



White Flint 2 Sector Plan: Worksession No. 4-Parklawn South District, Randolph Hills, and Multifamily Residential Properties

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Summary

Staff will present the Public Hearing Draft recommendations and testimony for the Parklawn South and Randolph Hills Districts and multifamily residential zoned properties in the White Flint 2 Sector Plan area. The Parklawn South District is located primarily east of the CSX tracks and at Nicholson Court with commercial and light-industrial uses. The Randolph Hills District is located east of Parklawn Drive with primarily residential and institutional uses, including three institutional uses and two multifamily residential developments. Market rate affordable housing and multifamily zones for several multifamily zoned properties will be discussed. The Research and Special Projects Division has prepared in-depth analysis on industrial zoned properties and affordable housing issues.

SCHEDULE

The Planning Board has held four worksessions on the Public Hearing Draft of the White Flint 2 Sector Plan:

- January 27: Focused on transportation analysis and staging recommendations in the Draft Plan.
- February 9: Reviewed the Executive Boulevard District and associated economic feasibility analysis for some properties.
- February 16: A joint meeting with the Rock Spring Master Plan on school issues within the Walter Johnson Cluster.
- February 23: Reviewed the Rockville-Pike Montrose North District and revisited five properties in the Executive Boulevard District.

The Planning Board held a public hearing on the Draft White Flint 2 Sector Plan on January 12, 2017. The public hearing record was open until the close of business on January 12, 2017. The public hearing testimony is summarized in Attachment 1. The following is the proposed schedule for future worksessions.

- March 23 Worksession No. 5: Financing alternatives
- March 30 Worksession No. 6: Transportation update

PURPOSE OF THIS WORKSESSION

The purpose of this worksession is to present an overview of the public hearing testimony regarding land use and density recommendations for the Parklawn South and Randolph Hills Districts, including industrial issues, and to discuss approaches to multifamily residential zoned properties and associated ‘market rate’ affordable housing issues.

PUBLIC TESTIMONY

In the Parklawn South District, several property owners testified about the evolving nature of light industrial development in the area. Property owners at Nicholson Court supported the Draft Plan recommendation to rezone the Nicholson Plaza to the Neighborhood Retail (NR) zone, while others requested the floating Commercial Residential (CR)-2.0 zone and retention of the existing light industrial (IL) zone.

The Randolph Hills Shopping Center requested rezoning of the shopping center to permit mixed-use development at 1.75 FAR, including mid-rise development and connections across the CSX tracks. Pickford Enterprises, Parklawn Center - 11711-11777 Parklawn Drive and 5040 Boiling Brook Parkway, recommended different alternatives for the property, including the CRT 2.0 C2.0 R2.0 H-75; IL 2.0; IL or IM zone that permits residential development, similar to the Twinbrook overlay; or the CRT floating zone.

The Loehmann’s Plaza property owner is supportive of the Draft Plan recommendations for the shopping center property in the Randolph Hills District. Property representatives for Walnut Grove Condominium and Oxford Square have recommended either the Commercial Residential

(CR) or Commercial Residential Town (CRT), rather than retaining the existing R-20 and R-30 zones, respectively.

Randolph Hills Civic Association (RCA) supports several aspects of the Plan, including the redevelopment of Loehmann's Plaza and Randolph Hills Shopping Center, the reconfiguration of Parklawn Drive and Randolph Road, and a MARC station at Nicholson Court. The RCA is disappointed in the lack of vision for bicycle and pedestrian connection across the CSX tracks. The RCA also recommends that the right-of-way at the intersection of Putnam Road and Macon Road should be developed as park and formalizing the MCDOT parcel, which is adjacent to the Walnut Grove condominium into a formal pathway as part of the bikeway network. The RCA also recommends neighborhood greenways for residential streets in the neighborhood.

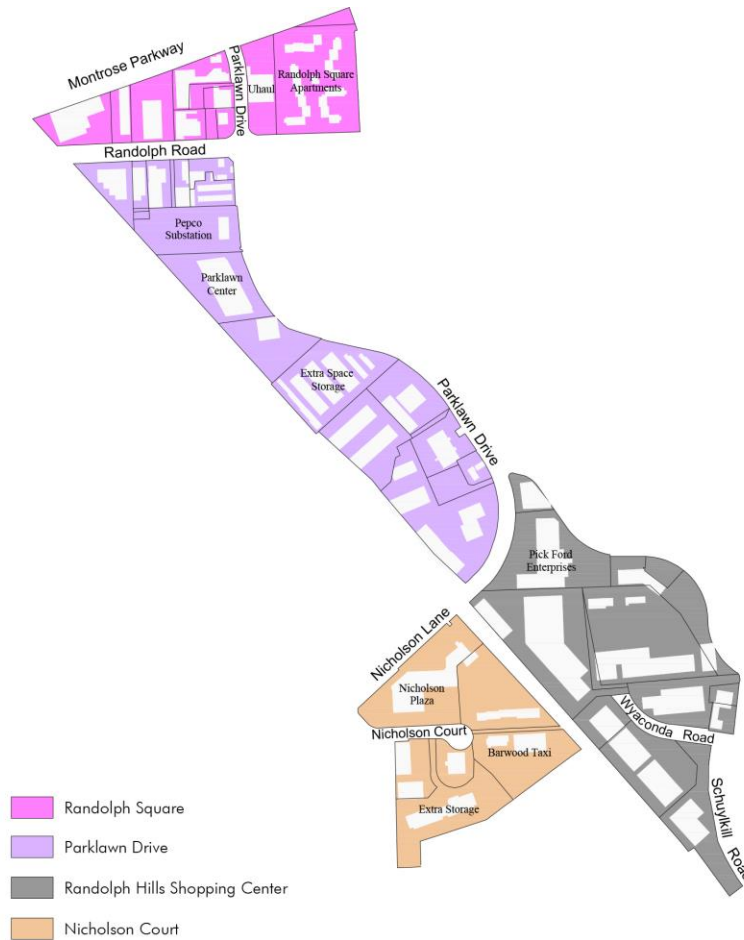
DRAFT PLAN RECOMMENDATIONS

Parklawn South District and Industrial Uses

The Parklawn South District is located east of the CSX rail tracks and it is composed of primarily industrial uses, including automotive repair and services, self-storage, and offices. There are approximately 84 acres of industrial zoned properties in this district. The Parklawn South District is divided into the following areas: Randolph Square, Parklawn Drive, Randolph Hills Shopping Center and Nicholson Court.

Given the importance of light industrial land and its role in providing needed services for residents; supporting a diverse local economy; and providing locations for small scale entrepreneurs, the Draft Plan recommends retaining most of the existing light industrial zoned properties in this district.

The Research and Special Projects Division has conducted an analysis of light industrial properties within the Plan area that highlights the composition of businesses and employment, and the status of the industrial market (see Attachment 2). This analysis, builds upon the 2013 comprehensive study of industrial land use in the County that determined the importance of light industrial districts in the County. Key findings from the 2013 study indicated that light industrial districts provide valuable services for residents and the associated businesses provide a broad range of employment opportunities.



Parklawn South District-Key Properties



Randolph Square

Located between the future Montrose Parkway East and Randolph Road, this area includes storage facilities and automotive repair services, and the Randolph Square apartments.

Properties in this area are in the R-20 and IL 1.0 H-50 zones. No public testimony was submitted for these properties. The Draft Plan recommends confirming the industrial and multifamily zones for this area.

Parklawn Drive

Located east of the CSX rail tracks, south of Randolph Road and west of Parklawn Drive, this area represents the type of eclectic mix that emanates from the kinds of uses found in light industrial zoned properties.

The area is in the IL 1.0 H-50 zone. No public testimony was submitted on this area. Two office buildings at 11900 Parklawn Drive and 11820 Parklawn Drive, both built in the 1970s, are taller than the 50-foot height limit in the existing IL zone. These buildings were built under the prior I-1 zone development standards that permitted office buildings up to 10 stories or 120 feet. To avoid non-conforming buildings, the Draft Plan recommends the EOF 0.75 H-100 zone for these two office properties.

Randolph Hills Shopping Center

Located east of the CSX rail tracks and adjacent to the Randolph Hills residential community, this area has a combination of retail and traditional light industrial uses, including a variety of independent businesses. The Draft Plan recommends confirming the Light Industrial (IL) zone for this area with a floating Commercial Residential Town (CRT) zone for the retail component of the Randolph Hills Shopping Center, which is approximately 8 acres. The property owner has testified to redevelop the shopping center, up to 1.75 FAR, with new mixed-use development.

Nicholson Court

Light industrial and commercial uses, including a Ride On bus parking facility, Barwood Taxi headquarters, a storage warehouse and Nicholson Plaza, a retail shopping center, are in this 16.7-acre area. Properties in this area are in the IL 1.0 H-50 zone. The 2010 *White Flint Sector Plan* recommended a MARC station for this area but retained the light industrial zone, until both sides of the CSX rail tracks could be evaluated.

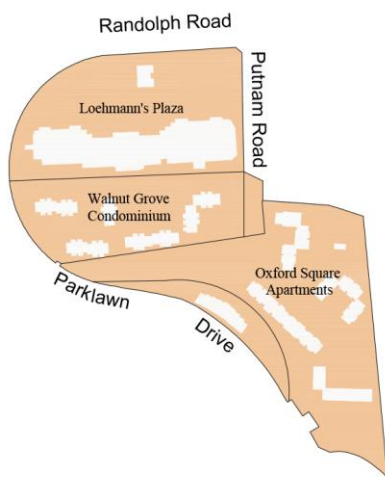
The Maryland Transit Administration (MTA) has not determined if a new infill MARC station will be located along the Brunswick Line in Montgomery County. The recommended staging plan requires that MTA conduct a feasibility study to determine if and where an infill station would be located along the Brunswick Line. MTA staff will attend a future worksession.

The Draft Plan recommends the Neighborhood Retail (NR) zone as the more appropriate zone for the Nicholson Plaza shopping center, rather than retaining the industrial zoning. The remaining area is retained in the IL zone.

Randolph Hills District

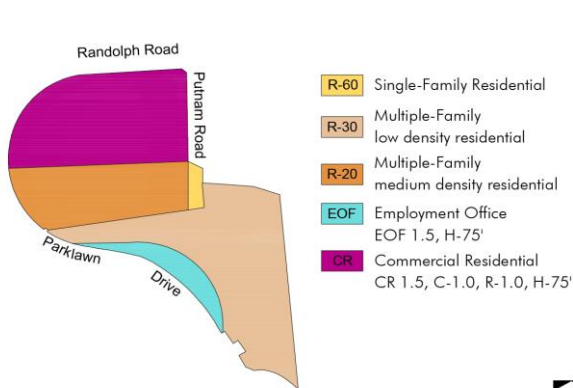
The Randolph Hills District, which is located east of Parklawn Drive, features additional institutional uses including: the Board of Education-owned Rocking Horse Road Center, Charles E. Smith Jewish Day School (Upper School), and Montrose Christian School and Baptist Church, and a portion of the Randolph Hills residential neighborhood. Walnut Grove Condominium and Oxford Square, two multifamily residential properties, are also in this district. The Randolph Hills District is divided into three areas: Loehmann's Plaza, Montrose Baptist, and Rocking Horse Road Center.

