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Fillmore deal might mean Montgomery pays Lee

Developer would be paid to cover cost of new regulations on adjacent development

by Erin Cunningham | Staff Writer

The agreement signed Thursday between Montgomery County and the Lee Development Group over the long-awaited Fillmore Music Hall in Silver Spring could require the county to pay the developers to comply with county codes.

Under the agreement, the county would be required to pay Lee Development for any costs they incur as a result of regulations put in place between now and the time ground is broken on a future project, said Steven Silverman, director of the county's Department of Economic Development.

"They would still have to comply with future regulations," he said, referring to Lee. "But we would owe them some money."

Lee Development donated the land for the music hall as an amenity in exchange for land-use allowances for a future mixed-use commercial project. Officials had been promising an agreement for months.

Silverman said he expects a proposal for the Fillmore and the Lee Development's office/hotel project to be submitted to the Montgomery County Planning Board soon.

Silverman said he does not expect the planning board to reject the proposals, "but it's possible." Part of the agreement announced Thursday includes contingencies protecting both sides in the event the planning board does reject the proposals.

Once construction of the music hall is complete, Lee Development will donate the land, worth \$3.5 million, to the county. In return, the company gets assurances that it will be able to develop an adjacent property county spokesman Patrick K. Lacefield said. The County Council has approved provisions that provide protections from changes in the county's land-use laws for the Lee Group's future project on that adjacent property.

Generally, an amenity like a music hall would be provided once a developer starts a project. In this case, the county gets the amenity up front, Lacefield said.

The property that will house the Fillmore, the site of a former J.C. Penney Co. store, has been vacant for 18 years.

Under the agreement, Montgomery County receives the property at no cost. The project will preserve the historic façade of the site on Colesville Road.

The county and the state have already committed \$4 million each toward the project, which the county hopes will bolster economic development.

"I think the idea is basically if all goes well, a year from now, we could break ground," Lacefield said.

Construction could take a year, meaning the Fillmore could open in late 2011, he said.

Lacefield said the project will make a profit for the county, starting in the first year of operation.

"This is a money-maker, not a money-taker," he said.

The county will own the music hall, which is not expected to need an ongoing public subsidy.

Dan Cohen, who helped launch Silver Spring Forward — a citizen advocacy group dedicated to the music hall project and economic development in downtown Silver Spring — said the project would be a "shot in the arm" to the downtown.

"This is a big piece of the puzzle for the economic development of Silver Spring," he said.

The new music hall will be run under contract by Live Nation, a California-based live events and music promotion company.

Under the terms of the agreement, Lee Development will also provide for management services for the construction of the facility, a \$500,000 value.

Staff Writer Douglas Tallman contributed to this report.