

PHED Committee #1
May 18, 2015

MEMORANDUM

May 14, 2015

TO: Planning, Housing, and Economic Development Committee

FROM: Jeff Zyontz,  Legislative Attorney

SUBJECT: Subdivision Regulation Amendment 15-01,
Adequate Public Facilities – Preliminary Subdivision Plans – Validity period

Subdivision Regulation Amendment (SRA) 15-01, Adequate Public Facilities – Preliminary Subdivision Plans – Validity period, was introduced on March 3, 2015. The lead sponsor is Council President Leventhal, and co-sponsors are Council Vice President Floreen and Councilmembers Navarro, Rice, Katz, and Hucker.

SRA 15-01 would extend the validity period for adequate public facilities to 2 years from their current expiration dates. This extension is similar to SRA 09-01 (2009), SRA 11-01 (2011), and SRA 13-01 (2013). The result of these prior SRAs and SRA 15-01 is that any preliminary plan that was valid in 2009 or any time thereafter for which an extension was applied is still valid at least until 2017. **A plan that was valid in 2009 could have been approved by the Planning Board as early as 1997.**

The Council conducted a public hearing on April 14, 2015. All testimony was favorable. Supporters cited economic and other reasons for extending validity periods. The Planning Board supported the SRA, even though Planning Staff recommended not approving it.

Issues

Why do adequate public facility and preliminary plan approvals have expirations?

The adequate public facilities requirements test roadway capacity using a forecast for roadway conditions with the proposed project and other approved projects. Circumstances change overtime. Origins and destination change. Driving habits change. The test for capacity itself may change. Other development proposals may come along after a project is given approval. These pending projects must count previously plans that remain valid. All of this variability and fairness to prospective projects provides a rationale for having a validity period for APF approvals. Prior to 1989, APF approvals did not expire. It became obvious to the Council that allowing the pipeline of development to continue to include dead plans negatively affected the available capacity for roads and schools for new and active

plans. The Council approved a 12 year validity period in 1989. The validity period was adjusted twice since then (1999 and 2007) such that currently, but for the Council’s extensions, the validity period was reduced to a maximum of 10 years.

Preliminary plans must be consistent with zoning and subdivision rules. Those rules change over time. New approvals are subject to a completely new zoning code. The Council approved the new code to improve new development. Extending the validity period of unconstructed plans delays the application of the new code.¹

Is the economy funding new construction?

The Council began extending the validity period because of the 2008-2009 recession. The economic environment has improved since 2009.

In the depths of the recession, DPS issued permits for 14.9 million square feet of space (new constructions, additions, and renovations for both commercial and resident space). In FY14, DPS issued permits for 25.7 million square feet of space.

The economic situation has vastly improved since 2009. Between FY09 and FY14, per capita income increased from \$68,784 to \$77,007, and the County’s real property accessible tax base increased by \$1.76 billion.² On March 6, 2009, the S&P 500 stood at 683. Recently, it has been over 2,100.

¹ Data from Planning Staff

	Number of Plans Approved with a Valid Expiration	Number plans expiring in 2015-2016	Number of plans expiring 2015-2017
1997	5	4	4
1998	8	5	8
1999	2	0	1
2000	1	0	0
2002	1	0	0
2004	10	6	10
2005	14	5	11
2006	16	0	10
2007	23	1	1
2008	19	0	0
2009	20	0	1
2010	17	1	1
2011	14	0	1
2012	20	0	3
2013	41	3	4
2014	30	1	2
2015	3	0	0
	246	26	57

* Not all plans in the pipeline have an expiration date - some were approved prior to the imposition of expiration dates, some projects are de minimis, etc...

² Comprehensive Annual Financial Report FY 2014. Assessed value peaked in 2011, then bottomed in 2013. 2014 assessed value was higher than both 2013 and 2009.

Between the end of 2012 and the second quarter of 2014, new office construction in the County added almost 2.2 million square feet of new space.³

The new normal is considerably slower economic growth rates than the pre-recession period, but the economy has been expanding and lenders have financed projects.

