Rock Spring Master Plan

Planning Board Worksession #1: Dec. 15, 2016

Planning Board Item #8

Area 2 Division
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www.montgomeryplanning.org/community/rockspring/
Worksession #1: Overview

- Rock Spring Master Plan – Context
- Scale Comparisons and Hierarchy of Place
- Rock Spring – Office and Residential Markets
- Adaptive Reuse Examples
- Zoning Approach
Plan Boundaries
Surrounding Area Context
Regional Context

<table>
<thead>
<tr>
<th>Location</th>
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<tbody>
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<td>31.3 Acres</td>
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Downtown Central Business Districts at Metro = 5 - 8 FAR
(Floor Area Ratio)
- Most dense
- Highly mixed-use and many amenities
Rock Spring Scale Comparison: CBDs Serviced by Metro

Rock Spring Master Plan Area
535 Acres
FAR 0.5-1.5
Heights 35’-150’

Bethesda CBD
156 Acres
FAR 0.5-8.0
Heights 35’-290’

Silver Spring CBD
265 Acres
FAR 1.0-8.0
Heights 50’-200’

Wheaton CBD
83 Acres
FAR 2.0-6.0
Heights 75’-250’
Hierarchy of Place

Bethesda CBD
156 Acres
FAR 0.5-8.0
Heights 35’-290’
Silver Spring CBD
265 Acres
FAR 1.0-8.0
Heights 50’-200’
Wheaton CBD
83 Acres
FAR 2.0-6.0
Heights 75’-250’
Non CBD Metro Stations = 2 – 4 FAR (Floor Area Ratio)

- Mix of towers and mid-rise
- Can support more amenities
Rock Spring Scale Comparison: Non CBD Metro

Rock Spring Master Plan Area
535 Acres
FAR 0.5-1.5
Heights 35’-150’

White Flint
430 Acres
FAR 0.5 – 4.0
Heights 50’-300’

Twinbrook
154 Acres
FAR 1.0-2.0
Heights 60’-150’

Glenmont
711 Acres
FAR 1.5-3.0
Heights 45’-120’
Hierarchy of Place

White Flint
430 Acres
FAR 0.5 – 4.0
Heights 50’-300’
Hierarchy of Place

Twinbrook
154 Acres
FAR 1.0-2.0
Heights 50’-145’
Hierarchy of Place

Glenmont
711 Acres
FAR 1.5-3.0
Heights 45'-120'

Glenmont
Metrocenter Site
30.9 Acres  FAR 2.0  Max. Height 85’
Phase 1.1: 171 Townhouses
Non-Metro Station Centers

= 1 - 1.5  FAR  (Floor Area Ratio)

• Low- and Mid-rise buildings
• Fewer amenities (parks, parking structures, neighborhood retail and services)
Rock Spring Scale Comparison: Non Metro Non CBDs

Maryland - National Capital Park and Planning Commission

- Rock Spring Master Plan Area: 535 Ac

Mosaic District: 31.3 Ac
- 170K Office
- 520K Retail / Restaurant
- 148 Room Hotel
- 42,000 Movie Theater
- 1 Million SF Residential
- 1.39 FAR
- Max. Ht: 115’
- Built: 75’

Park Potomac: 54.8 Ac
- 835K Office
- 45K Retail / Restaurant
- 156 Room Hotel
- 1 Million SF Residential
- <1.0 FAR
- Max. Ht: 100’
- Built: 75’
Hierarchy of Place

Mosaic District

- 31.3 Acres
- 1.39 FAR
- Max. Ht.: 115’
- Built Up to 75’
- 1,000 Units
- 1.8 Million SF
Hierarchy of Place

Park Potomac

- 54 Acres
- < 1.0 FAR
- Max. Ht: 100'

- 600 Units
- 2.0 Million SF
Regional Context

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The Rock Spring Office Market
Office Vacancy and Rent Rates, 2008-Today

- RS Rent
- Rs Vacancy %

- QTD
- 2016 Q2
- 2015 Q4
- 2015 Q2
- 2014 Q4
- 2014 Q2
- 2013 Q4
- 2013 Q2
- 2012 Q4
- 2012 Q2
- 2011 Q4
- 2011 Q2
- 2010 Q4
- 2010 Q2
- 2009 Q4
- 2009 Q2
- 2008 Q4
- 2008 Q2

- $0.00
- $5.00
- $10.00
- $15.00
- $20.00
- $25.00
- $30.00
- $35.00
- $40.00

- 0.0%
- 5.0%
- 10.0%
- 15.0%
- 20.0%
- 25.0%
- 30.0%

- $29.19
- 22.2%
Rock Spring Advantages

- Corporate HQ Space and nationally prominent tenants
  - (e.g. Host Hotels, Lockheed, Coventry Health)
- Recent leasing activity
  - Total Wine & More (100,000+ SF)
  - NIH consolidation (630,000 SF)
- Primary vacancies are isolated
  - Two vacant buildings over 150K SF comprise 1/3 of office vacancy
- Overall rents still higher than County (+ 4%)
- Strong medical-user office market

NIH Consolidation 2016

Medical Offices
Rock Spring Disadvantages

- Rents continue to slide
- Building valuations are lower
- Fewer large, single-user tenants to lease entire buildings
  - Single-user, purpose-built buildings may have trouble (COMSAT, Marriott HQ)
    - Smaller spaces tend to fill up quicker and easier
- Lack of transit and amenities to compete
  - Price factors still matter

100% Vacant Buildings

Marriott HQ
Rock Spring’s Future

- Value of buildings too high for redevelopment
  - Buildings are aging but not obsolete
  - Conversions/adaptive reuse difficult
  - Continued reinvestment on case-by-case basis

