



# **MONTGOMERY COUNTY MIXED-USE DEVELOPMENT STUDY**

Summary of Findings  
July 2021

# PROJECT OVERVIEW

HR&A was engaged by the Maryland-National Capital Park and Planning Commission (MNCPPC) Montgomery Planning Department to study mixed-use properties developed in the county in the last decade. This study is intended to develop a comprehensive understanding of existing mixed-use assets and advance recommendations to support a vibrant portfolio of complex mixed-use properties.

This report includes the following sections:

## **I. Executive Summary**

## **II. Overview of Mixed-Use Development in Montgomery County Since 2010**

- HR&A analyzed existing and pipeline mixed-use properties in Montgomery County, exploring trends in retail performance and types of mixed-use. HR&A used the results of this review to develop criteria for successful future mixed-used developments in Montgomery County.

## **III. Comparison of Mixed-Use Development Policies**

- Based on a review of case studies, HR&A reviewed the implications for Montgomery County and how MNCPPC policies could further encourage mixed-use, especially transit-oriented development and more complex forms of mixed-use development.

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# **I. Executive Summary**

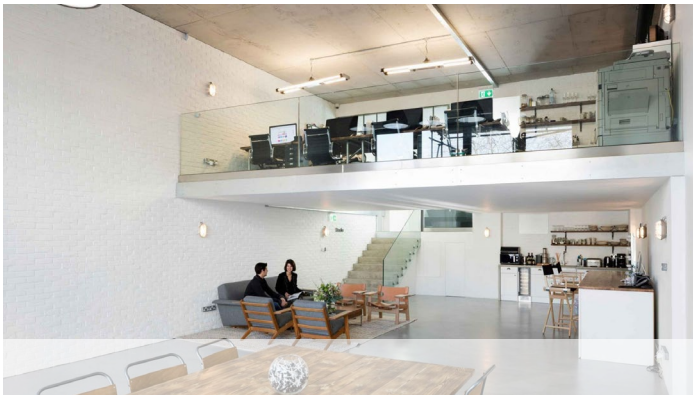


# EXECUTIVE SUMMARY | Definition

**How do we define mixed-use?** Typically, a project that provides more than one use or purpose within a shared building - housing, office, retail, commercial, recreational, or another use - is considered “mixed-use.” **Traditional mixed-use projects typically have a single primary use paired with ground floor retail.**

**Emerging mixed-use typologies** differ from the primary use/ground floor retail model, often **pairing a typical primary use with a non-retail co-primary, secondary or tertiary use.** Examples of atypical mixed-use include office buildings paired with industrial makerspaces, senior living communities with assisted living services, live-work developments, urban agriculture on building rooftops, and gallery spaces with attached studios.

## Emerging Mixed-Use Typologies:



*Examples from left to right: Canalside Studio (San Francisco, CA), Open Works (Baltimore, MD), Up Top Acres (Washington, D.C.)*

# EXECUTIVE SUMMARY | Introduction

## Increasing Success of Mixed-Use Development

1. Mixed-use development is a major source of Montgomery County's growth, **constituting nearly half of new commercial and multifamily development** in the county since 2010.
2. Mixed-use development is steadily **growing as a share of total development**, with pipeline projects even more weighted toward mixed-use development than recent development.

## Common Mixed-Use Characteristics

3. Mixed-use buildings are predominantly **anchored by residential**, followed by office, with **ground floor retail generally as the secondary use**.
4. Mixed-use is mainly developed in **already existing commercial nodes** near transit and highly walkable areas, particularly in Bethesda, Rockville, Silver Spring, and the county's other largest communities.

5. Mixed-use projects are **mostly mid-rise** (4-14 floors), with high-rise product mostly limited to Bethesda and Silver Spring.

## Common Mixed-Use Success Factors

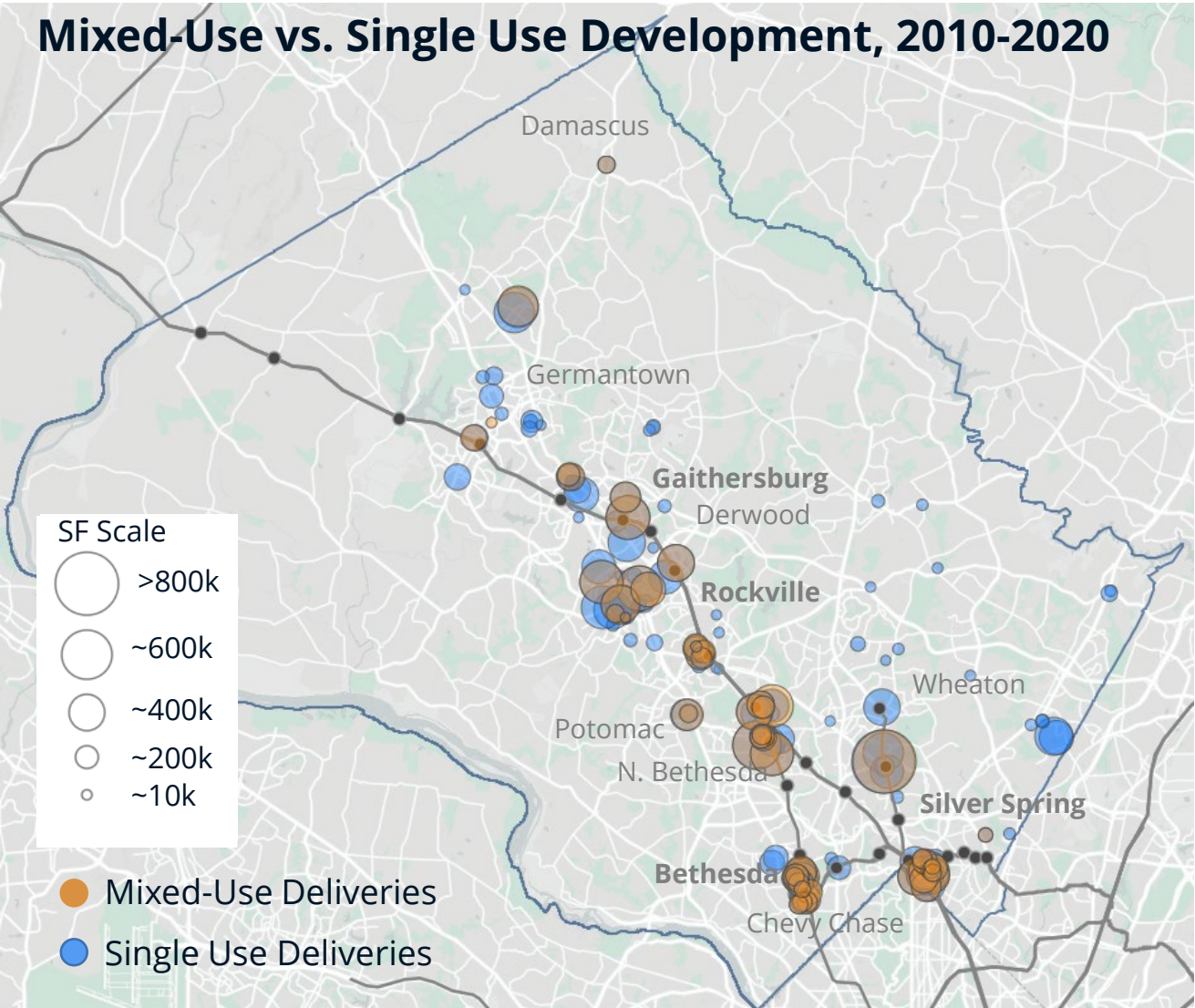
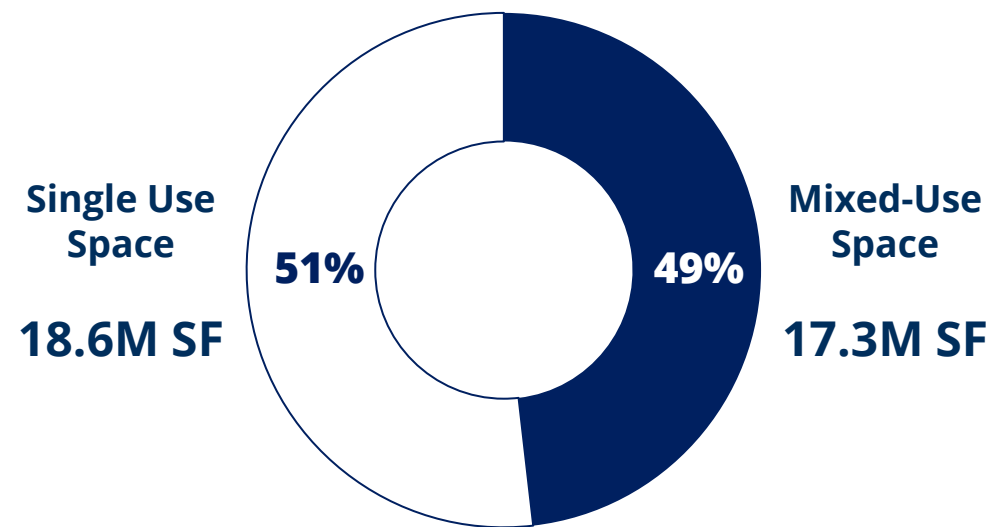
6. Mixed-use development can succeed both by **adding to adjacent authentic/older neighborhoods** and by using **good design and an appealing streetscape** to attract shoppers, workers and residents to a new place.
7. Larger **down-county communities and communities adjacent to rail transit** tend to have **more successful mixed-use projects**, as measured by convenience, walkability and sustainability.
8. Ground floor retail that is **within or adjacent to already-vibrant areas** is much **better positioned for success** than ground floor retail that is more isolated from pedestrians and other retailers or adjacent to major roadways, vacant land or parking.

# EXECUTIVE SUMMARY | Development Overview

Commercial and multifamily development built since 2010 has been split across mixed-use and single use development, with single use developments having a slightly larger share of total development.

**35.9 Million SF (2010-2020)**

*Total Multifamily, Retail, Office, and Hospitality Space Delivered Since 2010\**



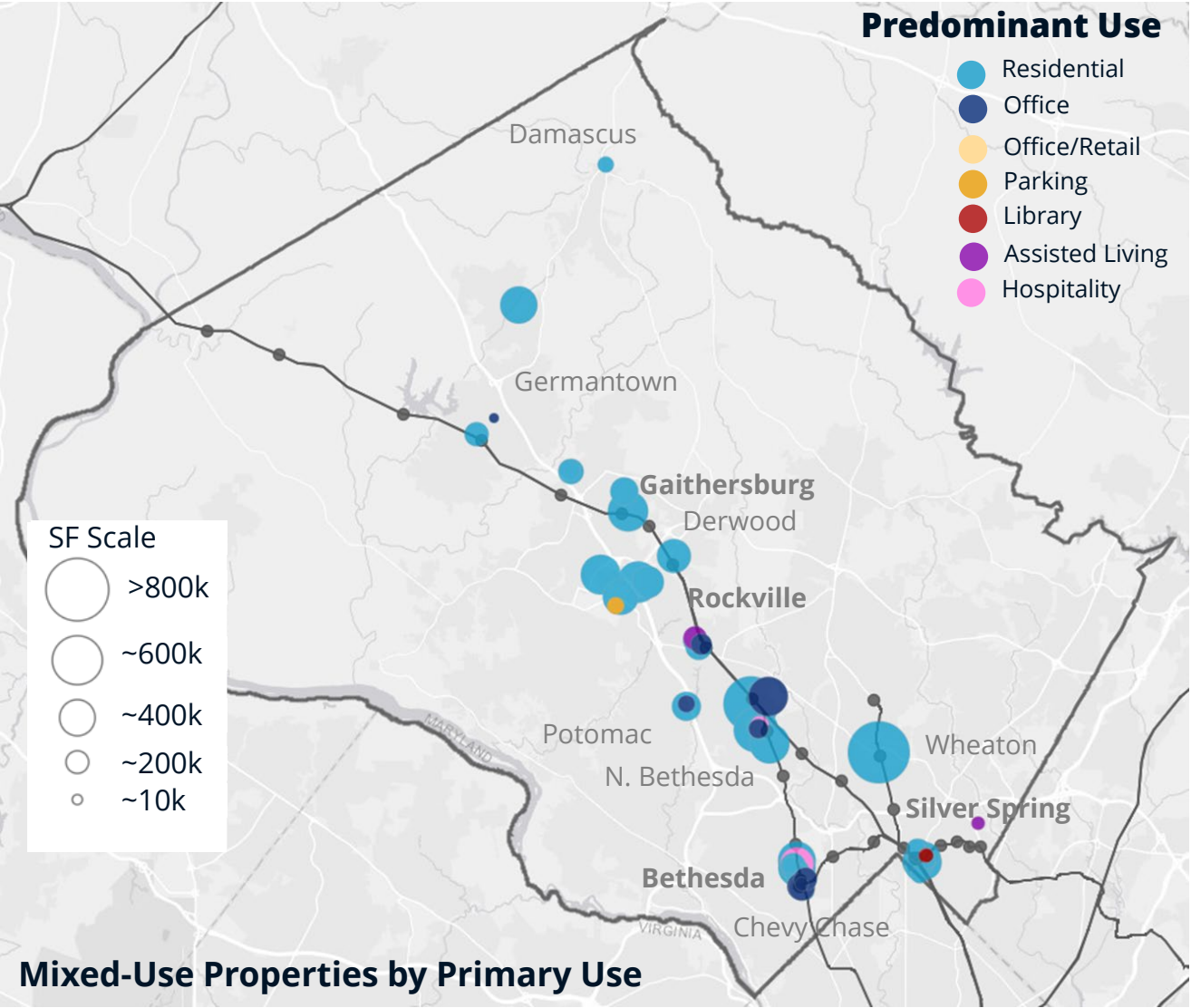
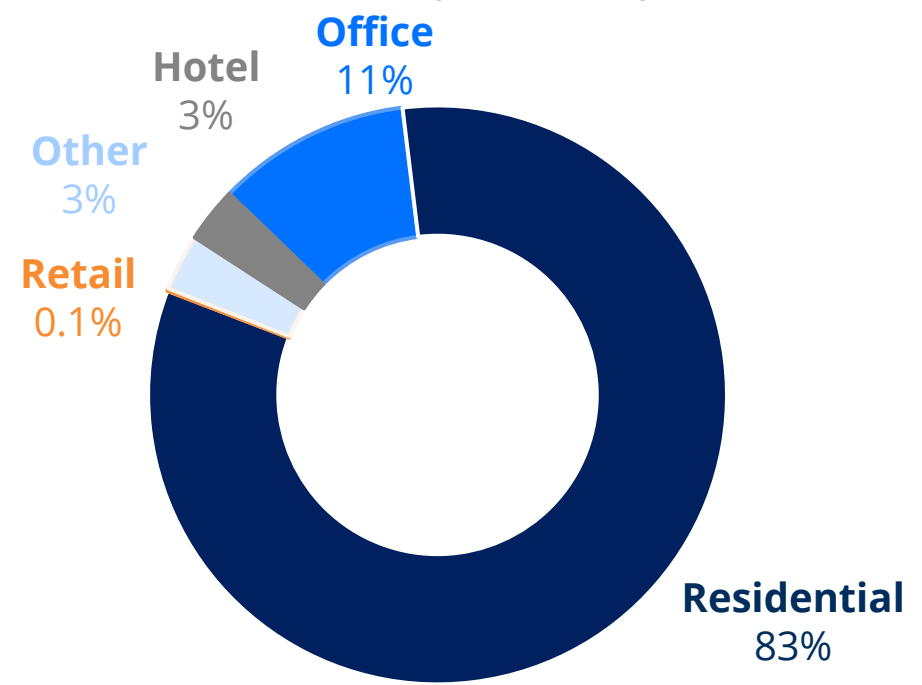
*\*Excludes pipeline development projects*  
HR&A Advisors, Inc.



# EXECUTIVE SUMMARY | Primary Uses

Primary uses within the 61 recent mixed-use projects are **most often residential or office, with retail as the secondary use.**

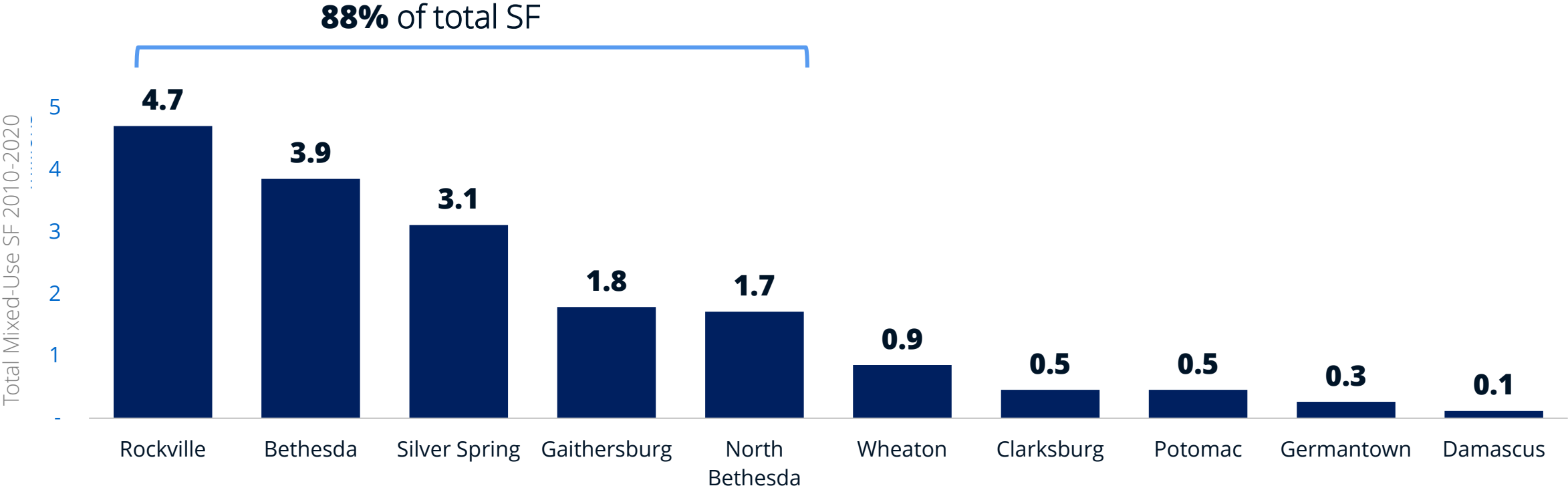
Share of SF of Mixed-Use Development 2010-2020 by Primary Use





# EXECUTIVE SUMMARY | Development by Community

Somewhat unsurprisingly, **mixed-use development has been concentrated in the County's most urban areas**, with the vast majority of built square footage located in the five largest communities.

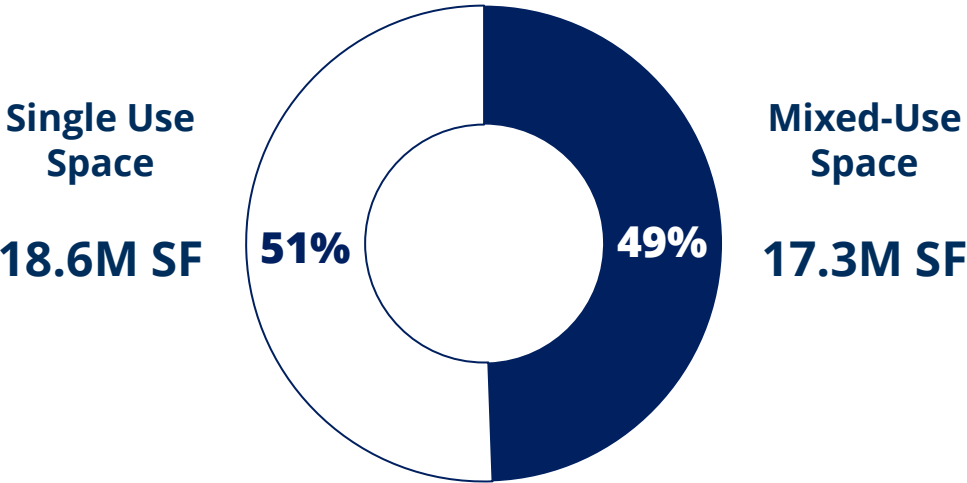


# EXECUTIVE SUMMARY | Development Overview – Recent vs. Pipeline

**Pipeline development**, if fully completed, would **double the amount of both mixed-use and single-use commercial and multifamily square footage in Montgomery County**. Pipeline figures include both projects currently under construction and projects in planning, some of which many not be realized for a long time, if ever. **Pipeline buildings are expected to be mostly mixed-use**, in line with trends from the past decade.

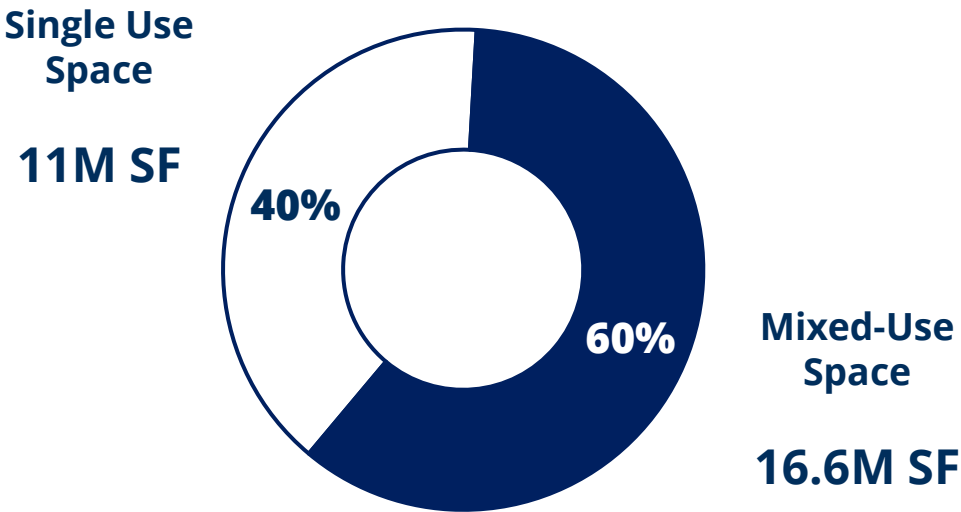
## 35.9 Million SF (2010-2020)

*Total Multifamily, Retail, Office, and Hospitality Space  
Delivered Since 2010\**



## 27.7 Million SF (2021+)

*Total Known Multifamily, Retail, Office, and Hospitality Space  
in the Pipeline\*\**



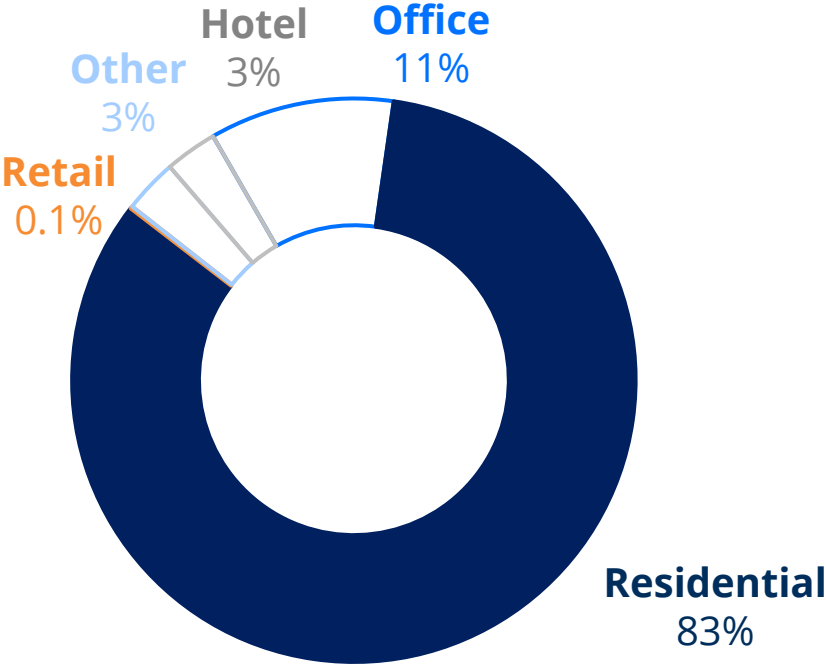
*\*Excludes pipeline development projects*

*\*\*Excludes projects for which a category could not be determined and 6.2M square feet of space whose use is still to be determined*

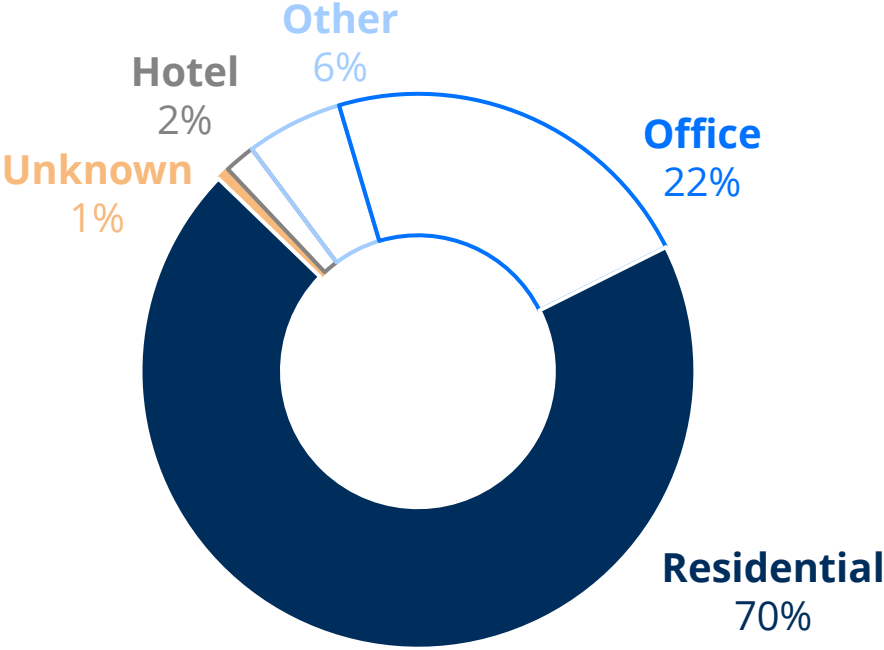
# EXECUTIVE SUMMARY | Primary Uses – Recent Development vs. Pipeline

Pending mixed-use projects are **overwhelming multifamily-anchored**, as was the case for recently built projects. The **share of office-anchored projects in the pipeline is slightly higher** than the share of office-anchored mixed-use square footage delivered during the past decade.

Share of SF of Mixed-Use Development  
2010-2020 by Primary Use



Share of SF of Mixed-Use Development  
in the Pipeline by Primary Use





# EXECUTIVE SUMMARY | Ground Floor Retail

Ground floor retail typically thrives in already vibrant areas with substantial foot traffic. As such, a blanket requirement for ground floor retail could result in poor outcomes. The County should consider all types of mixed-use development, including buildings with a variety of ground floor uses.

