



THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

MCPB  
Item #4  
6/27/02

June 21, 2002

## Memorandum

**To:** Montgomery County Planning Board

**From:** Karl Moritz, Research & Technology Center, 301-495-1312 **KARL**

**Re:** Designation of Howard Hughes Medical Institute as a "Strategic Economic Development Project" Under the Annual Growth Policy

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### Summary

County Executive Duncan has proposed that Howard Hughes Medical Institute (HHMI) be designated a "Strategic Economic Development Project" under the Annual Growth Policy. Such designation would allow HHMI to meet the transportation adequacy requirements of a planned expansion of their Bethesda campus by making the Development Approval Payment.

The County Council is tentatively scheduled to hold a public hearing on the issue on July 9 and Planning Board comments are requested.

The Montgomery County Department of Park and Planning recommends that the Planning Board recommend approval of the "Strategic Economic Development Project" designation for Howard Hughes Medical Institute (HHMI). HHMI has a worldwide leadership role in biotechnology and medical research, fields that are of vital strategic importance to Montgomery County's economy. HHMI's current campus is noteworthy for the high quality of its design and its compatibility with the surrounding neighborhood. HHMI's headquarters, therefore, has a unique combination of highly positive attributes for a site that might well have been problematic with a less-sensitive occupant.

HHMI is already eligible for AGP approval under the *Special Provisions for Corporate Headquarters Facilities*, which is identical to the *Strategic Economic Development Projects* provision in its treatment of HHMI. Both provisions require HHMI to submit a traffic study and to pay the Development Approval Payment.

## ***Background***

The Planning Board may remember considering HHMI for special treatment under the Annual Growth Policy last fall. The actual sequence of events was as follows:

1. At the County Council's September 13 public hearing on the *2001-2003 AGP Policy Element*, HHMI President Thomas R. Cech, Ph.D. requested that the AGP "include provisions which will accommodate reasonably our expansion plans." A copy of Dr. Cech's letter is attached at circles 6-7.
2. The Montgomery County Planning Board held a worksession on September 20, during which the Board considered the request of HHMI. The Board transmitted comments to the County Council saying that it "recognizes the importance of Howard Hughes Medical Institute to Montgomery County's biotechnology industry. Therefore, the Planning Board wishes to provide the County Council with a more complete recommendation that the general comments provided by staff at the September 20 worksession. The Board has directed Park and Planning staff to provide the County Council's staff with a more concrete approach that will building on the Board's *Special Provisions for Corporate Headquarters Facilities*."
3. On September 27, 2001, Park & Planning staff transmitted to County Council staff's recommended language for the AGP's *Special Provisions for Corporate Headquarters Facilities*. This language added a provision for major philanthropic medical research organizations such as HHMI. A copy of that memorandum is attached at circles 1 through 5. It describes the proposed project in detail.
4. The County Council debated and approved the provision, which is part of the current adopted Annual Growth Policy. The provision is shown on page 4 of this memo. The provision allows qualifying organizations to meet their transportation conditions by paying the Development Approval Payment. They must also submit any traffic studies that would have otherwise been required and meet any mode share goals that the Planning Board may set as a condition for approving the subdivision. Finally, if the project is located in a Transportation Management District, the applicant must participate in the TMO. (HHMI is not located in a transportation management district, so this provision does not apply to HHMI).
5. During the fall AGP discussion, the Council also debated and approved a *Strategic Economic Development Projects* provision for the AGP. This provision allows the County Executive to propose for Council approval certain "strategic economic development projects" which are eligible for special treatment under the AGP. The special treatment: applicants can meet their transportation conditions by paying the Development Approval Payment. The provision is shown on page 5 of this memo.

6. Since the adoption of AGP last fall, HHMI has indicated that it would prefer to be approved under the “*Strategic Economic Development Projects*” provision of the AGP, rather than the *Special Provisions for Corporate Headquarters Facilities*.” Park and Planning staff is not aware that HHMI has formally indicated the reasons for its preference, and staff is not comfortable suggesting possible motivations. Staff does note, however, that in the case of HHMI, the two provisions are identical their treatment of HHMI: both in the requirements they place on HHMI and the benefits they confer on HHMI.

