

SILVER SPRING DOWNTOWN AND ADJACENT COMMUNITIES PLAN IMPLEMENTATION, CIVIC IMPROVEMENT FUND RATE ADJUSTMENT

Description

Request to increase the Civic Improvement Fund (CIF) rates by 5.8 percent, based on the cumulative change in the *Engineering-News Record's Baltimore Construction Cost Index* from 2022 to 2024, from \$5.00 to \$5.29 per square foot of residential density and from \$3.00 to \$3.17 per square foot of non-residential density. The new CIF rates will become effective the date of the Planning Board's decision. The CIF will be implemented by the County and contributions will be used towards implementation of specific projects within downtown Silver Spring intended to upgrade the public realm.

COMPLETED: 12/5/2024

PLANNING BOARD HEARING DATE: 12/12/2024

MCPB ITEM NO. 5



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BACKGROUND

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In 2022, as part of the *Silver Spring Downtown and Adjacent Communities Plan (SSDACP)*, the Montgomery County Council established the Downtown Silver Spring (DSS) Overlay Zone which allowed applicants to achieve density above a CR-zoned site’s mapped density through a contribution to the Civic Improvement Fund (CIF). CIF funds would be used by the County to implement specific projects within downtown Silver Spring recommended in the Plan. These projects will upgrade the public realm so as to continue to attract business, residents and visitors and include:

- enhanced Transit Center arrival experience;
- pedestrian bridge connection over Metrorail/CSX tracks;
- public bicycle parking facilities;
- Green Loop improvements beyond the frontage of a redeveloped site; or
- other projects identified by the Planning Board.

The DSS Overlay Zone set the initial CIF rate for the additional density (“DSS Density”) at \$5.00 per square foot of approved residential DSS density and \$3.00 per square foot of approved non-residential DSS density. Adjustments must be made as follows per Section 59.4.9.8.C.2.e.ii. of the Zoning Ordinance:

The Planning Board, after advertising and holding a public hearing, must adjust this payment rate by July 1 of each even-numbered year by the cumulative increase or decrease in a published construction cost index over the prior two calendar years. The Planning Board must cap the biennial Civic Improvement Fund rate adjustment not to exceed 20%. If the biennial tax rate adjustment exceeds 20%, the excess dollar amount must be carried over and added to the Civic Improvement Fund rate before calculating the next adjustment. If this total adjustment, including any carried over value, again exceeds 20%, the excess dollar amount must be carried over and added to the rate before calculating the next biennial adjustment.

The Montgomery County Department of Finance (DOF) uses the Engineering-News Record's Baltimore Construction Cost Index (CCI) to update impact taxes. The Planning Department uses the same methodology to update the Bethesda Park Impact Payment. Staff obtained the CCI data from DOF to calculate the cumulative change in the CCI for the 2022 to 2024 two-year period.

This is the first time the CIF rate has been adjusted since the adoption of the Silver Spring Downtown and Adjacent Communities Plan.

ANALYSIS AND RECOMMENDATION

ANALYSIS

From January 2022 until January 2024¹, the cumulative change in the Engineering-News Record's Baltimore Construction Cost Index was 5.8 percent². Applying this rate to the existing CIF results in an increase of \$0.29 per square foot of residential DSS density, to \$5.29, and an increase of \$0.17 per square foot of non-residential DSS density, to \$3.17.

Table 1: CIF Rate Adjustment

	2022 Base Amount	2024 Adjustment	2024 Total
Residential (PSF)	\$5.00	\$0.29	\$5.29
Non-Residential (PSF)	\$3.00	\$0.17	\$3.17

RECOMMENDATIONS

Planning staff recommends increasing the CIF rate to \$5.29 per square foot of residential DSS density and to \$3.17 per square foot of non-residential DSS density.

The new CIF rates will become effective the date of the Planning Board's decision. Since the DSS Overlay Zone does not include a legacy provision for the revised CIF rate, Sketch Plans and Site Plans that require a CIF and are approved by the Planning Board after the date of the Planning Board's decision will be assessed at the increased rate of \$5.29 per square foot of residential DSS density and \$3.17 per square foot of non-residential DSS density. A Site Plan approved prior to the Planning Board's decision that is amended after this effective date will be subject to the new rate only for any CIF density above the previously approved amount.

¹ The Department of Finance uses the same January-to-January comparison to update impact taxes.

² The CCI value was 9,965.04 in January 2022 and 10,545.34 in January 2024.