- Rock Spring still a competitive market
  - Strong location, value pricing and convenient parking
  - Landlords positive about area but with more modest expectations
  - Owners positive about mixed-use additions and connectivity links

- The Future
  - Rock Spring will likely retain a core office use with incremental mixed-use over time
  - Evolution of large office users and overall office usage is critical
Office Absorption

Office Absorption and Vacancy Rates (Market Area)

Source: CoStar, M-NCPPC Pipeline Development

Current Vacant Office Space: 2.34 M SF
Approved Office Space in Pipeline: 4.14 M SF
Rock Spring Housing

- Within 2-miles of the Rock Spring plan, there are 4,772 multi-family units within the development pipeline
  - 354 single-family units

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<th>Current - 2015</th>
<th>Historical Trends 2003 - YTD</th>
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<tr>
<td>Built</td>
<td>US Inflation</td>
</tr>
<tr>
<td>2002</td>
<td>2.15%</td>
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<tr>
<td>Units</td>
<td>Effective Rent % Growth/Yr</td>
</tr>
<tr>
<td>386</td>
<td>1.50%</td>
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<tr>
<td>Effective Rent Per SF</td>
<td>Effective Rent Per SF</td>
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<tr>
<td>$1.84</td>
<td>$1.73</td>
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<tr>
<td>Effective Rent Concessions %</td>
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<tr>
<td>1.3%</td>
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<td>3.9%</td>
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<td>Source: CoStar</td>
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Within 2-miles of the Rock Spring plan, there are 4,772 multi-family units within the development pipeline

- 354 single-family units
Rock Spring Comparative Multifamily Developments

Effective Rent Per Square Foot - Comparative Buildings (2015)

- Bethesda Downtown: $2.51
- Silver Spring: $2.26
- Rockville: $2.14
- North Bethesda: $1.97
- Rock Spring: $1.84
- Wheaton: $1.79
- Montgomery Village: $1.34

Source: CoStar

Maryland-National Capital Park and Planning Commission
## Regional Context

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Existing Land Uses

Democracy Center

Lockheed Martin

Capital Gateway

Berkshires at Rock Spring

Westfield Montgomery Mall

Georgetown Square SC

Walter Johnson HS

Marriott International

Democracy Plaza

Wildwood SC
Pipeline Projects

1. Ourisman Ford
2. EYA–Montgomery Row
   (under construction)
3. Rock Spring Centre
4. Aubinoe Residential Building

Proposed Transitway

→ Proposed Line
× Proposed Station Location
Rock Spring – Approved Pipeline Development

Rock Spring Centre
- 1 million Commercial SF
- 1,250 Units (386 Units Constructed)

Ourisman Ford
- 54,000 Commercial SF
- 340 Units

Aubinoe Properties
- 58 Units
Rock Spring Residential

Existing
386 Multi-family DUs (#3)

Under Construction
168 Townhomes (#2)

Approved Pipeline
340 DUs (#1)
864 DUs (#3)
Rock Spring Centre
1250 DUs approved
386 DUs built
864 DUs in pipeline

58 DUs (#4)

Total DUs in Pipeline:
1,262
Rock Spring – EYA Townhouses Under Construction

Montgomery Row
- 168 Units
Adaptive Reuse: The Oronoco, Alexandria VA
Adaptive Reuse: WeWork and WeLive, Crystal City VA
Adaptive Reuse: E-Lofts, Alexandria VA
Zoning Approach

Maintain EOF in the office park, but allow more residential

- Increase FAR maximums for all EOF properties to 1.5 to provide greater flexibility and incentive to infill or reuse properties.

- Modify the EOF zone to allow more residential and retail uses.

- Modify the EOF zone to allow senior/assisted living facilities as a conditional or limited use.
Zoning Approach

The Plan recommends changes to the EOF zone to permit additional residential development:

- If an EOF-zoned site is recommended for mixed-use by the master plan, the percentages of non-office use can be changed pursuant to the careful analysis and deliberations of the master planning process. Up to 60 percent of the GFA on an EOF-zoned site could be allowed for non-office uses, with any mix of residential and retail, rather than limiting it to 30% each. (page 67)

- Allow senior/assisted living facilities as a conditional or limited use in the EOF zone. (page 68)
Zoning Approach

Development under the EOF zone should:

• Prioritize the establishment of the central spine as a pedestrian-friendly environment

• Orient development toward the spine or establish connections to it.

• Focus development around suggested future transitway locations.

• Introduce a mix of uses and pedestrian-friendly amenities.

• Establish synergies between existing and new uses.

(page 31)
Zoning Approach

CR Floating Zone (CRF) Option:
Intent of the floating zone to provide a zoning option that responds to changing economic and market conditions.

• When a property owner is ready to undertake comprehensive changes, they can apply for the CRF zone.

• Allows the zoning to be applied when the owner/market conditions are ready for change.

• Allows for an incremental evolution of the area and pairs the rezoning of a property with the owner’s actual intentions of bringing a new project to fruition.

• CRF Zone requires public benefits for development above 0.5 FAR.

• A CRF Zone could have 1.5-2.5 FAR and a height of up to 150 feet. (page 31)
Zoning Approach

If applying for a CRF Zone:

- Cluster higher densities along the central spine and around future transitway locations.
- Implement compact development patterns that introduce short block and enhance connectivity.
- Improve internal connectivity between adjacent properties and to and from the spine.
- Create local character by incorporating public art and enhancing public spaces.

(page 31)

Additional design guidelines: pages 19, 22, 23