## Drivers of Success and Failure

- **Mixed-use buildings** within or adjacent to **already-vibrant areas** are much better positioned for **successful ground floor retail**.
- Within vibrant areas, **fronting on quiet back-streets can harm retail prospects** even if vibrant corridors are around the corner.
- **Large, vacant areas and parking lots serve as major impediments** to connectivity and customer attraction and hamper the success of ground-floor retail.
- It is **hard** to make **walkable retail typologies** work on **major auto thoroughfares** that are not comfortably walkable.
- Ground floor retail is frequently **underwritten with very conservative assumptions**, which can have negative implications for project financing.
- Vacant ground floor retail is a **“negative amenity”** that harms other uses within a mixed-use project.

## Policy Considerations

- A **blanket retail requirement** for all types of developers may lead to **poor outcomes** in certain locations (e.g. vacancy) – especially among developers who don’t know retail.
- **Retail** may increasingly act as a **demand driver for residential** – policies should keep this in mind.

## Post-COVID trends and observations

- **Retail** is likely to struggle in broad terms, in line with a pronounced national downturn in the sector. A number of retailers and restaurateurs are likely to go out of business and it may take a long time to fill spaces vacated during the pandemic.
- The pandemic may open up opportunities for more **daytime retail in residential neighborhoods**.
- Increased comfort with remote work may increase the demand for **alternative working spaces** outside the home (e.g. **coffee shops** near housing) post-COVID.

# EXECUTIVE SUMMARY | Policy Comparison vs. Case Studies

Comprehensive and Sector Plans drive growth and are often used to concentrate density in specific areas, usually near transit, where mixed-use development is most likely to occur.

Best Practices from Case Studies	
<u>Comprehensive &amp; Sector Plans</u>	<div><p><b>Other jurisdictions tend to rely on a combination of more frequent plan updates and site-specific approvals to accommodate shifts in developer demands or policy.</b></p><ul style="list-style-type: none"><li>Fairfax County's Comprehensive Plan outlines the county's goals and focuses for development across the county, with explicit development plans for Community Revitalization Districts. The Comprehensive Plan is regularly updated and tied to updates to the zoning code.</li><li>In Arlington, Sector Plans identify affordable housing, open space, and historic preservation goals, and specify additional density bonuses to incentivize those goals, but these plans are non-binding.</li><li>Bellevue updates Plans as-needed in high growth areas. For example, light rail is opening in 2023, so the City is redoing planning around station areas to take advantage of those investments.</li><li>Prince George's County adopted a new zoning ordinance as a part of the construction of the Purple Line, which emphasizes the need for high-density, mixed-use developments at the transit stations, and along existing commercial corridors like the Takoma/Langley Crossroads.</li></ul></div>

# EXECUTIVE SUMMARY | Policy Comparison vs. Case Studies

## Best Practices from Case Studies

### Comprehensive & Sector Plans

- In New York City, Special Zoning districts are used to apply additional zoning requirements to developments that are not otherwise stipulated in the Zoning Resolution. In Hudson Square, this Special Zoning district allows for residential, commercial, and community facility development despite the underlying manufacturing zone. Special Districts allow for flexibility in zoning and development, without requiring a full update to the Zoning Resolution.
- Planned Unit Developments (PUD) are utilized in Washington, D.C., to provide zoning relief. If the DC Zoning Commission believes a project will provide substantial community benefits, it can grant the relief. This process also allows for the community to engage and influence the project in a substantial way, including increasing affordable housing, streetscaping, or requiring additional community benefits.

## Implications for Montgomery County

Montgomery County recently drafted the Thrive Montgomery 2050 to update the 1993 General Plan. The County's Sector Plans and Master Plans for smaller areas, which help drive growth in certain areas, are updated more frequently than the General Plan. In future years, the County could consider more frequent Sector Plan updates on a proactive basis in line with changes in market conditions, transit, etc. in certain neighborhoods and/or additional zoning and density flexibility in Sector Plans to allow for changing conditions over time.



# EXECUTIVE SUMMARY | Policy Comparison vs. Case Studies

Land use requirements and the development review process can drive mixed-use development by encouraging projects that align with market demand, in terms of density and building typology.

Best Practices from Case Studies	
Land Use	<p><b>A review process that offers developers a mix of certainty and flexibility encourages development that aligns with market demand.</b></p> <ul style="list-style-type: none"><li>• Arlington has a discretionary review process for re-zoning. While this can be time consuming, especially if the development was not originally in the city’s plan, it offers greater flexibility for developers and calibrates to market demand.</li><li>• Bellevue has a mix of requirements and discretionary items in the review process, which offers developers both certainty and flexibility when needed.</li><li>• Portland, OR allows for more housing units in areas zoned as single-family residential, to encourage a boost in housing supply through the Residential Infill Project.</li></ul>

Implications for Montgomery County	
<p>Currently, Montgomery County allows some discretion throughout the review process through the point-based incentive system. Adoption of a discretionary review process more in line with Arlington and Bellevue could allow a greater degree of flexibility, but might offer less certainty to developers. Additionally, flexibility in density standards, particularly in residential zones, can provide more opportunities for mixed-use development.</p>	

# EXECUTIVE SUMMARY | Policy Comparison vs. Case Studies

The amenities in walkable, urban areas – such as those offered by and near mixed-use buildings – should be accessible to all residents.

Affordable Housing

Best Practices from Case Studies

**Other jurisdictions have put programs in place that offer incentives in return for building affordable housing units.**

- Los Angeles’ incentive programs allow for additional height and reduce parking minimums if developers include affordable housing within their development.
- Fairfax County mandates a 12% share of affordable housing for the subset of projects that require greater density or a rezoning, lower than Montgomery County’s 12.5-15% target.
- Loudoun County’s Inclusionary Zoning policy encourages deeply affordable units by applying incentives to units affordable to households earning between 30% and 50% of AMI, and Portland, OR’s Residential Infill Project, which allows more units in areas zoned as single family residential in order to boost affordable housing supply.

Implications for Montgomery County

While the County already generates relatively high affordable unit production compared to the case study areas, there is still a desire to do better. As noted in the Thrive 2050 Plan, there is inadequate housing production and supply compared to the need. Montgomery could explore the viability of policy options that use incentives to further encourage affordable units in a greater variety of locations and serving a wider range of households.

# EXECUTIVE SUMMARY | Policy Comparison vs. Case Studies

Design guidelines contribute to a mixed-use environment by encouraging a sense of place and greater neighborhood connectivity.

Best Practices from Case Studies	
Design Standards	<p><b>Design guidelines that are grounded in creating a walkable, urban areas can cultivate environments that attract mixed-use development.</b></p> <ul style="list-style-type: none"><li>• Arlington uses “Smart Growth” principles to drive design guidelines.</li><li>• Bellevue has a mix of required and negotiable design guidelines, allowing the City to prioritize their guidelines and ensuring that developers comply with design preferences that are considered a top priority.</li><li>• Fairfax County has Urban Design Guidelines that provide in-depth descriptions and options for what the County envisions for the Community Revitalization Districts.</li></ul>
Implications for Montgomery County	
<p>Compliance with many of the County’s design guidelines falls under the “optional method” of development, potentially allowing developers to consider choosing between certain County urban design goals and other public benefits. Montgomery County could consider altering its optional method process to make certain high-priority design goals mandatory, regardless of which public benefits developers choose to provide.</p>	



# EXECUTIVE SUMMARY | Policy Comparison vs. Case Studies

Open space enhances a mixed-use environment by encouraging a more comfortable transition between indoors and outdoors, which strengthens the viability of ground floor uses.

Best Practices from Case Studies	
<u>Open Space</u>	<div><b>Other jurisdictions tend to require some public space in mixed-use districts, or in exchange for the density needed to develop a mixed-use building.</b></div> <ul style="list-style-type: none"><li>• Downtown Bellevue allows additional building height if 10% of ground floor is public space.</li><li>• In many mixed-use districts in Arlington, a minimum of 10% of the total site area is required to be landscaped open space.</li></ul>
Implications for Montgomery County	
Montgomery County’s public space requirements are equal to those in other jurisdictions. Developers can generate points for going above the minimum open space requirements, but they also may choose to focus on other public benefits instead.	

# EXECUTIVE SUMMARY | Policy Comparison vs. Case Studies

Montgomery County’s parking requirements are comparable or slightly lower than those of other suburban jurisdictions in the region, depending on the use and location.

Jurisdiction	Base Parking Requirement	Additional Details
Montgomery County	<ul style="list-style-type: none"><li>• <b>Residential:</b> Minimum <b>1 space</b> per unit</li><li>• <b>Retail:</b> Minimum <b>3.5 spaces</b> per 1,000 SF of Gross Leasable Area</li><li>• <b>Office:</b> Minimum <b>2 spaces</b> per 1,000 Gross Floor Area</li></ul>	<ul style="list-style-type: none"><li>• In CR zones, up to 10 points for providing fewer than the maximum allowed number of parking spaces.</li></ul>
Arlington	<ul style="list-style-type: none"><li>• <b>Residential:</b> Minimum <b>1 space</b> per unit</li><li>• <b>Commercial:</b> Minimum <b>1 space</b> per 300-580 SF</li></ul>	<ul style="list-style-type: none"><li>• In some mixed-use districts, no parking is required for the first 5,000 SF of commercial floor area.</li><li>• Open for negotiation in site planning process.</li></ul>
Fairfax County	<ul style="list-style-type: none"><li>• <b>Residential:</b> <b>1.3 – 1.6 spaces</b> per unit depending on number of bedrooms or distance from Metro Stations.</li><li>• <b>Retail:</b> <b>1 space</b> per 200 SF of Net Floor Area for the first 1,000 SF &amp; <b>6 spaces</b> for each additional 1,000 SF. Requirement reduced by 20% near Metro Stations.</li><li>• <b>Office:</b> <b>2 spaces</b> per 1,000 SF for buildings within 0.25 mile of Metro Stations, otherwise <b>2.3 – 3.6 spaces</b> per 1,000 SF</li></ul>	<ul style="list-style-type: none"><li>• Parking requirements were updated in 2018 to lower development costs and avoid overparking.</li></ul>

# EXECUTIVE SUMMARY | Policy Comparison vs. Case Studies

Jurisdictions elsewhere in the country are experimenting with lower parking ratios or even market-driven parking regulations.

Jurisdiction	Base Parking Requirement	Additional Details
Bellevue, WA (Downtown)	<ul style="list-style-type: none"><li>• <b>Residential:</b> Minimum <b>0 -1.0 spaces</b> per 1,000 NSF depending on zoning</li><li>• <b>Retail:</b> Minimum <b>3.3 – 4.0 spaces</b> per 1,000 NSF depending on zoning</li><li>• <b>Office:</b> Minimum <b>2 – 2.7 spaces</b> per 1,000 NSF depending on zoning</li></ul>	<ul style="list-style-type: none"><li>• In some areas, the City allows a market driven approach to parking.</li></ul>
Los Angeles, CA	<ul style="list-style-type: none"><li>• <b>Residential:</b> Minimum <b>1 – 2 spaces</b> per unit depending on number of bedrooms</li><li>• <b>Office:</b> Minimum <b>1 space</b> per 400 SF</li><li>• <b>Retail:</b> Minimum <b>1 space</b> per 250 SF</li></ul>	<ul style="list-style-type: none"><li>• Los Angeles has begun to explore policies that reduce parking minimums to encourage more density.</li></ul>

# EXECUTIVE SUMMARY | Regional Competitiveness Comparison

Local jurisdictions can offer favorable conditions relating to talent acquisition, tax incentives, and accessibility, all of which contribute to attracting the principal anchor uses of mixed-use buildings, office and residential. The County is in a strong position to attract an increasing share of the region’s residential demand, particularly in areas with more amenities and access to the Metro.

## ATTRACTING RESIDENTIAL DEMAND *(Higher, mid, and lower assessments are relative to the region)*

	Montgomery County		Northern Virginia		DC
Housing Costs →	<b>Mid:</b> \$1,765 Median Rent 2019 <b>Lower:</b> \$485k Median Home Value 2019		<b>Higher:</b> \$1,880 Median Rent 2019* <b>Mid:</b> \$566k Median Home Value 2019*		<b>Lower:</b> \$1,541 Median Rent 2019 <b>Higher:</b> \$602k Median Home Value 2019
Public Schools →	<b>Stronger:</b> Good public schools (A rating on Niche)		<b>Stronger:</b> Good public schools (A rating on Niche)		<b>Weaker:</b> Average public schools (B- rating on Niche)
Accessibility to Jobs and Amenities →	<b>Mid:</b> 13 Metro Stops and 0 Transfer Stations. Further from regional airports		<b>Higher:</b> 30 Metro Stops, 4 Transfer Stations, and 2 Airports		<b>Higher:</b> 40 Metro Stops and 5 Transfer Stations Accessible to DCA without transfer

\*Northern Virginia includes Arlington, Fairfax County, Loudoun County, and Alexandria. Housing costs are approximate.

# EXECUTIVE SUMMARY | Regional Competitiveness Comparison

Northern Virginia captures an outsized share of the region’s office demand due to the jurisdiction’s economic anchors and regulatory environment, making it less expensive for businesses to locate there. Additionally, the area has created an industry hub around tech. Rather than competition for larger office tenants, the County could leverage shifts in demand due to the pandemic and offer more flexible, co-working office spaces.

## ATTRACTING OFFICE DEMAND *(High, mid, low assessments are relative to the region)*

	Montgomery County	Northern Virginia	DC
Tax Incentives →	<b>Limited:</b> Tax incentives focused on target industries	<b>Strong:</b> Range of tax incentives that are workforce-oriented	<b>Limited:</b> Focused on small businesses & inclusive growth
Financing and Grants →	<b>Strong:</b> Range of financing and grants available	<b>Strong:</b> Variety of financing and grants available to businesses	<b>Limited:</b> Focused on small businesses & inclusive growth
Commercial Property Tax Rate →	<b>Mid:</b> \$1.20 per \$100 in value in 2019	<b>Low:</b> \$1.02 - \$1.15 per \$100 in value in 2019	<b>High:</b> Up to \$1.89 per \$100 in value in 2019
Accessibility to Industry Hubs and Transportation	<b>Mid:</b> 13 metro stops and 0 transfer stations. Further from airports. Hub for life science industry (NIH).	<b>High:</b> 30 metro stops, 4 transfer stations, and 2 airports. Hub for defense (Pentagon, CIA) and tech industries.	<b>High:</b> 40 metro stops and 5 transfer stations; accessible to DCA without transfer. Convenient to most federal agencies.

\*Northern Virginia includes Arlington, Fairfax County, Loudoun County, and Alexandria. Housing costs are approximate.



## EXECUTIVE SUMMARY | Policy Recommendations

Montgomery County is a national leader in planning for affordable housing, open space and other amenities, but could consider adjusting some policies to attract more mixed-use development. Adjusting policies to balance flexibility with minimum requirements, allow for less time-consuming approvals and re-zonings, and increase alignment with evolving market conditions are potential areas for improvement.

- **Consider Minimum Requirements for Densification:** Montgomery County's thoughtful, detailed "optional method" process allows developers a variety of ways to pursue greater density but may have a side effect of ceding control over which public benefits are most emphasized by developers in pursuit of density. The County could consider a system similar to that of Bellevue in which certain public benefits (affordable housing in Bellevue's case) must be achieved as a first priority for all projects seeking incentive density. In Montgomery County, such a policy could vary based on the needs for specific public benefits in different parts of the County.
- **Consider Broader Definition for Active Ground Floors:** References to ground floor retail in various Sector Plans and other planning documents could be broadened beyond ground floor retail to include other active uses, particularly in light of the evolution of the retail market as well as the challenges faced by ground floor retailers occupying storefronts that are not already within active, pedestrian-oriented retail destinations. Bellevue defines retail as just one of many publicly accessible spaces that are open to the public during normal business hours, and applies requirements and incentives to the broader "active use" designation rather than ground floor retail specifically. Downtown Los Angeles, on the other hand, applies a narrow definition of active ground floors focused on retail, and has suffered as a result.

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- **Maintain National Leadership in Promoting Affordable Housing:** Montgomery has a more aggressive and successful affordable housing policy than many other jurisdictions. While this policy imposes greater financial burdens than developers may face in other jurisdictions such as Fairfax County, it advances a critical County goal and developers have been able to accommodate it. Montgomery County can maintain this leadership and continue to advance progress towards addressing the housing gap in the County.
- **Consider Greater Flexibility Between General and Sector Plan Updates:** Other jurisdictions make it somewhat easier for developers to pursue exceptions to pre-determined uses, densities, etc. (e.g. Arlington), and/or update local plans more frequently to account for changing market conditions (e.g. Bellevue, Fairfax), due in part to differences in State laws. Montgomery County should consider ways to make the approvals process for proposals faster and seek strategies to account for changes in market conditions in certain neighborhoods that may occur in between plan updates, while staying within the bounds of Maryland planning regulation.

## EXECUTIVE SUMMARY | Policy Recommendations

The onset of the COVID-19 pandemic has added uncertainty to market dynamics across the country – particularly for commercial uses. The desire for urban workers to limit commuting and continue an amenity-rich lifestyle outside of a central city may lead to more demand for mixed-use development in the suburbs. The pandemic may also shift demand for particular amenities by increasing demand for open space, for example. The County may want to consider additional programs and policies to accommodate potential shifts in the market:

- **Ground Floor Activation Strategies**, such as a public art program to reduce the negative impact of any vacant space, or encouraging a wider range of ground floor uses, including temporary childcare centers, co-working spaces, and colocated public facilities. Ground floor retail, especially in areas with low walkability, should be carefully evaluated, and the County should consider whether a critical mass exists to sustain retail on the ground floor.
- **Funding and Incentive-Based Solutions**, such as continued rental assistance or small business grants. The pandemic can serve as an opportunity to rethink economic development incentives and the industries or use types the County is aiming to attract.
- **Activate Existing Public Spaces** near mixed-use districts by planning events or enhancing the space through the addition of public art, benches, etc. Structural support, like that of BIDs and neighborhood associations, can help further the activation of these spaces.

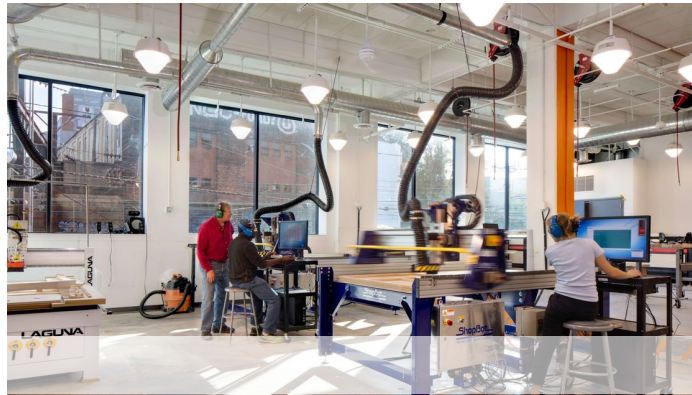
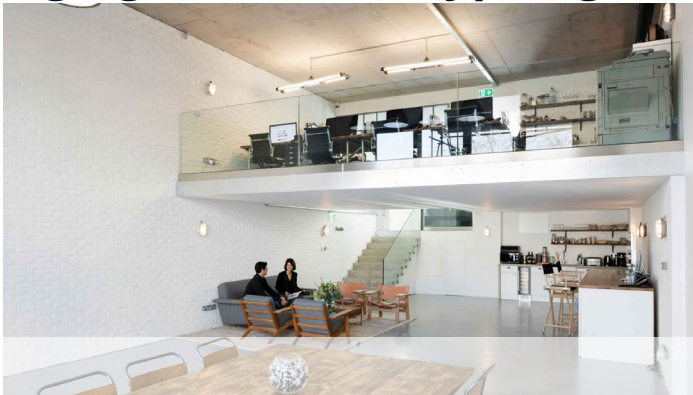
## **II: Mixed-Use Development in Montgomery County**

# MIXED-USE DEVELOPMENT | Definition

**How do we define mixed-use?** Typically, a project that provides more than one use or purpose within a shared building- housing, office, retail, commercial, recreational, or another use - is considered “mixed-use.” **Traditional mixed-use projects typically have a single primary use paired with ground floor retail.**

**Emerging mixed-use typologies** differ from the traditional use/ground floor retail model, often **pairing a typical primary use with a non-retail co-primary, secondary or tertiary use.** Examples of atypical mixed-use include office buildings paired with industrial makerspaces, senior living communities with assisted living services, live-work developments, urban agriculture on building rooftops, and gallery spaces with attached studios.

## Emerging Mixed-Use Typologies:



*Examples from left to right: Canalside Studio (San Francisco), Open Works (Baltimore, MD), Up Top Acres (Washington, D.C.)*



# MIXED-USE DEVELOPMENT | Introduction

## Increasing Success of Mixed-Use Development

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2. Mixed-use development is steadily **growing as a share of total development**, with pipeline projects even more weighted toward mixed-use development than recent development.

## Common Mixed-Use Characteristics

1. Mixed-use buildings are predominantly **anchored by residential**, followed by office, with **ground floor retail generally as the secondary use**.
2. Mixed-use is mainly developed in **already existing commercial nodes** near transit and highly walkable areas, particularly in Bethesda, Rockville, Silver Spring, and the county's other largest communities.

3. Mixed-use projects are **mostly mid-rise** (4-14 floors), with high-rise product mostly limited to Bethesda and Silver Spring.

## Common Mixed-Use Success Factors

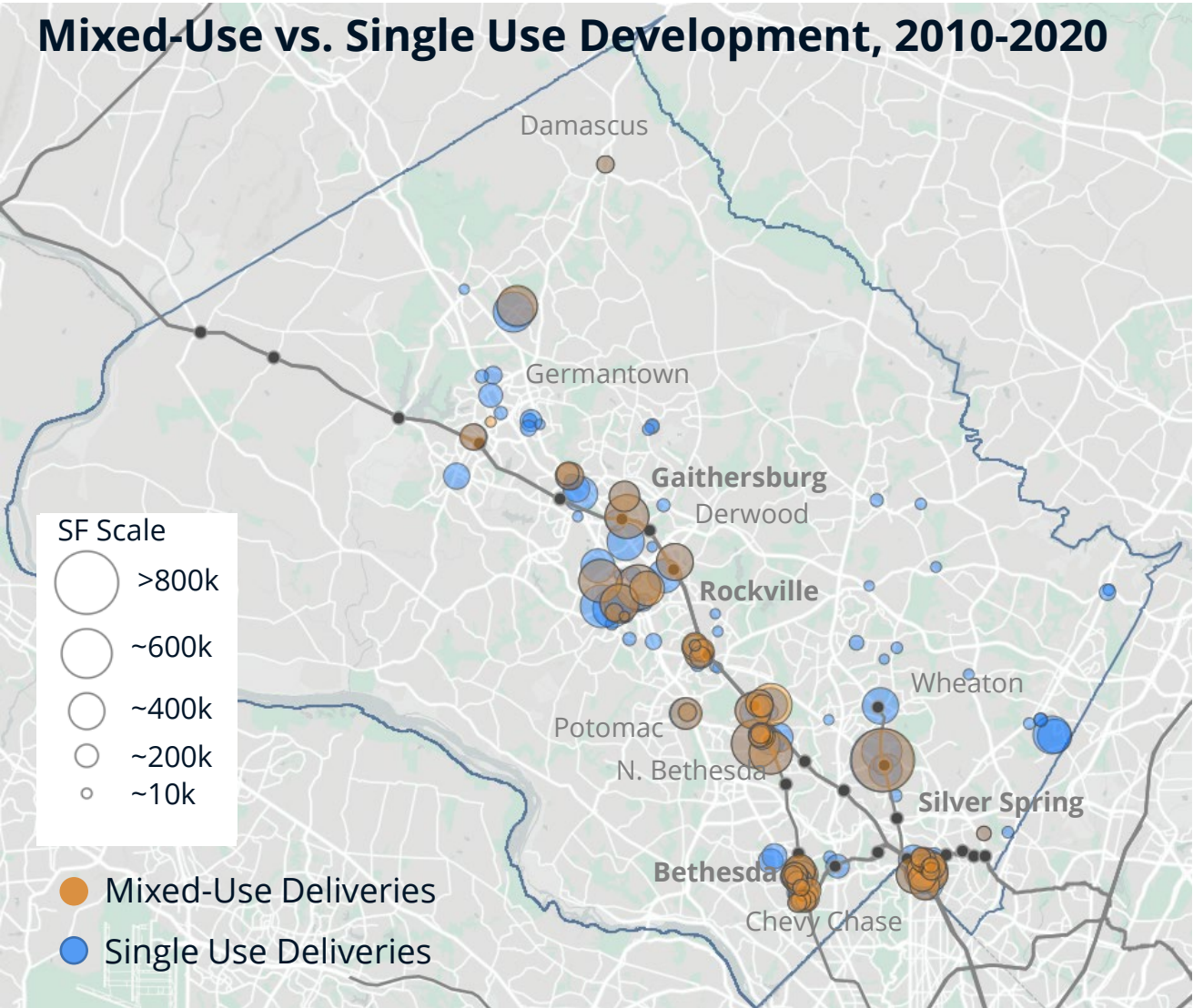
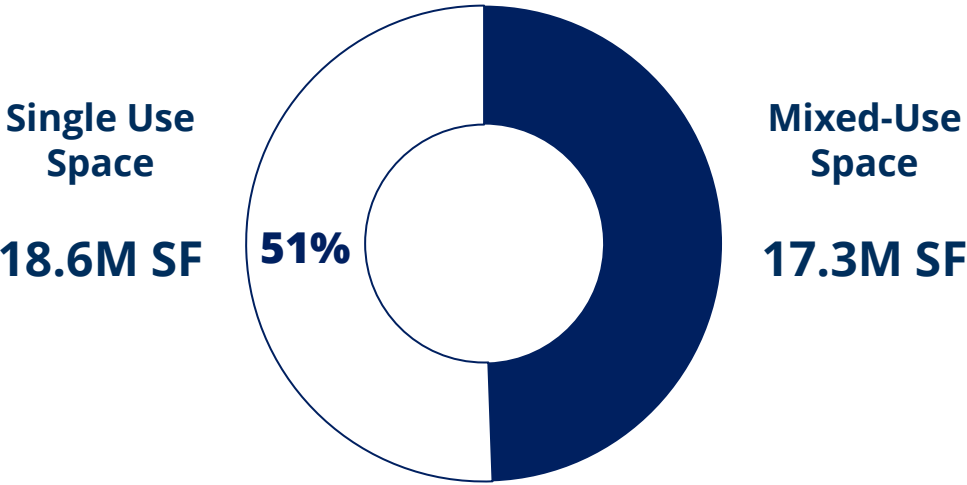
1. Mixed-use development can succeed both by **adding to adjacent authentic/older neighborhoods** and by using **good design and an appealing streetscape** to attract shoppers, workers and residents to a new place.
2. Larger **down-county communities and communities adjacent to rail transit** tend to have **more successful mixed-use projects**, as measured by convenience, walkability and sustainability.
3. Ground floor retail that is **within or adjacent to already-vibrant areas** is much **better positioned for success** than ground floor retail that is more isolated from pedestrians and other retailers or adjacent to major roadways, vacant land or parking.