Loehmann's Plaza

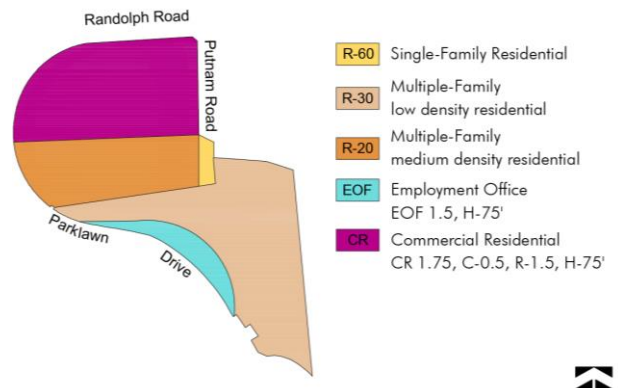


Loehmann's Plaza Area-Key Properties

Loehmann's Plaza, a 10.8-acre commercial shopping center, located at the intersection of Randolph Road and Parklawn Drive, an office building, and two multi-family residential properties, Walnut Grove Condominium and Oxford Square White Flint are within this 30-acre area. The Draft Plan recommends retaining the multifamily zoned properties, while adjusting the existing shopping center Commercial Residential (CR) mix. Representatives for both multifamily zoned properties have requested either Commercial Residential (CR) or Commercial Residential Town (CRT) zones. The Board will discuss the multifamily zoning for both properties during this worksession.



Loehmann's Plaza Area-Existing Zoning

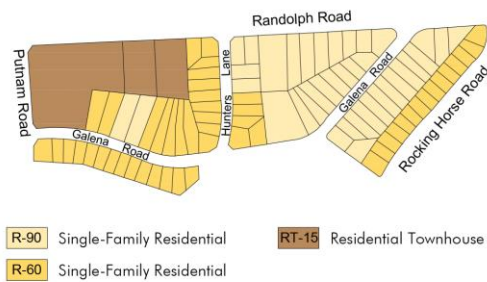


Loehmann's Plaza Area-Draft Plan Recommended Zoning



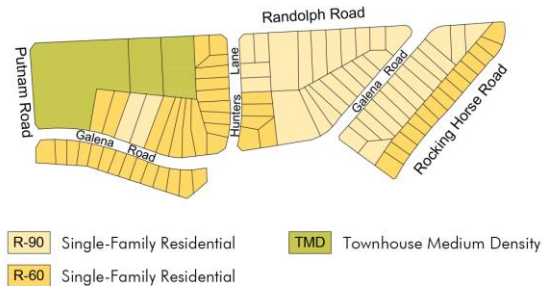
Montrose Baptist

This area includes the Montrose Baptist Church, Montrose Christian School, and single-family residences between Putnam Road and Rocking Horse Road, in the Randolph Hills community. A Local Map Amendment (G-964) rezoned 8.76 acres, including the Montrose Christian School and Montrose Baptist Church properties, from the R-60 and R-90 zones to the RT-15 zone. Under the new Zoning Ordinance, Section 8.1.1, the RT zone cannot be confirmed or applied to any property under a Sectional Map Amendment adopted after October 30, 2014. Subsequently, the Montrose Baptist zone is modified to a new townhouse zone, Townhouse Medium Density (TMD).



Not to Scale

Montrose Baptist Area-Existing Zoning

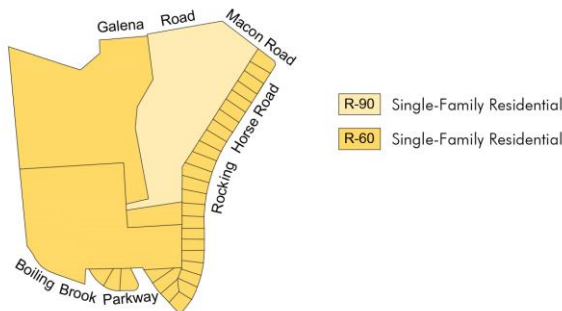


Not to Scale

Montrose Baptist Area-Draft Plan
Recommended Zoning

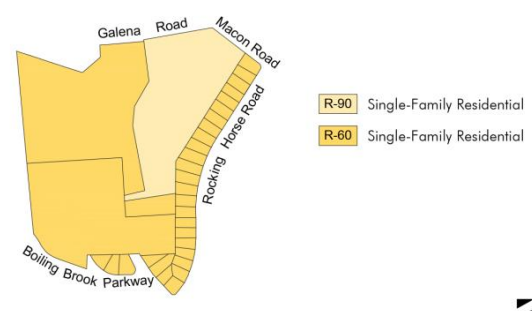
Rocking Horse Road Center

Charles E. Smith Jewish Day School (Upper School), the Montgomery County Board of Education owned Rocking Horse Road Center, and single-family residential dwellings are in this area. The Jewish Day School property has a long-term lease with Montgomery County, and the Rocking Horse Road Center functions as an office building, including international student admissions, for Montgomery County Public Schools (MCPS). The Draft Plan recommends an elementary school for the Rocking Horse Road property. MCPS has recently testified that the Rocking Horse Road property may be appropriate for either a middle or high school in the future. The Draft Plan does not recommend any land use changes for this area.



Not to Scale

Rocking Horse Road Center Area-
Existing Zoning



Not to Scale

Rocking Horse Road Center- Draft Plan
Recommended Zoning

MULTIFAMILY RESIDENTIAL DEVELOPMENT

The Miramont Apartments and Condominium; Morgan; Randolph Square; Walnut Grove Condominium; and Oxford Square are five properties with multifamily zones, either R-30 or R-20. The Draft Plan retained all multifamily zoned properties to promote and maintain a broad range of affordable housing units. More than half of the existing multifamily development have units that could accommodate families and persons with special needs. However, most of the existing multi-family residential developments are not subject to the County's Moderately Priced Dwelling Unit (MDPU) since they predate the MPDU law.

Multifamily residential rents for White Flint 2 are affordable to households who earn 60 percent to 109 percent of the Washington Metropolitan Region's AMI. Using a weighted average based on the units and bedroom size per development, the average apartment in White Flint 2 is affordable to a household earning 83 percent AMI. The age of the supply in White Flint 2 also provides a diverse unit supply as older units tend to be larger in both square footage and number of bedrooms. Almost 60 percent of the multifamily units in White Flint 2 have 2 or more bedrooms.

The Research and Special Projects Division has prepared an analysis of existing multifamily residential units that documents the naturally occurring affordable units in the Plan area. This analysis is attached to this memorandum (see Attachment 3).

Attachments

1. Summary of public hearing testimony
2. Industrial analysis of the Parklawn South District
3. Affordable housing analysis

ATTACHMENT 1

Summary of White Flint 2 Public Testimony

Person/Agency/Property	Comments	Staff Response
Wendy Calhoun-Walter Johnson (WJ) Cluster	Agreed with the Plan recommendation for an elementary school at Wilgus/Willco; opposed to Rocking Horse Road Center as a school site; the staging recommendation for the elementary school should be sooner than the third stage; reserve school sites prior to new development; and a third middle school is needed for the WJ Cluster.	The Plan acknowledges the importance of public schools and identifies appropriate locations. MCPS will participate at a future worksession.
Casey Cirner-1215 East Jefferson Street	NIH leased portion of the property has expired; Requests Commercial Residential (CR)-1.5 or Employment Office (EOF) 1.5, if modifications are made to permit greater flexibility with uses, such as senior housing and more than 30 percent of residential development.	The Planning Board will receive alternatives to consider during the worksessions.
Jennifer Russel-1215 East Jefferson Street	No opportunities for optional method with the Draft Plan recommendation of 1.0 FAR in the EOF zone; EOF 1.5 FAR; use of the CR zone or modifications to the EOF zone.	See above regarding future worksessions.
Cindy Bar-Nicholson Court	Industrial properties along the CSX tracks have been evolving, including truck access and space needs; restriction of IL Zone; Barwood Taxi recently filed for bankruptcy; CR 2.0 floating zone requested.	The Draft Plan recommendation is to retain light industrial since the uses serve a broader county-wide function and contribute to diverse local economy.
Amy Ginsburg-Friends of White Flint	<p><i>Schools</i> Supportive of dedicated sites for an elementary school.</p> <p><i>Connections</i> No solution to creating a pedestrian-bike path over the CSX tracks between White Flint 1 and 2-connection should be incorporated into the future MARC station.</p> <p>Sidewalk along the east side of MD 355 along the bridge over Montrose Parkway.</p>	<p>The assessment for a MARC station is recommended since MTA's prior recommendation to close the Garrett Park Station, if a new station is located in the White Flint area.</p> <p>The 2010 White Flint Plan explored extending Old Georgetown Road across the CSX but significant impacts and costs.</p>

Person/Agency/Property	Comments	Staff Response
	<p>Enhance pedestrian access, install a crosswalk on the east side of Towne Road</p> <p>Lighted pedestrian path behind offices on Executive Blvd.</p> <p>Support for reconfiguration of Parklawn Drive and Randolph Road; Boiling Brook Parkway and Rocking Horse Road.</p> <p>Signalized intersection at the future Rose Avenue and Towne Road.</p> <p>Provide more clearly define larger illustrations that show bikeways and pedestrian paths with White Flint 1 (2010)</p> <p><i>Office, Business, Industrial and Residential Space</i></p> <p>More innovative office and residential concepts, such as micro-units, shared housing and condos and apartments for either residential and office buildings.</p> <p>Include language to encourage new small businesses, such as an incubator, and language to encourage the retention of locally owned small businesses.</p> <p>Encourage traditional and innovative senior housing options.</p> <p>Supportive of keeping light industrial space but supports mixed-use and higher density around Randolph Hills Shopping Center and Nicholson Court.</p> <p><i>Affordable Housing</i></p>	<p>Alternative pedestrian/bike crossing will be explored during the worksessions.</p> <p>Specific operational issues will not be within the Plan; it could be within the appendix. SHA has approved a signalized intersection at Rose Avenue and Towne Road.</p> <p>Revised Plan recommendations will include senior housing and other innovative housing concepts. And, affordable housing will be discussed during the worksessions.</p> <p>Updated maps will illustrate the linkages between both White Flint plan areas.</p> <p>A shuttle/circulator could be in the first phase of the staging plan.</p> <p>Future worksessions will discuss Randolph Hills Shopping Center and Nicholson Court.</p> <p>The recommended NADMS goals are appropriate for an area that is further away for existing and future transit and will deliver less infrastructure than the 2010 Plan area. Existing and new development must take on several initiatives to begin moving the NADMS goals forward.</p>

