

# Bethesda Downtown Sector Plan Implementation Advisory Committee (IAC)

## Agenda

Friday, January 8, 2021, 8AM (Virtual Meeting)

Notes to be taken by TBD

- I. **ELECTION OF CO-CHAIRS** (10 minutes)
  
- II. **PRESENTATION/Q&A COMMERCIAL DEVELOPMENT OUTLOOK POST-COVID** (Todd Fawley-King, Planning Department) (30 minutes)
  
- III. **NEW BUSINESS:**  
**ZTA 20-07 IN RELATION TO BETHESDA DOWNTOWN PLAN** (30 minutes)  
<https://www.montgomerycountymd.gov/COUNCIL/Resources/Files/zta/2020/ZTA%2020-07.pdf>
  
- IV. **ANNOUNCEMENTS**  
Next meeting Friday, February 5, 2021.

<http://montgomeryplanning.org/planning/communities/area-1/bethesda-downtown-plan/bethesda-downtown-implementation-advisory-committee/>

# Meeting Notes and Attendees

The meeting was called to order at 8:04 AM.

Notes taken by Christopher Smith

## I. **PRESENTATION/Q&A COMMERCIAL DEVELOPMENT OUTLOOK POST-COVID** (Todd Fawley-King, Planning Department). [Election of Co-Chairs, Item 1 of the Agenda, followed this presentation.]

Todd Fawley-King discussed the topics covered in his blog posts on the future of the office market. He has posted parts 1 and 2, with part 3 to follow later in January. Looking at how Covid changed the perceived value of physical office space, Part 1 considered how companies used their office space pre-Covid – as space for operations, for collaboration, for recruiting, and for training. With Covid, managers learned that most companies don't really need an office to conduct operations. The Covid impact on the other three uses of office space is an open question. If companies don't value the office space as much to support physical operations, then the demand and price they are willing to pay for office space will go down.

Part 2 looked at how Covid might impact the office market in Montgomery County, with four possible scenarios:

- (i) We could have a decade of soft demand, where the strongest markets in the region (downtown DC and Northern Virginia) will do best, but with an overall decline in the market. In this scenario, marginal/outlying areas will not perform well.
- (ii) Companies may look at the “hub and spoke” model, where firms reorganize to smaller offices located near employee housing. This could likely be accomplished through flex office space (such as We Work). However, the flex office model concentrates the risk in a recession on the space provider, since the flex office memberships are typically short term.
- (iii) There could be a resurgence of the suburban market and office parks, but this is not likely in the DC market.

- (iv) There could be more working from home, with the result that office buildings would compete with people's homes.

One question is: after Covid, what will people actually want from their offices? Offices will need to offer reasons to leave home, and proximity to amenities. Urbanism isn't necessarily the answer, as traditional downtown office-heavy markets don't offer the same lively amenities as suburban office markets can. Common themes for places that meet this need well are that the space is activated, it is intentionally managed, it has organizational capacity, and it has devoted resources. Montgomery County does not have the resources to activate every submarket in the county. This raises questions: how does the county prioritize its limited funds, and what structure would this take (business improvement district, urban service district, etc.)?

The impact on the residential sphere was then discussed. The residential headline is of declining rents, common in a recession period when amenities can't be accessed and the pipeline is shallow. One question is: how will Covid affect apartment design? The trend over the past decade has been toward smaller units and more building-wide amenities, but now people are asking for larger units since they expect to work from home. Possible implications are: (i) higher costs make higher density projects financially unworkable, which would pause development; (ii) land prices decline as rents go down; and (iii) more emphasis is put on products for sale (e.g., condominiums rather than apartments).

Discussion followed, with a general sense that many companies may reduce office space, but most will not eliminate office space entirely. There seems to be continued leasing activity for new office space.

## **II. ELECTION OF CO-CHAIRS**

The terms of Emily Vaias (commercial member) and Naomi Spinrad (residential member) as Co-Chairs of the Committee have ended. Jack Alexander was nominated for Co-Chair by the commercial members, and Joyce Gwadz by the residential members. Votes were held, and each was elected unanimously by the commercial members and the residential members, respectively.

