



MONTGOMERY COUNTY PLANNING DEPARTMENT

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

CODE INTERPRETATION POLICY

DATE	SECTION OF CODE	TITLE OF CODE/SUBSECTION/POLICY DEVELOPMENT STANDARDS
September 12, 2024	Chapter 59.4.9.2.C.2.b.ii	Clarification of Implementation of Bethesda Overlay Zone Section 59.4.9.2.C.2.b.ii of the Zoning Ordinance for a Park Impact Payment Reduction
CODE PROVISION This Policy approves the Bethesda Downtown Sector Plan Park Impact Payment Reduction formula, to provide a consistent methodology for eligible projects that propose to dedicate land designated in the master plan as open space to the Parks Department. The Bethesda Overlay Zone provides that “If a property owner dedicates land designated in the master plan as a recommended open space to the M-NCPPC Parks Department, the Planning Board may reduce the amount of square footage for which a Park Impact Payment must be made.” (Zoning Ordinance Section 59.4.9.2.C.2.b.ii)		
BACKGROUND OF ISSUE One of the four overarching goals of the 2017 <i>Bethesda Downtown Sector Plan</i> is to increase parks and open space in Bethesda. The Sector Plan established the Bethesda Overlay Zone (BOZ) in the Zoning Ordinance, including in Section 59.4.9.2 the ability for development projects to purchase density from the BOZ. This created a financing mechanism, the Park Impact Payment (PIP), to provide the Parks Department with funding from new developments utilizing BOZ density to acquire and develop new parkland. BOZ density is currently purchased at \$12.49 per square foot (the “PIP rate”), not including square footage dedicated to MPDUs. The PIP rate is adjusted July 1 of each odd-numbered year based on the cumulative increase or decrease in a published construction cost index over the prior two calendar years (Section 59.4.9.2.C.2.b.ii).		

Given the ultimate goal of increasing parkland in Bethesda, the Bethesda Overlay Zone includes the following provision (Section 59.4.9.2.C.2.b.ii) for projects that dedicate parkland directly:

If a property owner dedicates land designated in the master plan as a recommended open space to the M-NCPPC Parks Department, the Planning Board may reduce the amount of square footage for which a Park Impact Payment must be made.

Neither the Zoning Ordinance nor the Sector Plan provides specific guidance as to how to implement such a PIP reduction in the development review process. The methodology and formula below will be applied to all eligible projects, where the Planning Board chooses to reduce the PIP based on parkland dedication.

ANALYSIS

This Policy determines a methodology that quantifies land value, density, and public open space in consistent terms to provide a clear, fair, and predictable result.

Land Value

To determine land value, first look to the State Department of Assessments and Taxation (SDAT). SDAT publicly provides an assessed land value of each property in the state. This assessment is updated every three years and documents the most recent sale price of the property. However, understanding that fair market value may be higher than the most recently performed SDAT assessment, allow as an alternative to the SDAT assessment the most recent sale price, or other total valuation such as a third-party appraisal, as deemed acceptable by Staff.

Density

Per Section 59.4.1.7, for a given site, density is calculated based on the tract area, which includes the site and all areas previously or proposed for dedication to public use, such as for street rights of way or parks. For this methodology, BOZ density is the amount of density requested from the BOZ.

Public Open Space

Depending on tract area and the number of right-of-way frontages, Commercial/Residential (CR)-zoned Optional Method development projects may be required to provide Public Open Space as a percentage of the project site area (Section 59.4.6.4.B.1). If Public Open Space is required, a project may meet that requirement by dedicating land for a public park.

METHODOLOGY

The Planning Board may choose to reduce the required Park Impact Payment (PIP) by the adjusted value of the land to be dedicated to the Parks Department for a Park recommended in the Sector Plan.

The land value will be adjusted to deduct the PIP value of any mapped density taken off the dedicated land and the value of any portion of the dedicated land counted toward required Public Open Space.