### ***Conclusion***

The Montgomery County Planning Board and the Montgomery County Council recognized the strategic economic development value of the Howard Hughes Medical Institute in their review of the *2001-2003 AGP Policy Element* by creating a provision through which HHMI can meet its transportation conditions by paying the Development Approval Payment. If HHMI would prefer to use another AGP provision which confers the same benefit, staff believes HHMI should be allowed to do so. Therefore, staff recommends that Howard Hughes Medical Institute be designated a “Strategic Economic Development Project.”

### ***Additional Note on Procedure***

The County Council has not yet adopted a final procedure for reviewing “Strategic Economic Development Projects.” The procedure with which the County Council is considering HHMI’s designation is a temporary one. The Council expects to consider a final procedure later this summer. When it is proposed, staff will bring the procedure to the Planning Board for review.

**Provisions TA5.2 (Corporate Headquarters) and TA5.6 (Strategic Economic Development Projects) of the Adopted FY 2003 Annual Growth Policy**

**TA5.2 Corporate Headquarters**

An applicant for a preliminary plan of subdivision in any policy area need not take any action under Policy Area Transportation Review or Local Area Transportation Review if the applicant meets the following conditions:

**TA5.2.1 Jobs/Location**

The applicant must have employed an average of at least 500 employees in the County for the 2 years before the application was filed, and the applicant must seek to build or expand a corporate headquarters located in a Metro Station Policy Area or a transportation management district.

**TA5.2.2 Medical Research Organization**

If TA5.2.1 does not apply, the applicant must be a nonprofit philanthropic organization that sponsors medical or bioscience research and qualifies as a Medical Research Organization (MRO) under section 170(b) of the Internal Revenue Code; the applicant must have employed at least 150 employees in the County for the 2 years before the application was filed; and the applicant must seek to build or expand a major headquarters facility located on a site of 20 or more acres.

**TA5.2.3 Size/Use**

Any new or expanded building approved under this Procedure must not exceed 900,000 square feet, and must be intended primarily for use by the applicant and the applicant's affiliates or business partners.

**TA5.2.4 Traffic Information**

Each application must include all information that would be necessary if the requirements for Local Area Transportation Review applied.

**TA5.2.5 Mode Share Goals**

Each applicant must commit to make its best efforts to meet mode share goals set by the Planning Board as a condition of approving the subdivision.

**TA5.2.6 TMO Participation**

Each applicant must participate in programs operated by, and take actions specified by, the transportation management organization (TMO), if any, established by County law for that policy area to meet the mode share goals set by the Planning Board.

*(continued next page)*

**TA5.2.7 TMO Payment**

If an applicant is located in a transportation management district, the applicant must pay an annual contribution or tax, set by County law, to fund the TMO's operating expenses, including minor capital items such as busses.

**TA5.2.8 Development Approval Payment limits**

The applicant must pay the applicable Development Approval Payment (DAP) as provided in County Code §8-37 through 8-42, but not more than the DAP in effect on July 1, 2001.

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**TA6. Strategic Economic Development Projects**

An applicant for a preliminary plan of subdivision in any policy area need not take any action under Policy Area Transportation Review or Local Area Transportation Review if the applicant meets all of the following conditions.

**TA6.1 Time limit; traffic information**

A complete application for a preliminary plan of subdivision is filed before November 1, 2003, which includes all information that would be necessary if the requirements for Local Area Transportation Review applied.

**TA6.2 Designation**

The County Council has approved the County Executive's designation of the development as a strategic economic development project under procedures adopted by law or Council resolution.

**TA6.3 Development Approval Payment**

The applicant pays the applicable Development Approval Payment (DAP) as provided in County Code §8-37 through 8-42.



September 27, 2001

## Memorandum

**To:** Glenn Orlin, Deputy Staff Director, Montgomery County Council  
**From:** Karl Moritz, Research Manager, 301-495-1312  
**Re:** AGP Policy Element Followup – Howard Hughes Medical Institute

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### *Introduction*

On September 20, the Montgomery County Planning Board held a worksession on the *Final Draft 2001-2003 Annual Growth Policy Policy Element*. At that worksession, the Board reviewed a request by the Howard Hughes Medical Institute (HHMI) for an AGP amendment to assure the Institute's ability to expand at its headquarters campus in Chevy Chase. The Board requested that staff provide the County Council with a concrete recommendation on HHMI's request.

