

Montgomery County Mixed-Use Development Study RFQ

Draft 06

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Summary

The Maryland-National Capital Park and Planning Commission (MNCPPC) Montgomery County Planning Department solicits a consultant to study mixed-use properties developed in the county in the last decade. The objectives of this study are to:

- Improve MNCPPC's data collection on mixed use properties
- Understand characteristics of mixed-use properties in different parts of Montgomery county
- Understand national trends in mixed-use relative to trends in the county
- Recommend adjustments and reforms to Montgomery County policies to enhance mixed use development

Background

Montgomery County is a large and diverse suburb of Washington DC with a population of 1.05 million people. The County has dense urban central business districts like Bethesda and Silver Spring, large swathes of automobile-oriented suburbs built from the 1960's to 1990's, and a rural agricultural reserve that is 1/3 of the landmass of the County. There are 13 stops on the Washington Metro located in or on the border of Montgomery County and a significant amount of the higher density development in the past decade clustered around these stations. Much of this recent in-fill development is mixed-use. Transit oriented development will continue to be an important part of the Montgomery County development pipeline as the County implements an ambitious bus-rapid-transit (BRT) network plan. The countywide [Transit Corridors Functional Master Plan](#), adopted in 2013, recommends 11 BRT corridors of 102 miles and with 118 stations. The County aspires for many of these stations to become mixed-use hubs.

In addition to the focus on transit-oriented-development, mixing uses has become an increasingly central component of real estate development in Montgomery County as growth shifts from green field to infill. Many recent master plans and areas plans around the county's high-quality transit assets allow higher density and flexibility of uses through the commercial/residential (CR) zones. The goal of these zones is to:

- encourage a mix of commercial and residential uses;
- create interactive streets;
- provide meaningful public spaces; and,
- foster jobs and services where people can live, work, shop and play within a given neighborhood.

The desired benefits of mixed-use that are inherent in the goals for Montgomery County's CR zones is supported by numerous studies nationwide that find benefits in appropriately mixing retail, office, and

residential uses, such as increased real estate value, greater tax revenue, higher transit ridership, and reduced vehicle travel.

Mixed-use may take many forms, including vertical mixed-use (multiple uses within a single building) and horizontal mixed-use (multiple uses in separate structures on a single property). Within Montgomery County, mixed-use constructed in the past 15 years is primarily vertical mixed-use with retail on the ground floor and office or residential above. For the purpose of this study, MNCPPC is interested in vertical mixed-use within a single building.

Despite the increased importance of mixed-use product, datasets accessible to MNCPPC do not sufficiently identify this product to enable the level of analysis and monitoring desired. Neither CoStar, a commercial real estate database, nor the Maryland State Department of Assessment and Taxation (SDAT) property database contain a category for “mixed-use”. Often, mixed-use properties are categorized in these databases by the predominant property use, or with separate entries for each use. A recent effort to monitor the performance of the Bethesda Downtown Plan involved staff spending significant time confirming the SF of development and uses on those parcels with multiple uses by cross referencing county entitlement data with SDAT, rental housing and retail databases, and available real estate databases such as CoStar.

As mixed-use buildings constructed in the past decade mature, MNCPPC is interested in understanding how these projects perform as they age, in addition to their physical typologies and geographic distribution. For example, as a condition of approval the Montgomery County Planning Board requires some properties to incorporate ground floor retail to support a lively streetscape; As the buildings age and leases turn over, MNCPPC would like to know if the ground-level retail spaces continue to be active stores, if they convert to less active office or amenity uses, or if they have higher rates of vacancy.

Furthermore, with the declining demand for office space region-wide due to macro-economic trends such as reduced levels of space per employee, there is interest within the County in the potential for more complex mixes of uses on a property. Rather than residential over ground floor retail, a more complicated mix of uses might include elements such as hotels, co-living, office, and retail all within one structure. Montgomery Planning is interested in better understanding how to promote such mixture of uses and how regulatory or entitlement barriers might discourage such projects.