# MIXED-USE DEVELOPMENT, 2010-2020 | Development Overview

Commercial and multifamily development built since 2010 has been split across mixed-use and single use development, with single use developments having a slightly larger share of total development.

**35.9 Million SF (2010-2020)**

*Total Multifamily, Retail, Office, and Hospitality Space  
Delivered Since 2010\**

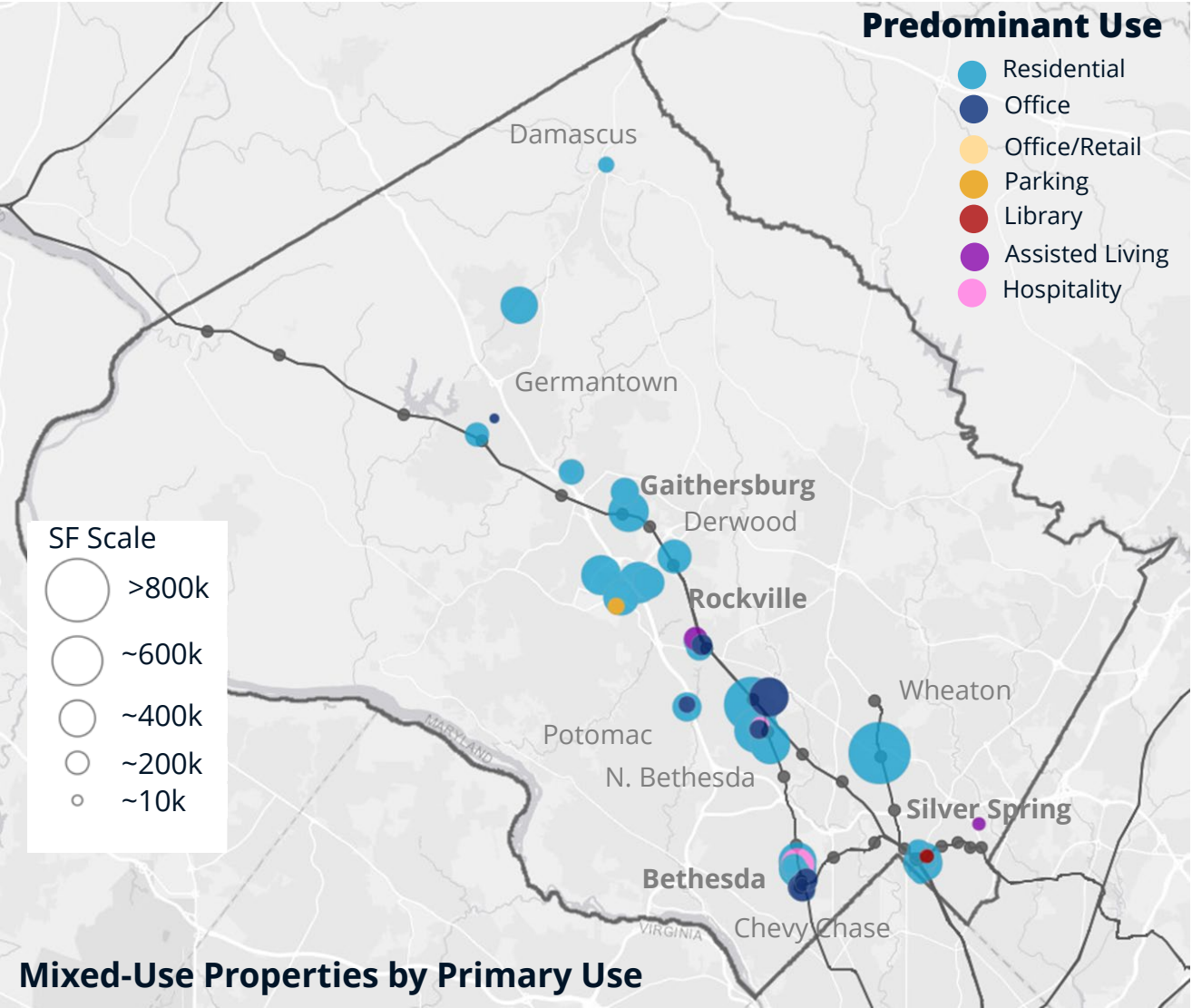
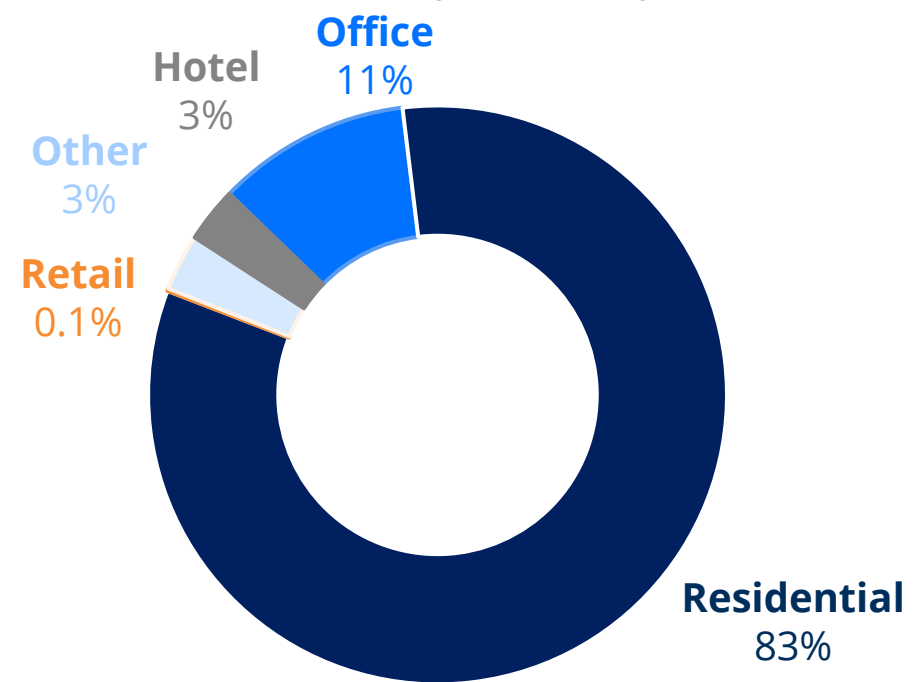


*\*Excludes pipeline development projects*  
HR&A Advisors, Inc.

# MIXED-USE DEVELOPMENT, 2010-2020 | Primary Uses

Primary uses within the 61 recent mixed-use projects are **most often residential or office, with retail as the secondary use.**

Share of SF of Mixed-Use Development 2010-2020 by Primary Use

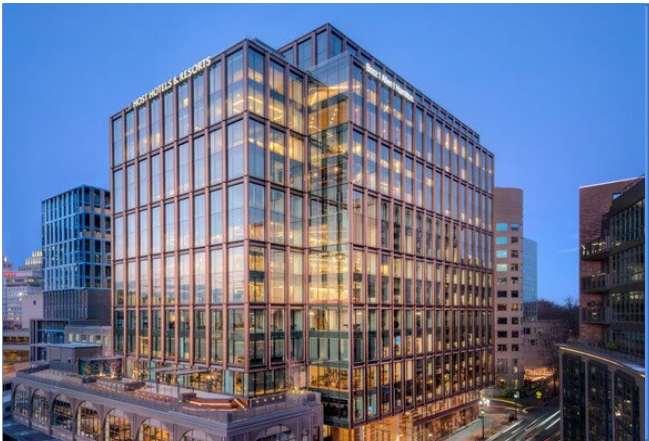




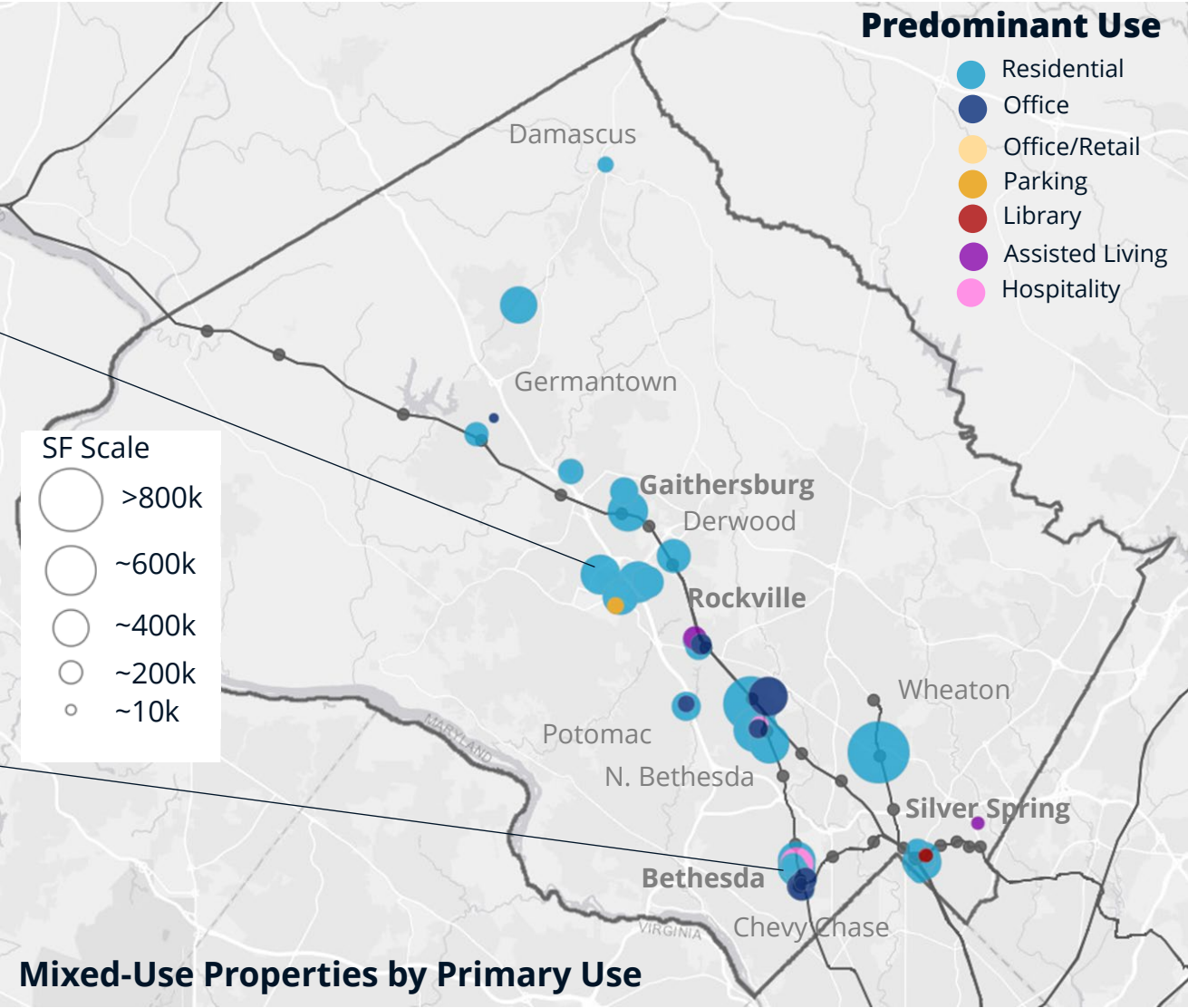
# MIXED-USE DEVELOPMENT, 2010-2020 | Primary Uses



83% of SF is Multifamily-Anchored:  
**113 Ellington Blvd.**, Rockville (Cadence at Crown)



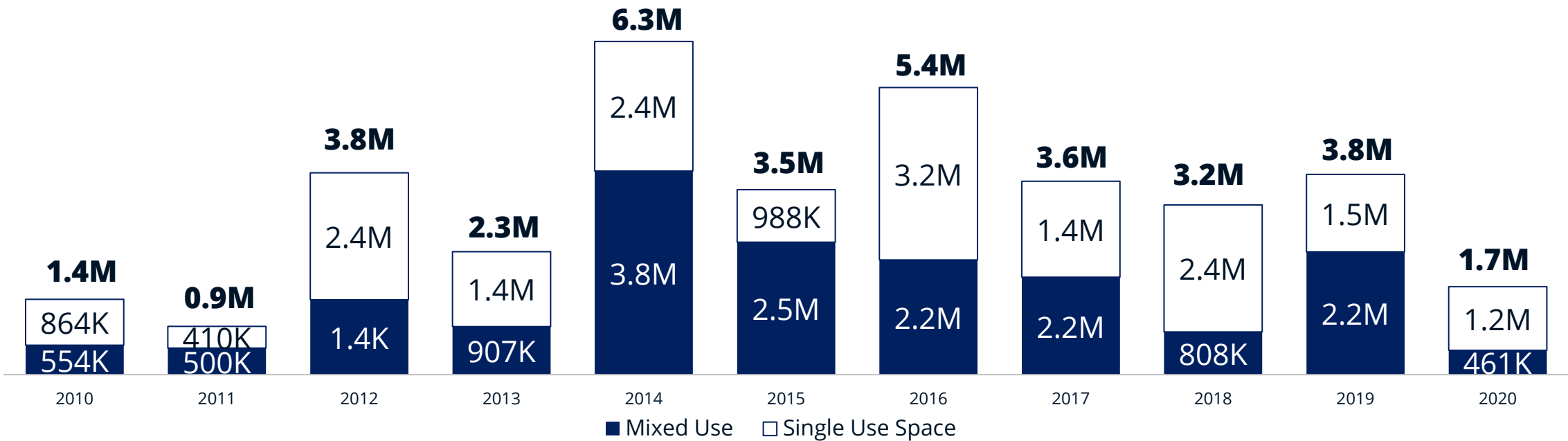
11% of SF is Office-Anchored:  
**4747 Bethesda Ave**, Bethesda



# MIXED-USE DEVELOPMENT, 2010-2020 | Development Trends

Mixed-use development has been the predominant typology for multifamily and commercial development most years since 2014.

Total Montgomery County Development by Year, 2010 - 2020





# MIXED-USE DEVELOPMENT, 2010-2020 | Developers

The 60+ mixed-use properties built since 2010 have been led by more than 30 different developers, suggesting a **broad base of companies and investors interested in and capable of developing mixed-use.**

**31** Total **developers of mixed-use** properties

**5** Developers of **at least three mixed-use** properties

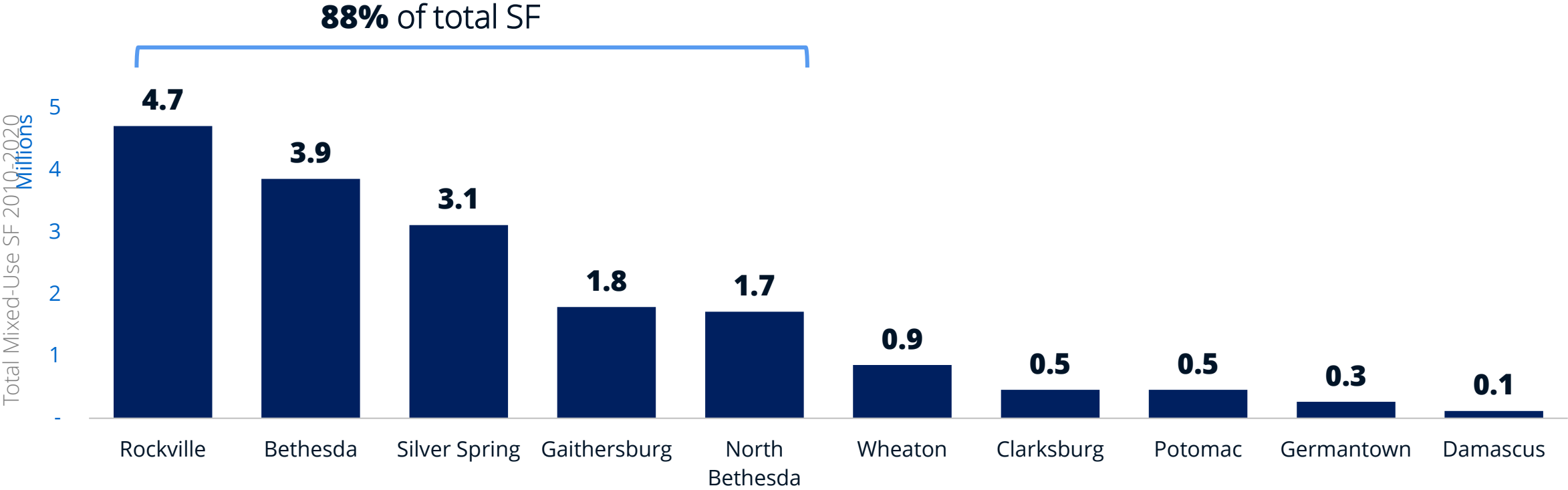
	Projects	SF	% of Recent Mixed-Use Development
JBG	9	3.2M	16%
Federal Realty Investment	5	1.4M	7%
Washington Property	3	1.0M	5%
Foulger-Pratt	3	0.7M	3%
Donohoe	3	0.6M	3%



**Stonebridge:** The Flats at Bethesda Ave.,  
7170 Woodmont Ave, Bethesda

# MIXED-USE DEVELOPMENT, 2010-2020 | Development by Community

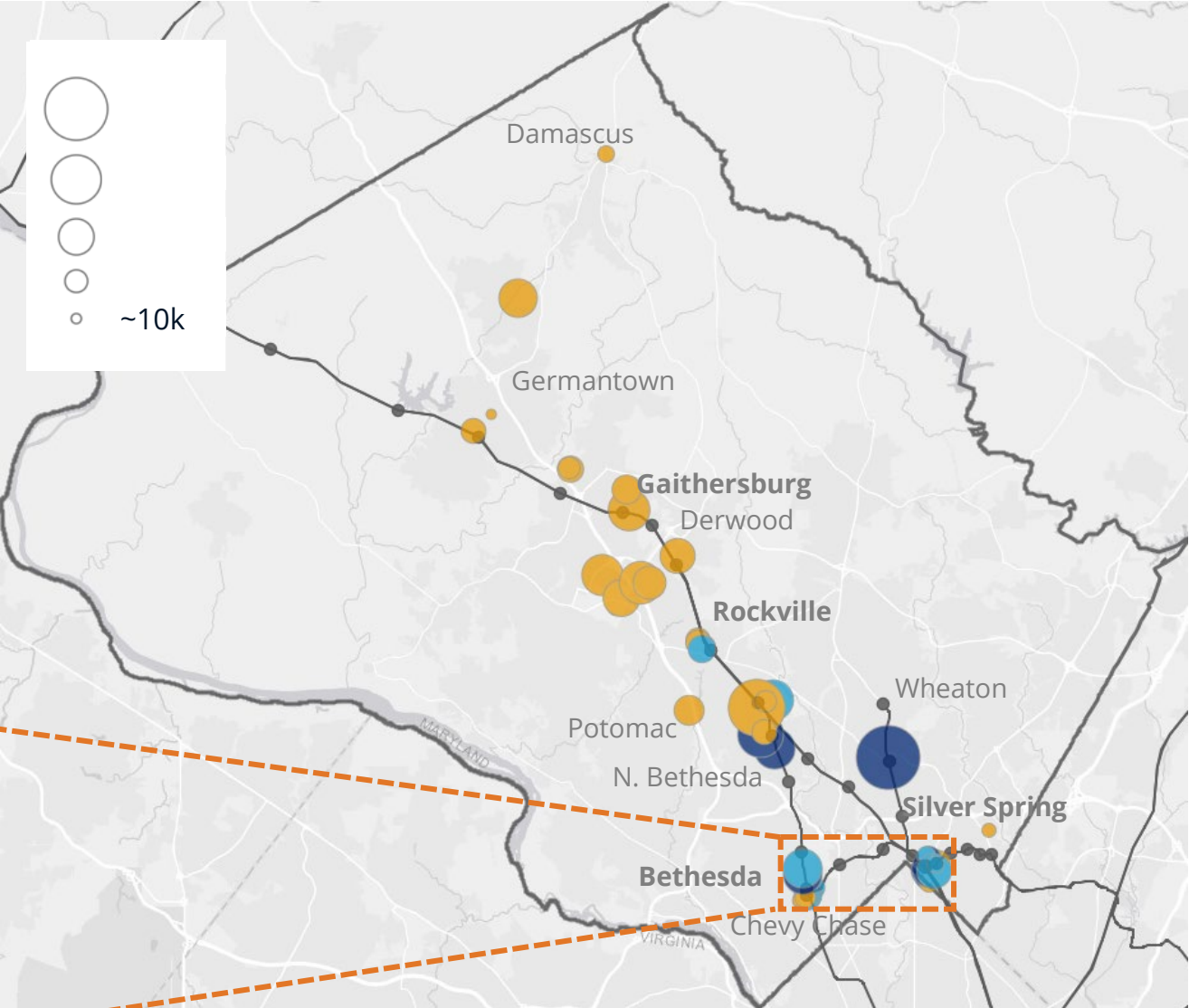
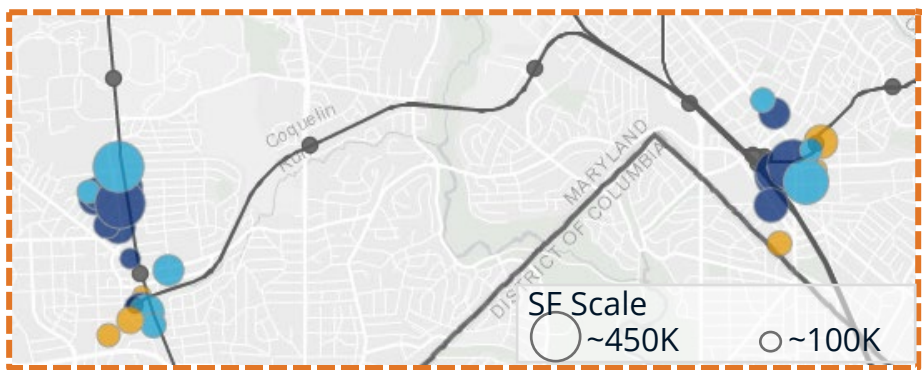
Predictably, **mixed-use development has been concentrated in the County's most urban areas**, with the vast majority of built square footage located in the five largest submarkets.



# MIXED-USE DEVELOPMENT, 2010-2020 | Density

The County's mixed-use buildings are **most commonly mid-rise**. High-rise buildings are concentrated in urban centers such as Bethesda and Silver Spring.

- Building Style by SF**
- High-Rise (15+ floors)
  - Mid-Rise (8-14 floors)
  - Low-Rise (1-7 floors)

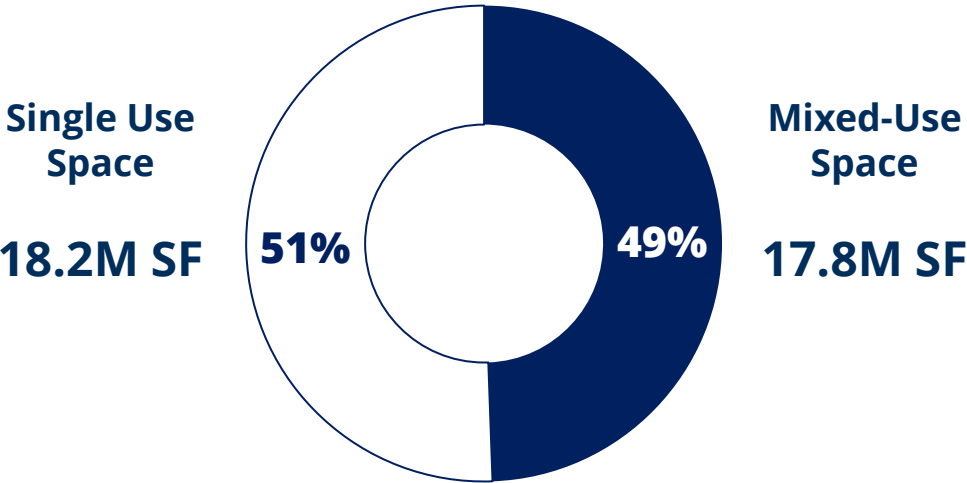


# MIXED-USE PIPELINE | Development Overview

**Pipeline development**, if fully completed, would **double the amount of both mixed-use and single-use commercial and multifamily square footage in Montgomery County**. Pipeline figures include both projects currently under construction and projects in planning, some of which many not be realized for a long time, if ever. **Pipeline buildings are expected to be mostly mixed-use**, in line with trends from the past decade.