Staff recognizes that HHMI has a worldwide leadership role in biotechnology and medical research, and these fields are also of vital strategic importance to Montgomery County's economy. Staff also recognizes that HHMI's current campus is noteworthy for the high quality of its design and its compatibility with the surrounding neighborhood. HHMI's headquarters, therefore, has a unique combination of highly positive attributes for a site that might well have been problematic with a less-sensitive occupant.

Staff recommends that the Planning Board's recommended *Special Provision for Corporate Support and Headquarters Facilities* be amended to allow HHMI to be eligible. Staff has prepared recommend text to accomplish this goal.

Staff notes that the November 1 deadline of the *AGP Policy Element* process does not allow time for HHMI to prepare a traffic study. Therefore HHMI cannot fully explore whether it could meet its objectives without an AGP amendment; that is, by making transportation improvements or mitigating trips. Staff believes that if a workable set of transportation solutions can be found, HHMI should be encouraged to pursue them.

~~HHMI~~ ①

## *Background and Analysis*

Attached at circles 1 to 2 is a letter to Montgomery County Council President Ewing from HHMI President Thomas R. Cech. The letter provides a short overview of HHMI's activities and expansion plans.

HHMI currently has approximately 200 employees at its Chevy Chase campus, which is located at the intersection of Jones Bridge Drive and Connecticut Avenue. HHMI recently acquired 4.7 acres for the purposes of expanding their facility to accommodate approximately 150 additional employees.

The HHMI location is in the Bethesda-Chevy Chase Policy Area. Under the FY 2002 AGP staging ceilings, there is capacity for 478 additional jobs in that policy area. While other B-CC jobs approvals may occur prior to HHMI's review, it is anticipated that HHMI's AGP challenge will be Local Area Transportation Review (intersection congestion), rather than Policy Area Transportation Review (staging ceiling).

When congestion standards are exceeded in a policy area, or at an intersection, a developer is required to "not make the situation any worse" by providing transportation improvements or by mitigating trips. Trip mitigation involves reducing the number of automobile trips in the area or at the intersection by as many as the development would generate.

Park and Planning staff met with HHMI representatives, including HHMI's traffic consultant, on September 20, 2001. That meeting focused primarily on opportunities for HHMI to address transportation issues by providing transportation improvements or through trip mitigation.

### *Transportation Parameters and Conditions*

HHMI's transportation consultant, Ed Papazian, indicates that HHMI achieves lower peak-period automobile trip generation rates than might otherwise be expected. This apparently is mostly due to the fact that more of the HHMI staff's arrivals and departures are outside the peak period, rather than due to HHMI staff's use of transit, carpooling, or other alternatives to SOV travel. Mr. Papazian further indicates that conditions such as the relatively small number of HHMI staff, and the dispersed location of their residences, limit the attractiveness of non-auto forms of travel for HHMI staff.

Two nearby intersections that exceed congestion standards are Connecticut Avenue at East-West Highway and Connecticut Avenue at Jones Bridge Road. The State has funded an improvement at the Connecticut Avenue and East-West Highway intersection. Although the improvement will relieve congestion at the intersection, it may not be sufficient to allow the intersection to operate at the AGP standard. Even if it does, it may not be enough to also address the additional traffic generated by the HHMI addition.

If the AGP is amended to allow capacity from publicly-funded transportation improvements to be allocated to Strategic Economic Development projects, HHMI would be eligible, with the County's agreement, take credit for as much of the Connecticut Avenue - East-West Highway improvement as it needs.

At the Jones Bridge Drive – Connecticut Avenue intersection, there is a very short right-turn “lane” from southbound Connecticut Avenue to eastbound Jones Bridge Road. Lengthening the right turn lane, if desirable, may provide sufficient improvement to the Jones Bridge – Connecticut Avenue intersection to meet HHMI's needs. More analysis, including a traffic study, would be needed to determine if this is a feasible alternative.

HHMI currently operates a shuttle that runs from its campus to the National Institutes of Health and to the Bethesda CBD Metro station. Expanding the shuttle's operation during peak periods might not encourage many HHMI staff to commute by transit, but the shuttle could be operated to be attractive to nearby residents or NIH staff.