Person/Agency/Property	Comments	Staff Response
	<p>Market rate affordable housing will eventually become obsolete. And, units lack any MPDUs, ADA accessibility and modern fire code protection.</p> <p><i>Public Use Space</i> Support's the Plans goals; however, there is a need for innovative public space that meets the needs of residents.</p> <p><i>Staging and Implementation</i> Eliminate the MDOT study as a staging requirement since it does not add density nor provide any concrete infrastructure improvement.</p> <p>A shuttle/circulator system should be implemented at the earliest practicable date. It should be undertaken in 2017.</p> <p>The NADMS goals should be analogous with the 2010 White Flint Sector Plan. Or, the western part of White Flint 2 should have the same NADMS goals as the 2010 White Flint Sector Plan.</p> <p>Provide greater clarification of how the White Flint 1 (2010) and the White Flint 2 area will work together for the betterment of both.</p>	
<p>Matthew Eakin and Steve Robins, Pickford Properties</p>	<p>Pickford Enterprises, LLC-11711 Parklawn Drive and 5040 Boiling Brook Parkway</p> <p>Given the visibility of the property, it is more appropriate for mixed uses in the CRT 2.0 C2.0 R2.0 H75. An alternative is the IM zone (2.0 FAR) that permits more uses than the IL zone.</p>	<p>Light industrial properties will be discussed with the Board during the worksessions.</p>

Person/Agency/Property	Comments	Staff Response
	<p>A zoning text amendment should be considered, similar to the Twinbrook Overlay Zone. A floating zone designation (CRT), if the base industrial zone is retained.</p>	
<p>Robby Brewer and Miguel Iraola, Oxford Square</p>	<p>Request to rezone the Oxford Square garden apartments (R-30 zone) property to the CR or CRT zone (1.0 FAR) to facilitate redevelopment. The maximum height would be 65 feet.</p> <p>Retaining the R-30 would preclude redevelopment. Existing buildings, built in the 1960s, are reaching the end of their useful lives. Buildings lack ADA accessibility, modern fire code protection and stormwater management on the property.</p> <p>For a future redevelopment, the owner proposes 15% MPDUs with a strong component of larger two and three bedroom units.</p>	<p>All existing multifamily residential zone properties will be discussed with the Board during the worksessions.</p> <p>The proposed height is appropriate for the property.</p>
<p>Ric Erdheim, Cherington Homeowners Association</p>	<p>Support for the dedication of the entire area that is immediately south of the Cherington townhouses as a park.</p> <p>The preservation of the area adjacent to the existing Cherington is consistent with several County goals-open space, linkages to the Montrose bikeway and creating an attractive public space.</p> <p>Health benefits of nature.</p> <p>Opposed to commercial development west of Stonehenge Place.</p> <p>Supportive of mixed use east of Stonehenge Place but building heights must be lower as they move towards the Cherington.</p>	<p>Supportive of the Draft Plan recommendation.</p> <p>Stonehenge Place bisects a parcel that leaves a small portion into a mixed-use zone. The larger area that is adjacent to the Cherington is primarily residential.</p> <p>Initial transportation forecast indicated that congestion will not be an issue along East Jefferson. A new bikeway will provide important linkage to the City of Rockville and the 2010 Plan area.</p>

Person/Agency/Property	Comments	Staff Response
	<p>New north-south street may increase cut-through traffic in the neighborhood. A light at Montrose Parkway and Stonehenge Place.</p> <p>Removal of travel lanes on East Jefferson will increase congestion and make travel more difficult.</p>	
Barbara Sears, Willco and Wilgus properties	<p>The Washington Science Center property (Willco), which is approximately 20.1 acres should have a higher zone (CR 3.0 C1.5 R2.5 H-200) since it is walking distance to Metro and is adjacent to Pike & Rose.</p> <p>The proposed zone should be CR-3 for the Wilgus property, which is approximately 6.35 acres. The middle segment of the property, which is approximately 3.77 acres, should be CRT 2.5 C1.5 R2.0 H150. The last component of the Wilgus property, which is immediately adjacent to the Cherington Townhouses should be CRT 1.25 with no commercial allowed and 50 feet in height. This is a poor choice for a park.</p> <p>A central park located further east would be more accessible to surrounding development.</p> <p>No school site is necessary. Willco has offered to work with MCPS on a small site paradigm but MCPS has not pursued that model.</p>	The Draft Plan's recommendation permit the highest FAR for the Willco property since it will benefit from the Western Workaround, Pike & Rose, and the future second Metro entrance. A future worksession will review this property.
Scott Wallace, Morgan Apartments	The existing 132 unit Morgan Apartments, built in 1996, under the existing R-20 Zone. There is no incentive for redevelopment since no additional dwelling units can be constructed on the property. Proposal is to change the zone to CR 1.25 C0.25 R1.25 H-120.	See above regarding multifamily residential development.
Justin Jacocks, Walnut Grove Condominium	Need for updated zoning to add incremental residential development to preserve and improve existing community.	See above regarding multifamily residential development.

Person/Agency/Property	Comments	Staff Response
	<p>Retaining the existing zone would make it difficult to address challenges at Walnut Grove-aging buildings and site infrastructure.</p> <p>Extension of Macon for additional vehicular access.</p> <p>Recommended zone: CR 1.25 C0.25 R.125 H120</p>	
<p>Francoise Carrier, Guardian Realty Investors, LLC</p>	<p>6000 Executive Blvd-the recommended 120 height limit is insufficient; rather 200 feet is appropriate.</p> <p>The grade of the office property is 15 feet below the grade of the nearest office building; 28 feet below the grade of the Pallas Apartments; and 16 feet below the grade directly across Old Georgetown Road.</p> <p>The density should be 2.5 FAR-2.25 Commercial and 2.25 Residential. Sector Plan could require buildings to step down to 75 feet. Density is justified by its location and is diagonally across from Pike & Rose.</p> <p>Staging proposes extreme limitations to White Flint 2 by tying development to improvements that could take years to accomplish.</p> <p>Completion of the Western Workaround should be moved into Phase 2.</p> <p>MCPS assessment and programming of an elementary school should be removed.</p> <p>MARC station assessment by MDOT should be removed or applied only to the eastern side.</p> <p>Alternative language to page 28.</p>	<p>Property grades will change during future development; therefore, it is inappropriate to use it as a measure to establish a building's height. 200 feet is inappropriate to an established residential neighborhood. The adjacent 2010 White Flint Plan lowered building heights to 100 feet and 70 feet, respectively, east of Old Georgetown Road.</p> <p>The Western Workaround is underway. Phase I should be completed by 2020. It greatly enhances vehicular, bike and pedestrian access to Executive Boulevard properties.</p> <p>The elementary school is an important staging trigger that acknowledges school capacity issues in the WJ cluster.</p>

Person/Agency/Property	Comments	Staff Response
<p>Karen Kirchberg, Cherington resident</p>	<p>Informed that the new road-Montrose Parkway-would require a 100 foot tree barrier and preservation of some green space.</p> <p>Keep the forest in place for all (drivers, bikers and walkers) to enjoy. A linear park will produce oxygen, absorb carbon dioxide and water runoff.</p>	<p>Plan recommendation retains a portion of the property adjacent to the Cherington townhouses to create a unique linear park and to further environmental recommendations.</p>
<p>Mayor Bridget Newton, City of Rockville</p>	<p><i>Affordable Housing</i> The City encourages the Planning Board to strengthen the Plan’s approach to the provision of housing options that would offer a broader range and variety of housing types.</p> <p>Housing is needed for incomes lower than MPDU levels; people with disabilities; and millennials. Encourage alternative housing types.</p> <p><i>Transportation and Impacts Fees</i> Support the continued approach to measure transportation impacts of development projects.</p> <p>Continued efforts to share transportation studies.</p> <p>Encourage that this Plan include a policy that impact fees charged for development will be sufficient to fund the necessary infrastructure improvements.</p> <p><i>Businesses</i> Ensure that there will be small independent establishments in the Pike corridor.</p> <p><i>Schools</i> The importance of school construction and land for schools. A significant number of City of Rockville children attend Walter Johnson Cluster schools.</p>	<p>The Draft Plan’s housing section will be updated.</p> <p>Initial recommendations regarding the funding of infrastructure will be discussed during the worksessions.</p> <p>The Plan recommendations could be more specific on support for small/independent businesses.</p> <p>The Plan recommends different properties to accommodate an elementary school.</p>

Person/Agency/Property	Comments	Staff Response
<p>Abbe Milstein, Luxmanor Citizens Association</p>	<p><i>Schools</i></p> <p>School situation is dire. Continuing pattern of disregard for real school overcrowding and exacerbate insufficient school planning and rapid development.</p> <p>School size impacts on student achievement based on Maryland State Department of Education report. School sizes should be 700 for elementary; 900 for middle schools; and 1,700 for high schools. Many schools in the WJ Cluster exceed the State’s guidelines.</p> <p>Significant enrollment growth is anticipated within the next 5-10 years. For example, WJ High is projected to have 2,800 or more students by 2021.</p> <p>Schools and infrastructure must be in place prior to additional residential development. Net zero energy school.</p> <p><i>Sustainability/Infrastructure</i></p> <p>Support for retention of existing wooded areas and additional tree canopy. Neilwood Creek has significant erosion along its banks.</p>	<p>School sizes are determined by the Board of Education. MCPS has committed to building schools at least LEED Silver or higher standard.</p> <p>MCPS will discuss school issues at a worksession.</p> <p>The Department of Environmental Protection (DEP) is restoring approximately 1,600 feet. Construction is anticipated for Winter 2017. Future development could further contribute to enhance the creek.</p>
<p>Jody Kline, Nicholson Plaza Shopping Center</p>	<p>Support for the Plan’s recommendation to reclassify the property from the Light Industrial (IL) zone to the Neighborhood Retail (NR) Zone.</p>	<p>Consistent with the Plan recommendations.</p>
<p>White Flint Partnership</p>	<p>Coordination and consistency between both plan areas; priorities include the funding, design and construction of transportation infrastructure.</p> <p>Apply the same NADMS goals to both plan areas or apply the same NADMS goals for properties that are close to Rockville Pike and the Metro.</p>	<p>The proposed NADMS goals are appropriate since it requires significant investments by public and private sector entities to achieve these goals.</p>

Person/Agency/Property	Comments	Staff Response
Ros Brandon, Cherington Townhouse resident	<p>Retain the wooded area that is adjacent to the Cherington townhouses. The wooded area provides tranquility in an urban area, including areas for animals.</p> <p>Significant developments in the vicinity, such as Pike & Rose and future development of properties along Executive Blvd. will benefit from the retention of the wooded area.</p>	Consistent with the Plan recommendations.
Jay Corbalis, Federal Realty Investment Trust-Montrose Crossing and Federal Plaza	<p>The Plan does a good job of integrating White Flint 2 with the 2010 White Flint Plan area to create a cohesive area.</p> <p>Properties in White Flint 2 should be part of the funding strategy for the staging plan projects. A sector wide transportation tax in lieu of transportation impact tax payments.</p> <p>Supportive of staging targets.</p> <p>The recommended open spaces are better served when it is smaller, a half an acre or less and should be owned and managed by the private sector.</p> <p>Neither property received additional density so it would be challenging to redevelopment; the western portion of Federal Plaza density has decreased to 2.0.</p> <p>The proposed zoning favors residential; given the location of both properties, a more balance zoning approach would permit flexibility.</p>	Consistent with the Plan recommendations; the zoning approach for MD 355 properties will be reviewed during the worksessions.
Emily Vaias, Kaiser Permanente- 6111 Executive Blvd. and 2101 East Jefferson Street	No immediate plans to expand the Headquarters property (East Jefferson and Montrose Parkway). Immediate need is to expand and upgrade the laboratory facilities on Executive Boulevard. No objection to the retention of the EOF zone for both properties, including adjusting the FAR	Consistent with the Plan recommendations.