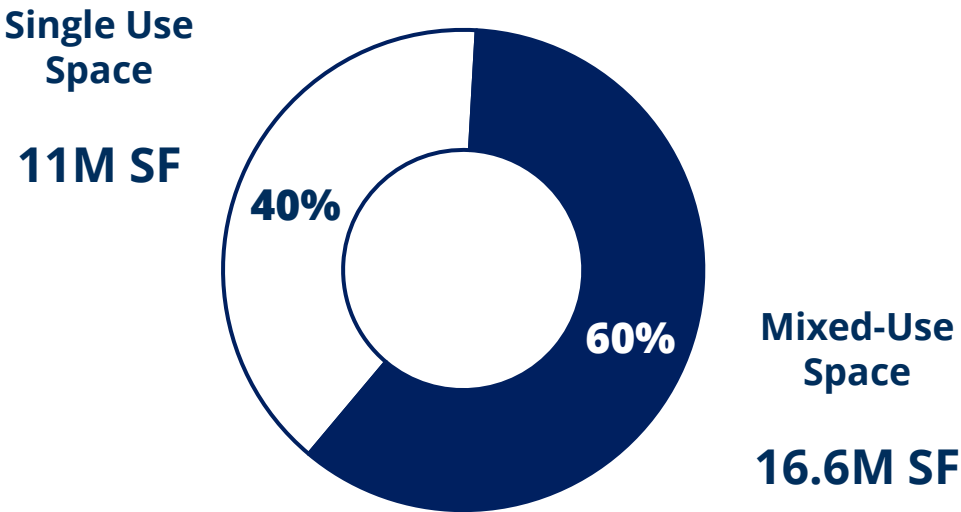
## 35.9 Million SF (2010-2020)

Total Multifamily, Retail, Office, and Hospitality Space  
Delivered Since 2010\*



## 27.7 Million SF (2021+)

Total Known Multifamily, Retail, Office, and Hospitality Space  
in the Pipeline (Excl. 6.2M TBD SF)\*\*



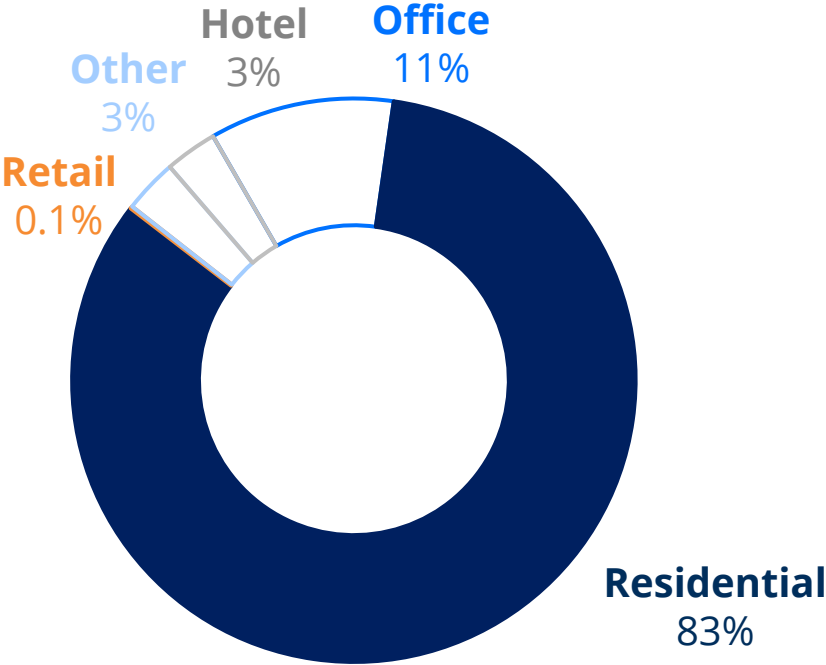
\*Excludes pipeline development projects

\*\*Excludes projects for which a category could not be determined

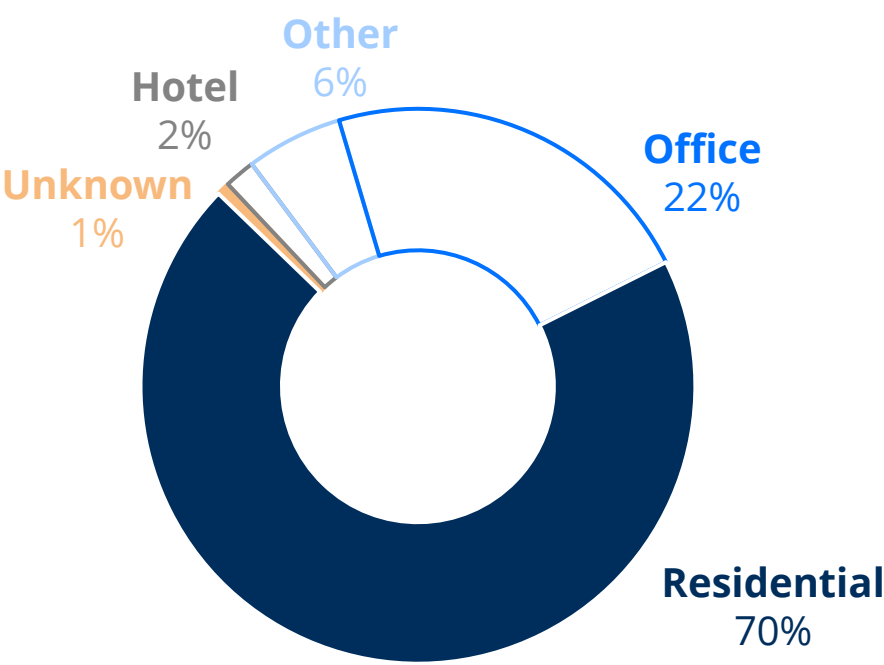
# MIXED-USE PIPELINE | Primary Uses

Pending mixed-use projects are **overwhelming multifamily-anchored**, as was the case for recently built projects. The **share of office-anchored projects in the pipeline is slightly higher** than the share of square footage delivered during the past decade.

Share of SF of Mixed-Use Development  
2010-2020 by Primary Use



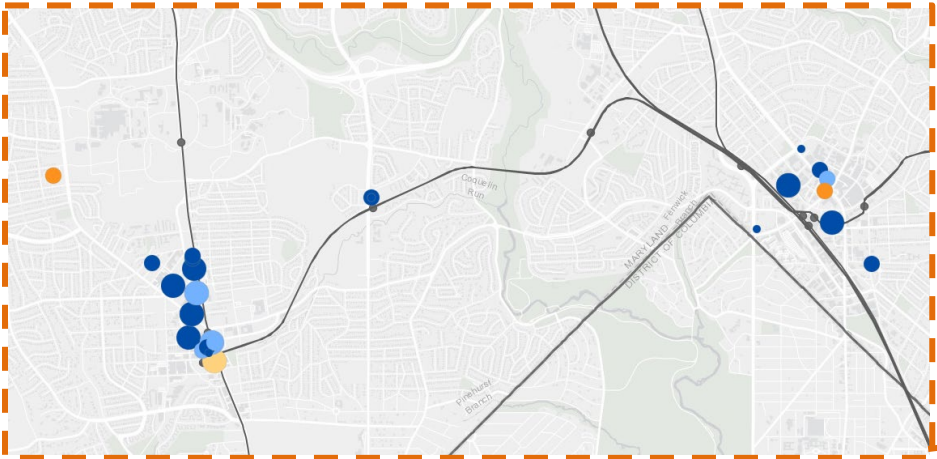
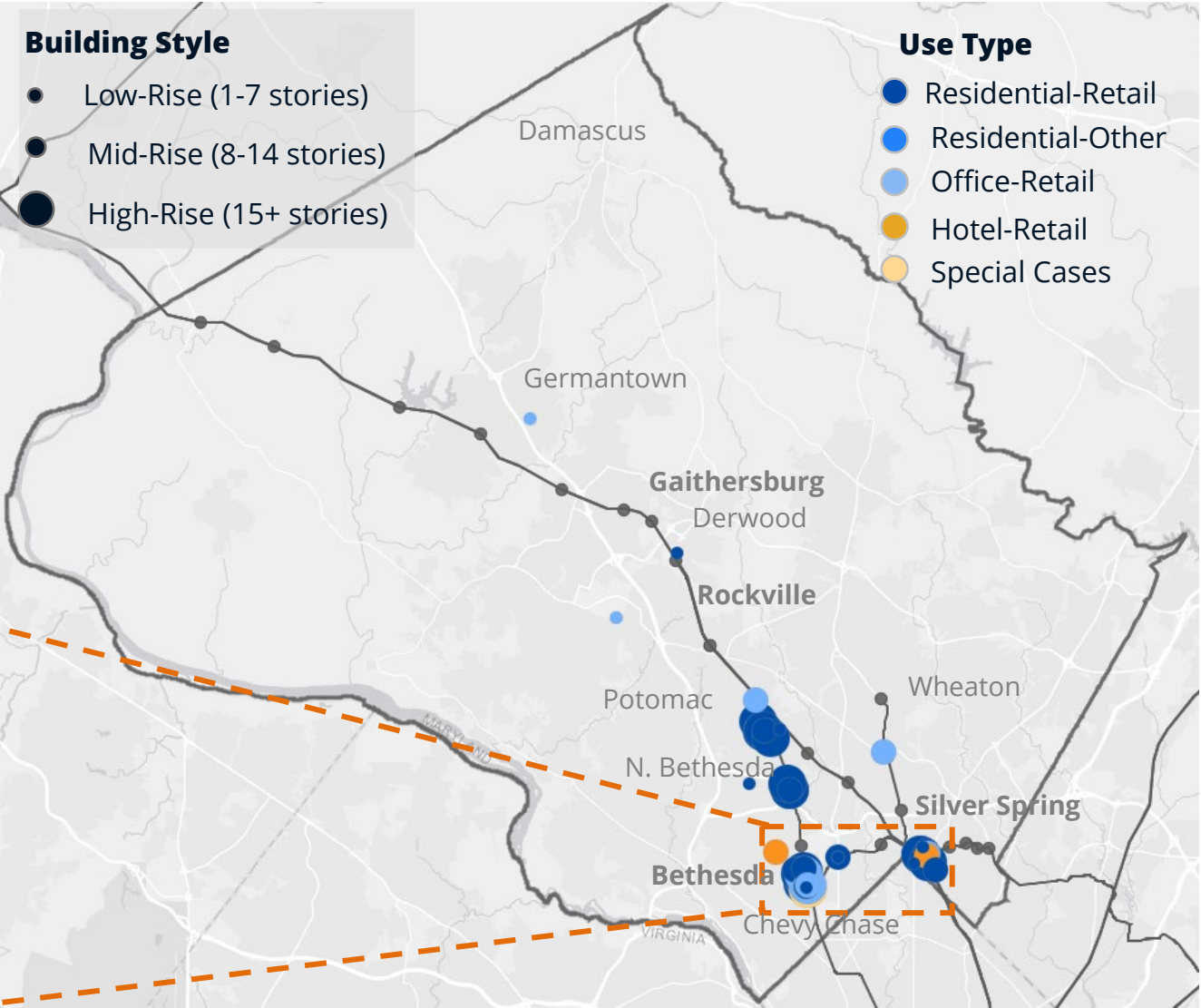
Share of SF of Mixed-Use Development  
in the Pipeline by Primary Use





# PIPELINE TYPOLOGIES | Overview

Pipeline mixed-use buildings are even more **concentrated down-county** than was the case for recent deliveries. **Silver Spring, Bethesda and N. Bethesda** (including contiguous portions of Rockville) are expected to remain the primary nodes of mixed-use development.

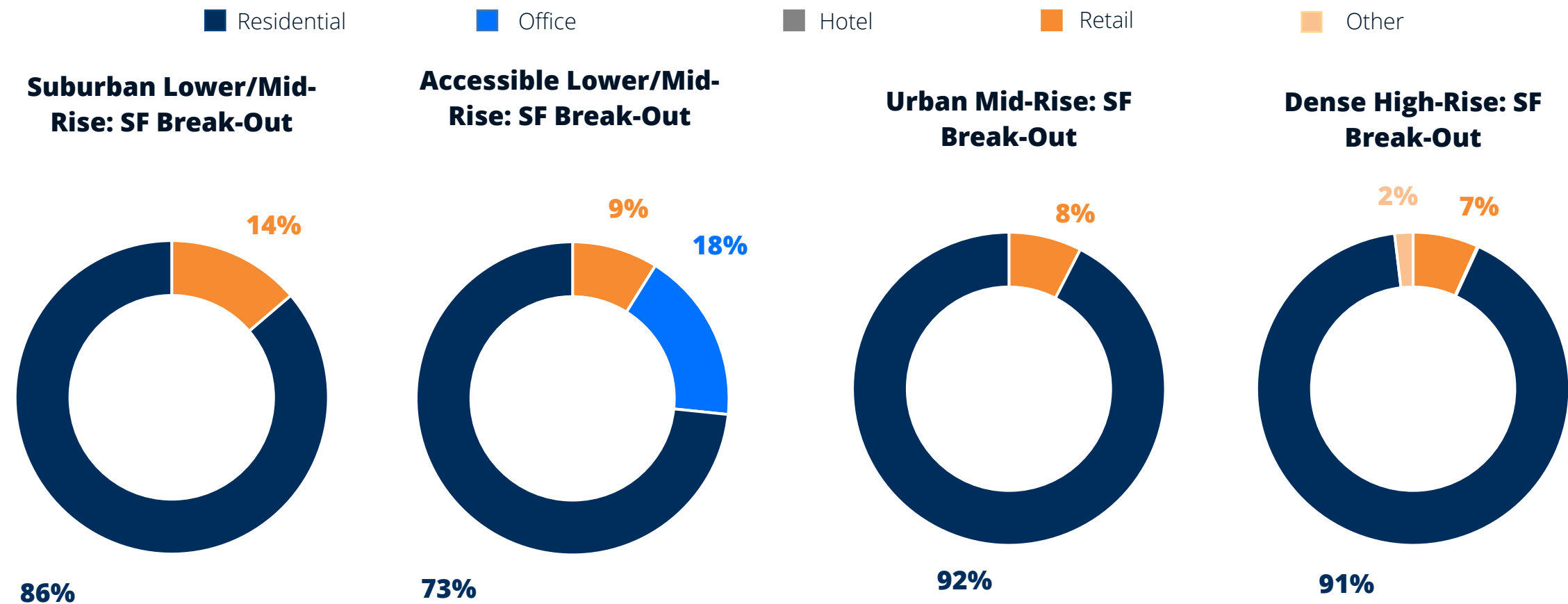


## PIPELINE TYPOLOGIES | Definitions

- **Suburban:** Low- to mid-rise properties that are **outside of a half-mile** radius from a MARC, WMATA, or Purple Line station
- **Accessible:** Low- to mid-rise properties that are **within a half-mile** radius from a MARC, WMATA, or Purple Line station
- **Urban:** Mid- to high-rise properties that are **within a half-mile** radius from a MARC, WMATA, or Purple Line station
- **Dense:** High-rise properties that are **within a half-mile** radius from a MARC, WMATA, or Purple Line station
- **Low-Rise:** Properties with 1 to 7 stories
- **Mid-Rise:** Properties with 8 to 14 stories
- **High-Rise:** Properties with 15 or more stories

# PIPELINE TYPOLOGIES | Residential

Residentially-anchored pipeline projects **primarily include retail as a secondary use**, with the share of retail in pipeline buildings ranging from an average of **7% for denser typologies** to an average of **14% for more suburban typologies**. Some pipeline buildings will also contain a share of office use.

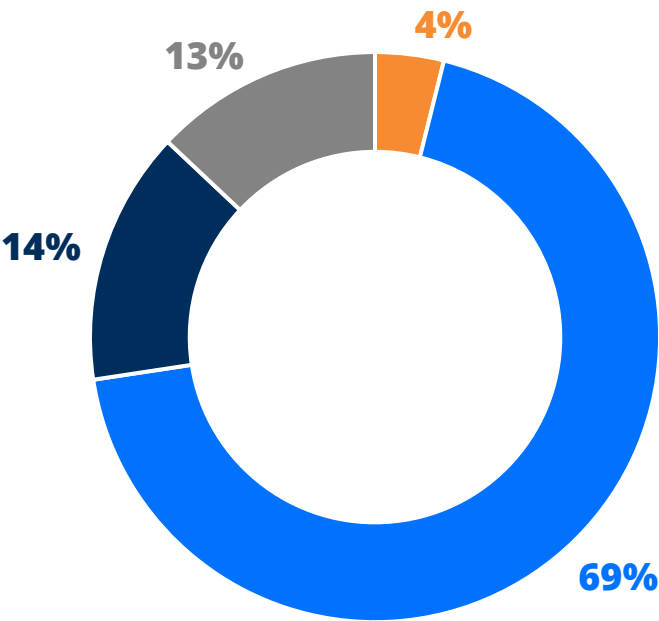


# PIPELINE TYPOLOGIES | Office

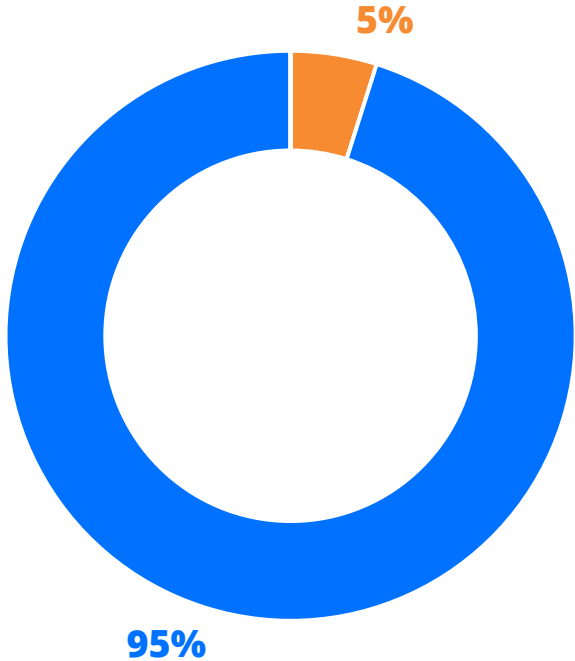
Smaller-scale office-anchored projects will contain a **smaller share of retail on average (4-5%)**. Some projects are expected to also include **residential and hotel** as secondary uses.



Accessible Mid-Rise: SF Break-Out



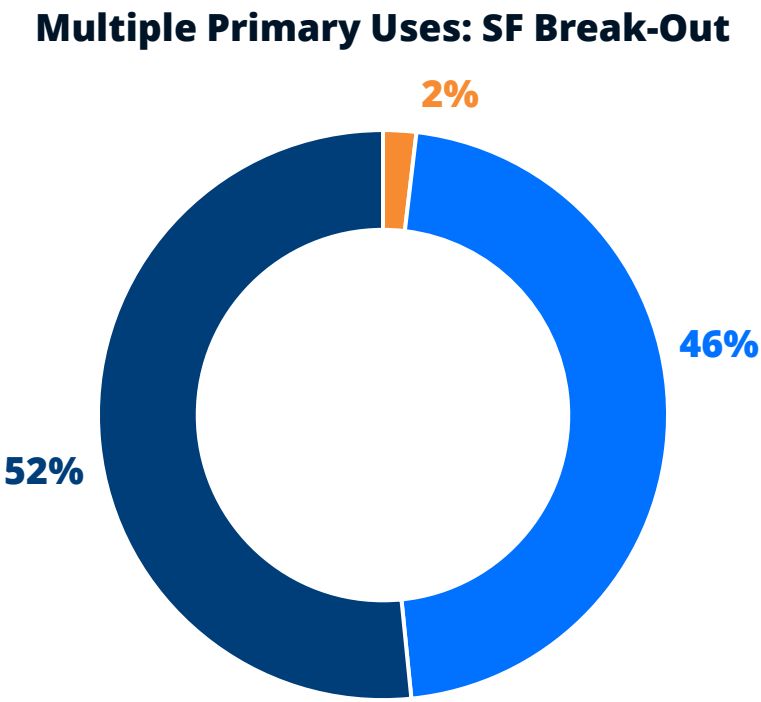
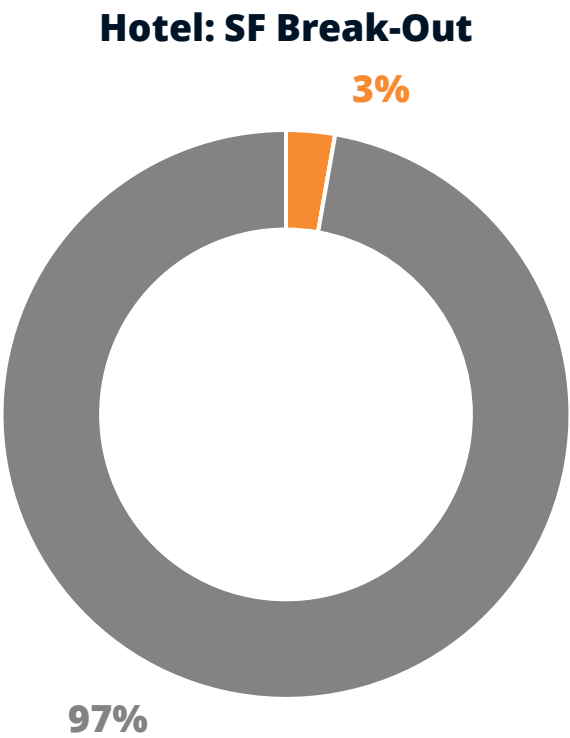
Dense High-Rise: SF Break-Out



# PIPELINE TYPOLOGIES | Other

Other pending projects include **hotel-anchored projects**, expected to include a **very small share of retail** space, as well as more evenly-balanced, **jointly-anchored office-residential buildings with ground floor retail**.

Residential   Office   Hotel   Retail   Other

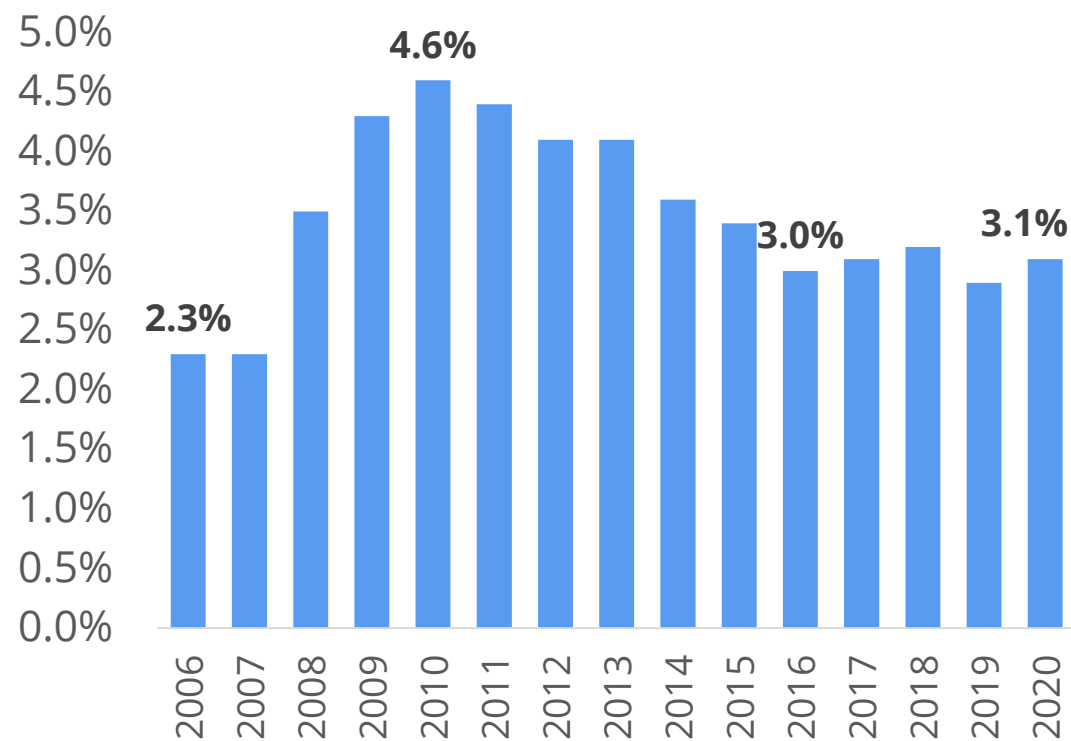




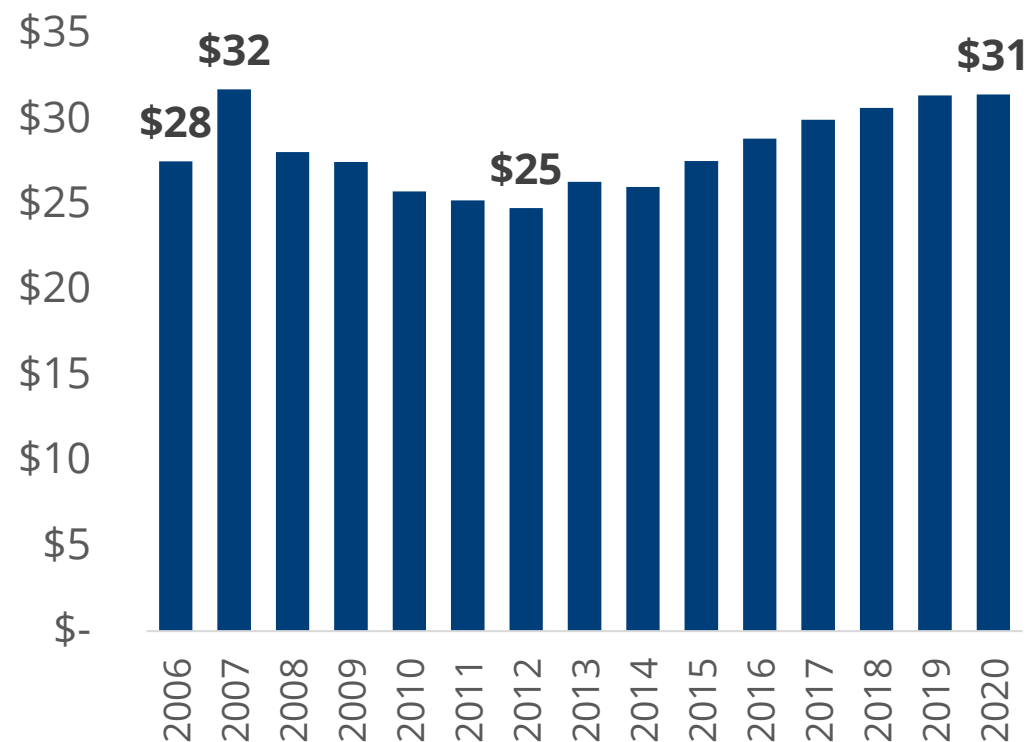
# RETAIL ANALYSIS | Market Dynamics

Montgomery County's retail market, including both mixed-use and single use buildings, has seen a **decade of increasing strength**, with vacancy mostly falling since 2010 and rents mostly rising since 2012.

Montgomery County Retail Vacancy Trends

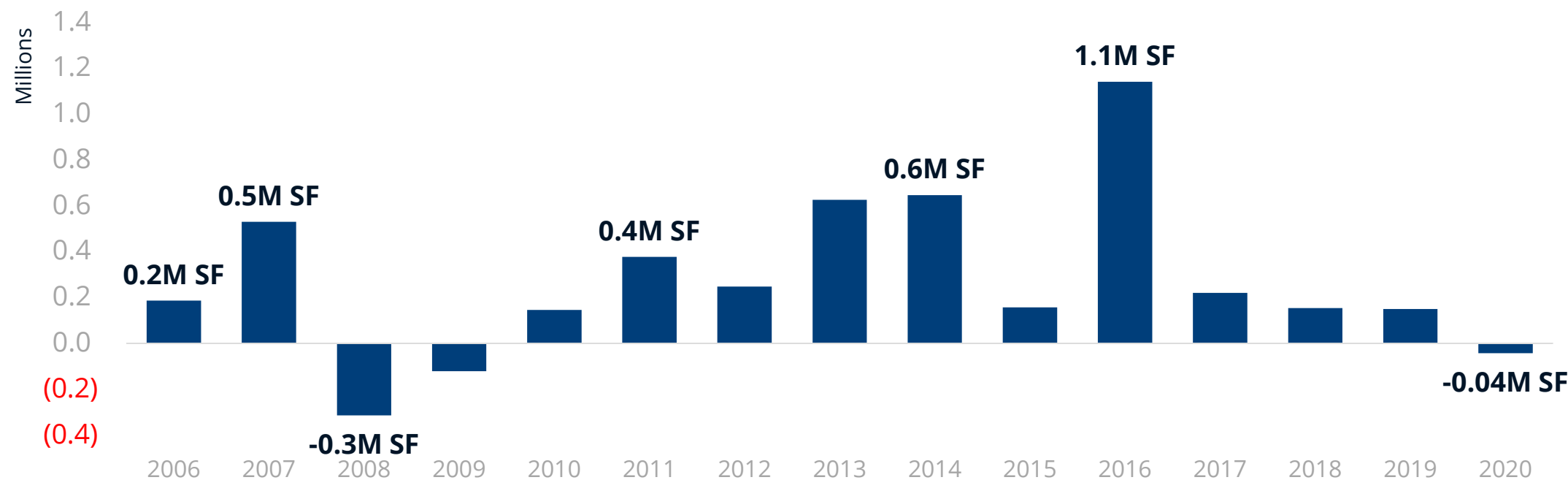


Montgomery County Retail Trends: Rent/SF/Yr.