#### *Special Provision for Corporate Support and Headquarters Facilities*

The *Final Draft 2001-2003 AGP Policy Element* contains the Planning Board's recommended text for an AGP amendment to facilitate the expansion of major corporation headquarters facilities. “Facilitate” means that major employers would be permitted to meet AGP transportation conditions, both staging ceiling and intersection congestion, by paying the Development Approval Payment.

The original “Special Provision” was added to the AGP in 1999 at the request of Choice Hotels, which saw the AGP as a barrier to the expansion of its headquarters in Fairland/White Oak. In that case, Choice Hotels sought the ability to add “corporate support facilities” (a hotel for visitors, trainees, and the public) in an area that is otherwise in moratorium. The resulting “Special Provision for Corporate Support Facilities” is very narrowly drawn to meet Choice Hotels' needs and the specific set of conditions in the US 29 corridor where the headquarters is located.

The Planning Board's current recommendations are for an expanded *Special Provision* that would address the headquarters expansion needs of major employer in a more generally applicable way. The two main restrictions are size of employer (at least 500 employees) and that the headquarters be located in a Transportation Management District. The condition to limit eligibility to *major* employers was made under the assumption that the number of employees correlates positively with the company's contribution to the County's economy. The condition to limit eligibility to locations in TMDs was made to optimize the County's ability to address the transportation consequences of approvals in moratorium areas with programmatic as well as infrastructure solutions.

The rate for the Development Approval Payment is \$1.00 per square foot for non-residential buildings own by non-profit organizations for the direct provision of



charitable services; \$2.40 per square foot for industrial, warehouse and R&D uses as well as offices of non-profit organizations; and \$4.00 per square foot for any other non-residential building. Staff believes HHMI would qualify for the \$2.40 per square foot rate.

*Options for Amending the Special Provision for Corporate Support and Headquarters Facilities*

One option to amend the *Special Provision for Corporate and Headquarters Facilities* to allow HHMI to be eligible would be to reduce the size requirement and to allow the provision to be used in areas other than Metro Station Policy Areas or Transportation Management Districts. Park and Planning staff reviewed a database of firms in Montgomery County by size category. The category of firms with less than 500 employees but more than 250 has 90 firms. If Special Provision were reduced further, to 200, to accommodate HHMI, staff believes that would allow too many firms to be eligible.

Staff's recommended option for amending the *Special Provision for Corporate and Headquarters Facilities* would explicitly recognize the characteristics of HHMI that the County finds valuable and limit eligibility to entities with those characteristics. These characteristics are that HHMI is a major philanthropic institution supporting bioscience and medical research and that its headquarters site is recognized as well-designed, high-quality project.

To define a "major philanthropic institution," staff would use a definition appears in the HHMI Annual Report 2000: HHMI is a "Medical Research Organization (MRO) within the meaning of section 170(b) of the Internal Revenue Code." Staff would further define "major" in this case as employing at least 150 employees in the previous two years" to be consistent with the eligibility requirements for for-profit corporate headquarters.

As noted earlier in this memo, staff recognizes that HHMI's current campus is noteworthy for the high quality of its design and its compatibility with the surrounding neighborhood. HHMI's headquarters, therefore, has a unique combination of highly positive attributes for a site that might well have been problematic with a less-sensitive occupant. A factor supporting HHMI's compatibility is the size of its site, which allows extensive landscaping and visual buffering.

Staff believes that these two attributes adequately describe the magnitude and quality of HHMI's positive contribution to the County for the purposes of regulating adequate public facilities. Draft text reflecting these recommendations follow.

## Park & Planning Staff's Recommendations for Amending the Special Provision for Corporate Support and Headquarters Facilities

Underlined text shows the Planning Board's original recommendation for a Special Provision for Corporate Support and Headquarters Facilities

Double-underlined text shows Staff's recommended addition to accommodate HHMI

### **(2) Corporate Headquarters Facilities**

An applicant for a preliminary plan of subdivision for new and/or expanded facilities at a corporate headquarters site in any policy area need not take any action under 1. Policy Area Transportation Review or 2. Local Area Transportation Review, subject to the following conditions:

(a) The applicant must have its corporate headquarters in the County and:

(1) be a major employer in the County (defined as having an average of at least 500 employees in the County for the two years preceding the date of the application) and the headquarters facility must be located within a Metro Station Policy Area or within an established transportation demand management district; or

**(2) be a major headquarters facilities for philanthropic organization sponsoring medical or bioscience research (defined as a nonprofit organization that qualifies as a Medical Research Organization (MRO) within the meaning of section 170(b) of the Internal Revenue Code, which employs at least 150 employees in the County for the two years preceding the date of the application and is located on a site containing not less than 20 acres;**

(b) The size of any new facility or expansion must not exceed 900,000 square feet and must be intended primarily for use by the applicant, its affiliates or business partners;

(c) The applicant must include in its application for preliminary subdivision plan approval all information that would be necessary if the requirements for Local Area Transportation Review applied;

(d) The applicant must make its best efforts to meet mode share goals established by the Planning Board as a condition of approving that subdivision;

(e) The applicant must participate in programs operated by, and take actions specified by, the transportation management organization (TMO) established by County law for that policy area in order to meet the mode share goals established under subparagraph (e) above;

(f) If the applicant is located in a transportation management district, the applicant must pay an ongoing annual contribution or tax to fund the TMO's operating expenses, including minor capital items such as busses, as established by County law; and,

(g) The applicant must pay the prevailing Development Approval Payment fee on the new construction pursuant to the rates and procedures set forth in Section 8-37 et seq. of the Montgomery County Code (but such fee shall not exceed the fee existing as of July 1, 2001).



Howard Hughes Medical Institute

Thomas R. Cech, Ph.D.  
President

September 7, 2001

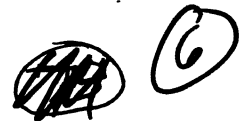
Montgomery County Council  
ATTENTION: Hon. Blair Ewing, President  
Stella Werner Council Office Building  
100 Maryland Avenue  
Rockville, MD. 20850

Dear President Ewing and Members of the County Council:

The Howard Hughes Medical Institute (HHMI) is a philanthropic organization that conducts biomedical research through its own employee/scientists at 70 U.S. universities and research centers. HHMI funds science education and research-related activities through a grants program. HHMI also participates in and funds a number of science programs in the Montgomery County public school system. These programs are presently administered from our 22.5-acre headquarters and conference facility in Chevy Chase, which the Institute built under the terms of a special exception granted to it in 1988.

Since 1988, HHMI'S programs have grown substantially. For example, in 1988, our annual budget was just over \$200 million. For our fiscal year ended August 31, 2001, HHMI spent nearly \$675 million. To prudently and effectively manage its growing research and grant-making programs, HHMI needs to increase the number of administrative employees at its headquarters. In 1998, we temporarily addressed our growing personnel and space needs by leasing off-site office space. However, that solution splits our workforce and provides limited flexibility for future growth.

HHMI is in the process of making a decision on long-term plans for our Chevy Chase headquarters site. Recently, HHMI acquired a large parcel of land in Loudoun County, Virginia, which is planned for use as a research campus. This parcel is very large and could accommodate our administrative needs as well. However, our preferred alternative is to remain in Chevy Chase and expand our existing facility. In order to make this possible and to enhance our buffers from adjacent areas, HHMI recently acquired an additional 4.7 acres of land adjacent and to the rear of our present headquarters. We are very proud of our Chevy Chase facility and any expansion would be undertaken in the same tasteful and careful manner as was the case with our present development. We believe that we have been a good, conscientious neighbor and member of the Montgomery County community. We would like to continue in that role.



Montgomery County Council  
ATTENTION: Hon. Blair Ewing, President  
September 7, 2001  
Page 2

In order to do so, we need your help. In your consideration of the Annual Growth Policy Final Draft 2001-2003, Policy Element, we ask that you include appropriate provisions that will accommodate reasonably our expansion plans. This could be done in a variety of ways, and our advisors will attend your worksessions and look forward in the weeks ahead to discussing with you and members of your staff the most appropriate way to accomplish this. We believe that HHMI's headquarters expansion is in line with the County AGP'S goal of retaining the headquarters of Montgomery County's major corporate employers, especially in the biomedical research field.

Sincerely yours,

*Thomas R. Cech*

Thomas R. Cech

/mlp