Person/Agency/Property	Comments	Staff Response
	for the headquarters building to avoid a non-conforming building.	
John Carter/Ron Paul-6010 Executive Boulevard	<p>Existing building will be retained; significant setbacks to existing single-family dwellings; and 180-foot-wide forested area will be retained.</p> <p>The recommended CRT zone is appropriate, including the mix for property (CRT 2.0 C1.0 R1.5).</p> <p>Additional height, up to 150 feet rather than 120 feet will provide flexibility to the building design.</p>	Staff will review the height alternative during the Planning Board worksession.
Matthew Tifford, Randolph Civic Association	<p>Lack of vision for pedestrian/bike connectivity across the CSX tracks; expanded bike network would greatly increase access from the east into White Flint.</p> <p>Turn the intersection of Putnam Road and Macon Road into a park; no connection of Putnam Road to Macon Road.</p> <p>Opportunity to link Parklawn Drive to Macon Road for bikes and pedestrians; consider Neighborhood Greenways for residential streets, including Macon Road to connect to Randolph Hills Local Park and Rock Creek.</p> <p><i>Randolph Hills Shopping Center</i> Rezone the Randolph Hills Shopping Center to the CRT zone; support of the property owner's vision of the property; Boiling Brook Parkway and Rocking Horse Road should be improved before or when the Shopping Center redevelops.</p> <p>Supportive of Loehmann's Plaza's recommendation and reconfiguration of Parklawn Drive and Randolph Road.</p>	<p>The Draft Plan recommends a series on new bikeways within the Randolph Hills neighborhood.</p> <p>Additional linkages and potential crossing the CSX tracks will be reviewed during the worksessions.</p>

Person/Agency/Property	Comments	Staff Response
Alison Dewey, Randolph Farms/Randolph Civic	Lack of connection from east of the CSX tracks to White Flint Metro area. A new bike/pedestrian connection over the CSX tracks.	See above regarding bikeway connective within Randolph Hills and across the CSX tracks.
Steve Robins/Chris Roulen, 6006 Executive Boulevard	CRT 3.0 C2.5 R3.0 H150 would inspire greater mixed use development with appropriate transition to the stream valley buffer.	This and other Executive Boulevard properties will be discussed during the worksessions.
Stacy Silber, 6120-6130 Executive Blvd.	Two vacant office buildings need zoning tools from the sector plan for improvement; rather than EOF, CR 1.0 within 100 feet. Provide additional connections within and to Green Acres property.	This and other Executive Boulevard properties will be discussed during the worksessions.
Liz King, Walter Johnson Cluster representative	<p>There is not sufficient capacity in current or planned school facilities to keep pace with new development and residential turnover.</p> <p>The need for one more middle school and two elementary schools. The County does not have suitable land reserved for three new schools.</p> <p>Need for a secondary school athletic field within White Flint 2 or Rock Spring Plan areas.</p> <p>Postpone the approval of the Rock Spring, White Flint 2 and WMAL development until sufficient land is reserved.</p>	MCPS will discuss schools at a worksession. An assessment and future programming for an elementary school is recommended in the phasing plan.
Joshua Sloan and Alan Kronstadt, Randolph Hills Shopping Center	<p>MARC station on the west side of the CSX tracks, at Nicholson Court, would provide a connection to the east side with the residential community.</p> <p>Redevelopment of the property would provide a town green; 4-story townhouses and modest apartment at 1.75 FAR.</p>	All industrial zone properties will be addressed during the worksessions.
Brian Hooker, Randolph Civic Association	<p>Better connection for bikes and pedestrians across the CSX tracks; more direct connection behind Old Georgetown Road and Nebel Street area.</p> <p>Provide MARC station at Nicholson Court.</p>	See above regarding Randolph Hills connections and industrial zoning.

Person/Agency/Property	Comments	Staff Response
	<p>Utilize the informal pathway (adjacent to the Walnut Grove Condominium) as part of the bikeway network.</p> <p>Consider residential streets as neighborhood greenways that connect the development in White Flint 2 to Rock Creek Park.</p> <p>Support for the redevelopment of the Randolph Hills Shopping Center via the CRT zone; Loehmann's Plaza and the reconfiguration of Parklawn Drive and Randolph Road.</p>	<p>The MARC station and industrial zoning will be discussed during worksessions.</p>
<p>Neal Brown and Michael Gaba, Green Acres School</p>	<p>Green acres share over 650 feet of common boundary with Executive Boulevard properties.</p> <p>Pedestrian path should have multiple linkages and design for safety.</p> <p>Explore the feasibility for a second connection to Executive Boulevard from 6120-6130 Executive Boulevard.</p> <p>Support for rezoning of 6120-6130 to a commercial residential zone.</p>	<p>All Executive Boulevard properties will be discussed during the worksessions. A connection between Green Acres and Executive Boulevard would be a private agreement between the two property owners.</p>
<p>Beth DeLucenay, Charles E. Smith Life Communities</p>	<p>Support for the floating CRT Zone; cannot tolerate the mobility plan recommendations, including the two streets through the property. The elimination of travel lanes on East Jefferson would negatively impact the use of the property and the Jewish Day School property.</p>	<p>Roadway and bikeways will be discussed during the worksessions.</p>
<p>Ms. Anderson, public health nutritionist</p>	<p>Concerned about the crosswalk on Randolph Road and Hunters Lane intersection. Add a traffic light to this area.</p>	<p>Operational issues will be noted within the appendix for future consideration with the implementing agencies.</p>
<p>Soo Lee Cho, Loehmann's Plaza</p>	<p>The Draft Plan recommendation is appropriate for the property.</p>	<p>Consistent with Plan recommendations.</p>
<p>Public Agencies</p>		<p>Public agency comments will be reviewed at a worksession.</p>

ATTACHMENT 2

MEMORANDUM

DATE: April 20, 2016

TO: Nkosi Yearwood, Lead Planner, White Flint II Sector Plan, Area 2 Team

CC: Glenn Kreger, Division Chief, Area 2 Team
Nancy Sturgeon, Planning Supervisor, Area 2 Team
Roberto Ruiz, Research Manager, Research & Special Projects

FROM: Rick Liu, Economic & Development Specialist, Research & Special Projects
Lisa Govoni, Housing Planner, Research & Special Projects
Lisa Tate, Regional Economist, Research & Special Projects
Nicholas Holdzkom, GIS Specialist, Research & Special Projects

SUBJECT: White Flint II Sector Plan – Industrial District Analysis

PURPOSE

In conjunction with the ongoing White Flint II Sector Plan, the Research & Special Projects Division was engaged by the Area 2 Team to analyze the suitability of current zoning for its industrial properties. In particular, the focus of the analysis is whether the zoning on its industrial properties over the life of the Plan should be maintained, augmented with greater densities and heights, or changed to permit different uses altogether.

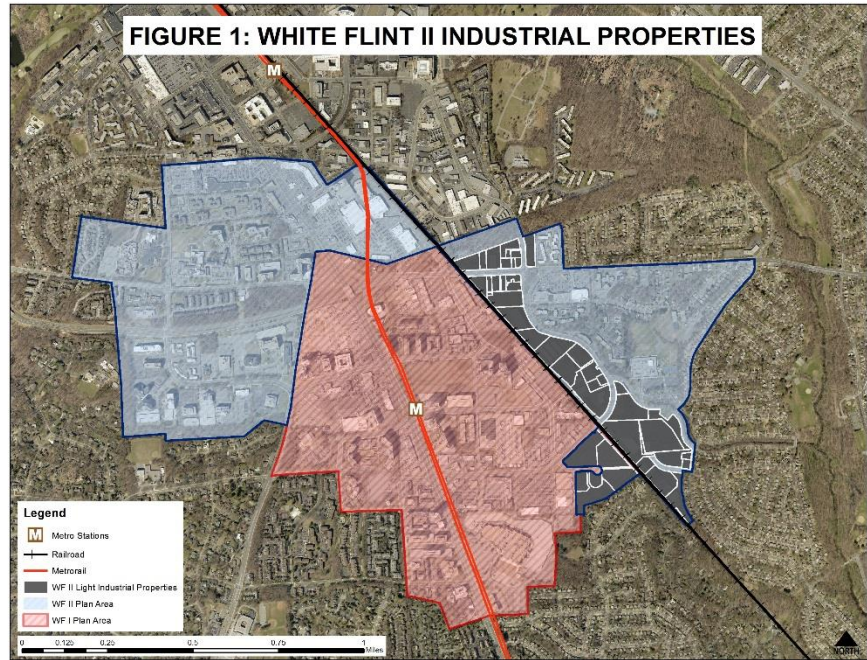
INTRODUCTION AND CONTEXT

The White Flint II Sector Plan consists of 455 acres, of which 82 acres are zoned Light Industrial (IL) comprising 18 percent of the total planning area. The majority of these industrially zoned properties are along the eastern portion of the Plan area, adjacent to the MARC/freight rail line that bisects it (see Figure 1 for mapped properties). It is generally bordered by a shopping center to the north, the rail line to the west, multifamily and commercial uses to the east, and single-family residences to the south.

All these properties zoned Light Industrial have a maximum allowable density of 1.0 Floor Area Ratio (FAR), and a maximum building height of 50 feet. These industrial properties are currently home to a variety of businesses and uses, ranging from residential/commercial contractors to ethnic grocery stores. These properties belong to the Twinbrook/Parklawn industrial cluster – one of the few remaining down-county industrial areas identified in the 2013 *Industrial Land Use Study*¹ – and is understood to be a vital resource providing industrial services to down-county residents and businesses.

¹ [Industrial Land Use: Montgomery County, Maryland](#). Partners for Economic Solutions. October 18, 2013

The industrial district is adjacent to the White Flint I Sector Plan, which is expecting a significant amount of commercial and residential development over the next 10-20 years. Furthermore, an additional MARC station was proposed in the White Flint I Sector Plan just south of Parklawn Drive, falling squarely inside the industrial district. Both could potentially increase market pressures to encourage conversion of industrially zoned land, which raises the question to what degree of preservation or change would best serve the County's interest.



Source: Montgomery County Planning Department

To comprehensively analyze this issue, Planning Staff first briefly reviewed the key findings from the 2013 *Industrial Land Use Study*. Staff then examined the industrial district's 1.) business and industry composition, 2.) market conditions, and 3.) property and building inventory to determine whether it was adequately fulfilling the needs and interests of County residents, businesses, and economic development objectives.

INDUSTRIAL LAND USE TRENDS: MONTGOMERY COUNTY

In 2013, a comprehensive study of industrial land use in Montgomery County was undertaken. Key findings related to its light industrially zoned land are outlined below.

- The county's light industrial districts provide valuable services for residents and businesses. Such uses locate outside of typical retail or office districts due to their cost-sensitivity and physical incompatibility (e.g. odors, appearance, loading and truck traffic), but still need to be in close proximity of their customer base.
 - Valuable services for residents include uses such as auto repair, home remodeling, landscape maintenance, sign fabrication, upholstery, self-storage, and miscellaneous retail.
 - Valuable services for businesses include many of the same for residents, as well as specialized parts suppliers, specialized repair persons, and storage for landscapers and construction contractors.
- While losses of industrial land in Montgomery County are relatively modest (only about 0.9% between 2009 – 2012), losses are greatest in the county's urban areas.