If the adjusted land value of the dedicated land is greater than or equal to the required PIP, no PIP is required. If the adjusted land value of the dedicated land is less than the required PIP, then it is deducted from the required PIP.

Formula:

If: Adjusted Dedicated Land Value \geq Park Impact Payment (PIP)

Then: No PIP Required

If: Adjusted Dedicated Land Value $<$ Park Impact Payment (PIP)

Then: Park Impact Payment (PIP) – Adjusted Dedicated Land Value = Reduced PIP

Defined terms

- A. Park Impact Payment: The amount of BOZ density requested (excluding density of MPDUs) multiplied by the current PIP rate.
- B. Adjusted Dedicated Land Value: The value of the land to be dedicated to the Parks Department for a Park recommended in the Sector Plan minus the value of the mapped density taken from the dedicated land and the value of any portion of the dedicated land counted toward required Public Open Space.

Formula:

Adjusted Dedicated Land Value = Dedicated Land Value – Value of the Mapped Density – Value of the Public Open Space, where:

- Dedicated Land Value is the value of the land to be dedicated to the Parks Department for a Park recommended in the Sector Plan, based on one of the following, as deemed acceptable by Staff:
 - State Department of Assessment and Taxation (SDAT) assessment, or
 - recent sale price, or
 - other total valuation such as a third-party appraisal.
- Value of the Mapped Density is the square-footage of the mapped density taken from the dedicated land to be used in the proposed development multiplied by the current PIP rate.

- Value of the Public Open Space is the area of required Public Open Space to be located within the dedicated land multiplied by the per-square-foot value of the Dedicated Land Value.

EXAMPLE

A property has a tract area of 50,000 square feet and was recently purchased for 7 million dollars. The proposal includes a new development for up to 220,000 square feet utilizing 100,000 sf of Bethesda Overlay Zone density (20,000 square feet to be used for MPDUs) and dedication of 13,500 square feet of parkland. The proposal is required to provide 10% of the site area as public open space (5,000 square feet). The portion of the property to be dedicated is zoned CRT 0.5.

- A. Park Impact Payment: The amount of BOZ density requested (excluding density of MPDUs) multiplied by the current PIP rate.

$$100,000 - \text{MPDU density (20,000)} * 12.49 = \$999,200$$

$$\text{PIP} = \$999,200$$

- B. Adjusted Dedicated Land Value: The value of the land to be dedicated to the Parks Department for a Park recommended in the Sector Plan minus the value of the mapped density taken from the dedicated land and the value of any portion of the dedicated land counted toward required public open space.

- Dedicated Land Value:
 $\$7 \text{ million} / 50,000 \text{ sf} = \$140 \text{ per square foot}$
 $\$140 * 13,500 \text{ sf} = \$1,890,000$
- Value of the Mapped Density:
 $(13,500 \text{ sf} * 0.5) * \$12.49 = \$84,308$
- Value of the Public Open Space:
 $5,000 \text{ sf} * \$140 = \$700,000$

$$\text{Adjusted Dedicated Land Value} = \text{Dedicated Land Value} - \text{Value of the Mapped Density} - \text{Value of the Public Open Space}$$

$$\$1,890,000 - \$84,308 - \$700,000 = \$1,105,692$$

$$\text{Adjusted Dedicated Land Value} = \$1,105,692$$




When the PIP reduction formula is applied in this example, the value of the adjusted dedicated land is greater than the PIP payment, therefore, no further PIP payment would be required.

$$\$1,105,692 > \$999,200$$

No PIP Required

Recommendation

Staff recommends the Planning Board approve the PIP methodology as described above.

INTERPRETATION/POLICY NO. M-NCPPC 2024-05	DATE 02/28/2025	M-NCPPC LEGAL STAFF  Emily Vaia (Feb 28, 2025 11:11 EST)
	DATE 03/03/2025	DIRECTOR  Jason Sartori (Mar 3, 2025 11:31 EST)
	DATE 03/03/2025	PLANNING BOARD  Artie L. Harris (Mar 3, 2025 11:58 EST)