

20-G-05

Northgate request
for school surcharge
exemption



**CITY OF COLLEGE PARK, MARYLAND
REGULAR COUNCIL MEETING**

AGENDA ITEM 20-G-05

Prepared By: Terry Schum, Planning Director

Meeting Date: 1/14/2020

Presented By: Terry Schum

Consent Agenda: No

Originating Department: Planning, Community and Economic Development

Action Requested: Approval of a letter to the Prince George's County Council supporting a request by the Gilbane Development Company for an exemption from the County school facilities surcharge the Northgate project.

Strategic Plan Goal: Goal #1: One College Park

Background/Justification:

Prince George's County currently applies a school facilities surcharge to new residential development inside the beltway of \$9,035 per unit. This surcharge covers anticipated increases in public educational services required to accommodate the residents generated by this new development and is considered an impact fee. State legislation adopted in 2003 allowed private sector student housing built near the University of Maryland to be exempt from this surcharge based on its limited or no impact on public schools. All eligible student housing projects built in College Park since this time have received the exemption. The legislation has been modified over the years and in 2019 the following language was adopted:

"To promote the goals of the University District Vision 2020, as that vision or plan may be amended from time to time, on recommendation of the City of College Park, the governing body of Prince George's County, by resolution, may exempt some or all of the school facilities surcharge for undergraduate student housing built west of US Route 1, north of Knox Road, and south of Metzert Road."

On December 18, 2019, legal counsel for Gilbane Development Company submitted a letter requesting that the City recommend to Prince George's County that an exemption of the school facilities surcharge be approved for the proposed Northgate student housing project. The Northgate project is being built as student housing targeting University of Maryland students and will be fully furnished and leased by the bed. Based on this, the developer would qualify under the law to receive an exemption.

During the Worksession discussion on January 7, Gilbane indicated that there would be an impact on the design quality of the project if the surcharge exemption was not received. Gilbane stated that they would provide more specific information to the City Council regarding this impact prior to the January 14 meeting. Staff has not received this information but will forward to the Council as soon as it is obtained.

Fiscal Impact:

The Finance Director has prepared Attachment 1 that itemizes the estimated taxes that would be received by both the City and County as a result of this project. Based on the estimated value upon completion of \$80,925,000, County property taxes alone would be an estimated \$749,366 annually. The value of the surcharge exemption, a one-time waiver, totals \$2,674,360.

Council Options:

1. Recommend a full or partial school facilities surcharge exemption for the Northgate project.
2. Recommend a full school facilities surcharge exemption.
3. Recommend a partial school facilities surcharge exemption.
4. Do not recommend any school facilities surcharge exemption.

Staff Recommendation:

#1

Recommended Motion:

I move that the City County send a recommendation to the Prince George's County Council supporting a full or partial exemption from the school facilities surcharge.

Attachments:

1. Letter of request for exemption
2. Estimated City and County taxes generated by project

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THOMAS H. HALLER

December 18, 2019

The Honorable Patrick L. Wojahn
Mayor
City of College Park
8400 Baltimore Avenue, Suite 375
College Park, Maryland 20740

Re: Northgate Student Housing

Dear Mayor Wojahn:

By letter dated October 18, 2019, I submitted a request that the City of College Park adopt a recommendation to support an exemption of the school facilities surcharge for the Northgate student housing project proposed by 8430 Baltimore Avenue, LLC. Set forth below is information regarding the project that supports this request.

As noted in my prior letter, the Northgate project proposes the construction of 296 dwelling units and 1,084 square feet of ground floor retail space on 2.05 acres of land on the west side of Baltimore Avenue, just south of Berwyn Road. The authority to approve an exemption from the school facilities surcharge is tied to promoting the goals of the University District Vision 2020. This vision is the product of the College Park City-University Partnership, endorsed by the College Park City Council, with a goal of making College Park a top 20 college town by 2020. While much progress has been made toward this goal, many opportunities continue to exist to achieve that vision. The proposed project represents one of those opportunities.

The University District Vision plan encourages the community to continue creating a safer and greener community for families to live in, retain UMD start-ups, build up its local public education system, strengthen its network of hiking and biking trails, and

attract diverse and exciting business. The Northgate project is currently the site of an abandoned restaurant at 8430 Baltimore Avenue, which represents an eyesore along the corridor. Previous to the restaurant, the property was the location of a gas station, and contaminated soils continue to exist where the underground storage tanks were removed with petroleum residue leaching toward Paint Branch. The abandoned structure will be razed and the contaminated soils removed from the site as part of the redevelopment.