- 53 percent of converted properties were located within one mile of a Metro station, with another 27 percent situated between one and five miles of Metro².
- The most sensitive industrial districts pointed out in the Study – due to their proximity to densely populated areas where market pressures are greatest – are the Brookville Road area in Silver Spring, Howard Avenue in Kensington, Parklawn/Twinbrook, and to a smaller extent, Downtown Silver Spring³. Losing these industrial lands would compromise the service industry’s ability to serve down-county residents.
- Industrially zoned land often provides opportunities for entry-level and vocational jobs that represent a large cross-section of the County’s population. Qualifications for jobs in these industries – such as production, distribution and repair – depend less on education and more on on-the-job training and work experience.
- Industrial land serves the County’s basic needs for facilities and sites for municipal functions, such as equipment maintenance and repair, warehousing, and parking of its vehicle fleet.
- Industrial buildings typically offer lower rents than most office or retail buildings, and often light industrial properties are better suited to the needs of non-industrial small businesses, entrepreneurs, and even artisans that need to minimize occupancy costs.
 - Almost three-quarters of business in these districts have 10 or fewer employees, which can contribute to the economy by growing many multiples faster than large businesses.
 - Very few are chain operations; most are local businesses.
- Public commitment to retaining industrial districts can reassure businesses as to their long term stability. Before reinvesting in facilities, businesses want reassurance that they won’t be forced to move due to conversion to other uses or rapidly escalating rents.

In summary, the 2013 *Industrial Land Use* Study made a strong case for preserving its light industrial districts in Montgomery County because of their role in providing vital services to residents and businesses, their ability to provide vocational and entry-level employment, and because they are largely composed of small, local businesses that are crucial to driving growth. The Study recommended preserving its light industrial land whenever possible, with the exception of properties within a half-mile of Metro, in accordance with the County objective to leverage its transit infrastructure. The Study also stated that additional density in light industrial districts could be a tool for owners to enhance their property over the long term, in the event that they wish to expand by adopting structured parking. Lastly, the Study highlighted the value of promoting stability in industrial districts, as uncertainty about a district’s future often leads to land speculation and disinvestment.

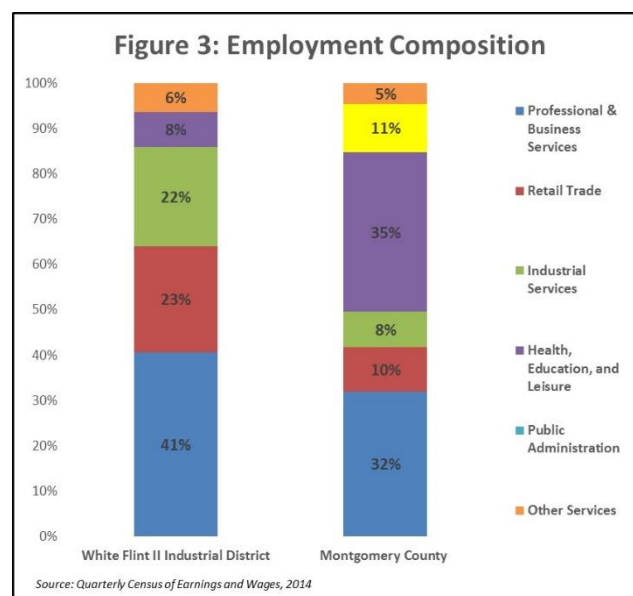
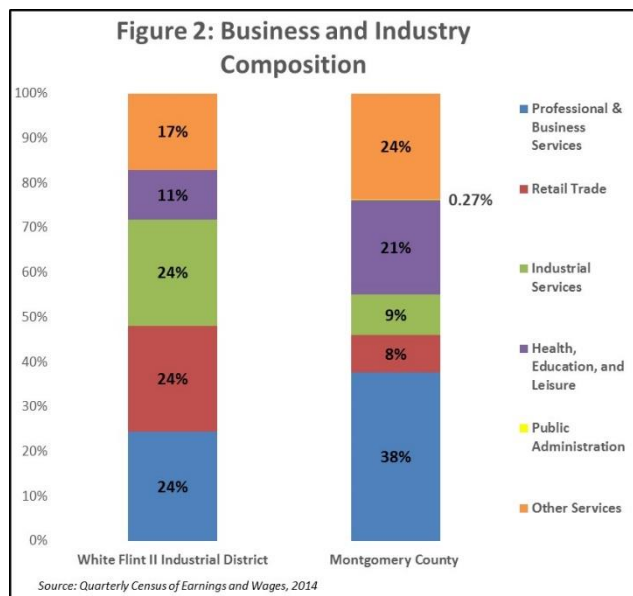
² This represented a smaller shift on an acreage basis, due to smaller average parcel size of properties close to metro. 30 percent of converted acreage was located within one mile of Metro, and 23 within one to five miles of Metro.

³ Although Downtown Silver Spring was not specifically noted as one of the more sensitive industrial districts in the 2013 Industrial Study, it nevertheless shares similar characteristics with its counterparts such as land uses and market pressures.

WHITE FLINT II INDUSTRIAL DISTRICT: INDUSTRY COMPOSITION ANALYSIS

The business and employment composition was examined in the White Flint II Industrial District, to determine whether it was representative of the industrial districts characterized in the Study.

Firstly, consistent with the Study, businesses in the Industrial District were indeed found to be mostly small and local, as 86 of the 181 businesses (nearly 50 percent) employ 5 people or less. Secondly, the composition of businesses in White Flint II Industrial District is extremely diverse, benefiting from its proximity to the commercial centers along Rockville Pike and White Flint, as well as residential neighborhoods in Rockville, Bethesda, and Kensington. According to the North American Industry Classification System (NAICS), nearly half of the businesses in the Industrial District fall under “professional/business services” and “retail trade” (see Figure 2), typically non-industrial sectors. These sectors also produce a large proportion of jobs in the White Flint II District (see Figure 3); although they comprise half of the businesses, they account for nearly 65 percent of the employment. “Industrial services” on the other hand account for only a quarter of the businesses – which is still 13 percent higher than the County – and 22 percent of the jobs.



However, a closer look reveals the presence of an even stronger industrial character in the White Flint II District. Our analysis studied and “reclassified” each of the 181 listed businesses in the Industrial District under three categories: *Conventional Light Industrial Uses*, *Consumer Goods and Services*, and *Office and Professional Organizations* (see Figure 4 for examples of these uses)⁴⁵. What was discovered was that nearly half of the businesses are those typically found in “Conventional Light Industrial Uses”, such as auto repair, storage facilities, contractors and building supply (see Figure 4). All are leased to private businesses or nonprofits, except one which is leased by Montgomery County Department of Transportation to serve as a staging area for their Ride-On buses. Due to the environmental impacts of

⁴ Many uses typically representative of industrial areas – such as auto repair garages or dry cleaners – are not generally classified as an industrial service in NAICS, which thus portrays a smaller industrial presence than what exists. Such businesses were “reclassified” to *Conventional Light Industrial Uses* in the analysis.

⁵ Out of the 181 businesses where more information was sought, 7 were unable to be identified.

these “Conventional Light Industrial Uses” operations, such uses are often physically incompatible with commercial retail and office centers, but provide critical services for local businesses and residents.

Figure 4: Businesses in the White Flint II Industrial District

Category	Business Type	Number	Description
Conventional Light Industrial Uses (~44%)	Auto Repair	13	Auto and motorcycle repair shops, dealerships
	Dry Cleaners	5	Dry cleaners and laundromats
	General contracting or construction services (including design)	30	Contractors for home building, flooring, tile, electrical, plumbing, kitchen and bath
	Commercial Supply and Wholesale	16	Supply stores for lighting, plumbing, countertops, woodworking, Clean Rooms
	Storage Facility, Rental Car Companies, Moving Companies	7	U-Haul, self storage, moving companies, taxicab fleet
Consumer Goods and Services (~32%)	Furniture Store	8	Furniture and sofa stores
	Apparel, Home Goods Supply and Wholesale	22	sign fabrication and printing shops, antique and thrift shops, men's apparel, housewares, electronic service centers
	Restaurants and Grocery Stores	16	Restaurants, take-out, ethnic grocery stores, caterers
	Convenience Retail Services	9	Salons, Tailors, upholstery, daycare, gas stations
	Fitness Centers	3	Fitness Centers
Offices and Professional Organizations (~24%)	Professional associations and advocacy organizations	6	Professional associations, nonprofit advocacy organizations
	Medical Offices and Education	5	Chiropractors, physical therapy, speech pathology
	Finance, Insurance, and Real Estate	11	Accountants, real estate, insurance agents
	Consulting Firms	20	Consulting for IT, software, environmental remediation, event planning, facility planning
	Administrative Office for Retail Businesses	3	Administrative offices for grocery stores, jewelry stores, etc.
	Unknown	7	
	Total	181	

Source: Quarterly Census of Earnings and Wages, 2014

Still, in this reclassification, over half of the businesses in the District operate in the categories of consumer retail and services (where a large proportion of sales are to everyday individuals, rather than businesses), as well as offices and professional organizations. Retail includes convenience retail as well as limited service restaurants, but also a wide array of thrift and antique stores, clothing distributors, and service centers to repair electronics or other items. Many of these are niche businesses that do not require a storefront with a lot of auto or foot traffic, but represent destinations for customers seeking a specific product or service. Office use includes various sole proprietorships, such as doctors’ offices, real estate and insurance agents, but also a relatively large number of consulting firms. Most of these consulting firms are located in the dedicated office buildings of 11820 and 11900 Parklawn Drive.

These retail and office uses typically locate in the Industrial District because 1.) they share some synergy with industrial uses, such as facility management and inventory consulting, and/or 2.) they are cost-sensitive. Retail rents here are \$15 per square foot (PSF), which is 56 percent lower than rents on Rockville Pike, while office rents (\$21/PSF) are about 26 percent lower than rents on Rockville Pike. These affordable rents are especially attractive to small businesses that are cost sensitive, who might not otherwise exist outside of industrial districts.

In summary, the White Flint II Industrial District is characterized by 1.) a local service-industry, 2.) small, independent businesses, and 3.) a municipal presence, and 4.) appeal to cost-sensitive businesses. Given that these findings are consistent with the 2013 *Industrial Land Use Study*, it lends value to the idea of preserving the area as light industrial.

WHITE FLINT II INDUSTRIAL DISTRICT: MARKET ANALYSIS

An analysis of the industrial market in the White Flint II Industrial District examined whether demand for industrial use is strong in this area and its ability to be supported in the future.

The market indicators for the White Flint II Industrial District suggest that it is performing well relative to industrial properties in the County and the Washington Metropolitan Region (see Figure 5). Notably, its rental rates (per square foot) are about six percent higher than the County average, and over 40 percent higher than the region⁶. Despite this elevated cost, tenant occupancy in this District has increased considerably over the past 5 years – nearly five percentage points – which is two to three times more than its counterparts on the county and regional level. Its overall occupancy rate and net absorption⁷ are similar, if not slightly better, than the county and region. It also has a much lower proportion of underutilized land (7 percent) than the County (34 percent), as estimated using a ratio between the value of a building to the value of its underlying land. Perhaps most importantly, most of the property owners in this area have industrial tenants under long term leases (10-15 years) and few have formally requested zoning conversions to commercial, residential, or other. The relatively healthy market supports the notion that industrial land uses can, and will, continue to thrive in this area with the existing zoning and land uses.