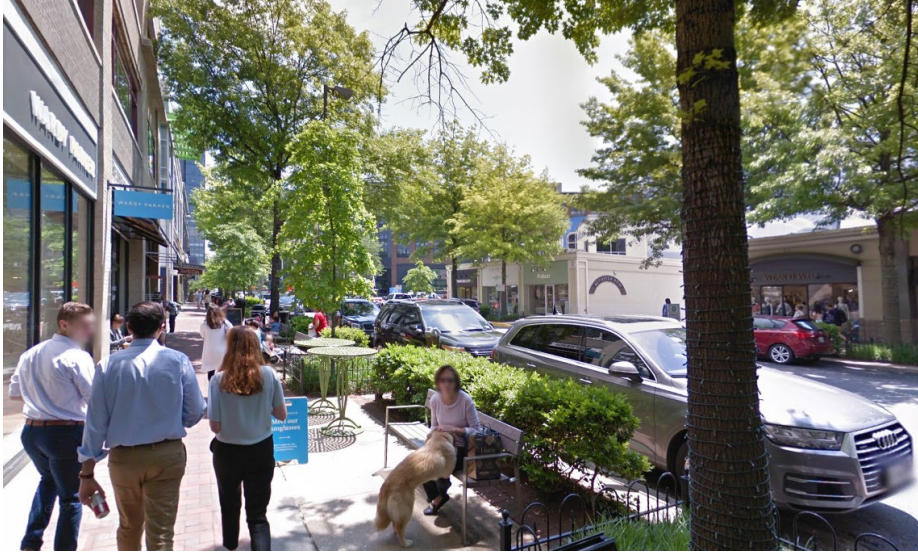
# RETAIL ANALYSIS | Net Absorption

The County’s retail market has seen **positive absorption from 2010 through 2019**, with particular growth between 2011 and 2016. In line with national trends, **absorption has declined**, and was **negative through mid-2020** as the country entered a pandemic-induced recession that caused outsized damage to the retail sector.



# RETAIL ANALYSIS | Ground Floor Retail

## Bethesda Row and Adjacent Mixed-Use Buildings



### Bethesda Row

- Central retail core serves as neighborhood anchor and enlivens street life.
- **Adjacent mixed-use properties benefit from and extend neighborhood activity.**



### Adjacent Mixed-Use: Flats at Bethesda Row

- Project is within easy walking distance of Bethesda Row shops.
- **Successful food options on the ground floor** (both chains & higher-end) cater to heavy pedestrian traffic in nearby neighborhood.



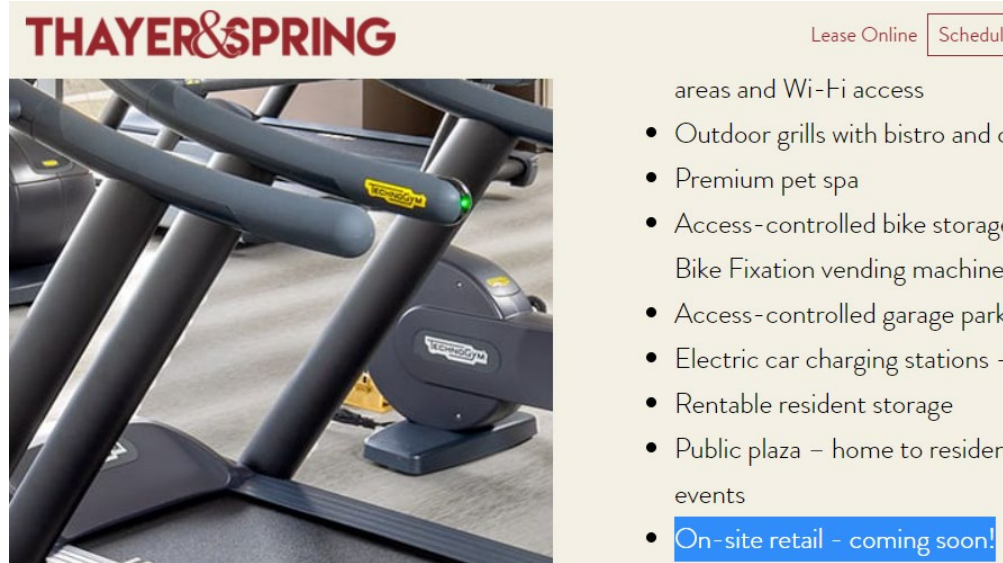
# RETAIL ANALYSIS | Ground Floor Retail

## Retail in Downtown Silver Spring



### Downtown Silver Spring

- Authentic, non-chain restaurants and shops draw customers and give the district an **authentic, inclusive feel**.
- Ground floor retail in new, centrally-located mixed-use properties may ultimately benefit from this energy but **many new spaces are still vacant**.



### Adjacent Mixed-Use: Thayer & Spring

- Although located just behind a vibrant retail block, Thayer & Springs retail faces less **active side streets and remained vacant for half a year**. The space was recently filled with a post office, and a Pilates studio was scheduled to open prior to COVID-19.

# RETAIL ANALYSIS | Ground Floor Retail

## Retail near White Flint Station



### East Side of Station: Potentially Struggling, Non-Walkable Retail

- **Vacant land** in between station and new mixed-use projects **has hampered the market performance** of ground floor retail at projects, unless the project is anchored by a major tenant, like Wentworth House's Harris Teeter, whose activity could be driven by the residents above.



### West Side of Station: Pike & Rose

- As a new, master-planned district, Pike & Rose may **lack** the **authenticity** of Montgomery County's older downtown neighborhoods, but good design and an appealing streetscape have **attracted customers to successful, unique ground floor retailers**, including PerSei's *Summer House Santa Monica* and the *Henri's Nada*.



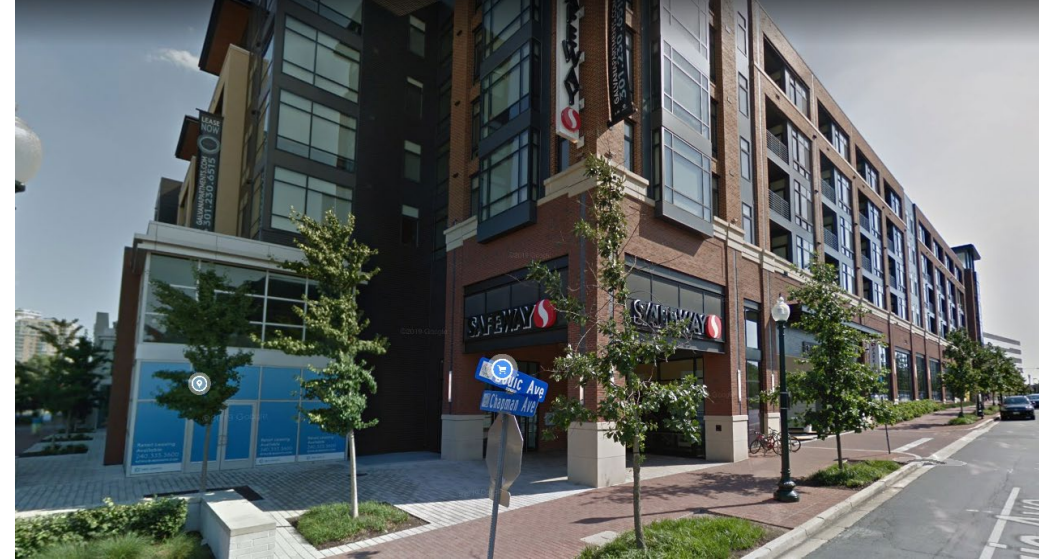
# RETAIL ANALYSIS | Ground Floor Retail

## Retail near Twinbrook Station



### East Side of Station: Struggling Retail

- The **parking lot in between** the metro station and the neighborhood's mixed-use buildings, as well as **older, non-pedestrian-oriented adjacent buildings**, **reduce** the **success** of ground-floor retailers.
- While adjacent buildings ultimately found retailers, tenanting was more difficult due **lower pedestrian activity** and **disconnection from the station**.



### West Side of Station: Better Connection to Station and Rockville Pike Supports Retail Vibrancy

- Mixed-use buildings near the more vibrant area west of the Metro station and adjacent to Rockville Pike such as Galvan have **attracted unique restaurants and a grocery store** to their ground floors.

# RETAIL ANALYSIS | Ground Floor Retail

Ground floor retail typically thrives in already vibrant areas with substantial foot traffic. As such, a blanket requirement for ground floor retail could result in poor outcomes. The County should consider all types of mixed-use development, and not rely on ground-floor retail mixed-use.

## Drivers of Success and Failure

- **Mixed-use buildings** within or adjacent to **already-vibrant areas** are much better positioned for **successful ground floor retail**.
- Within vibrant areas, **fronting on quiet back-streets can harm retail prospects** even if vibrant corridors are around the corner.
- **Large, vacant areas and parking lots serve as major impediments** to connectivity and customer attraction and hamper the success of ground-floor retail.
- It is **hard** to make **walkable retail typologies** work on **major auto thoroughfares** that are not comfortably walkable.
- Ground floor retail is frequently **underwritten with very conservative assumptions**, which can have negative implications for project financing.
- Vacant ground floor retail is a **“negative amenity”** that harms other uses within a mixed-use project.

## Policy Considerations

- A **blanket retail requirement** for all types of developers may lead to **poor outcomes** in certain locations (e.g. vacancy) – especially among developers who don’t know retail.
- **Retail** may increasingly act as a **demand driver for residential** – policies should keep this in mind.

## Post-COVID trends and observations

- **Retail** is likely to struggle in broad terms, in line with a pronounced national downturn in the sector. A number of retailers and restaurateurs are likely to go out of business and it may take a long time to fill spaces vacated during the pandemic.
- The pandemic may open up opportunities for more **daytime retail in residential neighborhoods**.
- Increased comfort with remote work may increase the demand for **alternative working spaces** outside the home (e.g. **coffee shops** near housing) post-COVID.

# RETAIL ANALYSIS | Ground Floor Retail – Corridor Development

Ground floor retail is most successful in already walkable, retail-friendly districts. Thrive Montgomery 2050's focus on corridor development acknowledges that pedestrian-oriented districts are not created spontaneously, but rather through the development of a critical mass.

## Ground Floor Retail in Corridor Development

- Ground floor retail **thrives in active, pedestrian-oriented districts.**
- Pedestrian-oriented districts are developed by **establishing a critical mass of active uses, concentrating denser uses** and **driving development within a focused area.**
- Initial retailers within emerging pedestrian-oriented corridors may see more success if they are **strong anchors**, focused on **serving community needs**, like a chain grocer or super store.
- Alternate ground-floor uses that can serve as first movers to help establish initial street-level activity include **makerspace, daycare, live-work units, breweries and coworking.**
- Zoning and regulations that **provide as much flexibility as possible in early ground floor activation** can support increased street-level activity that can eventually increase ground floor retail viability.

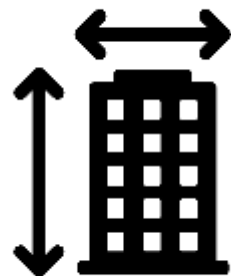
# MIXED-USE TYPOLOGIES | Variables

Initial typologies were driven by three main variables: **primary use, size,** and **accessibility.**



## Use

Building Uses



## Size

Height (Stories)  
Square Footage



## Accessibility

WalkScore  
TransitScore



# MIXED-USE TYPOLOGIES | Geographic Distribution

**Residentially-anchored mixed-use buildings** are by far the most dominant typology within Montgomery County, followed by office- and hotel-anchored projects.

**Most denser projects are located down-county**, with particular concentration around the Bethesda, North Bethesda, Wheaton and Silver Spring metro stations, plus smaller mostly residential projects in the Rockville-Gaithersburg area.



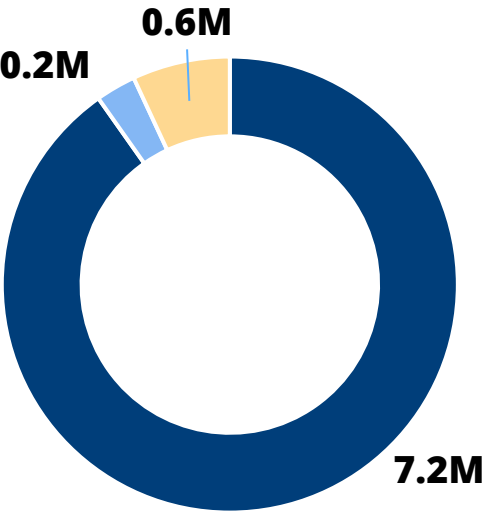


# MIXED-USE TYPOLOGIES | Distribution by Height and Anchor-Use: Low-Rise

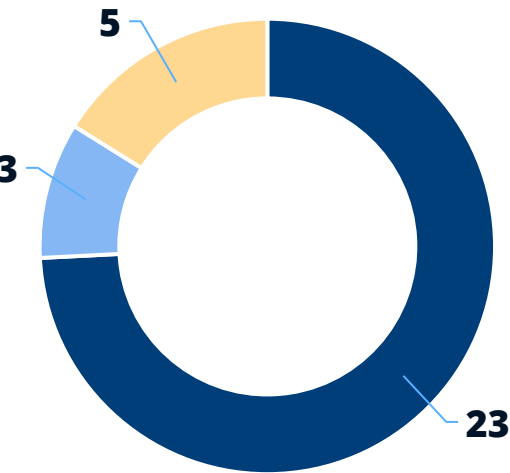
Of the 61 developments built since 2010, **31 are low-rise mixed-use** and include a **majority of multifamily-anchored buildings** as well as some relatively larger office-anchored and other buildings.

Residential   Residential-Other   Office-Retail   Hotel-Retail   Special Cases\*

Square Footage by Use



Number of Buildings by Use



Residential	266K SF
Office-Retail	79K SF
Special Cases	90K SF

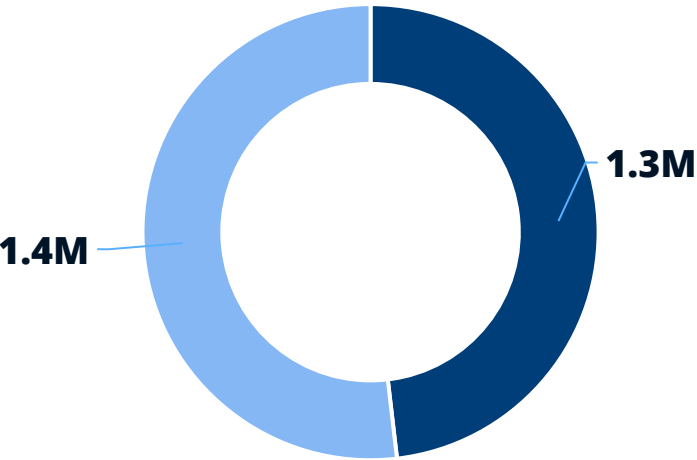
\*Special Cases are properties that have non-traditional anchor uses like parking, civic uses, or a non-singular anchor use

# MIXED-USE TYPOLOGIES | Distribution by Height and Anchor-Use: Mid-Rise

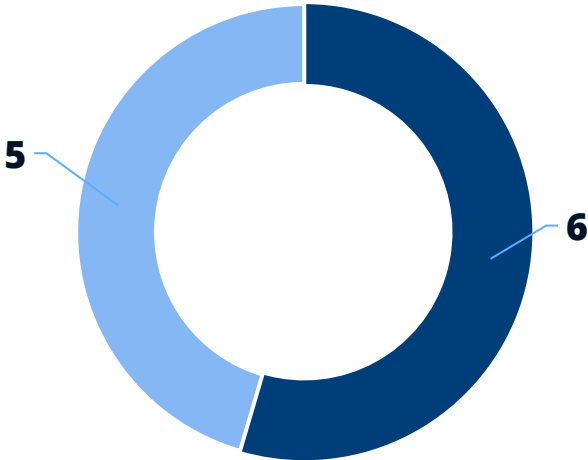
The 11 **mid-rise mixed-use** buildings built since 2010 still include a **majority of multifamily-anchored buildings** but also include a much **larger share of office-anchored** buildings.

Residential-Retail   Residential-Other   Office-Retail   Hotel-Retail   Special Cases\*

Square Footage by Use



Number of Buildings by Use



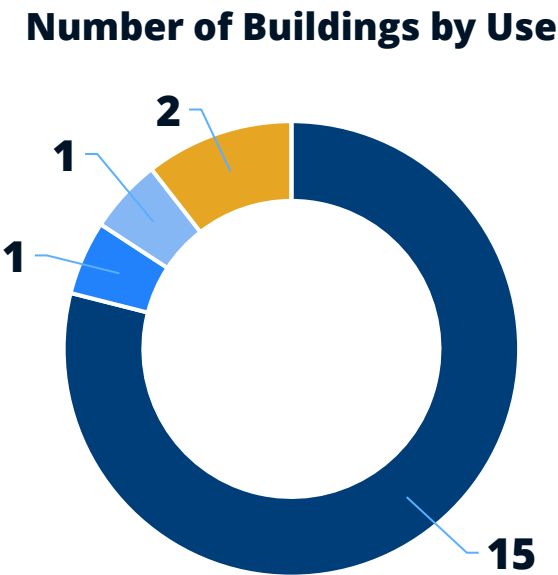
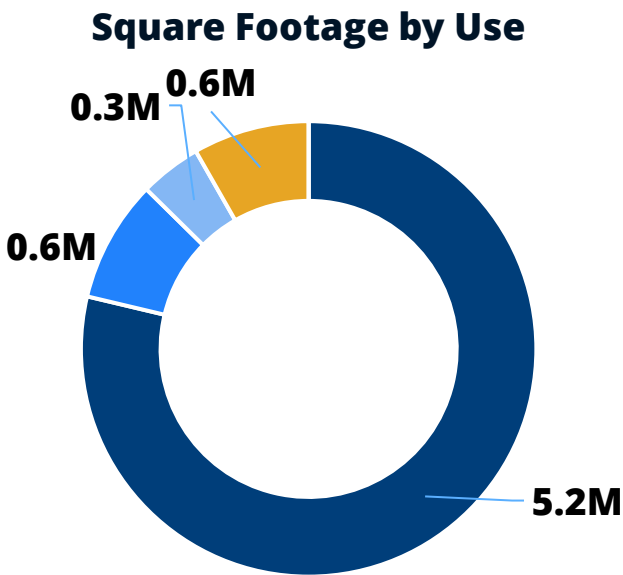
	Median SF
Residential	158K SF
Office-Retail	228K SF

\*Special Cases are properties that have non-traditional anchor uses like parking, civic uses, or a non-singular anchor use

# MIXED-USE TYPOLOGIES | Distribution by Height and Anchor-Use: High-Rise

The **19 tallest mixed-use** buildings built since 2010 still include a **majority of multifamily-anchored buildings**, plus **two high-rise hotels** and **one high-rise office tower**.

Residential-Retail   Residential-Other   Office-Retail   Hotel-Retail   Special Cases\*



	Median SF
Residential	269K SF
Residential-Other	578K SF
Office-Retail	291K SF
Hotel-Retail	275K SF

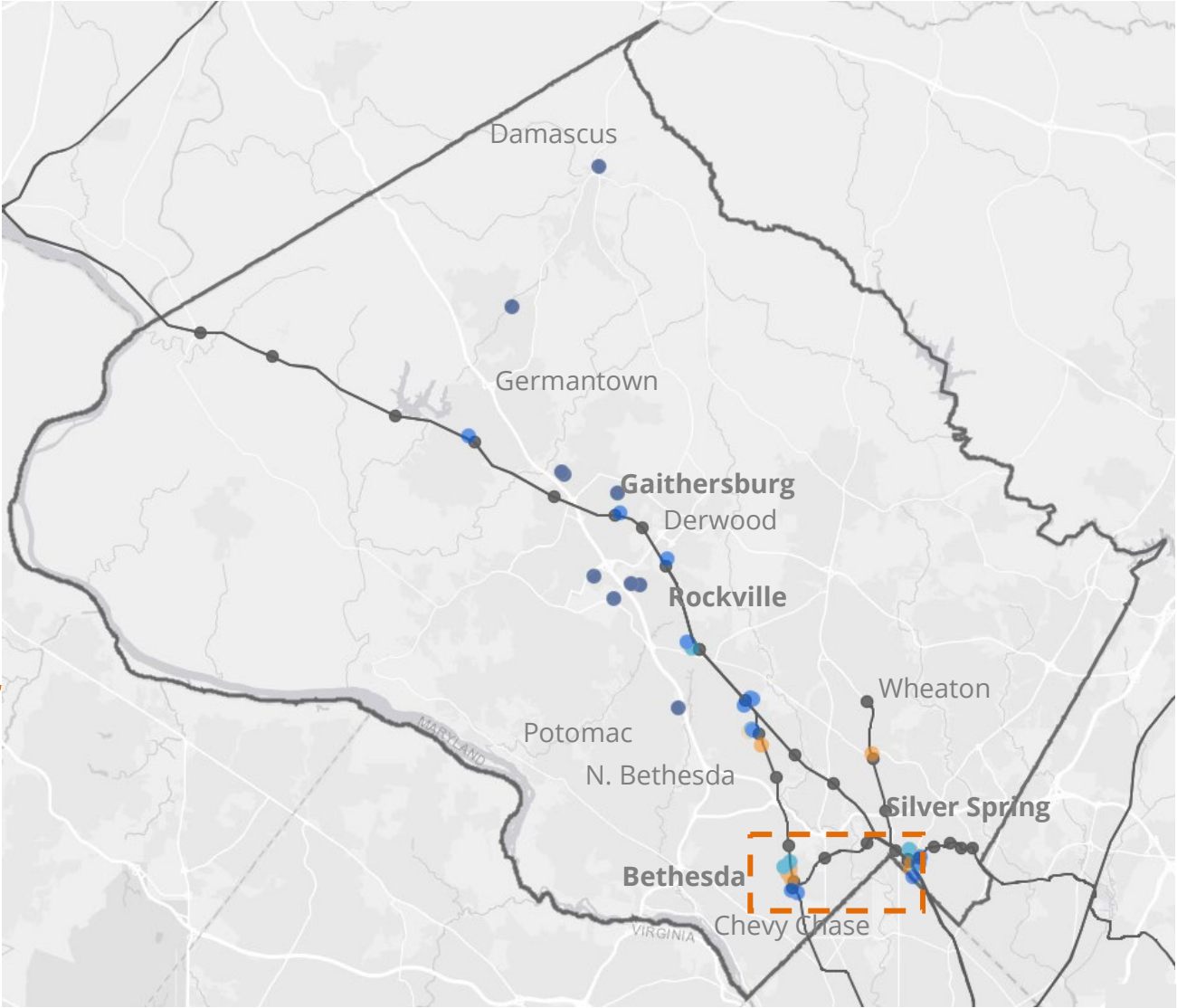
\*Special Cases are properties that have non-traditional anchor uses like parking, civic uses, or a non-singular anchor use

# RESIDENTIAL MIXED-USE TYPOLOGIES

**Denser** residentially-anchored typologies are concentrated **down-county**, while **suburban** typologies are concentrated on the **outskirts of Gaithersburg, Rockville** and beyond.

**Use Type**

- Suburban Low/Mid-Rise
- Accessible Low/Mid-Rise
- Urban Mid-Rise
- Dense High-Rise
- Other



# RESIDENTIAL MIXED-USE TYPOLOGIES | Suburban Low/Mid-Rise

Suburban Low/Mid-Rise Residential properties in this typology were built along the I-270 corridor and rank poorly compared to their taller, more accessible peer properties.