The project site also includes an existing fast food restaurant, located at 8510 Baltimore Avenue, which will also be razed as part of the development. Not only does the US 1 Corridor Sector Plan discourage auto centric, drive-through fast food restaurants, the Sector Plan also envisions this location as being the northern gateway to the University of Maryland campus. Northgate has been designed with architectural features which will establish a distinctive landmark clearly marking the entrance to the University area.

Another feature of the project is its goal of strengthening the network of hiking and biking trails. Currently, a pedestrian bridge exists at the rear of the student housing project located approximately 1,000 feet south of Northgate. There has been a desire to extend a pedestrian trail to the north and provide a clear trailhead along Baltimore Avenue. As part of the proposed project, this trail will be constructed. This trail will include security measures to ensure safety, will include a promenade along the rear of the Northgate building that will provide an overlook of Paint Branch and the campus, and will provide a connection to Baltimore Avenue along the southern boundary of the property. At Baltimore Avenue, a pocket park will be constructed which will provide a meeting spot, a place to call an Uber/Lyft or respite from a storm.

Northgate will also be designed to implement the most current stormwater management systems, replacing uses designed with no stormwater controls. The applicant is working with the Army Corps of Engineers to design the site to alleviate potential flooding and erosion along the property's western edge, which has been the subject of a recent Corps stabilization project. Finally, the building will be sustainable, achieving NGBS rating meeting the intent of the US 1 Sector Plan goal for green building techniques.

While the existing development, the brownfields conditions, and the location of the property adjacent to Paint Branch add substantial additional cost to alleviate, they present the opportunity to further implement the University District Vision and the US1 Corridor Sector Plan by marking the north end of campus, creating a safer environment, improving stormwater quality,

implementing green building techniques, expanding and improving access to hiking and biking trails and by bringing more residents to support local businesses. Northgate represents a unique opportunity to implement many of the goals of the University District Vision at a key location, one which today represents the development of the past, not the vision of the future.

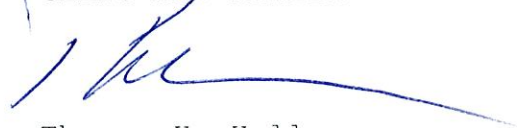
Finally, the applicant in this case is an affiliate of Gilbane Development Company ("Gilbane"). Gilbane has extensive experience in developing, building and managing student housing projects, with \$10.7 billion of experience serving over 120 colleges and universities. In addition, Gilbane has completed or currently has in development nearly 10,000 beds of student housing. With this experience, the Northgate project will be designed to serve the needs of undergraduate students, will be leased by the bedroom and will include the features and amenities desired in the highest quality facilities. Study rooms, recreational amenities, bedroom/bathroom parity and fully furnished units will ensure that the project is one of the more desirable options for undergraduate students, just steps from campus.

For these reasons, the applicant requests that, during its review of Detailed Site Plan (DSP-19025) for Northgate, the City also recommend to the County Council that it adopt a Resolution exempting the project from the school facilities surcharge. The project will have no impact on school capacity given the nature of the proposed use, and will contribute significantly to both the County and City tax base, which can be used to support many important needs.

Thank you for your consideration of this request, and we look forward to working with the City Council and City Staff to bring an exciting project to the City.

Thank you for your consideration of this request.

Very truly yours,
GIBBS AND HALLER



Thomas H. Haller

cc: Scott Somers, City Manager
Danielle M. Glaros

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Proforma Property Tax Bill
Northgate development

Projected value \$ 80,925,000

Taxes & Fees:	Rate*	Amount
PGC	\$ 0.926	\$ 749,366
PGC-Supplemental Education	0.040	32,370
		781,736
Park & Planning	0.294	237,920
Total County related		1,019,655
State of MD	0.112	90,636
Stormwater/Flood control	0.054	43,700
Wash.Sub.Transit	0.026	21,041
Total property tax excluding City		1,175,031
College Park	0.325	263,006
Total Property Taxes		<u>\$ 1,438,037</u>

Current Assessed Value \$ 2,836,800

Taxes & Fees:	Rate*	Amount
PGC	\$ 0.926	\$ 26,269
PGC-Supplemental Education	0.040	1,135
		27,403
Park & Planning	0.294	8,340
Total County related		35,744
State of MD	0.112	3,177
Stormwater/Flood control	0.054	1,532
Wash.Sub.Transit	0.026	738
Total property tax excluding City		41,190
College Park	0.325	9,220
Total Property Taxes		<u>\$ 50,410</u>

Increase in taxes from development

		754,332
		229,579
		983,911
		87,459
		42,168
		20,303
		1,133,841
		253,787
		<u>\$ 1,387,627</u>

* Based on FY2020 rates