Should the Council approve a fourth 2-year extension for adequate public facility and preliminary plan approvals?

Extending the life of a dead preliminary plan does not breathe new life into it. It is only an impediment to new plans. To that extent, continuing to extend validity periods is anything but business friendly. Those plans that have been held up for reasons outside of economic feasibility can seek an extension by the Planning Board on an individual basis.

Staff does not recommend the approval of SRA 15-01. If the Council thinks that SRA 15-01 is a good idea, it should consider allowing an unlimited life to APF approvals that existed before 1989. If the Council believes a plan approved in 1997 and dormant since then should not be extended, it could amend the uncodified provisions in SRA 15-01.

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SRA 15-01	1 – 8
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³ Planning Staff office space monitor - June 2014 compared to December 2012.

Subdivision Regulation Amendment No.: 15-01
Concerning: Adequate Public Facilities –
Preliminary Subdivision Plans –
Validity Period

Draft No. & Date: 1 – 2/19/15
Introduced: March 3, 2015
Public Hearing: April 14, 2015
Adopted:
Effective:
Ordinance No:

**COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND
SITTING AS THE DISTRICT COUNCIL FOR THAT PORTION OF
THE MARYLAND-WASHINGTON REGIONAL DISTRICT WITHIN
MONTGOMERY COUNTY, MARYLAND**

By: Council President Leventhal and Councilmembers Floreen, Navarro, Rice and Katz

AN AMENDMENT to:

- (1) extend the validity period for a determination of adequate public facilities for certain developments;
- (2) extend the validity period for certain preliminary subdivision plans; and
- (3) otherwise revise the validity period for certain developments.

By amending

Montgomery County Code
Chapter 50, Subdivision of Land
Section 50-20 "Limits on the Issuance of Building Permit"
Section 50-35 "Preliminary Subdivision Plan-Approval Procedure"

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

ORDINANCE

The County Council for Montgomery County, Maryland, sitting as the District Council for that portion of the Maryland-Washington Regional District in Montgomery County, Maryland, approves the following Ordinance:

1 **Sec. 1. Section 50-20 is amended as follows:**

2 **50-20. Limits on issuance of building permits.**

3 * * *

4 (c) * * *

5 (3) (A) A determination of adequate public facilities made under this
6 Chapter is timely and remains valid:

7 (i) for 12 years after the preliminary plan is approved for
8 any plan approved on or after July 25, 1989, but before
9 October 19, 1999;

10 (ii) for no less than 5 and no more than 12 years after the
11 preliminary plan is approved, as determined by the
12 Planning Board at the time of approval, for any plan
13 approved on or after October 19, 1999, but before August
14 1, 2007;

15 (iii) for no less than 7 and no more than 12 years after the
16 preliminary plan is approved, as determined by the
17 Planning Board at the time of approval, for any plan
18 approved on or after April 1, 2009, but before April 1,
19 [2015] 2017; and

20 (iv) for no less than 5 and no more than 10 years after the
21 preliminary plan is approved, as determined by the Board
22 at the time of approval, for any plan approved on or after
23 August 1, 2007, and before April 1, 2009, or on or after
24 April 1, [2015] 2017.

25 * * *

26 (4) The Planning Board may extend a determination of adequate public
27 facilities for an exclusively residential subdivision beyond the

28 otherwise applicable validity period if the Department has issued
29 building permits for at least 50 percent of the entire subdivision before
30 the application for extension is filed. The Board may approve one or
31 more extensions if the aggregate length of all extensions for the
32 development does not exceed:

33 (A) for a preliminary plan approved before April 1, 2009, or on or
34 after April 1, [2015] 2017:

35 (i) 2 ½ years for a subdivision with an original validity
36 period of 5 years; or

37 (ii) 6 years for a subdivision with an original validity period
38 longer than 5 years; and

39 (B) for a preliminary plan approved on or after April 1, 2009, and
40 before April 1, [2015] 2017:

41 (i) 2 ½ years for a subdivision with an original validity
42 period of 7 years; or

43 (ii) 6 years for a subdivision with an original validity period
44 longer than 7 years.