### **III. NEW BUSINESS: ZTA 20-07 IN RELATION TO BETHESDA DOWNTOWN PLAN**

Briefly, ZTA 20-07 would allow for various smaller multi-family units on R-60 lots within one mile of a Metro station (with somewhat reduced restrictions within a half-mile of a Metro station). Within the area of the Bethesda Downtown Plan, the change would affect three areas, the Sacks neighborhood, an R-60 area near the intersection of Old Georgetown Road and Glenbrook Road, and some East Bethesda properties. The question was raised whether a ZTA such as this one, which would make changes within the Master Plan area, undercuts the provisions and goals of the Bethesda Downtown Plan.

Planning staff commented that the idea of “missing middle” housing was not contemplated at the time the Bethesda Downtown Plan was being drafted. The goal of staff was to save the residential character of the neighborhoods within the Plan area. A “floating zone” is currently in the Plan for the Sacks neighborhood to allow for more density in this area. ZTA 20-07 is currently being reviewed by the Planning Board and Staff, with a public hearing before the County Council scheduled for February 11.

Discussion followed. It was noted that the main difference between what is currently in the Plan and what is proposed in the ZTA is that the entire Sacks neighborhood needs to decide to allow a floating zone development whereas the ZTA would allow for standard method development without Sacks input. It was also noted that Thrive Montgomery expresses a housing goal similar to that of the ZTA, but is understood to contemplate changes through Master Plans that look at and consider the differences in communities throughout the county, not through a county-wide zoning change. For the Bethesda Plan area, the ZTA would change planning at the local level when the zoning was addressed in the Master Plan process. The comment was made that county-wide zoning amendments are not an appropriate way to make the change here when the Bethesda Downtown Plan carefully considered these areas and neighborhoods already.

Council staff clarified that ZTA 20-07 is not an initiative of the entire Council, but was introduced by Councilmember Jawando. ZTA 20-07 had not been circulated to the Council prior to introduction. The Council does have an interest in “missing middle” housing.

It was pointed out that on larger lots ZTA 20-07 would allow projects to go through on the Standard Method, which would bypass Planning Site Approval. Application of the Bethesda Downtown Plan density cap was also questioned. Planning staff stated that projects under the ZTA would fall under the density cap limitations.

A Committee member (residential) suggested that the Committee provide a letter to the Council that we recommend that this type of change be handled through the processes of Thrive Montgomery and Master Plans rather than through ZTA. The letter was supported by six residential members, but the commercial members refrained and asked for more time to evaluate the ZTA in more detail before voicing an opinion. The Committee will not provide a letter at this time, but expects to revisit the matter at the February meeting. Council staff offered that Councilmember Friedson would be willing to come to discuss the ZTA with the IAC, and discussion followed whether the February meeting or the March meeting would be the better timing, since the Council public hearing is on February 11.

#### **IV. ANNOUNCEMENTS / NEW BUSINESS**

The next meeting will be held on Friday, February 5.

Planning staff provided updated status information on three projects (i) the Avondale project (added to the January DAP); (ii) 8001 Wisconsin Avenue (accepted and under review); and (iii) Hampden East (in for Preliminary Plan and Site Plan).

The meeting was adjourned at 9:15 AM.

#### **ATTENDEES**

IAC: Amanda Farber, Michael Fetchko, Joyce Gwadz, Dedun Ingram, Steve Long, Naomi Spinrad (Co-Chair), Susan Wegner, Jack Alexander, Jad Donahoe, Patrick O'Neil, Matthew Gordon, Christopher Smith, Emily Vaias (Co-Chair),

BCC Regional Services Center: Ken Hartman, Derrick Harrigan

Bethesda Urban Partnership: Jeff Burton

Montgomery County Parks: Hyojung Garland, Rachel Newhouse

Councilmember Friedson's Office: Cindy Gibson

Montgomery County Planning Department: Leslye Howerton, Stephanie Dickel, Emily Balmer, Todd Fawley-King