

MEMORANDUM

April 13, 2018

TO: County Council

FROM: Amanda Mihill, Legislative Attorney *Mihill*
GO Glenn Orlin, Deputy Director

SUBJECT: Expedited Bill 5-18, Special Taxing District – White Flint – Amendments

PURPOSE: Action on Bill – Roll call vote required

**Government Operations and Fiscal Policy Committee worksession recommendation (3-0):
enact Expedited Bill 5-18.**

Expedited Bill 5-18, Special Taxing District – White Flint - Amendments, sponsored by Lead Sponsor Council President Riemer, was introduced on March 6, 2018. A public hearing was held on April 3 at which there were no speakers and a Government Operations and Fiscal Policy Committee worksession was held on April 9.

Bill 5-18 would modify the boundaries of the White Flint Special Taxing District and include certain exempt properties in the Special Taxing District if they redevelop.

Background

The Council, sitting as the District Council, adopted Resolution No. 18-979 approving, with amendments, the White Flint 2 Sector Plan. The Resolution recommended that the boundaries of the White Flint Special Taxing District be modified to correspond to the changes approved in the White Flint 2 Section Plan. The Council introduced an amendment to the 2016-2020 Subdivision Staging Policy on February 27 to amend the boundaries of the White Flint Metro Station Policy Area to correspond to the changes made to the White Flint 2 Sector Plan by Resolution No. 18-979.

Expedited Bill 5-18 would modify the boundaries of the White Flint Special Taxing District to be consistent with the changes made by the District Council to the White Flint 2 Sector Plan. The Bill would also include properties currently exempt from the special tax in the Special Taxing District if they redevelop through new construction or an addition to an existing building.

Boundary change. During its deliberations on the White Flint 2 Sector Plan, the Council decided it wished to include in the White Flint Special Taxing District the Guardian and Willco properties on Executive Boulevard and a portion of the Wilgus property between Montrose Road and Montrose Parkway. These properties are within a half-mile walk of the master-planned northern entrance to the White Flint Metro Station. The area covered by these three properties is shown as Traffic Zone 685 on ©10. The Department of Finance estimates that these properties would generate about \$132,000 annually before redevelopment, but this revenue would grow substantially higher after redevelopment (See FEIS at ©6-9).

Exempt properties. When the White Flint Special Taxing District was approved in 2010, the Council decided that all non-residential development (existing and new) and all new residential development would be subject to the tax, but that existing residences—whether they were owner-occupied or leased—should be exempt from the tax. This was accomplished by exempting specific properties in the law that contained residences in 2010. However, at that time the Council did not consider the possibility that one or more of these properties might redevelop to add more (i.e., new) residences in the future.

Planning staff has evaluated the redevelopment potential of the currently exempt properties (©11-13). Their conclusion is that only two properties have the potential for redevelopment or additional development in the near- or long-term. However, depending upon the ultimate value of land in White Flint, it is at least plausible that a few of the other properties could also redevelop or add development in the long term. The Bill would add an exempt property to the District if the redevelopment required a new use and occupancy permit.

Committee recommendation (3-0): enact Expedited Bill 5-18 as introduced.

This packet contains:	<u>Circle #</u>
Expedited Bill 5-18	1
Legislative Request Report	4
Fiscal and Economic Impact statement	5
Proposed boundary for White Flint Special Taxing District	10
Planning staff's evaluation of the redevelopment potential of the exempt properties	11

Expedited Bill No. 5-18
Concerning: Special Taxing District –
White Flint - Amendments
Revised: March 2, 2018 Draft No. 3
Introduced: March 6, 2018
Expires: September 6, 2019
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: None
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsor: Council President Riemer

AN EXPEDITED ACT to:

- (1) modify the boundaries of the White Flint Special Taxing District;
- (2) include certain exempt properties in the Special Taxing District if they redevelop;
and
- (3) generally amend the law establishing the White Flint Special Taxing District.

By amending

Montgomery County Code
Chapter 68C, White Flint Special Taxing District
Sections 68C-1 and 68C-2

Boldface	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
[Single boldface brackets]	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

The County Council for Montgomery County, Maryland approves the following Act:

1 **Sec 1. Sections 68C-1 and 68C-2 are amended as follows:**

2 **68C-1. Definitions.**

3 For purposes of this Chapter, the following terms have the meanings indicated:

4 * * *

5 *District* means the White Flint Special Taxing District created under
6 Section 68C-2.

7 *Redevelopment* means new construction or an addition to an existing
8 building on any commercial or residential property.