45 * * *

46 **Sec. 2. Section 50-35 is amended as follows:**

47 **50-35. Preliminary Subdivision Plan-Approval Procedure.**

48 * * *

49 (h) Duration of Validity Period and Actions Required to Validate the Plan.

50 * * *

51 (2) Duration of Validity Period.

52 (A) An approved preliminary plan for a single phase project
53 remains valid for 60 months after its Initiation Date for any
54 preliminary plan approved on or after April 1, 2009, but before

55 April 1, [2015] 2017, and for 36 months after its Initiation Date
56 for any preliminary plan approved on or after April 1, [2015]
57 2017. Before the validity period expires, the applicant must
58 have secured all government approvals necessary to record a
59 plat, and a final record plat for all property delineated on the
60 approved preliminary plan must have been recorded in the
61 County land records.

62 (B) An approved preliminary plan for a multi-phase project remains
63 valid for the period of time allowed in the phasing schedule
64 approved by the Planning Board. The Planning Board must
65 assign each phase a validity period on a case-by-case basis, the
66 duration of which the applicant must propose as part of an
67 application for preliminary plan approval, revision, or
68 amendment, after considering such factors as the size, type, and
69 location of the project. The time allocated to any phase must
70 not exceed 60 months after the initiation date for that particular
71 phase for any preliminary plan approved on or after April 1,
72 2009, but before April 1, [2015] 2017, and 36 months after the
73 initiation date for that particular phase for any preliminary plan
74 approved on or after April 1, [2015] 2017. The cumulative
75 validity period of all phases must not exceed the APFO validity
76 period which begins on the date of the initial preliminary plan
77 approval, including any extension granted under Section 50-
78 20(c)(5). A preliminary plan for a phase is validated when a
79 final record plat for all property delineated in that phase of the
80 approved preliminary plan is recorded in the County land
81 Records.

82 * * *

83 **Sec. 3. Effective Date.**

84 This amendment takes effect nunc pro tunc on March 31, 2015.

85 **Sec. 4. Automatic Extensions.**

86 (a) Notwithstanding any provision of Section 50-20(c) to the contrary, the
87 validity period of any determination of adequate public facilities that was
88 valid on March 31, 2009, or for which a timely application for an extension
89 of the validity period was pending on March 31, 2009 is automatically
90 extended for 8 years after the date when the validity period would otherwise
91 have expired. This 8-year extension includes any extension granted
92 automatically by any previous subdivision amendment and must be treated
93 for all purposes as part of the validity period that was extended.

94 (b) Notwithstanding any provision of Section 50-35(h) to the contrary, the
95 validity period of any preliminary subdivision plan that was valid on March
96 31, 2009, or for which a timely application for an extension of the validity
97 period was pending on March 31, 2009, including any separate phase of a
98 multi-phase plan, is automatically extended for 8 years after the date when
99 the validity period would otherwise have expired. This 8-year extension
100 includes any extension granted automatically by any previous subdivision
101 amendment and must be treated for all purposes as part of the validity period
102 that was extended.

103 (c) Notwithstanding any provision of Section 50-20(c) to the contrary, the
104 validity period of any determination of adequate public facilities that was
105 valid on March 31, 2011, or for which a timely application for an extension
106 of the validity period was pending on March 31, 2011, is automatically
107 extended for 6 years after the date when the validity period would otherwise
108 have expired. This 6-year extension includes any extension granted

109 automatically by any previous subdivision amendment and must be treated
110 for all purposes as part of the validity period that was extended.

111 (d) Notwithstanding any provision of Section 50-35(h) to the contrary, the
112 validity period of any preliminary subdivision plan that was valid on March
113 31, 2011, or for which a timely application for an extension of the validity
114 period was pending on March 31, 2011, including any separate phase of a
115 multi-phase plan, is automatically extended for 6 years after the date when
116 the validity period would otherwise have expired. This 6-year extension
117 includes any extension granted automatically by any previous subdivision
118 amendment and must be treated for all purposes as part of the validity period
119 that was extended.

