




OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich  
County Executive

MEMORANDUM

April 29, 2022

TO: Gabe Albornoz, President  
Montgomery County Council

FROM: Marc Elrich, County Executive 

SUBJECT: Silver Spring Downtown and Adjacent Communities Plan, Council Worksession #3

My staff and I continue to have concerns about the Silver Spring Plan as currently written. I ask that Council consider the following recommendations:

1. Move the Adjacent Communities to the Silver Spring Communities Plan, scheduled to begin in FY23. With the removal of any mention of either Thrive Montgomery 2050 or the Attainable Housing Initiative from the Downtown Plan, the Adjacent Communities no longer have a place in the Downtown Plan. Moving them to the newly scheduled Communities Plan will enable equitable treatment of all communities.
2. Housing—DHCA observes that the Plan’s recommendations for predominantly high-rise buildings with increased heights in certain locations will cause delays in development moving forward as well as high rents for new residential units. This is because new high-rise development will not occur until rents support the higher cost of construction. The Plan envisions 11,000 new units to respond to the need for new housing units. Yet, zoning for high-rises that offer premium units at high rental costs will impede the County’s ability to meet the COG goal of 75% of new units being affordable for low and middle-income households.
  - a. The much higher construction costs of building high-rises dictate that the vast majority of units will only be built when rents exceed the level affordable at 100% of AMI.

- b. Brookings Institute 2020 analysis documents the 25-40% increase in per square foot costs when construction exceeds seven stories.  
<https://www.brookings.edu/research/making-apartments-more-affordable-starts-with-understanding-the-costs-of-building-them/>
- c. The Partners for Economic Solutions (PES) analysis in the Council packet for Worksession #2 documents that even at \$3.15 rent per square foot--higher than the highest current rents -- a high-rise development would not be financially feasible--even with no MPDUs or CIF payment required.
  - i. Rents at \$3.15 per square foot would indicate two bedrooms at \$3,000 per month as insufficient to support development.
  - ii. \$3,000 per month represents 30% of \$120,000 per year annual income.

In summary, the increased costs for high-rises will delay development until rents support the construction costs. When constructed, the market rents in the high-rise buildings will necessarily be the highest in the Downtown Silver Spring. While the buildings will include 15% MPDUs, the remainder of the units--85%--will need to be priced above 100% of median income affordability.

More restricted heights would result in more sites attracting redevelopment at lower heights and lower costs. You could yield the same number of units with more sites being able to redevelop at a lower height, as you would with fewer tall buildings – but those in the shorter buildings would be more affordable.

- 3. Affordable Housing - I support the PHED Committee's recommendation for a floating zone to encourage "no net loss" of the affordable units in certain garden apartments in Silver Spring. The floating zone is essential to give Planning the necessary leverage to preserve important, affordable housing in Silver Spring. The recommended floating zone allows density at a level which would support the one-for-one replacement on the subject properties.
- 4. Transportation- I concur with the MCDOT's recommendations for Parking Garage 4 in its email to Glenn Orlin on April 26. I disagree with Planning's suggestion for a 50' wide street bifurcating the County property. A 50' wide street would reduce the financial feasibility of developing the property for affordable housing.

The County is currently talking with potential developers of that site, and the proposed road would impair the economics and feasibility of getting affordable units at a large scale here.

5. Transportation—Colesville Road north of Downtown--I support the 80' ROW recommended by MCDOT in its US 29 Mobility and Reliability Study. As explained in the Council Staff report to the PHED Committee, the Plan's recommendation for a 120' ROW would have numerous adverse impacts on homeowners' front yards, as well as on existing businesses and houses of worship. These adverse impacts may be avoided, and the County's transportation goals forwarded through approval of MCDOT's recommendation.

Thank you for your consideration.

ME:mw