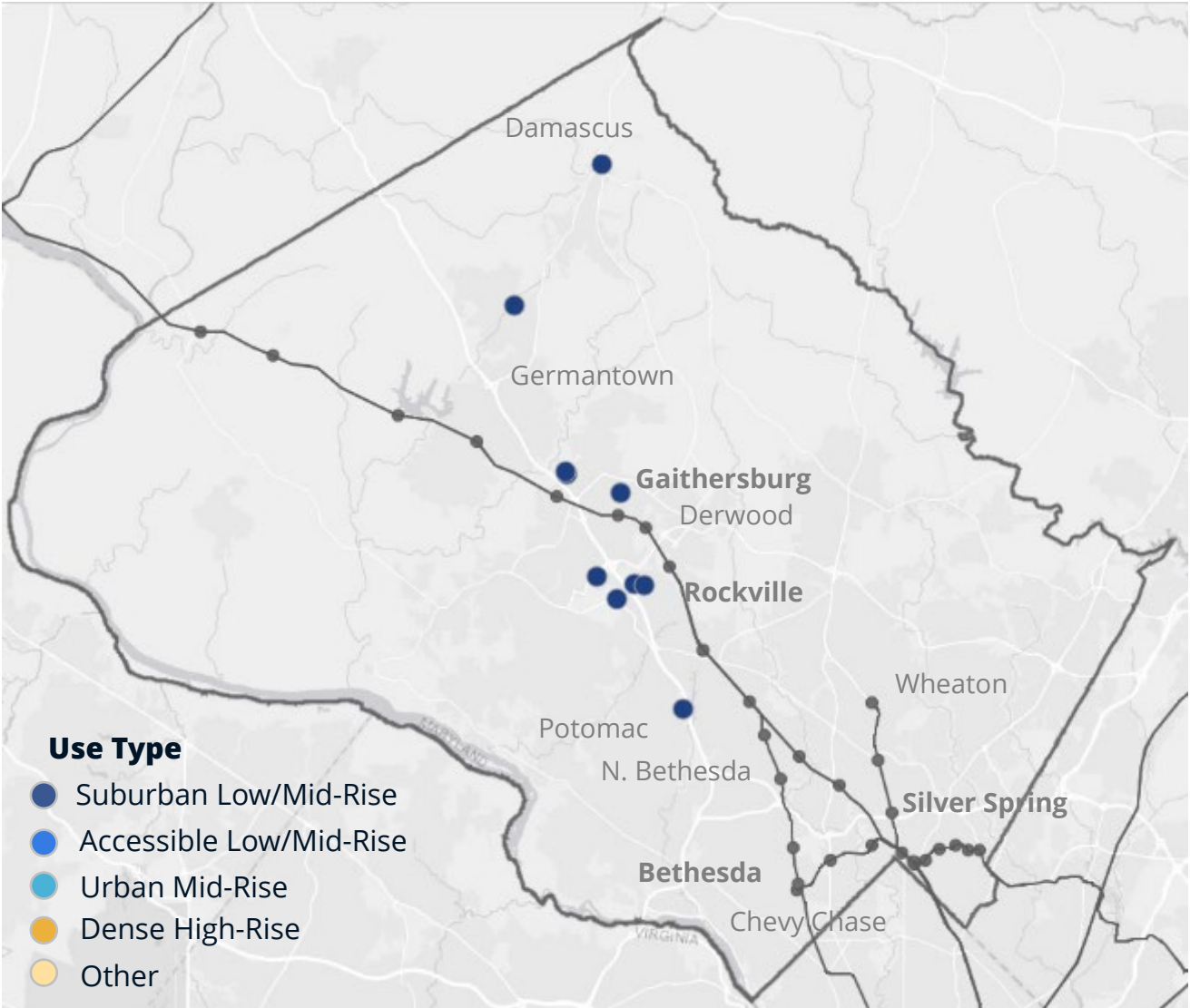
10 Properties

4-7 Stories



Walk Score: 40-65

Transit Scores: 0-65





# RESIDENTIAL MIXED-USE TYPOLOGIES | Accessible Low/Mid-Rise

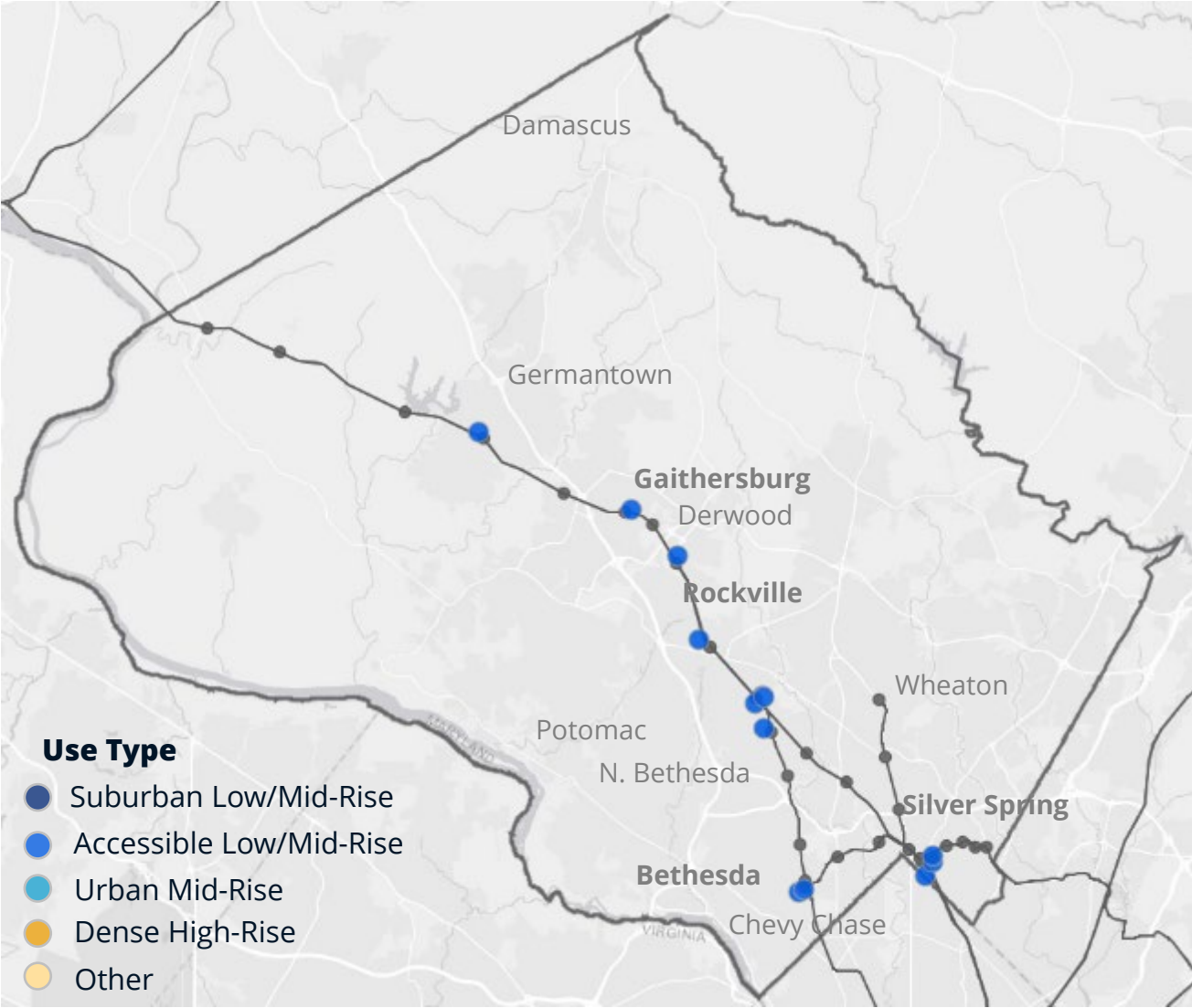
Accessible Low/Mid-Rise Residential properties are generally located **along the county's transit lines**, from down-county to as far north as Germantown.



**13 Properties**  
**4-6 Stories**



**Walk Score: 75-99**  
**Transit Scores: 50-80**



# RESIDENTIAL MIXED-USE TYPOLOGIES | Urban Mid-Rise

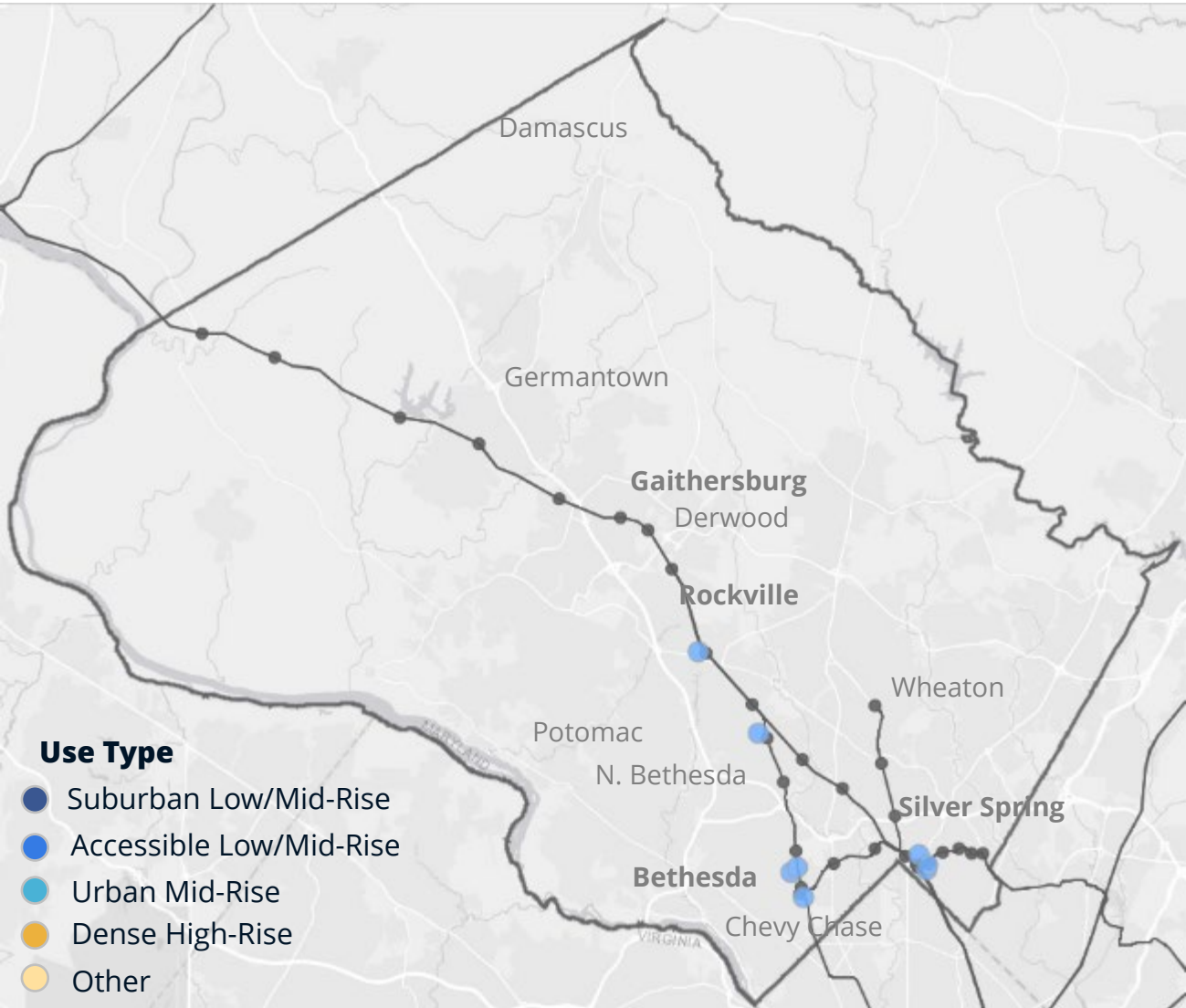
Urban Mid-Rise Residential properties are generally located near metro stations and down-county.



8 Properties  
8-14 Stories

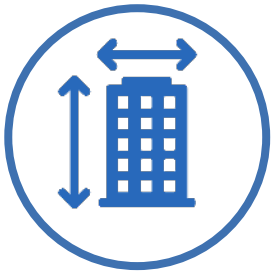


Walk Score: 75-99  
Transit Scores: 65-90



# RESIDENTIAL MIXED-USE TYPOLOGIES | Dense High-Rise

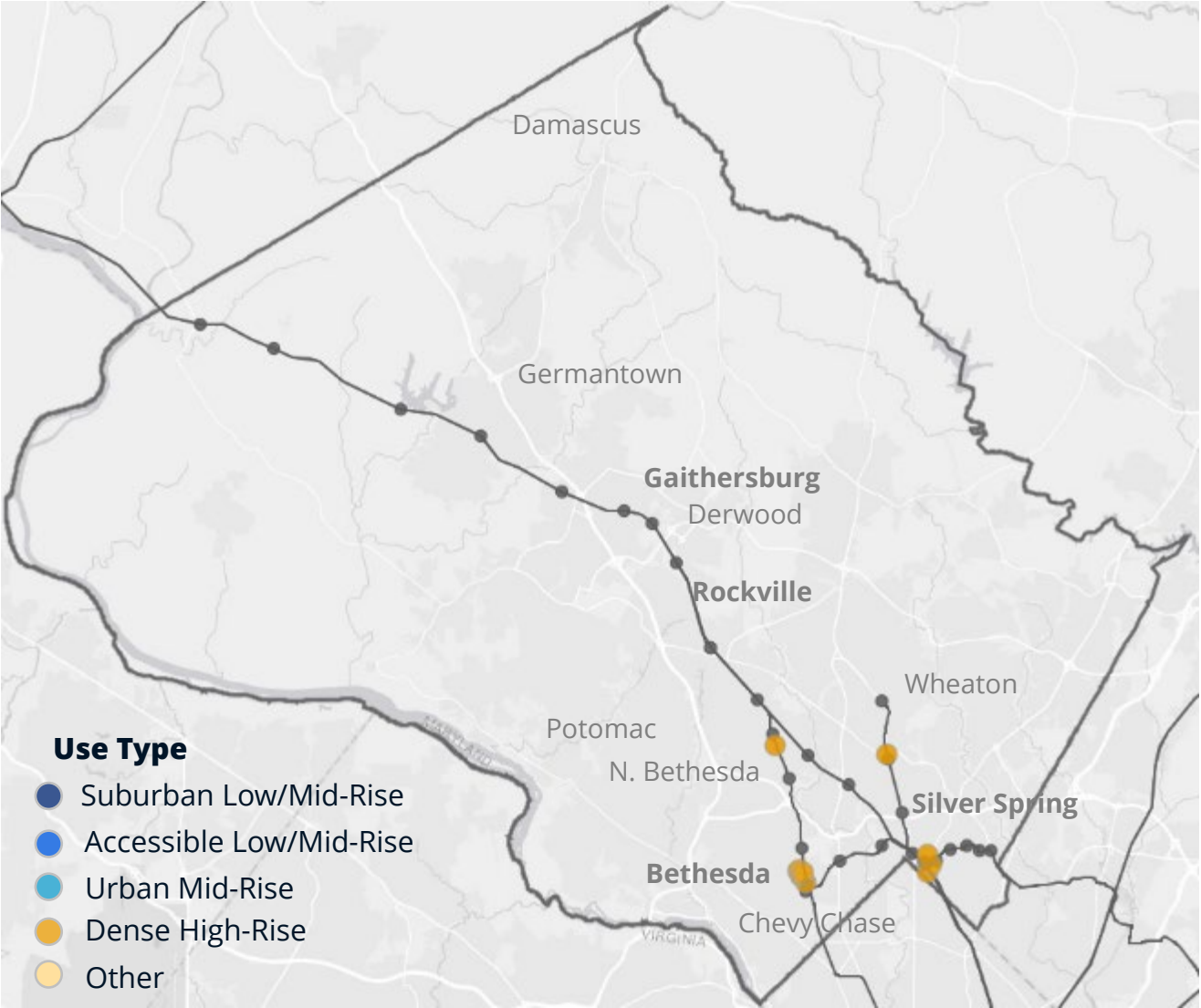
Dense High-Rise Residential properties are located in Montgomery County's southernmost Metro-anchored districts.



**13 Properties**  
**15+ Stories**

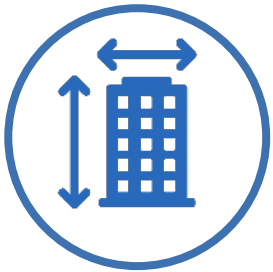


**Walk Score: 95+**  
**Transit Scores: 65-90**



# RESIDENTIAL MIXED-USE TYPOLOGIES | Other

Residential - Other properties have rooftop urban farms, though no ground floor retail and are located down-county.



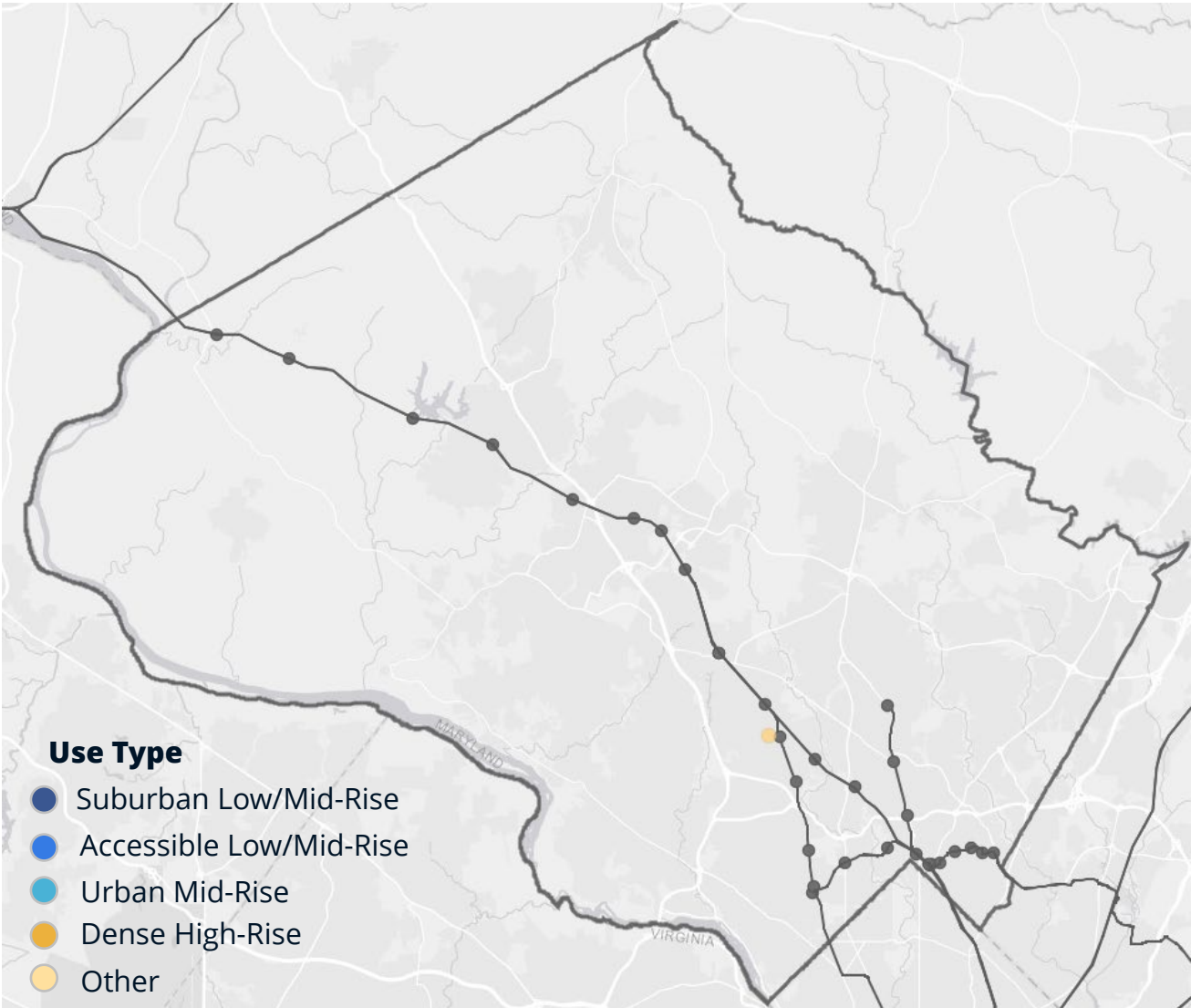
1 Property

14+ Stories



Walk Score: 81+

Transit Scores: 90+

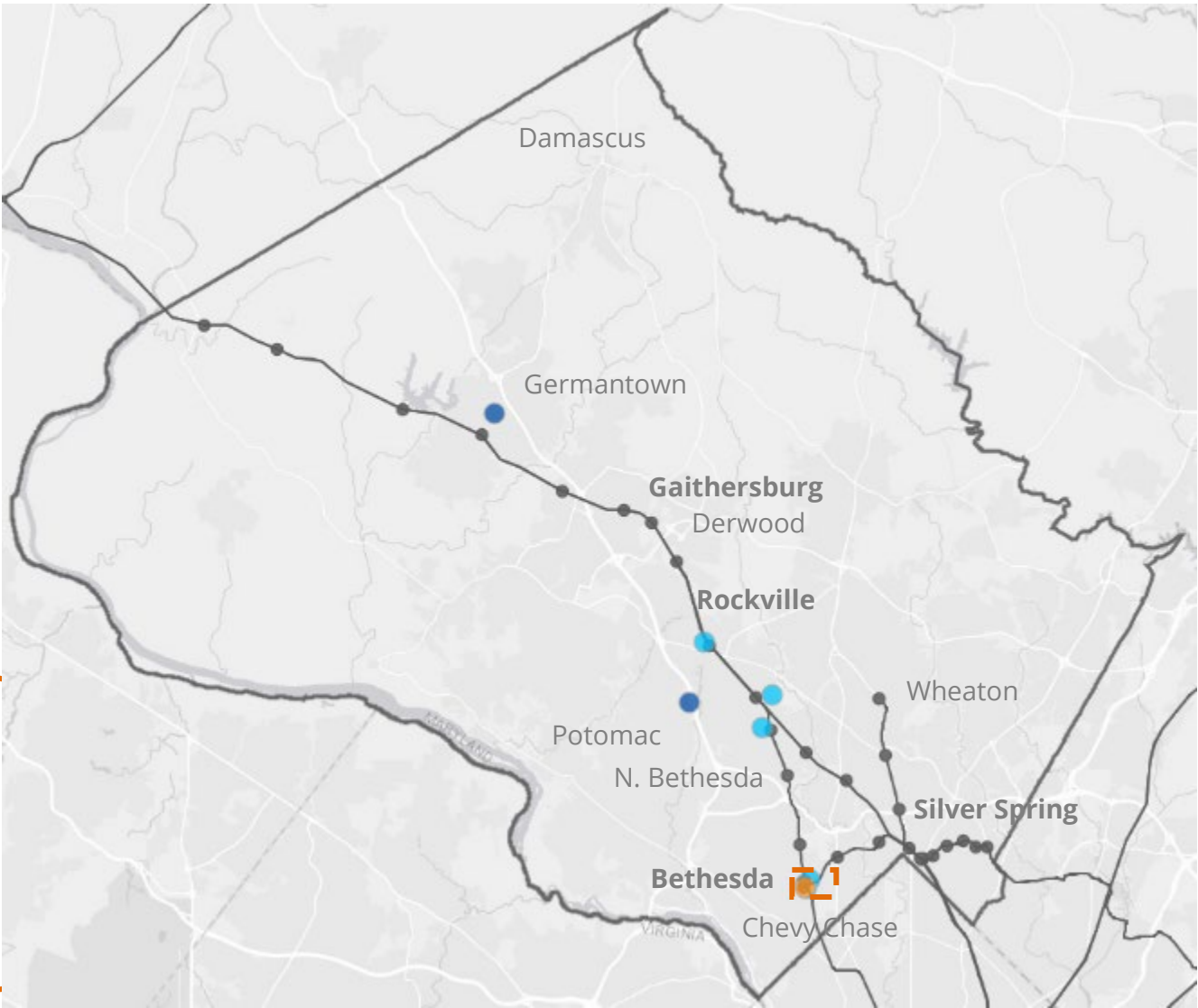
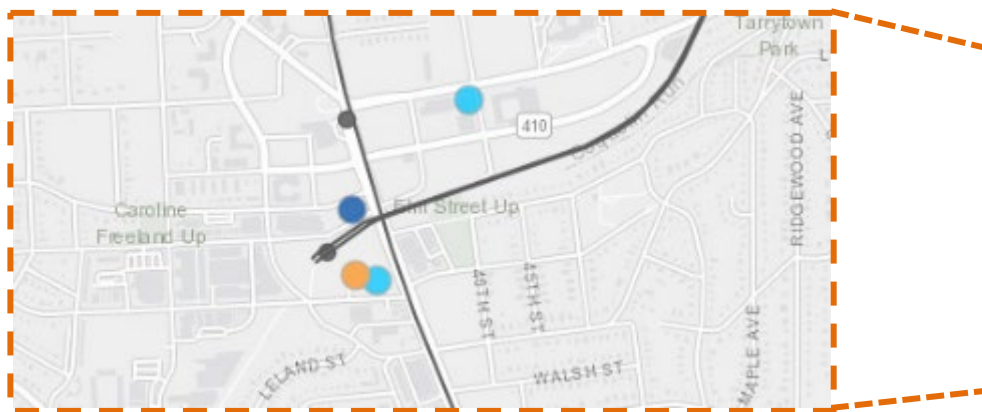




# OFFICE MIXED-USE TYPOLOGIES

Newer, office-anchored mixed-use properties are mostly **located between Bethesda and Rockville**. **Low-rise** office-anchored buildings are mostly located **further from transit**, while the **reverse is true for taller typologies**.

- Use Type**
- Low-Rise
  - Accessible Mid-Rise
  - Dense High-Rise





# OFFICE MIXED-USE TYPOLOGIES | Low-Rise

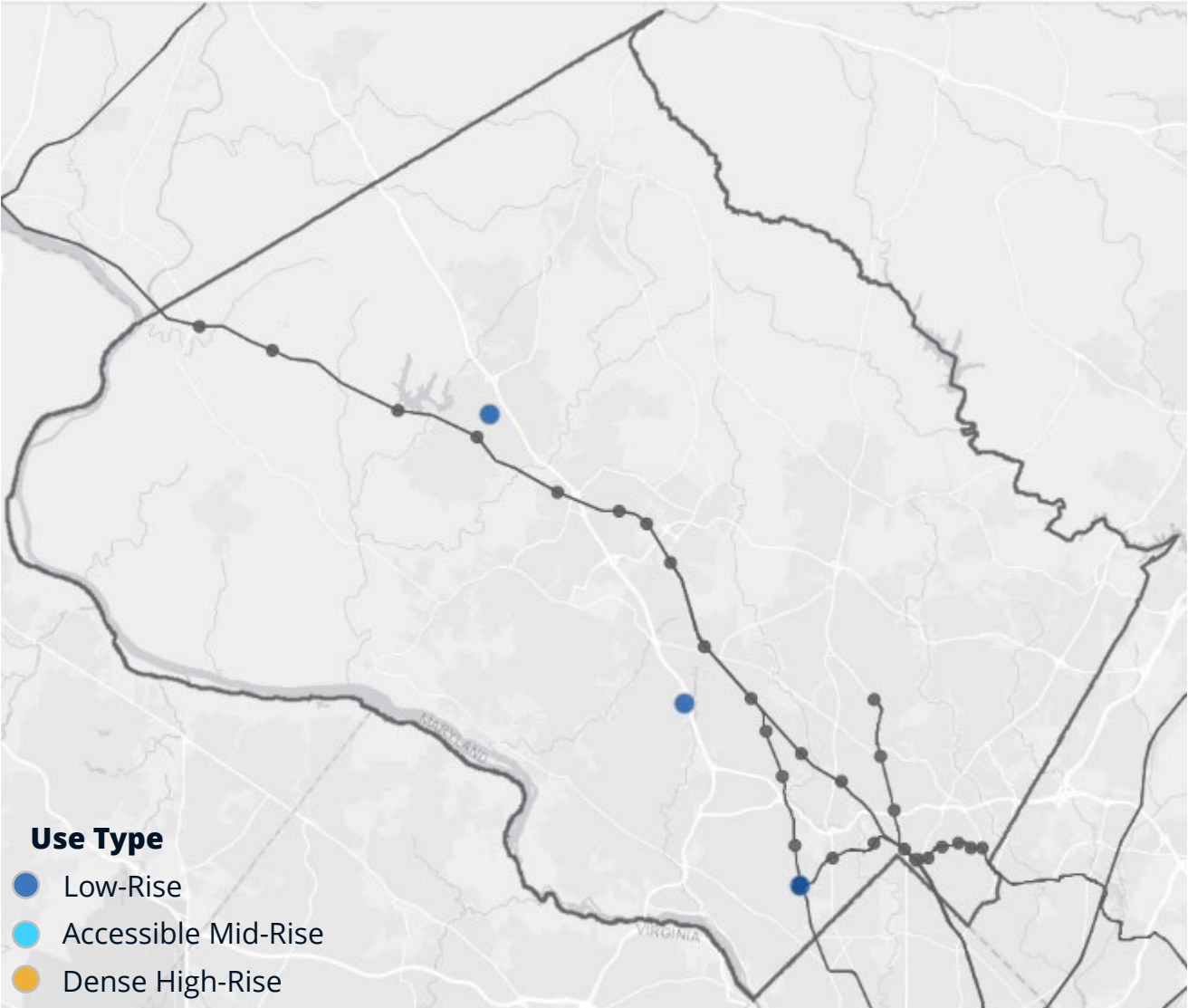
Low-Rise Office properties are **located across the county**, both in DC-adjacent areas and further out.