120 (e) Notwithstanding any provision of Section 50-20(c) to the contrary, the
121 validity period of any determination of adequate public facilities that was
122 valid on March 31, 2013, or for which a timely application for an extension
123 of the validity period was pending on March 31, 2013, is automatically
124 extended for 4 years after the date when the validity period would otherwise
125 have expired. This 4-year extension includes any extension granted
126 automatically by any previous subdivision amendment and must be treated
127 for all purposes as part of the validity period that was extended.

128 (f) Notwithstanding any provision of Section 50-35(h) to the contrary, the
129 validity period of any preliminary subdivision plan that was valid on March
130 31, 2013, or for which a timely application for an extension of the validity
131 period was pending on March 31, 2013, including any separate phase of a
132 multi-phase plan, is automatically extended for 4 years after the date when
133 the validity period would otherwise have expired. This 4-year extension
134 includes any extension granted automatically by any previous subdivision

135 amendment, and must be treated for all purposes as part of the validity
136 period that was extended.

137 (g) Notwithstanding any provision of Section 50-20(c) to the contrary, the
138 validity period of any determination of adequate public facilities that was
139 valid on March 31, 2015 or for which a timely application for an extension
140 of the validity period was pending on March 31, 2015, is automatically
141 extended for 2 years after the date when the validity period would otherwise
142 have expired. This 2-year extension must be treated for all purposes as part
143 of the validity period that was extended.

144 (h) Notwithstanding any provision of Section 50-35(h) to the contrary, the
145 validity period of any preliminary subdivision plan that was valid on March
146 31, 2015, or for which a timely application for an extension of the validity
147 period was pending on March 31, 2015, including any separate phase of a
148 multi-phase plan, is automatically extended for 2 years after the date when
149 the validity period would otherwise have expired. This 2-year extension
150 must be treated for all purposes as part of the validity period that was
151 extended.

152 **Sec. 5. Repeal of prior uncodified provisions.**

153 The uncodified provisions of Ordinance Numbers 16-35, 17-04, and 17-31 are
154 repealed.

155 *Approved:*

156

157

158 _____
Isiah Leggett, County Executive

_____ Date

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

160

Linda M. Lauer, Clerk of the Council

Date



MONTGOMERY COUNTY PLANNING BOARD
THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

OFFICE OF THE CHAIR

April 7, 2015

TO: The County Council for Montgomery County, Maryland, sitting as the District Council for the Maryland-Washington Regional District in Montgomery County, Maryland

FROM: Montgomery County Planning Board

SUBJECT: Subdivision Regulation Amendment No. 15-01

BOARD RECOMMENDATION

The Montgomery County Planning Board of The Maryland–National Capital Park and Planning Commission reviewed Subdivision Regulation Amendment No. 15-01 at our regular meeting on April 2, 2015. By a vote of 4:0 (with Commissioner Dreyfuss absent), the Planning Board recommends approval of SRA 15-01, as introduced, which would extend the validity period for Adequate Public Facilities (APF) and Preliminary Plans for another two years. The Board recognizes the need to assist developers and builders during the continuing economic recovery period. However, the Board expressed that there was a need for our staff, the development community, and other interested parties to begin discussions on how to clean-up the development pipeline in order to provide more realistic and accurate vehicle trip and school projection figures for determining the adequacy of public facilities and planning for needed transportation and school infrastructure.

SRA 15-01 would extend the standard validity period for a determination of adequate public facilities for certain developments. The amendment would also extend by 2 years the validity period of any preliminary subdivision plan already approved or that is approved in the next 2 years. SRA 15-01 follows the process established under SRAs 09-01 and 11-01 and 13-01 adopted by the District Council in 2009, 2011, and 2013, respectively.

