bonds for the purpose of financing development or infrastructure to support development. The first step in that process requires the government to create a TIF District and a special fund. The TIF bonds issued are then payable from the special fund which holds the incremental tax payments associated with the TIF District.

TIF Financing Terms

TIF bonds are unsecured, revenue bonds. In their purest form, they are backed by a projection of the District's tax revenues. The full faith and credit of a jurisdiction is not necessarily at risk when a TIF bond is issued. As such, TIF bonds are riskier than general obligation bonds. When underwriters feel that the risk associated with using TIF is too high, then any of a number of conceptually similar financing tools may be more appropriate.

Recent TIF Districts in Maryland have been "backed" by Special Assessment districts. In these cases, a Special Assessment District is created that has the same boundaries as the TIF District.

In the event that the TIF District does not meet projected revenues, property owners within the TIF District are assessed a share of the shortfall.

In order to reduce risk, bond placement agencies often prefer to see TIF Districts that are large and diverse, thereby reducing the risk of default. Larger districts raise questions as to why the TIF District is so large as to include areas that receive little benefit from the new development.

Smaller and more narrowly drawn TIF Districts usually require higher debt coverage ratios (i.e. a lower percentage of net operating income can be used for debt payment because the small TIF district is perceived to be riskier). For example, a project that will generate an annual tax increment of \$1 million might have a large TIF District boundary and a debt coverage ratio of 1.25 (i.e. \$800,000 available each year for principal and interest); the same project with a more narrowly drawn TIF District boundary might have a debt coverage ratio of 1.67 (i.e. \$600,000 available each year for principal and interest).