9 * * *

10 **68C-2. Creation; Boundaries.**

11 (a) The White Flint Special Taxing District is coterminous with [the
12 approved and adopted White Flint Sector Plan area] the boundary of the
13 White Flint Metro Station Policy Area as it appears in the 2016-2020
14 Subdivision Staging Policy as adopted on _____.

15 (b) Except as provided in subsection (c), the [The] following properties,
16 identified by street address, are not included in the District: 5411
17 McGrath Boulevard, 5440 Marinelli Road, 5801 Nicholson Lane, 11700
18 Old Georgetown Road, 11701 Old Georgetown Road, 11750 Old
19 Georgetown Road, 11800 Old Georgetown Road, 11801 Rockville Pike,
20 5800 Nicholson Lane, 5802 Nicholson Lane, 5809 Nicholson Lane, 5440
21 Marinelli Road, 5503 Edson Lane, 5505 Edson Lane, 5507 Edson Lane,
22 5509 Edson Lane, 11201 Woodglen Drive, 11203 Woodglen Drive,
23 11205 Woodglen Drive, 11207 Woodglen Drive, 11209 Woodglen
24 Drive, 11351 Woodglen Drive, 11418 Rockville Pike, 11200-11219
25 Edson Park Place, 11222 Edson Park Place, 11224 Edson Park Place,
26 11226 Edson Park Place, 11228 Edson Park Place, 11230 Edson Park

27 Place, 11232 Edson Park Place, 11234 Edson Park Place, 11236 Edson
28 Park Place, 11238 Edson Park Place, and 11240 Edson Park Place.

29 (c) A property identified in subsection (b) must be included in the District if
30 a use and occupancy permit is issued for redevelopment after July 1,
31 2018.

32 **Sec. 2. Expedited Effective Date.**

33 The Council declares that this legislation is necessary for the immediate
34 protection of the public interest. This Act takes effect on the date on which it becomes
35 law.

36

37 *Approved:*

38

Hans D. Riemer, President, County Council Date

39 *Approved:*

40

Isiah Leggett, County Executive Date

41 *This is a correct copy of Council action.*

42

Megan Davey Limarzi, Esq. Date
Clerk of the Council

LEGISLATIVE REQUEST REPORT

Expedited Bill 5-18

Special Taxing District – White Flint - Amendments

DESCRIPTION: Expedited Bill 5-18 would modify the boundaries of the White Flint Special Taxing District and include certain exempt properties in the Special Taxing District if they redevelop.

PROBLEM: The Council, sitting as the District Council, recommended modifying the boundaries of the White Flint Special Taxing District.

GOALS AND OBJECTIVES: The goal is to amend the boundaries of the Special Taxing District.

COORDINATION: Planning Board, Finance, County Attorney

FISCAL IMPACT: To be requested.

ECONOMIC IMPACT: To be requested.

EVALUATION: To be requested.

EXPERIENCE ELSEWHERE: To be researched.

SOURCE OF INFORMATION: Robert H. Drummer, Senior Legislative Attorney
Glenn Orlin, Deputy Council Administrator

APPLICATION WITHIN MUNICIPALITIES: To be researched.

PENALTIES: None

F:\LAW\BILLS\1805 White Flint Special Taxing District - Amendments\LRR.Docx



ROCKVILLE, MARYLAND

MEMORANDUM

March 29, 2018

TO: Hans Riemer, President, County Council

FROM: Jennifer A. Hughes, Director, Office of Management and Budget
Alexandre A. Espinosa, Director, Department of Finance *MB*

SUBJECT: FEIS for Bill 5-18E - Special Taxing District - White Flint - Amendments

Please find attached the fiscal and economic impact statements for the above-referenced legislation.

JAH:fz

cc: Bonnie Kirkland, Assistant Chief Administrative Officer
Lisa Austin, Offices of the County Executive
Joy Nurmi, Special Assistant to the County Executive
Patrick Lacefield, Director, Public Information Office
David Platt, Department of Finance
Dennis Hetman, Department of Finance
Anita Aryeetey, Office of Management and Budget
Felicia Zhang, Office of Management and Budget

Fiscal Impact Statement
Expedited Bill 5-18
Special Taxing District – White Flint - Amendments

1. Legislative Summary

Bill 5-18E would:

- (1) modify the boundaries of the White Flint Special Taxing District;
- (2) include certain exempt properties in the Special Taxing District if they redevelop;
and
- (3) generally amend the law establishing the White Flint Special Taxing District.

2. An estimate of changes in County revenues and expenditures regardless of whether the revenues or expenditures are assumed in the recommended or approved budget. Includes source of information, assumptions, and methodologies used.