The Board has supported this legislation each of the last three times it was put forward in 2009, 2011, and 2013 because it was viewed as an important measure to assist developers and builders trying to make it through the economic downturn by allowing them to avoid the extra steps and costs involved in requesting APF and preliminary plan extensions. The Board recognizes that the recovery has not been as robust as had been anticipated, which also affects the lending market, so we agree that support for this legislation continues to make sense.

Nevertheless, the Planning Board recognizes the concern of its staff that continuing to grant such extensions means that some projects in the development pipeline are automatically being given an extended life, even though the developers may no longer have any intention of exercising the entitlements they have achieved. This, in turn, affects traffic modeling, since the trips generated by these projects are included in the background traffic, and school forecasting. As such, the Board is directing its staff to work with the development community and other interested parties in establishing and implementing a means to clean-up the pipeline in order to minimize the possibility of skewed projections and possibly making it easier for new projects to move forward.

CERTIFICATION

This is to certify that the attached report is a true and correct copy of the technical staff report and the foregoing is the recommendation adopted by the Montgomery County Planning Board of The Maryland-National Capital Park and Planning Commission, at its regular meeting held in Silver Spring, Maryland, on Thursday, April 2, 2015.



Casey Anderson
Chair

CA:GR

Subdivision Regulation Amendment (SRA) No. 15-01, Validity period extensions: APF & Preliminary Subdivision Plans

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 Pamela Dunn, Acting Chief, FP&P, pamela.dunn@montgomeryplanning.org, 301-650-5649

Completed: 03/26/15

Description

SRA 15-01 would extend the standard validity period for a determination of adequate public facilities for certain developments. The amendment would also extend by 2 years the validity period of any preliminary subdivision plan already approved or that is approved in the next 2 years. SRA 15-01 follows the process established under SRAs 09-01 and 11-01 and 13-01 adopted by the District Council in 2009, 2011 and 2013, respectively.

Summary

Staff recommends disapproval of SRA 15-01, as introduced, which would extend the validity period for Adequate Public Facilities (APF) and Preliminary Plans for another two years. Although the original SRA was intended to help the development industry make it through a very difficult downturn in the economy, further extensions may actually have a negative impact on both the industry and the economic vitality of the county.

SRA 15-01 would continue the previously adopted extension of the standard minimum validity period for a determination of adequate public facilities under the subdivision regulations from 5 to 7 years and the standard minimum validity period of a preliminary subdivision plan from 3 to 5 years. SRA 13-01 (Ordinance 17-31—see Attachment 2), adopted by the County Council on March 19, 2013, provided these same extensions with a sunset two years after the effective date of the legislation, which would end on April 1, 2015. SRA 15-01 extends the previously adopted legislation for two more years.

The subject SRA also grants an additional 2-year automatic extension of all previously granted preliminary plan and APF approvals that remain valid as of April 1, 2015. SRA 13-01 also provided these same extensions.

Staff has supported this legislation each of the last three times it was put forward in 2009, 2011 and 2013 because it was viewed as an important measure to assist developers and builders during an economic downturn. However, continuing to grant such extensions means that projects in our development pipeline never die, even if the developers no longer have any intention of exercising the entitlements they have achieved. Yet, the trips generated by these approved projects are now considered part of the “background” traffic that must be taken into account by new projects when they do their traffic studies, which could significantly skew the results of these studies. Likewise, the students that would be generated by any approved residential project become a part of MCPS’

projections of future student enrollment, again creating unrealistically high numbers if these projects are not going to be built. For those projects that were approved in clusters where school facility payments were due, OMB counts on revenue that they will never receive if the developers do not ever move forward. Likewise, decisions regarding clusters where new school facilities appear to be necessary may be based on faulty numbers.

Clearly, today's economy is not particularly robust, but it is also not in the dire shape that it was in for several years immediately following the severe downturn in 2008, so it is quite possible that some of the projects in the pipeline could, in fact, obtain financing and move forward. However, given the ongoing, automatic extensions that have been granted since 2009, there is no reason for any developer to analyze whether or not their project is still viable. As a result, the pipeline continues to be bloated and this unbuilt square footage could affect a new project's ability to move forward.