**3 Properties**  
**4-6 Stories**



**Walk Score: 45-90**  
**Transit Scores: 0-65**



# OFFICE MIXED-USE TYPOLOGIES | Accessible Mid-Rise

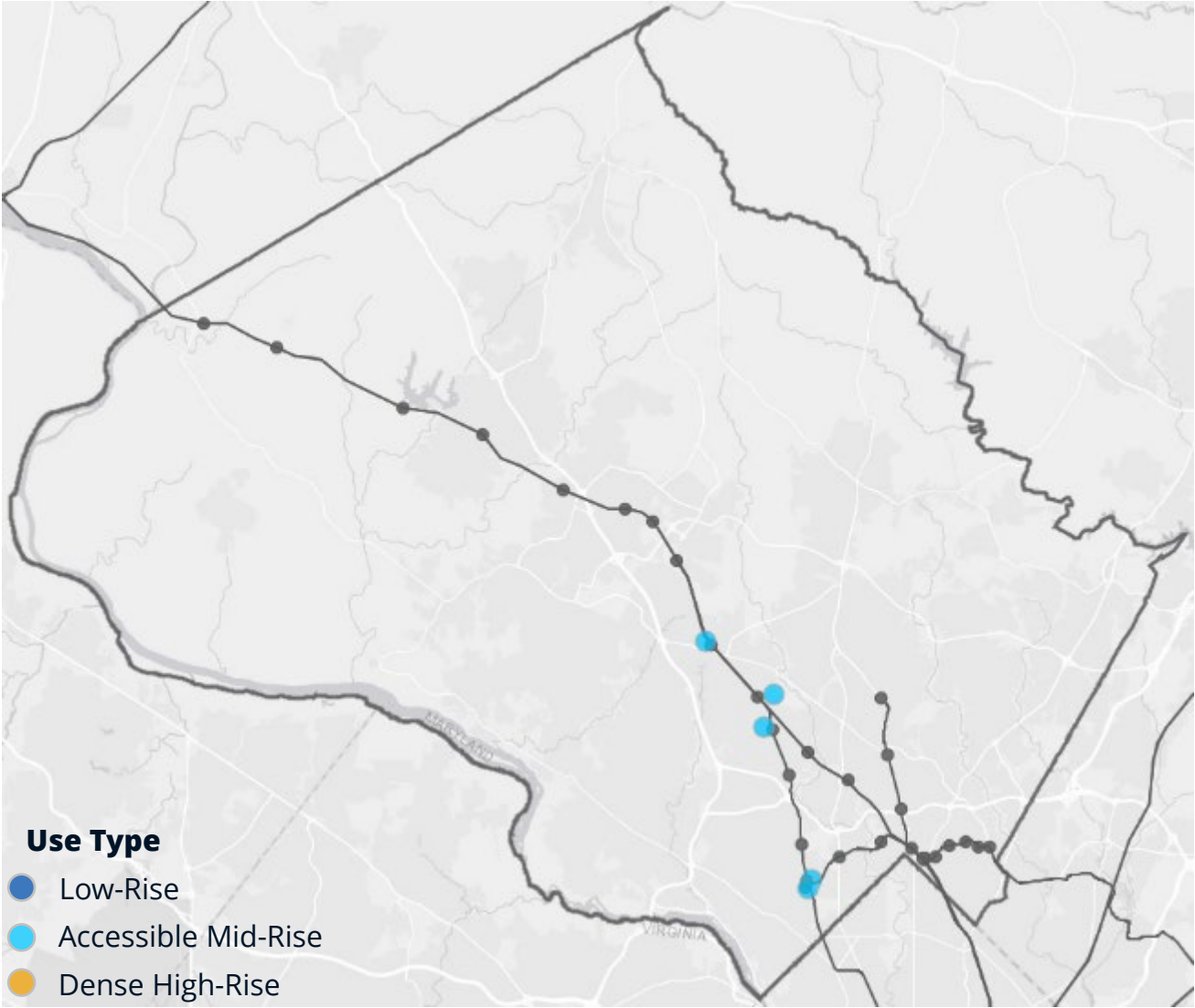
Accessible Mid-Rise Office properties are located primarily down-county.



5 Properties  
6-12 Stories

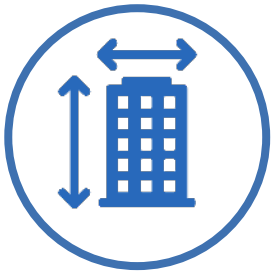


Walk Score: 55-99  
Transit Scores: 60-75



# OFFICE MIXED-USE TYPOLOGIES | Dense High-Rise

Only one **High-Rise Office** property was built in the last 10 years. It is located in **Downtown Bethesda**.



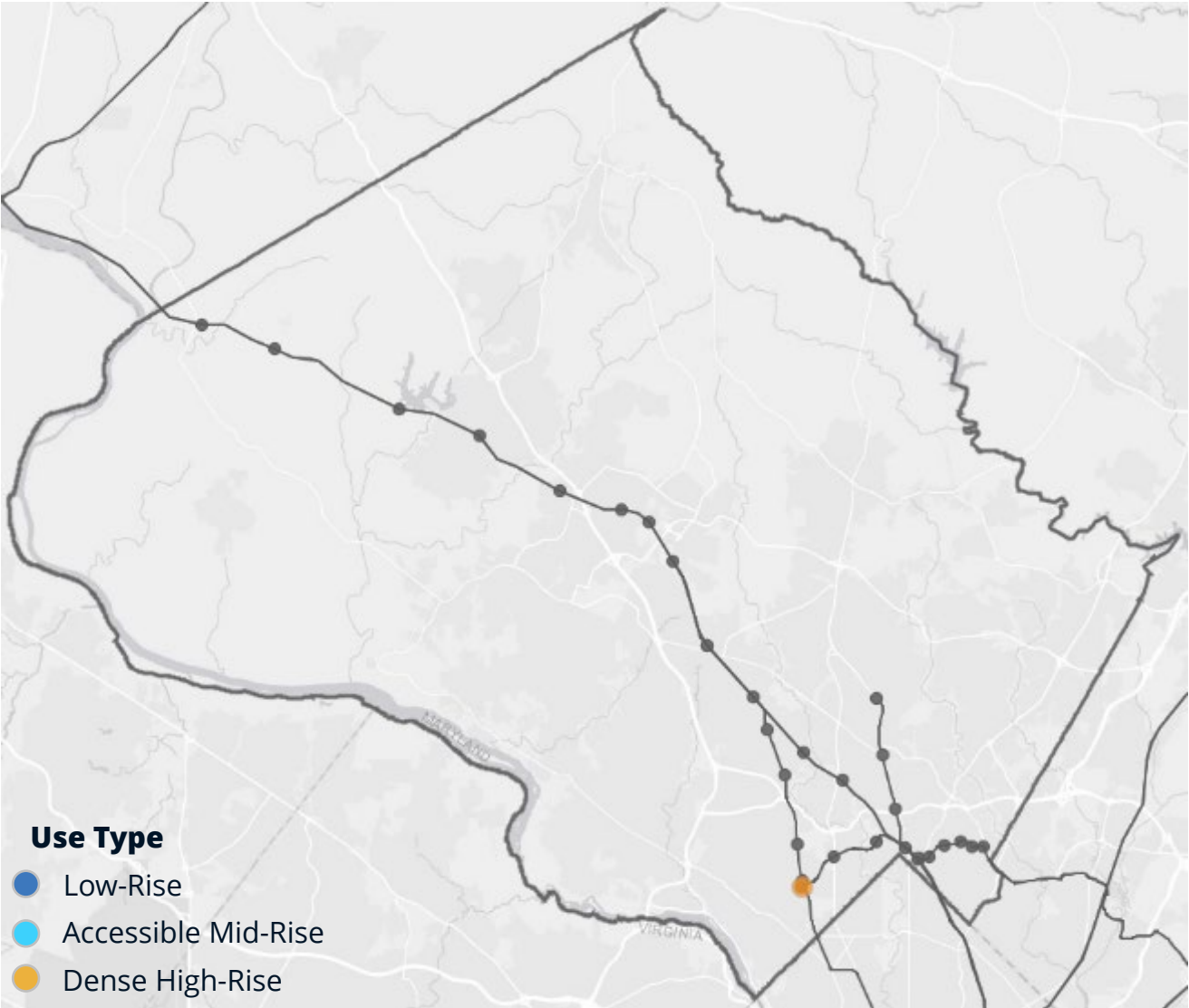
**1 Properties**

**15+ Stories**



**Walk Score: 98**

**Transit Scores: 66**

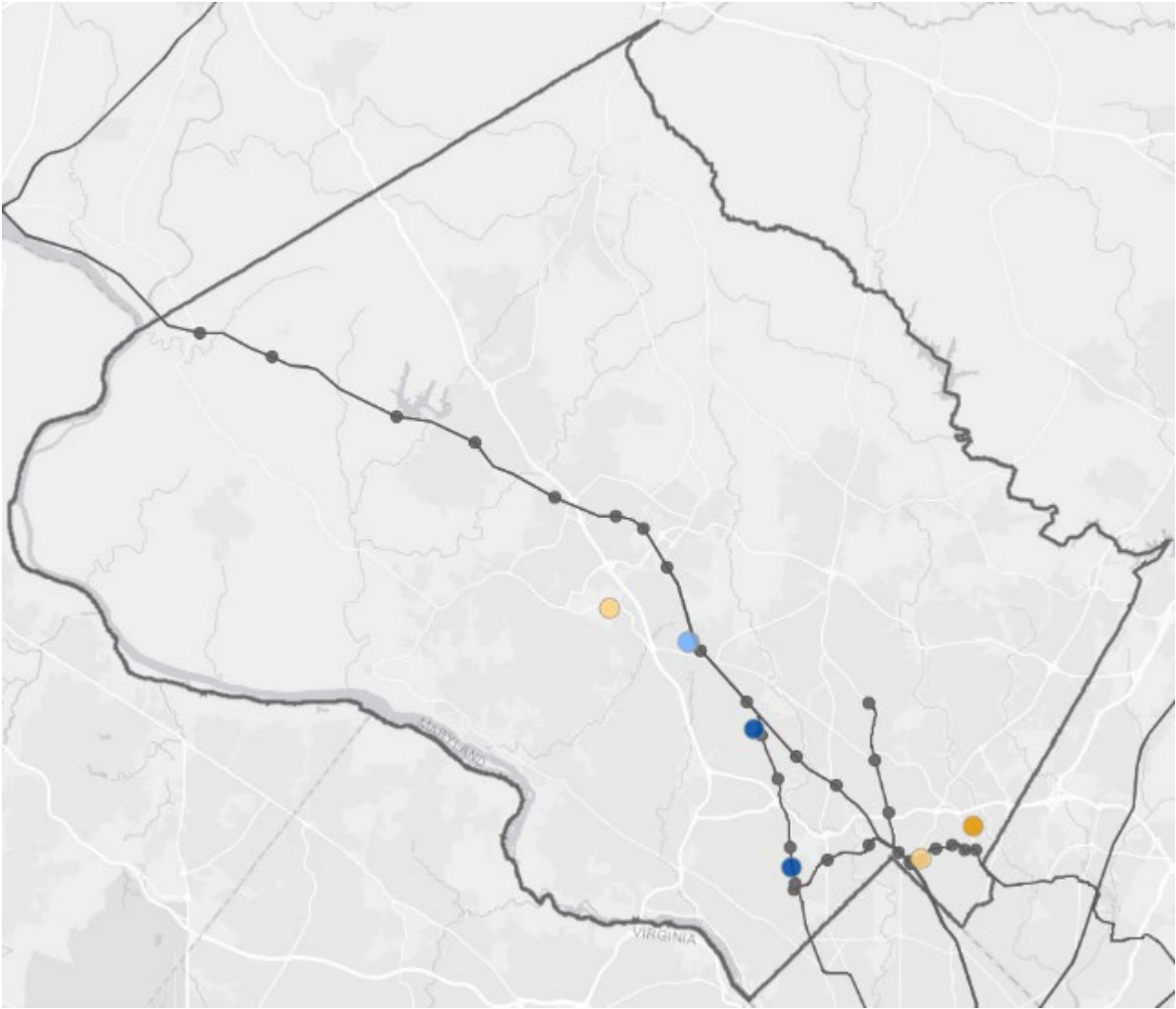


# OTHER MIXED-USE TYPOLOGIES

Other/Special Case projects are scattered throughout down-county and the I-270 corridor.

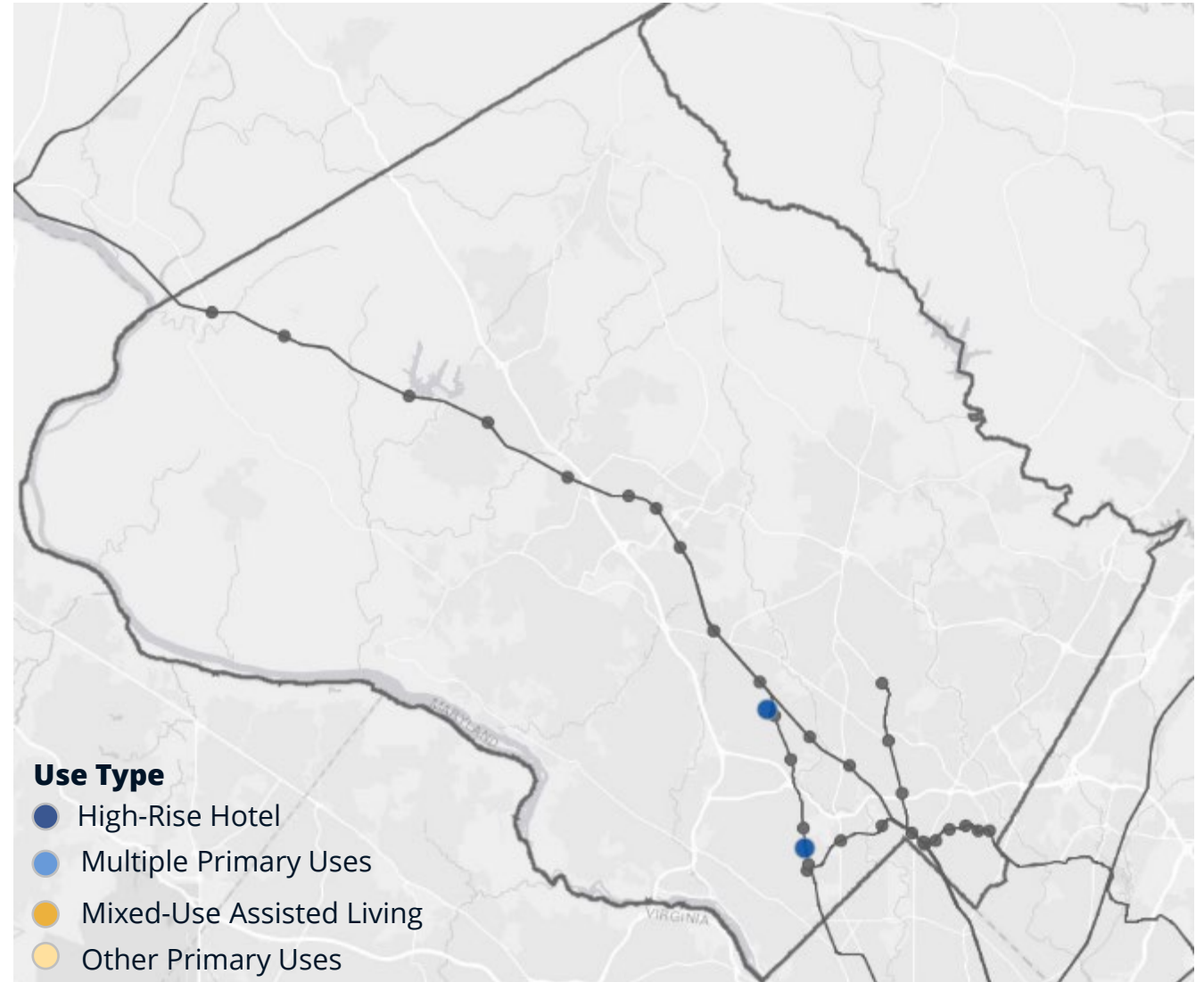
**Use Type**

- High-Rise Hotel
- Multiple Primary Uses
- Mixed-Use Assisted Living
- Other Primary Uses



## OTHER MIXED-USE TYPOLOGIES | Hotel

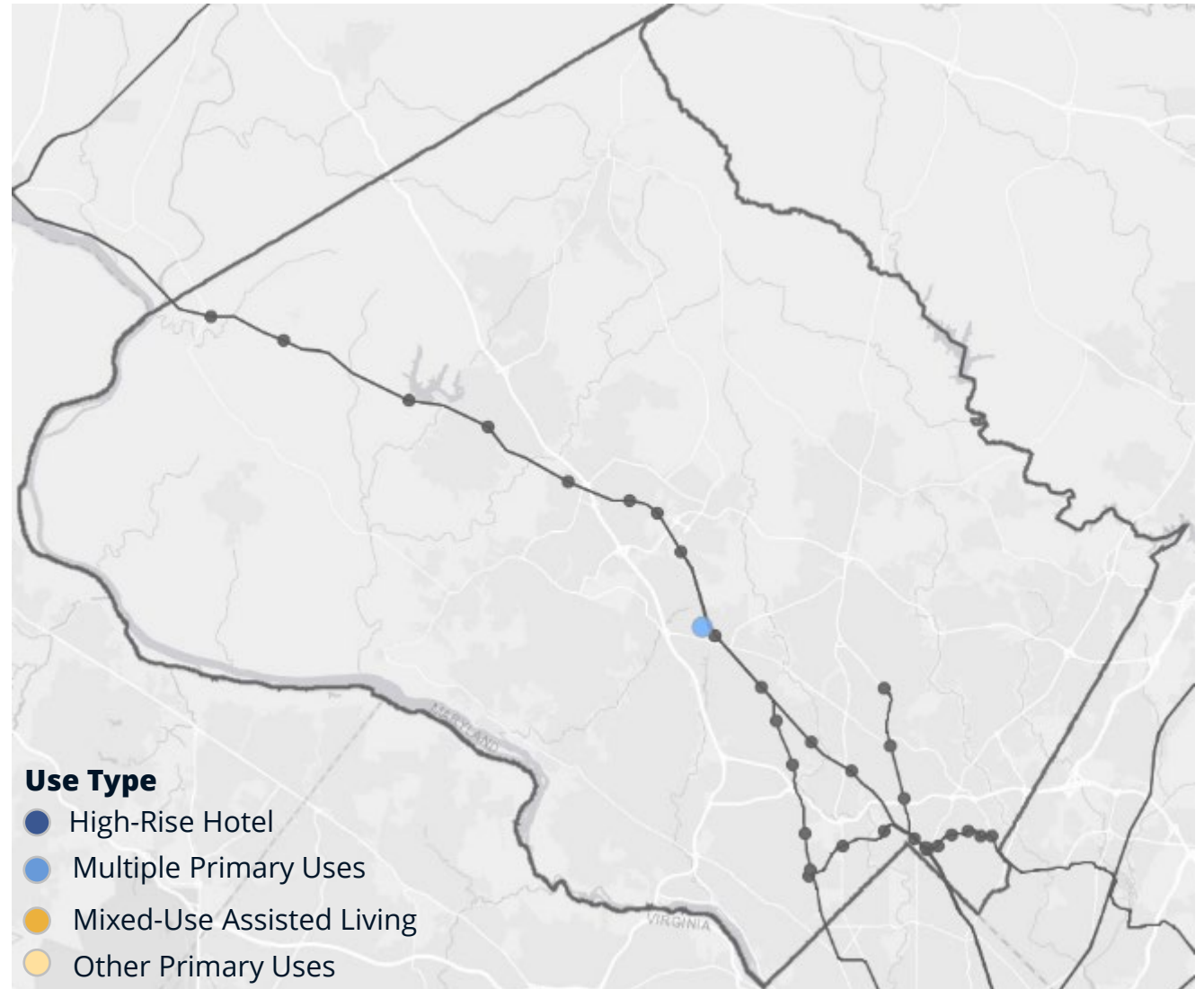
The **two** Hotel-anchored mixed-use properties are **high-rises** and are generally **walkable and transit-accessible**.





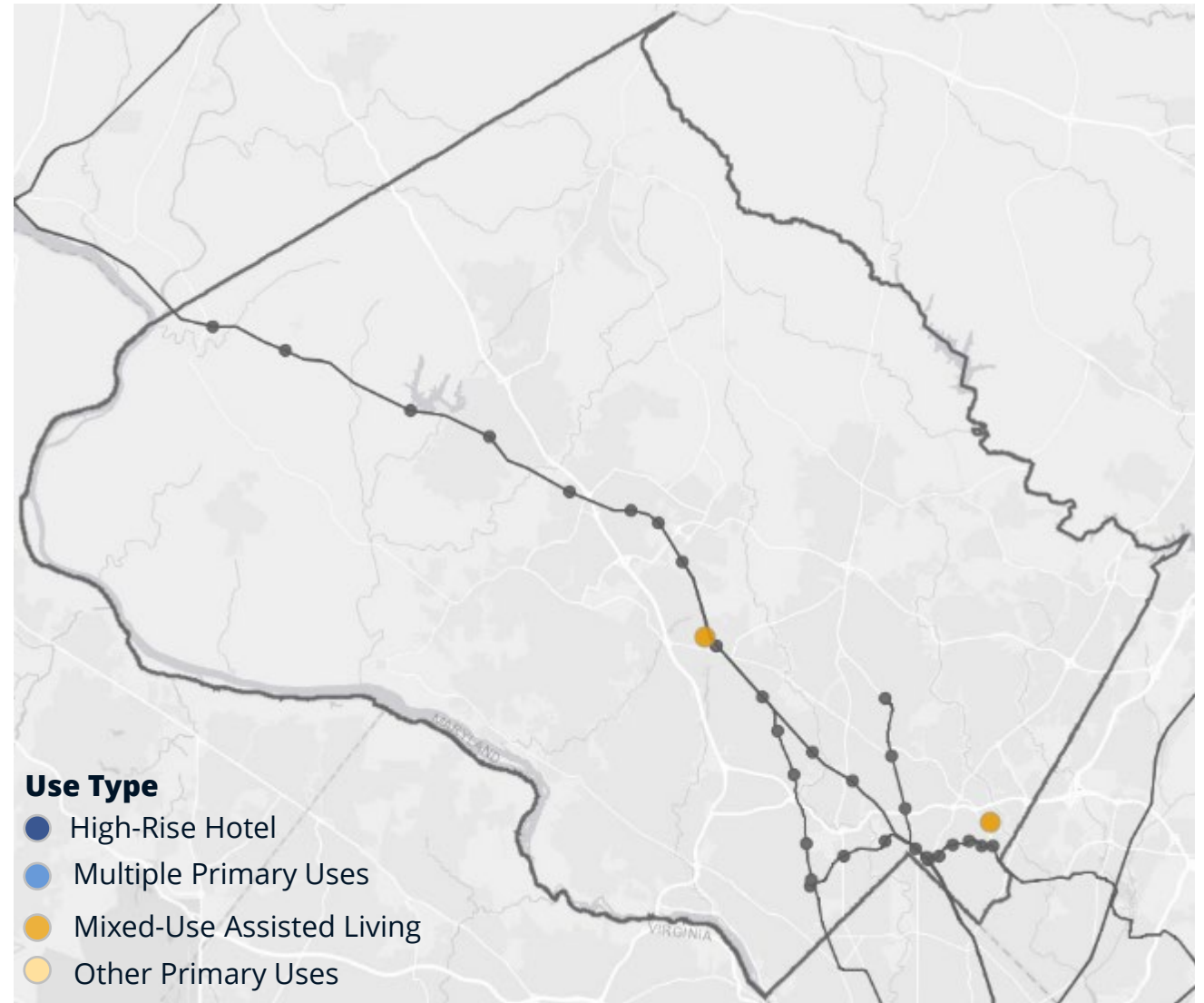
## OTHER MIXED-USE TYPOLOGIES | Multiple Primary Uses

One property with Multiple Primary Uses is 2 stories tall with **evenly-weighted retail and office** uses. It is **reasonably walkable and transit-oriented** and is located in **Rockville**.



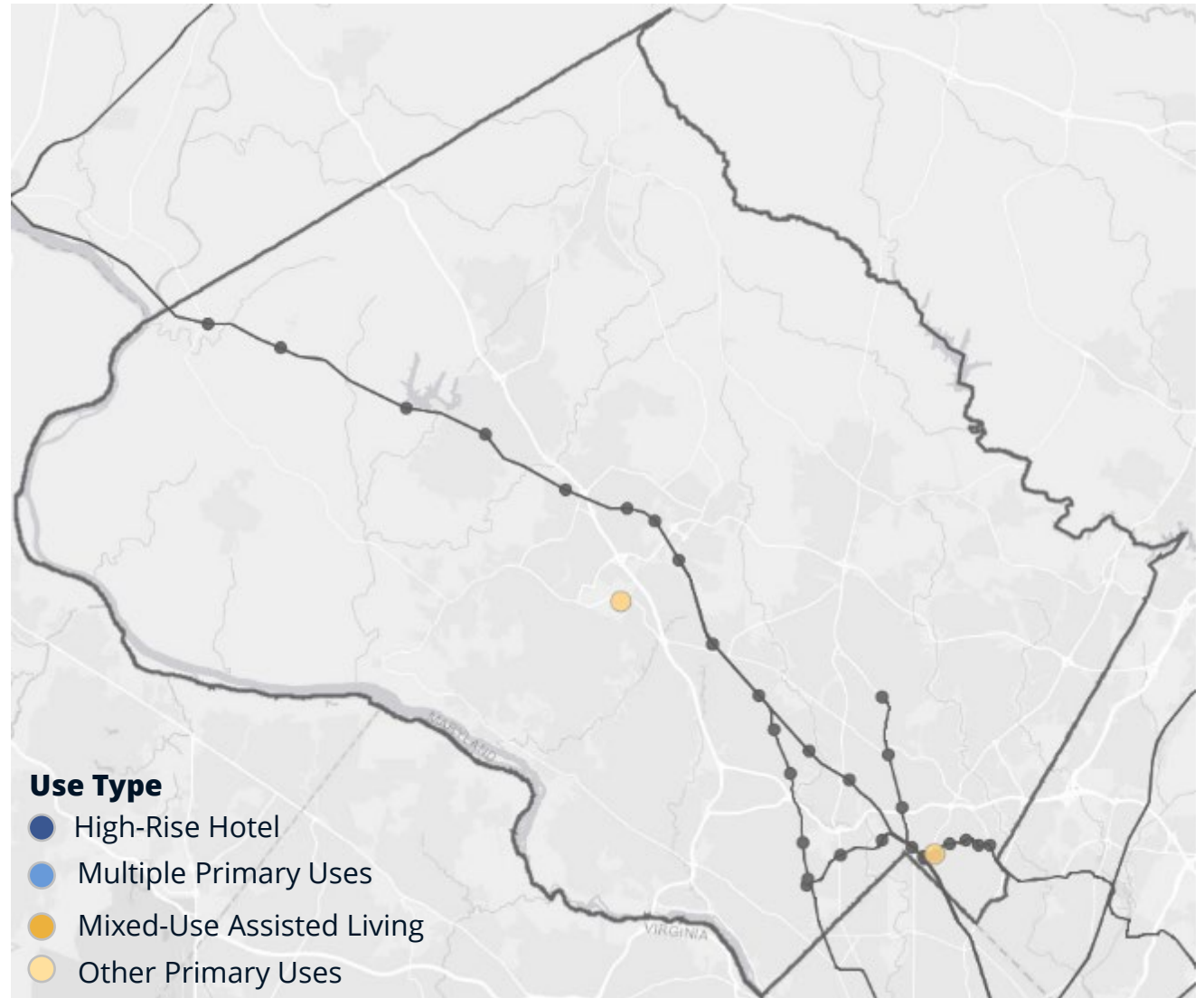
## OTHER MIXED-USE TYPOLOGIES | Mixed-Use Assisted Living

Two **Mixed-Use Assisted Living** properties are 3 and 7 stories tall, respectively, and anchored by an assisted living facility with either activated ground floor retail or medical services. One property has a substantially higher Walk Score and Transit Score than the other. The other property has a **suburban typology** but is **fully affordable**. The properties are located in **Rockville** and **Silver Spring**.