The Department of Finance calculated for the eight newly added parcels on Old Georgetown Road, Montrose Road, and Executive Boulevard to have a total assessed value of approximately \$117,166,400 with an estimated tax revenue of \$131,812 annually at the current rate of \$0.1125 per \$100 of assessed value. The Department of Park & Planning gauged the redevelopment potential of each of the currently exempt properties and determined that for a majority of the properties the redevelopment potential was limited in both the near and long-term particularly for mid-rise and high-rise condominiums. A high threshold of consent is needed from current condo owners to begin redevelopment activities and townhouse redevelopments are similarly challenging, especially without an alternative zoning recommendation.

3. Revenue and expenditure estimates covering at least the next 6 fiscal years.

The Bill is anticipated to add \$131,812 annually (7.2% of the forecasted total of \$1,835,219 in FY18) to the White Flint special taxing district revenues. These revenues will fluctuate with changes in the assessed property values and with alterations to the special tax rate. The additional revenues are expected to grow annually at an inflation rate of 3% adding approximately \$852,615 in total revenues over six years.

FY19	FY20	FY21	FY22	FY23	FY24
\$ 131,812	\$ 135,767	\$ 139,840	\$ 144,035	\$ 148,356	\$ 152,806
				total:	\$ 852,615

4. An actuarial analysis through the entire amortization period for each bill that would affect retiree pension or group insurance costs.

Not applicable.

5. An estimate of expenditures related to County's information technology (IT) systems, including Enterprise Resource Planning (ERP) systems.

No additional expenditures related to County's information technology systems are expected.

6. Later actions that may affect future revenue and expenditures if the bill authorizes future spending.

Not applicable. Bill 5-18 does not authorize future spending.

7. An estimate of the staff time needed to implement the bill.

No additional staff time is needed to implement the bill's provisions.

8. An explanation of how the addition of new staff responsibilities would affect other duties.

No new staff responsibilities are required to implement the bill's provisions.

9. An estimate of costs when an additional appropriation is needed.

Not applicable.

10. A description of any variable that could affect revenue and cost estimates.

Not applicable.

11. Ranges of revenue or expenditures that are uncertain or difficult to project.

Not applicable.

12. If a bill is likely to have no fiscal impact, why that is the case.

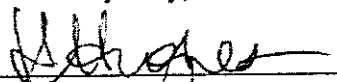
See number 2.

13. Other fiscal impacts or comments.

Not applicable.

14. The following contributed to and concurred with this analysis:

Dennis Hetman, Finance
Nkosi Yearwood, MNCPPC
Anita Aryeetey, OMB



Jennifer A. Hughes, Director
Office of Management and Budget

3/22/18
Date

Economic Impact Statement
Expedited Bill 5-18E, Special Taxing District – White Flint – Amendments

Background:

Bill 5-18E would:

- (1) modify the boundaries of the White Flint Special Taxing District;
- (2) include certain exempt properties in the Special Taxing District if they redevelop;
and
- (3) generally amend the law establishing the White Flint Special Taxing District.

The Council, sitting as the District Council, adopted Resolution No. 18-979 approving, with amendments, the White Flint 2 Sector Plan. The Resolution recommended that the boundaries of the White Flint Special Taxing District be modified to correspond to the changes approved in the White Flint 2 Sector Plan. Expedited Bill 5-18E would modify the boundaries of the White Flint Special Taxing District to be consistent with the changes made by the District Council to the White Flint 2 Sector Plan. The Bill would also include properties currently exempt from the special tax in the Special Taxing District if they redevelop through new construction or an addition to an existing building.

1. The sources of information, assumptions, and methodologies used.

- Department of Finance, White Flint special tax district revenue analysis
- Department of Park & Planning, White Flint redevelopment potential analysis

2. A description of any variable that could affect the economic impact estimates.

Variables that could affect the economic impact estimates for this Bill include the special tax district revenue for the properties added to the district and the redevelopment potential for currently exempt properties within the revised boundaries. The Department of Finance calculated for the eight newly added parcels on Old Georgetown Road, Montrose Road, and Executive Boulevard to have a total assessed value of approximately \$117,166,400 with an estimated tax revenue of \$131,812 annually at the current rate of \$0.1125 per \$100 of assessed value. The Department of Park & Planning gauged the redevelopment potential of each of the currently exempt properties and determined that for a majority of the properties the redevelopment potential was limited in both the near and long-term particularly for mid-rise and high-rise condominiums. A high threshold of consent is needed from current condo owners to begin redevelopment activities and townhouse redevelopments are similarly challenging, especially without an alternative zoning recommendation.

3. The Bill's positive or negative effect, if any on employment, spending, savings, investment, incomes, and property values in the County.

