



FACT SHEET ON A POTENTIAL ZONING TEXT AMENDMENT TO REQUIRE PARKLAND DEDICATION OR FEE-IN-LIEU OF DEDICATION IN NEW DEVELOPMENT AND A POTENTIAL PARKS IMPACT FEE IN ROCKVILLE

November 2021

The Mayor and Council are considering whether to amend the City's Zoning Ordinance (Chapter 25 of the City Code) to require the dedication of public parkland for new development approvals.

PURPOSE OF POTENTIAL ZONING AMENDMENT:

Open space and recreation are highly valued in Rockville. The City has approximately 1,035 acres of parkland in 65 parks with a variety of amenities across the community. Recreation facilities range from small-scale neighborhood-based spaces for programming and meetings, to large 'specialized' facilities that serve the entire community and beyond.

Funds are allocated each year to maintain and upgrade the parks and recreation facilities in the city to ensure safe, clean, and attractive amenities for residents and visitors. The 2016 Community Survey results indicate that recreation facilities, athletic facilities, and the appearance of public parks in Rockville are rated much higher than in other benchmark jurisdictions.

To ensure equitable access to park facilities citywide, the City established a goal to provide parkland within a 10-minute walk from any residence. The City's PROS Plan also established a goal to maintain a ratio of 18 acres of parkland for every 1,000 residents. While some areas of the city are well served by parks within convenient walking distance, others are not. As a city with a population nearing 70,000 and 1,035 acres of parkland, the goal for acreage per 1,000 residents is not currently met.

The population is projected to grow to 82,000 by 2040, and this growth will put even more pressure on existing parks and recreation facilities. The population growth calls for creation of new or expansion of existing parks and other recreation facilities to meet the demand that comes with additional users, especially in redeveloping and urbanizing areas along Rockville Pike and in Town Center.

The Mayor and Council authorized a study on parkland dedication and fee-in-lieu options in 2017. PDS and Recreation and Parks staff, in consultation with consultant Duncan & Associates, developed background and options to address the issues, resulting in the *Report on Parkland Acquisition Approaches for the City of Rockville* that was presented to the Mayor and Council in February 2018. The Mayor and Council held subsequent work sessions in May 2018, July 2019 and December 2020 to discuss the issues and provide direction.

Overview of Options

At work sessions in May 2018 and July 2019, the Mayor and Council discussed the options presented and provided direction to staff on their preferred approach to increasing the amount of public parkland in the city. They also addressed offsetting the cost to the City of providing park and recreation facilities to serve residents of new developments.

The City does not currently have a permanent, dedicated funding source or other specific mechanism to acquire or require parkland from developers during the development review process. The goal of the parkland acquisition initiative is to create a consistent, standardized tool to use as new development occurs. The intent is to give the City an opportunity to strategically manage growing demands placed on the parks and recreation system, and to reasonably ensure that new capacity can be provided to assist in meeting those demands.

The 2018 report outlined two primary options for addressing the need to ensure that the City's parks and recreation facilities are not overburdened with the stress of an increasing population from new development. The options presented were:

- Parkland dedication, or fee-in-lieu when dedication is not feasible; and
- An impact fee for parks and recreational facilities.

These approaches could ensure that the landowner, developer, and future residents who are creating the new demand for new parks and recreation facilities bear a portion of the costs of the City providing them.

Parkland Dedication/Fee-in-lieu of Dedication

The 2018 report recommended the parkland dedication/fee-in-lieu option as the primary mechanism for achieving additional parkland in new development. During the discussions, the Mayor and Council supported the staff recommendation of on-site parkland dedication at a rate of ten (10) percent of the project land area for development in the City's Mixed-Use (MX) zones, twenty (20) percent of the project land area for development in the Residential Medium Density (RMD) zones, and single-family detached residential (R) zones. The requirement for dedication, or fee-in-lieu of dedication, would only apply to new development containing residential use if there are more than 25 multifamily, 20 townhouse or attached units, or 15 single-family detached units proposed. The dedication would not be required on previously-approved projects, such as Twinbrook Quarter. The requirement for dedication, or fee-in-lieu of dedication, would also apply to non-residential developments that contain a minimum of 5,000 square feet. Suitability criteria would need to be developed to ensure that dedicated parkland could be integrated with the City's park system, and that the land to be developed is desirable as public parkland from the City's perspective.

The Recreation and Parks Department Director has stated that public parkland smaller than 0.3 acre is not desirable, which means that a developer would be required to achieve the minimum 3-acre parcel or project size for public park dedication. Staff's recommendation is that the Director of Recreation and Parks would make the recommendation as to whether the proposed dedication is acceptable to the City. The Mayor and Council should be involved with this decision.

As early as possible in the development review process, an applicant could be put on notice that the City will be looking for dedicated parkland in a particular project, based on the recommendations in the Master Plan, PROS Plan or Strategic Plan. In addition, the Recreation and Parks Advisory Board could also provide its recommendation on the applicant's proposal to meet this requirement. The Mayor and Council have preliminarily agreed, that a minimum project size of three acres be required for dedication of public parkland to be considered.

