



**Bethesda Downtown Sector Plan Implementation, Park Impact Payment Rate Adjustment**

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**BACKGROUND**

The Bethesda Overlay Zone (BOZ) established the Park Impact Payment (PIP) to fund the acquisition and development of public open space in the *Bethesda Downtown Sector Plan* area. The BOZ set the PIP rate at \$10 per square foot of approved BOZ density, but requires the Planning Board to “adjust this payment rate on July 1 of each odd-numbered year by the annual average increase or decrease in a published construction cost index for the two most recent calendar years.” (Section 59.4.9.1.C.2.b.ii.B.)

**ANALYSIS**

Staff proposes the same approach used by the Montgomery County Director of Finance to adjust Development Impact Taxes for Transportation Improvements and Public School Improvements, published on May 1, 2019 in the County Register<sup>1</sup>. This approach averages the change in construction costs as measured by the *Engineering-News Record's* Baltimore Construction Cost Index for the two most recent calendar years. For the two-year period encompassing calendar years 2017 and 2018, the increase is 10.83%.<sup>2</sup> Applying this index to the \$10.00 per square foot PIP rate results in an increase of \$1.08 to \$11.08 per square foot.

**RECOMMENDATIONS**

The new PIP rate will become effective July 1, 2019. Since the BOZ does not include a “grandfathering” provision for the revised PIP rate, Sketch Plans and Site Plans approved by the Planning Board after July 1, 2019, that require a PIP will be assessed at the increased rate of \$11.08 per square foot of BOZ density. A Site Plan approved prior to July 1, 2019, that is amended after this effective date will be subject to the new rate only for any BOZ density above the previously approved amount.

<sup>1</sup> <https://montgomerycountymd.gov/exec/register/regs/2019/May19Notices.html>

<sup>2</sup> Average of calendar year 2017 change of 15.11% and calendar year 2018 change of 6.55%.