The Bill is anticipated to add \$131,812 annually (7.2% of the forecasted total of \$1,835,219 in FY18) to the White Flint special taxing district revenues. These revenues will fluctuate with changes in the assessed property values and with alterations to the special tax rate. The additional revenues are expected to grow annually at an inflation rate of 3%¹ adding

¹ inflation rate for White Flint special tax district analysis

Economic Impact Statement
Expedited Bill 5-18, Special Taxing District – White Flint – Amendments


approximately \$852,615 in total revenues over six years. While the Department of Park & Planning's analysis notes that redevelopment of exempt properties is expected to be minimal, any quantified estimate of additional tax revenue as a result of new construction or additions would be speculative in nature. The Bill is not expected to impact employment, investment, or incomes. Property values for the newly included parcels can be expected to adjust proportionally with the addition of the special district tax rate and corresponding absence of any owed transportation or school impact taxes.

4. If a Bill is likely to have no economic impact, why is that the case?

See number 2.

5. The following contributed to or concurred with this analysis:

David Platt, Dennis Hetman, and Robert Hagedoorn, Finance.



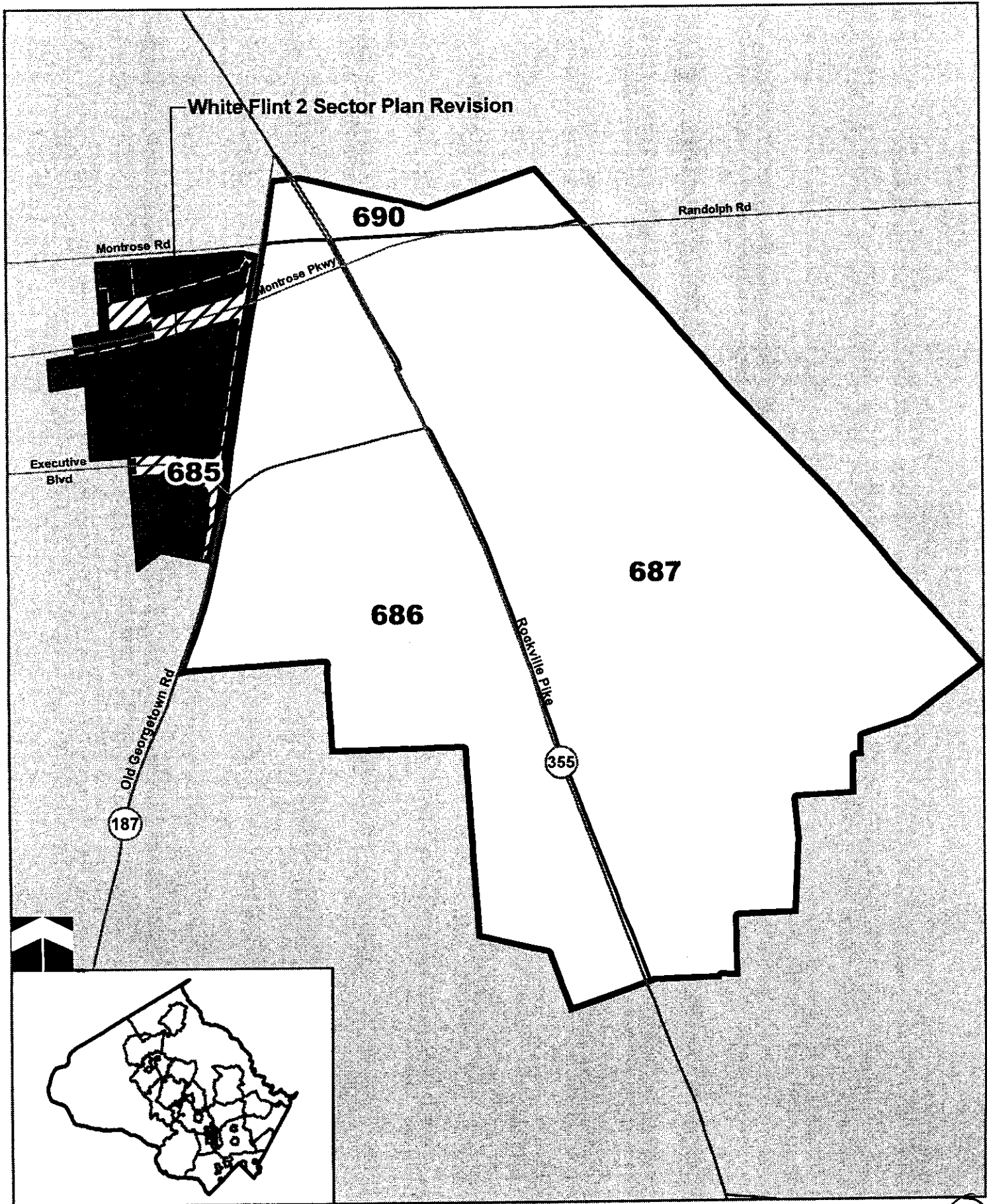
Alexandre A. Espinosa, Director
Department of Finance