Depending on the location and nature of the proposed parkland to be dedicated, the City might prefer payment of a fee-in-lieu of dedication in certain situations. For proposed development projects that

include residential units and that would otherwise be required to comply with the parkland dedication requirement, the report proposed a fee-in-lieu equal to 10% of the assessed value of the land within the project boundaries. Improvements to land are not included.

Parkland would be dedicated where new development occurs, which primarily means the Mixed-Use zones such as the MXTD, MXCD and MXE zones, represented geographically by the Rockville Pike corridor, Town Center, and the Research Boulevard and Piccard Drive areas primarily. All these areas will require additional parkland as new residential redevelopment occurs. Otherwise, the Comprehensive Plan, the Parks, Recreation and Open Space Plan, or the Recreation and Parks Strategic Plan will provide guidance on the desirability of parkland dedication in other locations. Most of the developable parcels in other zoning districts are smaller than three acres, so these redevelopment projects would not dedicate parkland but would be subject to the fee-in-lieu instead.

Fee-in-Lieu Funds

The 2018 report noted that it is important to provide a basis for what the fee-in-lieu funds may be spent on and where fee-in-lieu funds could be expended. Revenue generated through fees paid in-lieu-of dedication will be used by the City for parkland acquisition, expansion or enhancement of existing parks, to serve the new residents of the development that was assessed the fee. Fees collected under this provision will be spent in the general vicinity of the site of the development application.

The City can use the Parks, Recreation and Open Space (PROS) Plan, Recreation and Parks Strategic Plan, and the Comprehensive Plan for guidance in deciding upon which facilities, programs, and locations to spend the fees that are collected. The Mayor and Council previously supported a tiered preference system, whereby the first preference is within one-half mile from the development site, the second preference is within the same planning area as the development site, and the third preference is within an adjacent planning area within one mile of the development site. This would allow the funds to contribute toward neighborhood parks, community centers or regional facilities if the criteria are met. However, given the analysis in the Strategic Plan regarding facility and programmatic needs, perhaps priorities should be based on these identified needs, in concert with the tiered preference system.

Fees collected by the City must be spent within seven (7) years from the date of receipt. This period may be extended by five (5) years if, at the end of the initial seven-year period, less than 50% of the residential units within the development project that generated the fee have been constructed. If the City does not expend the fee payment within seven (7) years of being paid, the applicant/developer (or successor) may request a refund for the portion of the fee that was not expended.

Impact Fees

Impact fees, which would be a fee charged to the developer on a per-residential unit and per-square-foot-of-commercial-floor-area basis payable at the time of building permit, must relate to the park and recreation needs generated by the new development. Also, the revenue must substantially benefit the new development. Impact fees should be used to defray capital expenses for land or facilities, but not for operating costs.

The Mayor and Council made the following recommendations at its May 2018 and July 2019 meetings:

- The City would apply the Parks impact fee for nonresidential projects, including retail/restaurant, office, industrial and other similar uses. The 2018 report recommended that a

minimum of 5,000 square footage for nonresidential development be the threshold for applying the impact fees. This was supported by the Mayor and Council.

- The impact fee levels should be set at 75% of the updated figures recommended by the fiscal consultant in order to reduce the financial impact on property developers.
- The impact fees be indexed to the Capital Cost Index published in the Engineering News Record. The report noted that several Maryland counties index their impact fees to this standard.
- The following were discussed as being exempt from impact fees and/or land dedication:
 - The Moderately Priced Dwelling Units (MPDUs) portion of the development;
 - Existing and pending Project Plans (Projects under review or that have already been approved); and
 - Developments with three or fewer residential units.

Although Maryland does not have a specific, required timeframe for spending the funds collected as impact fees, the revenue collected would likely need to be spent, or at least programmed, within about seven (7) years of being collected. The revenue may be used for capital expenses only, and for new capacity such as new or expanded parkland, or new or expanded recreational facilities in the city.

Additional Recommendations

The 2018 report also included the following recommendations, which were supported by the Mayor and Council.

- A combination of on-site dedication, fee-in-lieu of dedication, and off-site dedication may be acceptable to meet the dedication requirements. The Director of Recreation and Parks would make the determination of acceptability, with appeals from this decision made to the Approving Authority of the development application (i.e., Planning Commission or Mayor and Council).
- Credit for onsite amenities and private open space, to include indoor spaces devoted to public use, may be assigned to meet up to 50 percent of the dedication requirement. Qualifying amenities would be specified in the code.
- Areas dedicated to parkland could be used to meet other development standards, such as forestry or stormwater management requirements, provided that the public parkland use is not impeded. The condition of the land to be dedicated to the City, and any planned improvements, would have to be acceptable to the City.

The Mayor and Council indicated that they could support a “hybrid” program which would utilize some combination of both impact fees and dedication/fee-in-lieu, as the situation dictates.

FOR MORE INFORMATION: Input received will be presented to the Mayor and Council in advance of a future public discussion on next steps.

For more information or to sign up for the Webex meetings, please contact Jim Wasilak, Chief of Zoning at 240-314-8211 or by email at jwasilak@rockvillemd.gov.