

BETHESDA DOWNTOWN SECTOR PLAN IMPLEMENTATION, PARK IMPACT PAYMENT RATE ADJUSTMENT

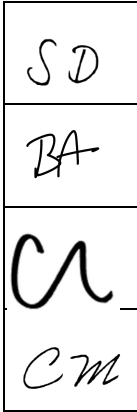
Description

Request to increase the Park Impact Payment (PIP) rate by \$1.08 from \$11.41 to \$12.49 per square foot. The new PIP rate of \$12.49 per square foot will become effective July 1, 2023. The Park Impact Payment is used to fund the acquisition and development of public open space in the Bethesda Downtown Sector Plan area.

COMPLETED: MAY 22, 2023

MCPB
Item No. Preliminary
Matters
June 1, 2023

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BACKGROUND

Background

In 2017, the Montgomery County Council established the Bethesda Overlay Zone (BOZ) and the corresponding 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.).

On June 27, 2019, the Planning Board approved the use of the construction cost index used by the Montgomery County Director of Finance to adjust Development Impact Taxes for Transportation Improvements and Public School Improvements, published on May 1 of each year in the County Register. 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.

Accordingly, the Planning Board approved the first ever PIP adjustment in 2019, a 10.83 percent increase to \$11.08 per square foot. In 2021, the Planning Board approved the adjustment using the same methodology, increasing the PIP by 2.97 percent to \$11.41.

ANALYSIS AND RECOMMENDATION

Analysis

For the two-year period encompassing calendar years 2021 and 2022, the change in the Engineering-News Record's Baltimore Construction Cost Index was 9.47 percent¹. Applying this rate to the existing PIP (\$11.41 per square foot) results in an increase of \$1.08 per square foot to \$12.49 per square foot of approved BOZ density.

¹ <https://www.montgomerycountymd.gov/exec/register/regs/2023/May23Notices.html>

Recommendations

Planning staff recommends increasing the PIP by \$1.08 to \$12.49 per square foot. The new PIP rate will become effective July 1, 2023. Since the BOZ does not include a legacy provision for the revised PIP rate, Sketch Plans and Site Plans that require a PIP and are approved by the Planning Board after July 1, 2023 will be assessed at the increased rate of \$12.49 per square foot of BOZ density. A Site Plan approved prior to July 1, 2023 that is amended after this effective date will be subject to the new rate only for any BOZ density above the previously approved amount.