Background/Analysis

In Montgomery County, proposed development is tested for the adequacy of public facilities that will serve that development. Typically, the testing occurs at the time of the Planning Board's review of a preliminary plan of subdivision. Chapter 50 of the Montgomery County Code addresses the testing for adequate public facilities, as does the Subdivision Staging Policy (aka Growth Policy) resolution adopted by the County Council every four years (previously this occurred every two years).

When the Planning Board finds that public facilities are adequate to support a subdivision, the finding has a limited validity period. Prior to July 25, 1989, there were no time limits on a finding of adequate public facilities. However, it soon became obvious that allowing the pipeline to continue to grow had negative impacts since available capacity for both roads and schools was being absorbed by projects that had received approval but were never going to move forward. From July 25, 1989 until October 19, 1999, projects were given an APF validity period of 12 years. Even this was recognized to be a problem however, so beginning October 19, 1999, the time limits were changed to no less than 5 years for smaller projects and no more than 12 years for larger, more complex projects, as determined by the Planning Board at the time of subdivision. Beginning in August 1, 2007, these time limits were further adjusted downward to be no less than 5 and no more than 10 years, as determined by the Planning Board at the time of subdivision.

Section 20 of Chapter 50 contains the language setting the time limits of a finding for adequate public facilities by the Planning Board. Once the APF validity period has been established through the preliminary plan process, all building permits for a development must be issued within these time limits or a new test for adequate public facilities must be done. Section 20 also contains the language that determines the conditions under which the Planning Board may grant an extension of the validity period for a finding of adequate public facilities.

In addition, Chapter 50 establishes time limits for the validity of an approved preliminary plan of subdivision. Prior to the temporary extension granted under Ordinance No. 16-35, an approved preliminary plan for a single phase project remained valid for 3 years from its Initiation Date, which is 30 days from the date of mailing of the Planning Board's written opinion. This meant that a final record plat for all of the property delineated on the approved preliminary plan must have been recorded among the County Land Records before the validity period expired. For a more complex, multi-phase project, the Planning Board can establish a validity period for each phase. However, for any phase the validity period was not to exceed 3 years. Validation of a preliminary plan for each phase occurs upon

the recordation of a final record plat for all property delineated in that particular phase of the approved preliminary plan. As a result of the three extensions approved in 2009, 2011, and 2013, the three year validity period has become nine years or longer.

Section 35 of Chapter 50 contains the language setting the time limits for the preliminary plan validity period. It also contains the language that determines the conditions under which the Planning Board may grant an extension of the preliminary plan validity.

Conclusion:

As introduced in SRA 15-01 (consistent with the language as adopted in Ordinance Nos. 16-35, 17-04 and 17-31), the proposed legislation would automatically extend the standard validity period for a determination of adequate public facilities for a new plan from a minimum of 5 years and maximum of 10, to a minimum of 7 years and a maximum of 12 years, respectively. The standard validity period of a new preliminary subdivision plan would be extended from 3 to 5 years. More importantly, the validity periods for all currently approved and valid preliminary subdivision plans and APF determinations would be automatically extended by another 2 years, for a total of eight additional years. In the past, applicants who, for valid reasons established in the Subdivision Regulations, could not meet the established times could apply to the Planning Board for an extension (although it should be noted that economic feasibility is not considered a valid reason to grant an extension). If they chose not to apply for an extension, their plans expired and were removed from the pipeline. The SRA's approved in 2009, 2011, and 2013 automatically extended every plan, creating a pipeline that is not reflective of the development that should be expected going forward. This in turn impacts the County's ability to plan for needed transportation and school infrastructure and may actually deter or prevent other, more viable projects, from going forward. Even if this SRA isn't approved, projects will not immediately disappear from the pipeline because many still have several years remaining in their validity period as a result of the prior extensions. Moreover, applicants would still be able to apply for an extension from the Planning Board. For these reasons, **Staff does not support the proposed SRA.**

Attachments

1. SRA No. 15-01
2. Ordinance No. 17-31
3. Development Pipeline through March 2015