Prior Studies

This effort will build upon and may utilize data from prior studies conducted by MNCPPC about the real estate market in the county. MNCPPC encourages respondents to review these studies for background on the performance of the local real estate market:

- *Office Market Assessment Report, 2015*
 - Available at: <https://montgomeryplanning.org/tools/research/special-studies/office-market-assessment-study/>
- *Retail Market Strategy Study, 2017*
 - Available at: <https://montgomeryplanning.org/tools/research/special-studies/retail-market-strategy-study/>
- *Adaptive Reuse: Executive Boulevard and Rock Spring Office Markets study, 2016*

- Available at:
<http://www.montgomeryplanning.org/research/documents/MNCPPCAdaptiveReuseReport5-20-16.pdf>
- Colocation of Public Facilities, 2018
 - Available at: <https://montgomeryplanning.org/tools/research/special-studies/colocation-of-public-facilities/>

Study Objectives

MNCPPC has the following objectives for this study:

- Improvement of MNCPPC’s data collection on mixed use properties;
- Understanding of the characteristics of mixed-use properties in different parts of Montgomery County, as well as national trends in mixed-use relative to trends in the county;
- Understanding what aspects of mixed-use are doing well in Montgomery County, what is not working as well, and why; and,
- Recommended improvements to Montgomery County policies to enhance mixed use development.

Study Elements

In order to satisfy the objectives of the study, MNCPPC anticipates that the consultant will deliver a product containing the following elements:

- A database of mixed-use projects built within the last 10 years that can be updated by MNCPPC Staff as new developments are approved and built; the database should include an estimation of the SF of each different type of use and should be compatible with ArcGIS 10x;
- An assessment of what is working and what is not working at mixed-use properties in Montgomery County;
 - a. For this element, Respondents should propose a methodology and series of metrics around performance that incorporate both quantitative elements (such as vacancy or rents) and qualitative elements (such as quality of design or management of parking and loading);
- Evaluation of the pipeline of mixed-use projects and identification of common types of mixed-use that are not being proposed or built;
- Documentation of the predominant forms of mixed-use built in the county, by differing density levels, and where those developments are located;
- Documentation of the type/segments of retail that occupy mixed-use, and how this retail changes as initial leases expire. The focus should be on establishing if retail converts to other uses and amenities; and,
- Understanding how new trends in mixed-use impact Montgomery County, and how MNCPPC can better support more complex forms of mixed-use.
- A summary of new trends in mixed-use nationwide with a focus on more complex forms of mixed-use, such as the recent 930 Rose Condominium building at Pike and Rose which mixes

residential condominiums above a hotel. Recommendations for how Montgomery County can better facilitate or enable such developments.

Methodology & Tasks

Respondents should, in their proposal, describe their methodology, tasks, and deliverables in sufficient detail for MNCPPC to evaluate. The methodology should clearly show how completion of all tasks will attain the stated objectives of this study. Respondents should highlight if/where their proposed methodology diverges from the elements of the study anticipated by MNCPPC. In addition, the methodology should list all deliverables, meetings with MNCPPC, and presentations to MNCPPC. The tasks to accomplish the objectives and provide the desired elements might include the following. However, respondents are encouraged to propose additional tasks or different tasks that they feel better fulfill the goals and objectives of the study and provide the desired elements. Respondents should provide an estimated cost for each task proposed.

Task 1 - Kick-off and County Staff Focus Groups: conduct a kick-off meeting with MNCPPC staff to establish the project schedule, confirm goals and objectives, and discuss the data sets available. The respondent should prepare a presentation on general trends and themes in mixed-use development that might impact Montgomery County. This presentation should enable the group to discuss Task 3 and how the project will define and evaluate what aspects of mixed-use work well in Montgomery County and what aspects do not work well. At the kick-off, County staff will lead a discussion to inform task 4 about the zoning code and County policies' treatment of mixed-use. In addition, County staff will participate in focus groups with the consultant on the same day as the kick-off to discuss County policies related to mixed-use and how they might facilitate more projects or more complex forms of mixed-use. These focus groups will include Planning Department staff from the regulatory and design review teams who apply the current policies and zoning code to proposed mixed-use projects. The consultant team will prepare for and lead the focus groups. In their proposal respondents should indicate what additional County staff should participate in the focus groups to provide inputs for task 4.

Task 2 - Database of Mixed-Use Projects: Creation of a database of mixed-use properties built in Montgomery County in the last decade, including the square footage of each type of use. The database will subsequently inform the assessment of mixed-use in Montgomery County as part of task 3.

Deliverable: A database compatible with ArcGIS of all mixed-use projects built in the past 10 years in Montgomery County.

Task 3 - Assessment of Mixed-Use in Montgomery County: MNCPPC would like to better understand what aspects of mixed-use work well in Montgomery County, and if there are common features that have not performed as well. Respondents should propose a methodology and series of metrics around performance that incorporate both quantitative elements (such as vacancy or rents) and qualitative elements (such as quality of design or management of parking and loading). Consultants should detail in

their proposal how they will assess the performance of mixed-use in Montgomery County and the key qualitative and quantitative metrics they will review.