Figure 5: White Flint II Industrial District: Market Performance Indicators¹			
	WFII Industrial District	County (Industrial)	Region (Industrial)²
Occupancy			
Occupancy Rate	90.5%	89.5%	90.8%
5-Year Occupancy Rate Change	+4.7%	+1.5%	+1.9%
Rent			
Rent per SF	\$13.12	\$12.34	\$9.27
5-Year Rent PSF Change	2.0%	2.1%	2.7%
Absorption			
Annual Net Absorption Rate	2.2%	1.0%	2.1%
Utilization			
Proportion of Underutilized Land ³	7.2%	33.7	Not Available
<i>Source: CoStar Group, Inc.</i>			
¹ Industrial space measured on the County and Region level include only buildings classified as industrial and flex space.			
² Defined to include DC, Arlington, Berkeley, Calvert, Charles, Fairfax, Fauquier, Frederick, Jefferson, King George, Loudoun, Montgomery, Prince George's, Stafford, and Prince Williams Counties and the cities of Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park.			
³ Planning professionals often consider properties with an improvement-to-land ratio below one to be underutilized and more likely to redeveloped or improved over time			

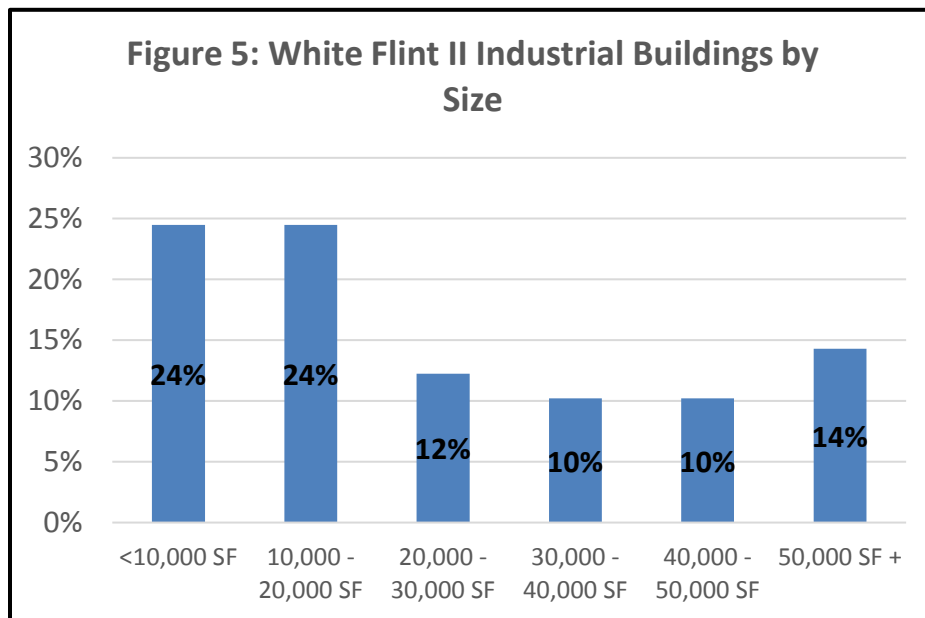
⁶ Given higher land values as a result of its knowledge-based economy and proximity to D.C., industrial rents have historically been higher in Montgomery County than the region, especially in the second or third ring suburbs such Frederick, Loudoun, and Fauquier counties.

⁷ Net absorption is measured as the change in the number of occupied square feet from one year to the next.

WHITE FLINT II INDUSTRIAL DISTRICT: PROPERTY ANALYSIS

An analysis of the buildings and properties in the White Flint II Industrial District examined how well they are responding to the needs of their tenants as well as their potential for growth.

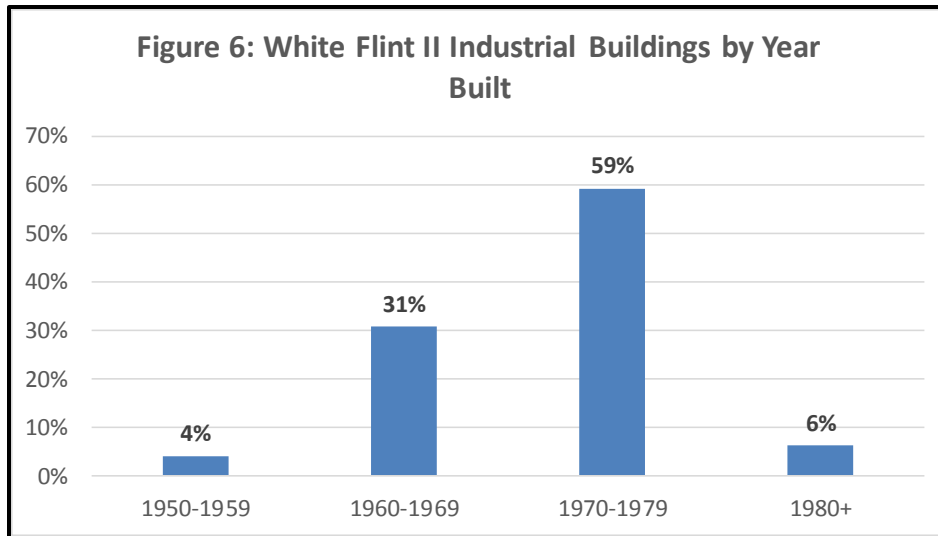
There are 49 buildings within the White Flint II Industrial Area as tracked by CoStar, a proprietary provider of commercial real estate statistics. Of these, the proportion of industrial (44%), office (31%), and retail (25%) buildings is almost identical to the distribution as found in Figure 4 for “Conventional Light Industrial Uses”, “Consumer Goods and Services”, and “Office and Professional Organizations”, which suggests that its buildings are well-aligned with the area’s industry composition. There is also a wide range in the size of the buildings, with approximately half of the buildings under 20,000 SF and 15 percent over 50,000 SF (see Figure 5). This is important to supporting the diverse mix of uses that characterize this area. The Rockville Economic Development Inc. notes that businesses seeking non-traditional industrial space value “*diversity in space configurations.... [where] open floor plans, high ceilings, and loading docks, combined with relatively low rents, meet their needs better than office or retail space.*”⁸



Source: Maryland State Department of Assessments and Taxation, 2016

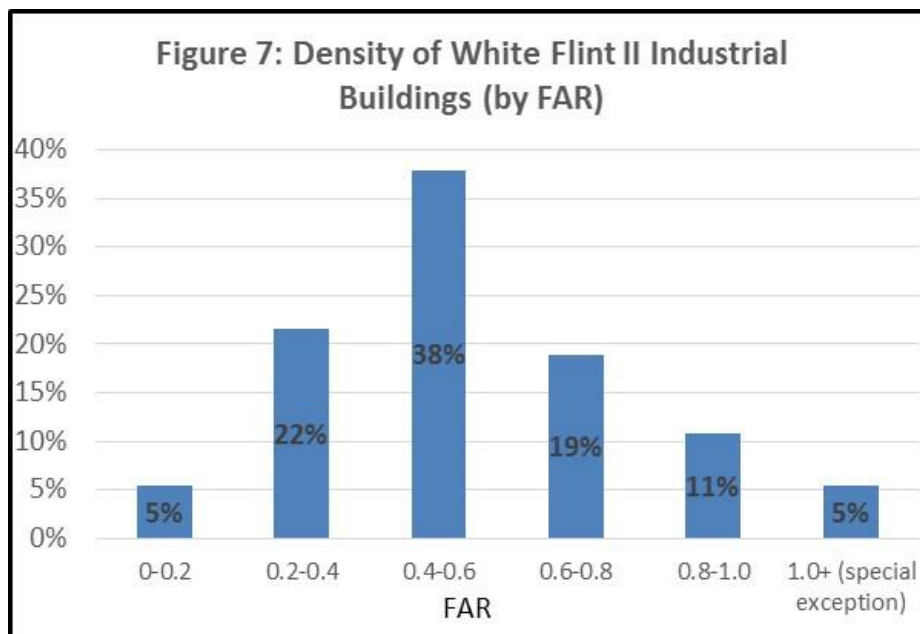
Virtually all of the industrial buildings were constructed over 25 years ago, with roughly 90 percent built between 1960-1979 (see Figure 6). While some buildings have experienced reinvestment in the intervening years, a windshield tour indicates most have remained in their original condition with only minor upgrades and regular maintenance. This may be due to a number of reasons. Firstly, property owners here may anticipate an alternative, non-industrial type of redevelopment in the near future, which deters long term reinvestment. Secondly, expansion or reinvestment to industrial space often results only in a modest rent increase, such that the cost is not justified. Regardless, aging buildings over time may need more significant investments to stay competitive, such as adapting to changes in building standards, tenant needs, and market expectations, in order to prevent deterioration of the market.

⁸ Southlawn Industrial Area Feasibility Study, City of Rockville. VHB. February 18, 2016.



Source: Maryland State Department of Assessments and Taxation, 2016

To encourage future reinvestment, this analysis studied whether there was sufficient, unused density that provided flexibility for properties here to redevelop or expand if they wished⁹. The analysis revealed that most of the properties were not built out to their maximum allowed density (see Figure 7). Roughly 65 percent of the properties had an FAR less than 0.6, compared to a maximum of 1.0 FAR. Therefore, most property owners will be able to intensify their development should it become economically feasible (usually taking the form of vertical building expansion and structured parking). However, a number of properties whose buildings already represent high densities – especially those 0.8 and above – may require additional incentives to encourage building improvement or redevelopment.



Source: Maryland State Department of Assessments and Taxation, 2016

⁹ While redevelopment and expansion are not the only methods of reinvestment, they typically generate the larger payback and are thus most frequently considered by industrial property owners.

KEY FINDINGS AND RECOMMENDATIONS

The findings in this Industrial District are mostly consistent with those from the Countywide *Industrial Land Use Study*, and point to a continuation of the current land use orientation. The key reasons are summarized as follows.

- The industrial market in this area is healthy, and expected to remain so into the foreseeable future. The modest but not negligible amount of vacancy helps accommodate future demand.
- The area hosts a diverse mix of small businesses, many of which provide valuable down-county industrial services and others that depend on affordable rents for their office and retail space.
- Facilities represent a good mix of size, format, and configuration to serve the real estate needs of a wide range of businesses, to whom many prefer over traditional retail and office space.
- The older buildings remain adequate for businesses and they help keep rents low, which is an asset given the area's prime down-county location. Some incentives and provisions should be made for property reinvestment, as needed.

While there is likely a greater market here for non-industrial uses – as evidenced by its growing office and retail uses – the County should not actively target this area for zoning conversions. As noted in the 2013 *Industrial Land Use Study* as well as the 2015 *Brookville Road Market Analysis*¹⁰, property owners and businesses want to see a clear public policy commitment to preserving the viability of an industrial area before they feel confident in reinvestment. Maintaining the light industrial zoning for most, if not all, of this area would be a strong signal of this commitment.

