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MPDU Zoning Text Amendment Proves \$300 Million Bonanza to Wealthy Landowners and Developers

*“County Council and Duncan Passed Bill One Year Ago, and Disregarded
Our Warning of a Giveaway,” Cites MTEF Head*

Summary: MTEF released today its analysis of the effect on property values of the so-called “MPDU” ZTA passed by the County Council on November 30, 2004. By increasing allowable density in **Bethesda’s Woodmont Triangle** (among other areas), the bill presented a **\$300 million windfall** to commercial property owners.

MTEF examined six commercial property sales for 18 months prior to the ZTA, and compared them to seven similar sales occurring eight months after the ZTA. The median price per sq. ft. for the “before” sales was **\$167**, compared to **\$420** for the “after” sales. Most of the \$253 per sq. ft. increase (**152%**) is attributable to the higher density, which can be transferred from one landowner to another for cash.

The Woodmont Triangle has about 3.1 million sq. ft. of commercial property. Assume half the property can benefit and the extra density value is \$200 per sq. ft. The giveaway is thus \$300 million (i.e., 3.1 million x 50% x \$200).

In its study of one year ago, the MTEF suggested a plan for the County to auction the increased density, rather than a giveaway. The auction proceeds could be applied to pressing social needs such as low income housing, schools and transportation.

“The County Council went ahead with the giveaway, despite being warned of the massive enriching of developers and landowners that would occur,” said **Jeff Hooke**, Chairman of the **Maryland Tax Education Foundation**, “More density allows landowners to build more units and make more profits. I hope campaign contributions had nothing to do with this huge transfer of wealth.”

The bill contained little in the way of the County retaining a portion of the bonanza. The low income housing requirements and the increased real estate taxes from future assessments represent only a small fraction of the higher value. A similar bill, entitled “workforce housing,” is under consideration for real estate near Metro stops. A further amendment to the Woodmont Triangle receives a vote on November 22.

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