Additionally, the consultant will review the physical typology/form of mixed-use properties in Montgomery County, and analyze how the retail component performs as the buildings mature.

- Evaluation of the physical typology/form of mixed-use properties in Montgomery County by summarizing:
 - the type/style of mixed-use buildings that have been built
 - the geographic distribution of mixed-use
 - types of uses that share buildings
 - the density levels of mixed-use properties
 - Determination if there are typologies of mixed-use commonly found in other jurisdictions that are absent from Montgomery County
- Analysis of mixed-use retail space in maturing properties:
 - Summary of how retail spaces in mixed-use properties evolve as the buildings age
 - Documentation of initial types of uses and vacancies in mixed-use retail spaces
 - Documentation of how uses in those retail spaces change when initial leases turn-over
 - Assessment of metrics related to performance of mixed-use retail such as the types of retail users by category in mixed-use properties, whether offices or amenities take over retail spaces, vacancy rates

Deliverable: The consultant will present initial research findings from this task in a meeting with Montgomery County Planning Department staff to receive feedback. The consultant will then complete the research and produce a draft section of the final report for review. Montgomery County staff will review the draft and provide comments for the consultant to incorporate into a final section of the project report.

Task 4 - Summary of New Trends and Review of Montgomery County Policies: The consultant will summarize new trends in mixed-use nationally and how they might impact Montgomery County. In addition, the consultant will do a high-level review of how MNCPPC policies could better support more complex forms of mixed-use such as condominium/hotel. This task will draw from the consultant's knowledge of trends in mixed-use, and from the information provided by County staff in the focus groups conducted as part of the Task 1 kick-off. Respondents should demonstrate their understanding of current trends in mixed-use in their response.

Deliverable: A section of the final report summarizing trends in mixed-use and the evaluation of MNCPPC's policies and how they might better support mixed-use.

Task 5 - Presentation of Initial Findings and Draft Report: The consultant will meet with MNCPPC staff to present their initial findings and to deliver the draft report, consisting of the report section from the prior tasks. MNCPPC staff will review the draft and provide comments.

Task 6 - Presentation of findings to the Montgomery County Planning Board: The consultant will present the results of their study to the Montgomery County Planning Board. In addition the consultant will review the draft report into a final document.

Deliverable: Final report for publication.

Schedule

MNCPPC anticipates that the analysis will take three to four months from the date of initiation. Within their proposal, respondents should include a clear schedule that highlights the dates of key meetings between the consultant and MNCPPC, deliverables provided to MNCPPC, and comments/edits from MNCPPC to the consultant.

Consultants should plan to meet with MNCPPC staff for a kick-off meeting, to present initial findings, and to present the final product. In addition, the consultant should plan for a fourth in person meeting that consists of presenting the findings from the study to the Montgomery County Planning Board.

Data

MNCPPC has the data listed below available to support the consultant in their analysis. MNCPPC staff will facilitate access by the consultant to these databases. MNCPPC anticipates that respondents will have access to commercial real estate databases. Respondents should clearly list all sources of data they anticipate using, and any additional data required from MNCPPC. For some datasets, there are standing GIS web mapping applications for use or one can be created.

- Maryland State Department of Assessment and Taxation (SDAT) property database
 - This database of all properties in Montgomery County includes the assessed and land values of the property, the predominant land use, the year built and other statistics on the property size (GFA, Acreage, etc.). This is available as GIS data.
- DHCA Rent Survey
 - This database contains the rents charged by all landlords in Montgomery County. Data is available from 2014-2018. This is available as either GIS or tabular data.
- Countywide Retail database (2017)
 - This is the site-by-site data component for an MNCPPC commissioned study of the state and distribution of County's retail market. This is available as either GIS or tabular data.
- Department of Permit Services Database
 - MNCPPC receives regular updates to building permits applied for, issued, and "finalized." This is available as either GIS or tabular data.
- Countywide Development Pipeline Database
 - This dataset is updated multiple times per year and includes all projects that received approval from the Planning Board but have not yet been assessed by the State, ie. Have not begun leasing or occupying space. This is available as either GIS or tabular data.
- MNCPPC Zoning blocks

- This dataset is the County’s legal zoning map. Regarding CR Zones, it describes the maximum density and mix of commercial and residential projects as well as project height. This is available as GIS data.
- Geographic Spatial Data Boundaries
 - These are geographic boundaries of County Master plans and sector plans, as well as Planning and Policy Areas; municipalities not with the purview of MNCPPC; and regional City/County political boundaries. This is available as GIS data.