Furthermore, the area's location relative to transit infrastructure also does not provide a compelling argument for a change in use. Firstly, the prospect of a White Flint MARC station is increasingly understood to be very long term and perhaps even questionable, and thus preemptive rezoning could lead to speculation and disinvestment. Secondly, one of the recommendations in the 2013 *Industrial Land Use Study* is "industrially-zoned land more than one-half mile away from a Metro station should be preserved in the urbanized parts of the county." The White Flint II Industrial District is still just beyond the half-mile walkshed to METRO, whose distance is felt even greater given the railroad separation, the lack of at-grade crossings, and poor pedestrian environment. Lastly, given their geographic proximity, large-scale rezoning of properties in the Industrial District could delay the build-out of White Flint and redevelopment along Rockville Pike, where the County wishes to target its growth.¹¹

Should Planning Staff consider any property upzonings, it is recommended that they be minor and on the periphery of the Industrial District, so as not to change the market dynamic of the area. Upzoning could be considered on properties that have a firmly established retail presence, such as the Randolph Hills Shopping Center (which is well patronized by the surrounding neighborhood), and Nicholson Plaza (which is west of the rail tracks, and has frontage along a busy Nicholson Lane). The objective would be to allow additional commercial density to encourage reinvestment if required¹² while limiting additional encroachment onto traditional industrial uses. Tools could include overlay zones or site-specific language which increases commercial density, but prohibits new uses. Finally, this analysis does not recommend introducing residential uses or the CR zoning into this area. As stated in the *Industrial Land*

¹⁰ Brookville Road Market Analysis, Montgomery County Planning Department. Bolan Smart Associates. March 2015.

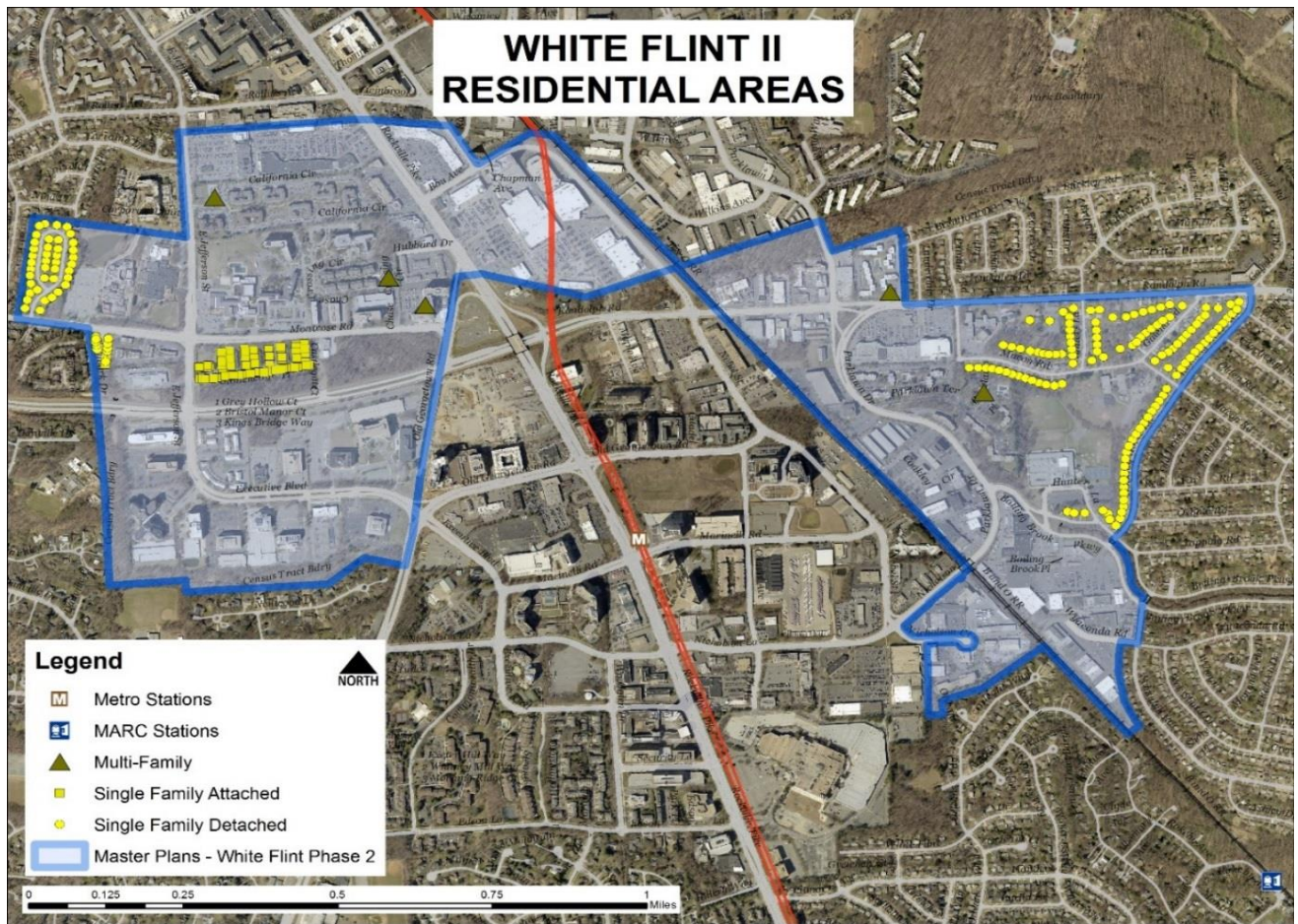
¹¹ While market potential in the Industrial District is assumed to be smaller scale and more neighborhood oriented than White Flint, locally serving retail can still fulfill market demand that could have otherwise supported development in White Flint.

¹² Randolph Hills has about 70,000 SF retail, and Nicholson Plaza has about 100,000 SF, both of which may be too near the 120,000 SF retail maximum permitted in the IL zoning to motivate property owners to redevelop.

Use Study, residential encroachment is “one of the most serious threats to an active industrial district”, and industrial tenants try to avoid locations with adjoining residential development for fear of constraints that would limit their efficiency and ability to carry out their core business.

ATTACHMENT 3

AFFORDABLE HOUSING ANALYSIS PREPARED BY THE RESEARCH AND SPECIAL PROJECTS DIVISION



White Flint II Housing Conditions

White Flint II has a diverse housing landscape populated with multi-family, townhomes, and single-family detached dwelling units.

Townhomes and Single-Family Homes

White Flint II contains 103 townhomes, and 172 single-family detached units. Given the Plan boundaries, townhome and single-family detached neighborhoods are located in pockets across the Plan area. Montrose Village, located north of Montrose Rd and west of E Jefferson St, has a housing stock of 41 single-family detached homes. East of E Jefferson St and south of Montrose Rd, there are 99 single-family attached units. Randolph Farms is located south of Randolph Rd and east of Parklawn Drive and is home to 77 single-family detached housing units. White Flint II is also home to 43 of Randolph Hills' single-family detached units. North of Montrose Pkwy and south of Montrose Rd in Grayrob, there are 4 single-family attached units, and 12 single-family detached units.

Multifamily Homes

White Flint II has five multi-family rental dwelling units, four of which are garden style (low-rise), one of which is a high-rise building. The facilities are on average 38 years old, although three of the facilities (Oxford Square, Randolph Square, and The Monterey) are over forty-five years old.

Table 1 – White Flint II Current Conditions

NAME	ADDRESS	CITY	STRUCTURE TYPE	BUILDING AGE	VACANCY
APARTMENTS AT MIRAMONT	6040 California Cir	Rockville	Garden	28	1.3%
OXFORD SQUARE	11902 Parklawn Pl	Rockville	Garden	49	7.2%
RANDOLPH SQUARE	5307 Randolph Rd	Rockville	Garden	47	0.8%
THE MORGAN	12000 Chase Crossing Cir	Rockville	Garden	19	2.4%
THE MONTEREY	5901 Montrose Rd	Rockville	High-Rise	48	5.6%

Source: 2014 DHCA Rental Housing Survey

White Flint II's multi-family rental housing stock currently contains 1,133 units. Over half of all units are 2-bedroom units (51 percent), followed by 1-bedrooms (36 percent), 3-bedrooms (8 percent), and then efficiencies/studios (5 percent). Due to the age of the structures, only one facility has MPDU units. Two facilities note that they accept Federal subsidies for low-income tenants, but the Department of Housing and Community Affairs (DHCA) does not identify units by subsidy.

Table 2 – White Flint II Current Units

NAME	SUBSIDY PROGRAM	SUBSIDIZED UNITS	EFFICIENCIES	1-BEDROOMS	2-BEDROOMS	3-BEDROOMS	TOTAL UNITS
APARTMENTS AT MIRAMONT	S8	*	60	157	77		294
OXFORD SQUARE				44	101	22	167
RANDOLPH SQUARE	S8	*		33	72	15	120
THE MORGAN	MPDU	20			120		120
THE MONTEREY				174	210	48	432
TOTAL		20*	60 (5%)	408 (36%)	580 (51%)	85 (8%)	1133

*The DHCA Rental Housing Survey does not identify the units by subsidy, facilities are only asked what types of subsidies are accepted

Source: 2014 DHCA Rental Housing Survey

Rent levels for White Flint II's multi-family dwelling units are affordable to households who earn 60 percent to 109 percent of the Washington Metropolitan Region's Area Median Income (AMI)¹. Using a weighted average based on the units and bedroom size per facilities, the average apartment in White Flint II is affordable to a household earning 83 percent AMI. Of the five multi-family buildings within White Flint II, two are wholly market-rate affordable, and two are partially market-rate affordable, meaning they are affordable to households earning under 80 percent AMI. One building, the Morgan, is only affordable to households earning over 100% of the AMI. The Morgan, which houses 120 2-bedroom

¹ Area Median Income (AMI) limits are set by the U.S. Department of Housing and Urban Development (HUD) across metropolitan regions to measure housing affordability. These AMI levels are often used to measure target income levels for Federal, State, and local housing programs and subsidies.

units, would require an income of around \$96,635, based on the Planning Department's assumptions based on household size and bedroom mix.² The Apartments at Miramont, is market-rate affordable for efficiencies at 80 percent of AMI, but skews higher as units become larger (85 percent AMI for 1-bedrooms, and 96 percent for 2-bedrooms). The Monterey follows a similar pattern with affordability greatest in the smaller units, with market-rate affordability for its 1-bedroom units at 75 percent AMI, and its 2-bedroom units and 3-bedroom units at 84 percent and 89 percent of AMI.