3/23/2018
Date

White Flint Policy Area

MAP 37

with Traffic Analysis Zones



White Flint Special Tax Exempt Properties

Property Name	Address	Built	Existing Zone	Building Type	Redevelopment Potential
Wentworth House	5411 McGrath Boulevard	2006	CR-3 C1.5 R2.5 H250	High-Rise Multifamily (Rental)	Redevelopment of this property is unlikely in the near or long-term. Developed by LCOR, this is the first multifamily high residential built as part of the North Bethesda Center project. This 18-story building is part of a joint-development agreement between WMATA and LCOR.
Strathmore Court	5440 Marinelli Road	1996	CR-4 C3.5 R3.5 H-300	Mid-Rise Multifamily Residential (Rental)	This property could redevelop in the future since the 2010 WF Plan increased the height and density for this property. Also, HOC, the property owner requested rezoning from the TSM zone to the CR zone.
The Grand	5801 Nicholson Lane	1999	CR 2.5 C0.25 R2.5 H-190T	High-Rise Multifamily Residential (Rental)	Redevelopment of this 18-story high-rise is unlikely in the near or long-term.
The Sterling	11700 Old Georgetown Road	2006	CR 2.5 C0.25 R2.5 H-190 T	High-Rise Multifamily Residential (Condominium)	Redevelopment of this 16-story condominium is unlikely given the number of owners in the building.
The Gallery at White Flint	11701/11750 Old Georgetown Road	2005	CR 2.5 C0.25 R2.5 H-190 T	High-Rise Multifamily Residential (Condominium)	Redevelopment of this 16-story condominium is unlikely given the number of owners in the building.

11

Property Name	Address	Built	Existing Zone	Building Type	Redevelopment Potential
White Flint Station	11800 Old Georgetown Road	1999	CR 2.5 C0.25 R2.5 H-190 T	Mid-Rise Multifamily Residential (Condominium)	Redevelopment of this mid-rise condominium is unlikely given the number of owners/units (262 units) in this residential building.
The Forum	11801 Rockville Pike	1968	CR 3.0 C1.5 R2.5 H-200	High-Rise Multifamily Residential (Condominium)	Representatives from the Forum have discussed an infill development that would retain the existing condominium building with either townhouses or another building on a portion of the property.
The Fallswood	5802/5800 Nicholson Lane	1985	CR2.5 C0.25 R2.5 H-190T	High-Rise Multifamily Residential (Condominium)	Redevelopment of this high-rise condominium is unlikely given the number of owners in the building.
The Wisconsin	5809 Nicholson Lane	1991	CR2.5 C0.25 R2.5 H-190T	High-Rise Multifamily Residential (Condominium)	Redevelopment of this high-rise condominium is unlikely given the number of owners in the building.
Edson Park Townhouses	5503, 5505, 5507, 5509 Edson Lane	1999	R-90/TDR 28	Residential Townhouses	Redevelopment is unlikely for these individually owned residential townhouses.
North Bethesda Market (NoBe1)	11351 Woodglen Drive and 11418 Rockville Pike	2011	CR 4 C3.5 R3.5 H-300 and CR 3 C1.5 R2.5 H-100	Mid-Rise and High-Rise Multifamily Residential (Rental) with commercial uses.	Redevelopment of this development that consist of a high-rise building and mid-rise buildings are unlikely in the near-term. It is possible that a portion of the low-rise section may redevelop with the recommended height.

Property Name	Address	Built	Existing Zone	Building Type	Redevelopment Potential
Edson Park Townhouses	11200-11219 Edson Park Place	1999	R-90/TDR 28	Residential Townhouses	Redevelopment is unlikely for these individually owned residential townhouses.
Edson Park Townhouses	11222, 11224, 11226, 11228, 11230, 11232, 11234, 11236, 11238, 11240 Edson Park Place	1999	R-90/TDR 28	Residential Townhouses	Redevelopment is unlikely for these individually owned residential townhouses.
Woodglen Townhouses	11201, 11203, 11205, 11207, 11209 Woodglen Drive	1998	R-90/TDR 28	Residential Townhouse	Redevelopment is unlikely for these individually owned residential townhouses.