Table 3 – White Flint II Affordability Conditions

NAME	EFFICIENCY AVG RENT	AMI	1-BEDROOM AVG RENT	AMI	2-BEDROOM AVG RENT	AMI	3-BEDROOM AVG RENT	AMI
APARTMENTS AT MIRAMONT*	\$1,241	80%	\$1,467	85%	\$1,782	96%		
OXFORD SQUARE			\$1,331	65%	\$1,565	71%	\$1,623	60%
RANDOLPH SQUARE			\$1,266	61%	\$1,447	65%	\$1,680	63%
THE MORGAN*					\$2,013	109%		
THE MONTEREY			\$1,541	75%	\$1,857	84%	\$2,386	89%

*Affordability was calculated using 25% of AMI due to utilities not being included

Source: 2014 DHCA Rental Housing Survey

Apartments in White Flint II have lower rents and are more affordable than apartments in White Flint I. This is largely because White Flint I's multifamily facilities are closer to Rockville Pike/METRO Red Line and are newer (the average building age is only 8 years old). White Flint I is home to 2,296 multifamily units, with 378 units, or 16 percent of units in rent-restricted programs. Typical with newer construction, multifamily in White Flint I skew to smaller units: 60 percent of White Flint 1 units are 1-bedrooms, 36 percent 2-bedrooms, 8 percent efficiencies, and only 5 percent, or 99 units are 3-bedroom units. While rents are higher across the board than in White Flint II, the contrast in affordability is greatest in larger units, with 2-bedrooms units in White Flint I affordable to households earning between 103 to 198 percent of AMI, requiring an income between \$91,361 to \$176,228. The relatively small amount of 3-bedroom units in White Flint I has the largest gap in affordability, with units affordable only to households earning at least 184 percent of AMI, or an income of at least \$197,278 and up 292 percent of AMI, or \$314,063.

Table 4 – White Flint I Affordability Conditions

NAME	EFFICIENCY AVG RENT	AMI	1-BEDROOM AVG RENT	AMI	2-BEDROOM AVG RENT	AMI	3-BEDROOM AVG RENT	AMI
THE GRAND*			\$1,490	87%	\$2,286	124%	\$4,109	184%
STRATHMORE COURT AT WHITE FLINT*			\$1,419	83%	\$1,903	103%		
AURORA APARTMENTS AT NORTH BETHESDA CENTER*	\$1,459	94%	\$1,695	99%	\$2,290	124%		

² For a detailed breakdown on Planning Department's Affordability Assumptions, see the attached "Appendix-Affordable Rental Housing Methodology"

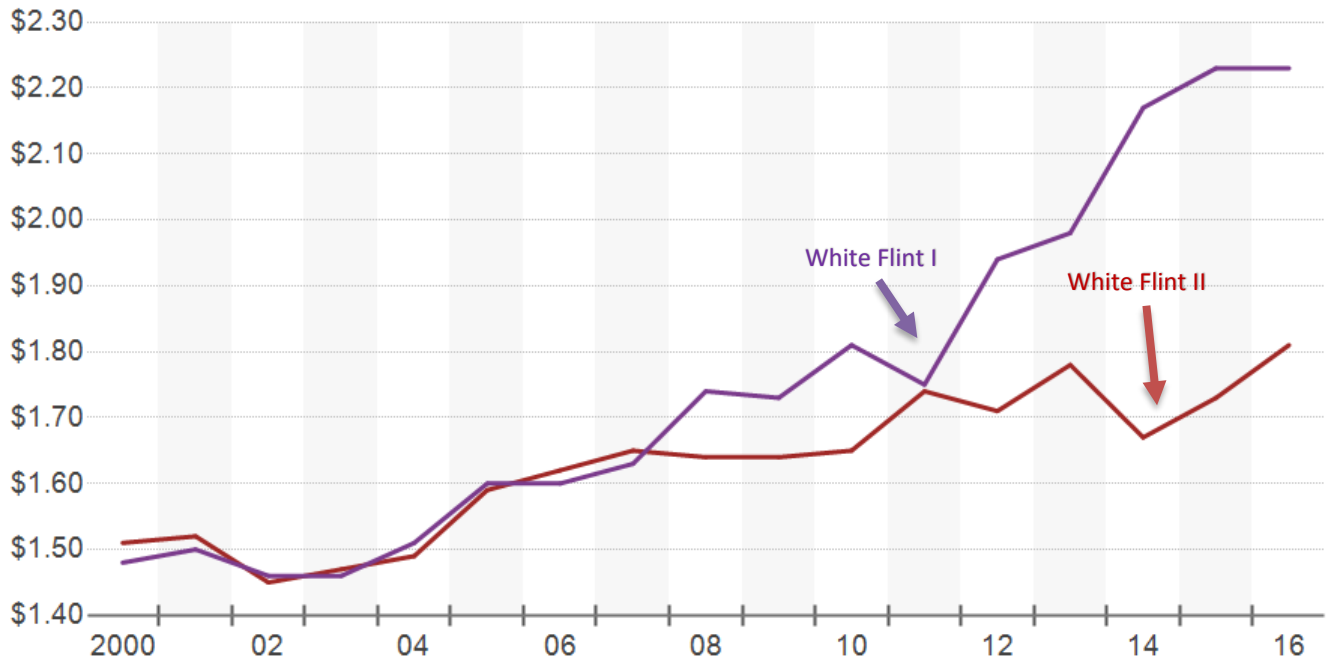
WENTWORTH HOUSE APARTMENTS*	\$1,316	84%	\$1,608	94%	\$2,116	114%		
NORTH BETHESDA MARKET*	\$1,445	93%	\$1,757	102%	\$2,450	132%	\$4,290	192%
PALLAS AT PIKE AND ROSE	\$1,950	125%	\$2,439	142%	\$3,671	198%	\$6,542	292%
PERSEI			\$1,851	108%	\$2,547	138%		

*Affordability was calculated using 25% of AMI due to utilities not being included

Source: 2014 DHCA Rental Housing Survey and CoStar

The difference in affordability can also be seen in the effective rent per square foot change over the past ten years. White Flint II’s effective rent per square foot has increased an average of 1.15 percent over each of the past ten years, or around 9 percent total. It has not outpaced inflation, which has averaged around 1.79 percent over each of the past ten years, suggesting rents in White Flint II have slightly declined in the past ten years. White Flint I, however, has had an average effective rent per square foot increase of about 3.44 percent per year, or a growth of over 37 percent total over the past ten years. White Flint I has also increased its total units in its inventory by over 1,500 units, or a 207 percent growth in past ten years, while White Flint II has not added any new units.

Chart 1 – Effective Rent Per SF in White Flint I and White Flint II 2000-Current



Source: CoStar

Affordable Housing Methodology

In order to determine affordability, households are first categorized by their income relative to the area median income (AMI). AMI is adjusted for household size. Low-to-moderate income households are those earning up to 65 percent of AMI. The income limits in the table below are based on income requirements for Montgomery County's moderately priced dwelling unit (MPDU) program and US Department of Housing and Urban Development (HUD) standards.

Table 1 - 2014 Income Limits

HOUSEHOLD SIZE	65% AMI	80% AMI (MARKET RATE AFFORDABLE)	100% AMI (MEDIAN)	120% AMI
1	48,685	59,920	74,900	89,880
2	55,640	68,480	85,600	102,720
3	62,595	77,040	96,300	115,560
4	69,550	85,600	107,000	128,400
5	75,140	92,480	115,600	138,720

Source: Montgomery County DHCA, HUD

Second, rather than just count the number of households, we need to count the number of rental units affordable to them to understand the inventory of low-cost housing. We, therefore, need to assume the number of bedrooms that a household of a particular size needs. Households of different sizes will have different needs with respect to bedrooms. And households of the same size will even have different bedroom needs. For example, two unrelated adults would typically need two bedrooms, while a married couple would need one.

The following table provides the Planning Department's standard assumptions regarding the distribution of household sizes by number of bedrooms. (Note: We might want to reconsider this distribution. HUD typically accepts no more than 2 persons per bedroom for HUD-funded projects, while other programs use a standard of 1.5 persons per bedroom. HUD programs do not allow more bedrooms than persons.)

Table 2 – Household-Size Distribution by Number of Bedrooms

HOUSEHOLD SIZE	NUMBER OF BEDROOMS				
	Efficiency	1	2	3	4
1	100%	30%			
2		70%	10%		
3			60%	20%	
4			30%	50%	40%
5				30%	60%

Third, based on the previous two tables of household income limits and our assumptions about the distribution of household sizes by the number of bedrooms, we estimate income limits by number of bedroom rooms. This calculation is a weighted average of household-income limits for each bedroom size. For example, for one-bedrooms occupied by households up to 65 percent of AMI, the maximum weighted income is $.3 \times \$48,685 + .7 \times \$55,640 = \$53,554$

Table 3 – Income Limits by Number of Bedrooms

# OF BEDROOMS	65% AMI	80% AMI	100% AMI	120% AMI
0	\$48,685	\$59,920	\$74,900	\$89,880
1	\$53,554	\$65,912	\$82,390	\$98,868
2	\$57,727	\$74,472	\$88,810	\$106,572
3	\$69,836	\$83,032	\$107,440	\$128,928
4	\$72,904	\$90,416	\$112,160	\$134,592

Fourth, affordable housing is defined as housing that costs no more than 25 percent of household income, if utilities are not included, or 30 percent of household income if utilities are included. This definition is similar to the rent requirement for MPDUs set by the County Department of Housing and Community Affairs (DHCA). The maximum affordable rent by number of bedrooms is listed below.

Table 4 – Affordable Limits at 30 Percent of Income

# OF BEDROOMS	65% AMI	80% AMI	100% AMI	120% AMI	FMR
0	\$1,217	\$1,498	\$1,873	\$2,247	\$1,176
1	\$1,339	\$1,648	\$2,060	\$2,472	\$1,239
2	\$1,443	\$1,862	\$2,220	\$2,664	\$1,469
3	\$1,746	\$2,076	\$2,686	\$3,223	\$1,966
4	\$1,823	\$2,260	\$2,804	\$3,365	\$2,470

Table 5 – Affordable Limits at 25 Percent of Income

# OF BEDROOMS	65% AMI	80% AMI	100% AMI	120% AMI
0	\$1,014	\$1,248	\$1,560	\$1,873
1	\$1,116	\$1,373	\$1,716	\$2,060
2	\$1,203	\$1,552	\$1,850	\$2,220
3	\$1,455	\$1,730	\$2,238	\$2,686
4	\$1,519	\$1,884	\$2,337	\$2,804

Affordable Housing Definitions:

Income Restricted Affordable Housing: A Moderately Priced Dwelling Unit (MPDU) or a dwelling unit built under government regulation or binding agreement requiring the unit be affordable to households at or below the income eligibility for the MPDU program.

Income Restricted Workforce Housing: Defined in Chapter 25B as housing that is affordable to households at or below 120% area wide median income (AMI). When a master plan refers to Workforce Housing as a part of its affordable housing goals or requirements, incomes are limited to 100% of AMI.

Market Rate Affordable Housing. There is no definition in code or elsewhere. The term is used to describe rents that occur in the market place and not subject to government rules or requirements (and therefore not income-restricted).

Market rate affordable dwelling units are affordable to households earning no more than 80% of area median income, adjusted as MPDUs for household and unit size, and must not exceed the median rent for the planning area.

Rent Restricted Affordable Housing: This term is not currently defined in County code or commonly used, but appears to be the best term to describe housing where rent increases will be limited and there is no income test for the tenant. The preservation of market rate affordable housing may require an agreement that both establishes the baseline rent (priced to be affordable at 80% of AMI) and rent restrictions (such as requiring that rents increase by only the Voluntary Rent Guideline.)