## OTHER MIXED-USE TYPOLOGIES | Other Primary Uses

Two properties with **Other Primary Uses** are included in the dataset – the 5-story **Downtown Silver Spring Library** and a 3-story **parking garage** in western **Rockville** with **ground floor retail**. The Library has a substantially higher Walk Score and Transit Score than the other and ranks **above average**. The parking garage has a **suburban typology** and **ranks poorly** compared to the other developments within this category.



# SUCCESS FACTORS

- **Sustainability:** Do project design and location support **non-auto** transportation, and/or generate **stormwater** and **energy/water efficiency** benefits?
- **Walkability:** Do projects enhance or detract from the **pedestrian experience** in more urban & less urban environments?
- **Authenticity:** What is the character of the neighborhood in which mixed-use projects are built? Do new projects reinforce **neighborhood character**?
- **Convenience:** Do projects have easy **access to transit** and **amenities**? Are on-site retail spaces occupied by tenants relevant to other building users (or occupied at all)?
- **Flexibility:** Can projects accommodate **changing trends** in transportation and real estate dynamics? How well-positioned are buildings to succeed in a post-COVID world?
- **Inclusion:** Do projects allow for **lower-income** residents and/or smaller businesses to become tenants? Are project open spaces **welcoming** to diverse users?



## SUCCESS FACTORS | Sustainability

Sustainability in mixed-use projects can have a variety of meanings. Some projects can apply traditional measures of sustainability – like **LEED certifications or Energy Star ratings** – while other mixed-use projects take a more creative approach.

LEED certifications can be costly and time-consuming. Mixed-use projects, which are flexible by their very nature, **can explore other options to be sustainable**. These options can include both static or active **green roofs, storm water collection and recycling, urban apiaries, or solar panel** integration.

Incorporating non-traditional sustainability strategies such as green roofs or urban apiaries into mixed-use projects can help create interesting and engaging uses without losing leasable square footage.

HR&A Advisors, Inc.



**The Pallas at Pike and Rose** features a **rooftop garden** run by Up Top Acres. This organization provides a full-service produce garden on the roof of the Pallas. Not only does this allow the building to benefit from having a rooftop amenity, but also provides the community direct access to fresh, very local produce.



## SUCCESS FACTORS | Walkability

Most mixed-use projects **rely on ground floor activation to create success for the commercial** uses within the building. Mixed-use developments provide the opportunity for intentional interventions in the pedestrian realm.

Whether a mixed-use project is in a down-county urban core or along the more suburban I-270 corridor, it should **contribute to and plug into the pedestrian experience**. Enhancements can come in form of wider sidewalks, stronger buffering between pedestrians and car traffic, or through ground floor activation that provides more eyes and activity on the street at all hours.



**19873 Century Boulevard, Germantown**, has **street-focused ground floor retail**, with office space on the second floor. The **sidewalks are wide, and buffered with greenery**, and the building provides easy access to the commercial uses from the street.

## SUCCESS FACTORS | Authenticity

Mixed-use projects should seek **to reinforce the character of a neighborhood.**

For large-scale developments like mixed-use districts, the authenticity of the project can be strengthened through the engagement of the local community throughout the planning process, ensuring the **community's vision and voices help to drive project design.**

In smaller developments, like singular buildings, authenticity can come by adding to the existing fabric of a district and by **leasing spaces to local retailers** as opposed to national brand names, supporting and displaying **local art**, or by hosting **community and neighborhood events.**



**The Silver Spring Library** building has a unique design with natural streetscaping that helps **weave the project into the fabric of the neighborhood.** The project also successfully combines **colocated public facilities** and **community-oriented uses** such as a café and transit station.

## SUCCESS FACTORS | Convenience

Mixed-use projects should be **easily accessible, and able to meet multiple needs of consumers at once**. Convenience can be measured through both the **proximity to transit and ease of access**, and the cohesiveness of the **mix of uses within the project**.

Building mixed-use projects near transit makes them more **accessible to residents, workers and shoppers of diverse incomes** and reduces the projects' contribution to **traffic and pollution**.

Integrating **uses that complement each other**, such as retail and restaurants catering to workers or residents upstairs, **reinforces the project's market success** and further **reduces required car trips**.



**The Exchange at Wheaton** provides **a rich mix of uses within the building and is directly adjacent to the Wheaton Metro station**. This development houses active ground floor retail including a grocery store, an alcoholic beverage store, and a Starbucks.



## SUCCESS FACTORS | Flexibility

Zoning and regulations that can **accommodate shifts in consumer preferences and market conditions** will result in more successful projects.

This is true both with regard to the varying **development plans, construction typologies, new uses**, etc. that may be more or less feasible from year to year and with regard to **updates to existing buildings** that seek to remain relevant.

A district that can **evolve naturally in line with changing conditions and preferences** will be more successful and attractive over the long-term.



**Pike & Rose** was facilitated by the **flexible zoning** (CR zone) developed as part of the White Flint Sector Plan. These districts allowed a wide range of uses to respond to development trends and needs over time and required the delivery of key **public benefits** for the community.

## SUCCESS FACTORS | Inclusion

Mixed-use projects should be designed to be **inclusive spaces for all community members** and visitors.

Montgomery County's inclusionary zoning policy, which requires that at least 12.5% of housing units in a development are affordable, is a good step towards creating inclusive mixed-use policies.

Other methods to create more inclusive mixed-use projects include leasing retail space to **smaller, local businesses** and designing spaces to be **welcoming to diverse users of all abilities**.



**The Fenton** is a 100% affordable residential-based mixed-use development close to the heart of downtown Silver Spring. This development goes beyond the Inclusionary Zoning policies laid out by the county. All units are income restricted to maintain affordability.



## **III: Mixed-Use Development Policy Comparison**

# POLICY COMPARISON INTRODUCTION | Overview

**HR&A reviewed regional and national mixed-use trends and policies to understand best practices for encouraging mixed-use development.**

A closer look at case studies in municipalities with policies and programs that have successfully encouraged mixed-use development will provide insight on steps Montgomery County can take to further encourage mixed-use, particularly transit-oriented development. The following pages outline existing practices used in Montgomery County, an assessment of how those practices compare to other regional and national jurisdictions, and a set of recommendations for future policies and initiatives.

**For each jurisdiction, HR&A reviewed the following policies and initiatives to compare to Montgomery County's practices:**

- Land Use/Comprehensive and Sector Plans
- Affordable Housing Standards
- Design Guidelines
- Open Space Guidelines

# POLICY COMPARISON INTRODUCTION | Case Studies Reviewed

We reviewed four **case studies** and several additional examples from the DC region and beyond to identify policies and incentives that successfully encourage complex mixed-use development.

## REGIONAL CASE STUDIES



### Fairfax County, VA

- Mosaic District
- Tysons Corner
- Reston



### Arlington, VA

- Rosslyn-Ballston Corridor

## NATIONAL CASE STUDIES



An edge city in Seattle's orbit, similar to Montgomery County relative to DC.

### Bellevue, WA

- BelRed District
- Eastgate
- Downtown District



Recent investments in public transportation and increasing density around station areas.

### Los Angeles, CA

- Downtown

## ADDITIONAL JURISDICTIONS REFERENCED

- Prince George's County
- Loudon County
- Washington, D.C.
- New York City
- Portland, OR

# REVIEW OF EXISTING POLICIES | Overview

HR&A conducted a review of existing policies that impact mixed-use development in Montgomery County through a review of county plans and stakeholder interviews. The County’s General Plan establishes broad policy guidelines and vision, while Sector Plans and Master Plans dictate more specific guidelines for land use, design, open space, and more for smaller areas in the county – all of which contribute to creating an environment that is generally friendly for mixed-use development.

## Land Use

- **Commercial Residential (CR) zones** allow for by-right mixed-use development under the “standard method” (0.5-1 FAR).
- The “optional method” of development allows for **incentive density** in exchange for public benefits using a point-based system.
- Incentives encourage **ground floor retail**.
- **Floating zones** can achieve re-zoning outside the master plan process but are rarely used.
- **Adequate Public Facilities Ordinance** establishes limits on infrastructure elements (e.g. congestion).
- **Overlay zones**, such as Bethesda (B) or Takoma Park/East Silver Spring Commercial Revitalization (TPESS)

## Affordable Housing

- Mandatory **MPDU Program** across the county requires 12.5% - 15% of units to be set aside as affordable, depending on area’s zoning.
- Inclusion of affordable units will earn points under “optional method” of development.

# REVIEW OF EXISTING POLICIES | Overview

HR&A conducted a review of existing policies that impact mixed-use development in Montgomery County through a review of county plans and stakeholder interviews. The County’s General Plan establishes broad policy guidelines and vision, while Sector Plans and Master Plans dictate more specific guidelines for land use, design, open space, and more for smaller areas in the county – all of which contribute to creating an environment that is friendly for mixed-use development.

## Design Guidelines

- **Quality Building and Site Design guidelines** for CR zones include:
  - Architectural Elevations
  - Resource Protection
  - Public Open Space
  - Public Art
  - Structured Parking
  - Tower Step-Back
- Compliance with design guidelines earn points under “optional method” of development.
- Design guidelines **vary by sector plan**.

## Open Space

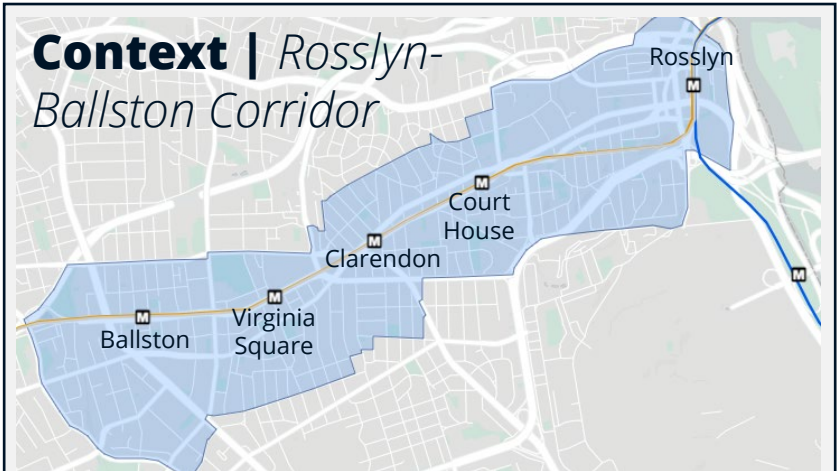
- **Public open space is required** for mixed-use buildings.
- County goals and design principles for open space are determined within **various documents**:
  - 2017 Park, Recreation and Open Space (PROS) Plan
  - 2017 Recreational Guidelines for Private Residential Development
  - Designing Public Spaces: Energized Public Spaces Design Guidelines and the Energized Public Spaces Functional Master Plan
- **Park Impact Payments** are imposed in Bethesda.



# REVIEW OF CASE STUDIES | Arlington, VA

Arlington is an example of transit-oriented development and neighborhood preservation along the Metrorail.

Context | *Rosslyn-Ballston Corridor*



- The County advocated for the Orange Line to be located along commercial spine along Wilson and Clarendon Blvd. to leverage existing development activity.
- Only about 12% of the county is planned for mixed-use or higher density development, all of which is primarily concentrated around Metrorail stations.

## Policies and Initiatives

### Comprehensive or Sector Plans

- **Sector Plans** identify affordable housing, open space and historic preservation goals, and specify additional density bonuses to incentivize those goals.
- The Zoning map is not updated to reflect **development intensities within the Comprehensive Plan or Sector Plans**.
- Sector Plans are **not binding** in Virginia.

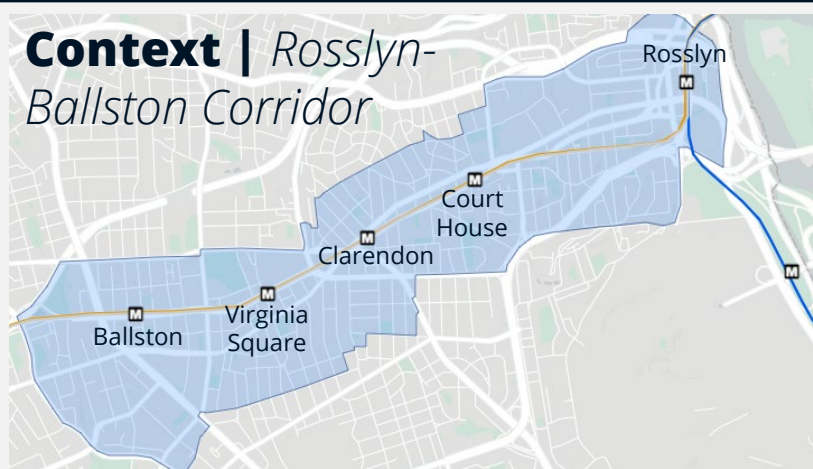
### Land Use

- Under a discretionary “site plan process”, most commercial or mixed-use projects are done by **special exception use permit or rezoning**, and developers can negotiate conditions.
- **Bonus density** is allowed in exchange for community benefits, which are negotiated on a discretionary basis.
- Emphasis on planning **higher densities around transit stations**.
- **Ground floor requirements exist in some districts**. Example: In Clarendon, 75% of ground floor GSA in office buildings must be retail.

# REVIEW OF CASE STUDIES | Arlington, VA

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## Context | *Rosslyn-Ballston Corridor*



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- Only about 12% of the county is planned for mixed-use or higher density development, all of which is primarily concentrated around Metrorail stations.

## Policies and Initiatives

### Affordable Housing

- **Inclusionary zoning** is voluntary across entire jurisdiction allows for bonus density in exchange for 5 – 10% of GFA in affordable housing.

### Design Standards

- **Smart Growth principles drive design standards**, including preserving open space, creating walkable neighborhoods, using compact building design, and creating a strong sense of place.
- **Specific design standards vary by sector plan**, and mixed-use districts typically ask for wider sidewalks (~6 ft.) and street plants.
- **Hierarchy of streetscape treatment**, with more urban design standards, such as a wide sidewalk, planned for dense areas near Metrorail.

### Open Space


- In many mixed-use districts, a minimum of 10% of the total site area is **required to be landscaped open space**.
- The **Public Spaces Master Plan** recommends more casual use space, public art, and 30 more acres of new public space over 10 years.



# REVIEW OF CASE STUDIES | Fairfax County, VA

Fairfax County's Comprehensive Plan encourages the development of mixed-use projects through the county.

Context |  
*Fairfax  
County*

A map of Fairfax County, Virginia, showing its irregular boundary. Three specific areas are highlighted with blue dots and labels: 'Reston Town Center' in the northwest, 'Tysons' in the north-central part, and 'Mosaic District' in the east-central part. The map shows a network of roads and some green spaces.

- Fairfax has three large mixed-use districts at Tysons, Reston Town Center, and the Mosaic District.
- Most mixed-use zoning is concentrated around already existing urban nodes in the county.

## Policies and Initiatives

### Affordable Housing

- Fairfax County's Comprehensive Plan encourages the development of affordable units and sets a goal that **12% of units delivered across the county be affordable**. The County provides incentives, including density bonuses and free or reduced cost land, and makes residential **rezonings contingent upon including at least 12% affordable** units within projects.

### Design Standards

- **Urban Design Guidelines** for Community Revitalization Districts (CRDs) provide options and choices to developers. These guidelines are not overly prescriptive, but provide in-depth descriptions and options of what the county envisions the CRDs becoming.

### Open Space

- **Developers are responsible for improvements to the public realm** including but not limited to sidewalk improvements, street lighting, and streetscaping.



# REVIEW OF CASE STUDIES | Bellevue, WA

Bellevue, an anchor city within metro Seattle, focuses its growth on denser, designated mixed-use districts.

**Context |**  
*Bellevue  
Mixed-Use  
Districts*

- 5<sup>th</sup> largest city in the state
- Approx. 10 miles to the East of Seattle
- High-tech and retail center of the Eastside (suburbs of Seattle)
- Key mixed-use districts include Downtown District, BelRed District, Eastgate, and Wilburton – each with a unique focus and character.

## Policies and Initiatives

### Comprehensive or Sector Plans

- The **Comprehensive Plan** outlines citywide policies and goals, and identifies areas for high growth. **Neighborhood Plans** contain goals and policies for each of the 14 subareas.
- Neighborhood Plans are updated every 7 years, with **as-needed updates in high growth areas**. Light rail is opening in 2023, so the City is **redoing planning around station** areas to take advantage of those investments.

### Land Use

- A **tiered amenity incentive system** allows developers to exceed the base FAR limit (by up to 4.0 FAR). The **greatest density** is allowed **adjacent to transit**.
- **Office density is limited** in some areas to ensure a mix of uses in a very strong office market. **Ground floor commercial space** is required for building frontages in BelRed.
- The City has an **administrative review process with some discretion**.
- In some areas, the City allows a **market driven approach to parking**.



# REVIEW OF CASE STUDIES | Bellevue, WA

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**Context |**  
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- Key mixed-use districts include Downtown District, BelRed District, Eastgate, and Wilburton – each with a unique focus and character.

## Policies and Initiatives

### Affordable Housing

- Affordable housing is **part of the incentive system**. In BelRed, developers must offer affordable housing as the first public benefit before any others.
- This typically results in a 7-10% affordable unit share.

### Design Standards

- **Guidelines for recommended and discouraged typologies vary by zoning district.** Many mixed-use district zoning recommends active and passive gathering spaces, established and strengthened gateways, integration of art, emphasis on pedestrian environment, pedestrian-scaled lighting in public spaces, etc.

### Open Space

- Downtown Bellevue allows for building height beyond the maximum if 10% of the **project site area is publicly accessible space**, such as an outdoor plaza space. This helps lessen the visual impact of tall buildings and reduces floorplates.

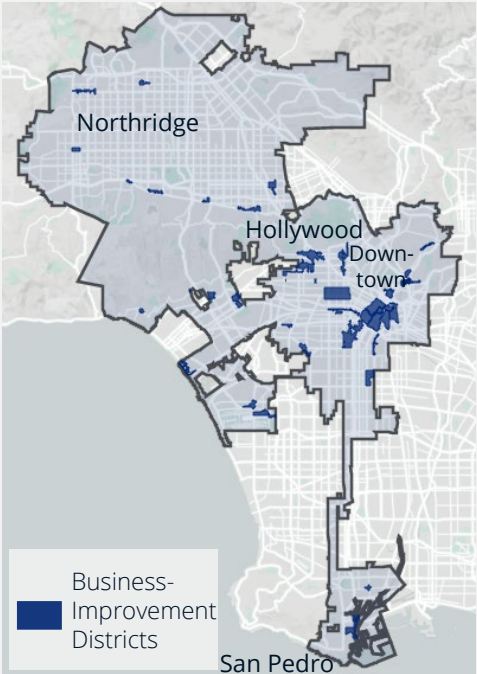
# REVIEW OF CASE STUDIES | Los Angeles, CA

Los Angeles is focused on increasing density throughout the city but lacks explicit policies for mixed-use.

### Context |

*Los Angeles*

- Largest city in the state and 2<sup>nd</sup> largest city in the US
- City is expanding its Metro Rail network throughout the city and encouraging mixed-use nodes adjacent to new stations and in already urban areas such as downtown.



## Policies and Initiatives

### Comprehensive or Sector Plans

- Los Angeles is **predominantly single site-zoned** and does not rely on comprehensive or sector plans.

### Land Use

- **Ground floor retail is required throughout Downtown LA.** However, ground floor retail across the Central Business Districts sees rapid turnover, predominantly due to the lack of sufficient foot traffic.
- Parking requirements are the largest barrier to increased density in Los Angeles. Los Angeles has begun to **explore policies that reduce parking minimums to encourage more density.**

### Affordable Housing

- The **Expo Station Neighborhood Plan** provides a points system to allow additional height if developers include affordable housing.
- The **Transit Oriented Communities (TOC) Affordable Housing Incentive Program** allow developers to increase density and/or reduce parking in exchange for adding affordable housing.

# POLICY COMPARISON | Montgomery County and Case Studies

Comprehensive and Sector Plans drive growth and are often used to concentrate density in specific areas, usually near transit, where mixed-use development is most likely to occur.

Best Practices from Case Studies	
<u>Comprehensive &amp; Sector Plans</u>	<p><b>Other jurisdictions tend to rely on a combination of more frequent plan updates and site-specific approvals to accommodate shifts in developer demands or policy.</b></p> <ul style="list-style-type: none"><li>• Fairfax County's Comprehensive Plan outlines the county's goals and focuses for development across the county, with explicit development plans for Community Revitalization Districts. The Comprehensive Plan is regularly updated and tied to updates to the zoning code.</li><li>• In Arlington, Sector Plans identify affordable housing, open space, and historic preservation goals, and specify additional density bonuses to incentivize those goals, but these plans are non-binding.</li><li>• Bellevue updates Plans as-needed in high growth areas. For example, light rail is opening in 2023, so the City is redoing planning around station areas to take advantage of those investments.</li><li>• Prince George's County adopted a new zoning ordinance as a part of the construction of the Purple Line, which emphasizes the need for high-density, mixed-use developments at the transit stations, and along existing commercial corridors like the Takoma/Langley Crossroads</li></ul>

# POLICY COMPARISON | Montgomery County and Case Studies

Best Practices from Case Studies	
<u>Comprehensive &amp; Sector Plans</u>	<ul style="list-style-type: none"><li>• In New York City, Special Zoning districts are used to apply additional zoning requirements to developments that are not otherwise stipulated in the Zoning Resolution. In Hudson Square, this Special Zoning district allows for residential, commercial, and community facility development despite the underlying manufacturing zone. Special Districts allow for flexibility in zoning and development, without requiring a full update to the Zoning Resolution.</li><li>• Planned Unit Developments (PUD) are utilized in Washington, D.C., to provide zoning relief. If the DC Zoning Commission believes a project will provide substantial community benefits, it can grant the relief. This process also allows for the community to engage and influence the project in a substantial way, including increasing affordable housing, streetscaping, or requiring additional community benefits.</li></ul>
Implications for Montgomery County	
<p>Montgomery County is in the process of drafting Thrive Montgomery 2050 to update the 1993 General Plan. The County’s Sector Plans and Master Plans for smaller areas are updated more frequently, which helps drive growth in certain areas. In future years, the County could consider more frequent Sector Plan updates on a proactive basis in line with changes in market conditions, transit, etc. in certain neighborhoods. Additionally, the County could consider the inclusion of highly flexible zoning districts to increase diversity of development and allow for changes in the market.</p>	

# POLICY COMPARISON | Montgomery County and Case Studies

Land use requirements and the development review process can drive mixed-use development by encouraging projects that align with market demand, in terms of density and building typology.

Best Practices from Case Studies	
Land Use	<p><b>A review process that offers developers a mix of certainty and flexibility encourages development that aligns with market demand.</b></p> <ul style="list-style-type: none"><li>• Arlington has a discretionary review process for re-zoning. While this can be time consuming, especially if the development was not originally in the city’s plan, it offers greater flexibility for developers and calibrates to market demand.</li><li>• Bellevue has a mix of requirements and discretionary items in the review process, which offers developers both certainty and flexibility when needed.</li><li>• Portland, OR allows for more housing units in areas zoned as single-family residential, to encourage a boost in housing supply through the Residential Infill Project.</li></ul>

Implications for Montgomery County	
<p>Currently, Montgomery County allows some discretion throughout the review process through the point-based incentive system. Adoption of a discretionary review process more in line with Arlington and Bellevue could allow a greater degree of flexibility, but might offer less certainty to developers. Additionally, flexibility in density standards, particularly in residential zones, can provide more opportunities for mixed-use development.</p>	



# POLICY COMPARISON | Montgomery County and Case Studies

The amenities in walkable, urban areas – such as those offered by and near mixed-use buildings – should be accessible to all residents.

Affordable Housing

Best Practices from Case Studies

**Other jurisdictions have put programs in place that offer incentives in return for building affordable housing units.**

- Los Angeles’ incentive programs allow for additional height and reduce parking minimums if developers include affordable housing within their development.
- Fairfax County mandates a 12% share of affordable housing for the subset of projects that require greater density or a rezoning, lower than Montgomery County’s 12.5-15% target.
- Loudoun County’s Inclusionary Zoning policy encourages deeply affordable units by applying incentives to units affordable to households earning between 30% and 50% of AMI, and Portland, OR’s Residential Infill Project, which allows more units in areas zoned as single family residential in order to boost affordable housing supply.

Implications for Montgomery County

While the County already generates relatively high affordable unit production compared to the case study areas, there is still a desire to do better. As noted in the Thrive 2050 Plan, there is inadequate housing production and supply compared to the need. Montgomery could explore the viability of policy options that use incentives to further encourage affordable units in a greater variety of locations and serving a wider range of households.

# POLICY COMPARISON | Montgomery County and Case Studies

Design guidelines contribute to a mixed-use environment by encouraging a sense of place and buildings that allow for greater connectivity.

Best Practices from Case Studies	
Design Standards	<p><b>Design guidelines that are grounded in creating a walkable, urban areas can cultivate environments that attract mixed-use development.</b></p> <ul style="list-style-type: none"><li>• Arlington uses “Smart Growth” principles to drive design guidelines.</li><li>• Bellevue has a mix of required and negotiable design guidelines, allowing the City to prioritize their guidelines and ensuring that developers comply with design preferences that are considered a top priority.</li><li>• Fairfax County has Urban Design Guidelines that provide in-depth descriptions and options for what the County envisions for the Community Revitalization Districts.</li></ul>
Implications for Montgomery County	
<p>Compliance with many of the County’s design guidelines falls under the “optional method” of development, potentially allowing developers to consider choosing between certain County urban design goals and other public benefits. Montgomery County could consider altering its optional method process to make certain high-priority design goals mandatory, regardless of which public benefits developers choose to provide.</p>	

# POLICY COMPARISON | Montgomery County and Case Studies

Open space enhances a mixed-use environment by encouraging a more comfortable transition between indoors and outdoors, which strengthens the viability of ground floor uses.

Best Practices from Case Studies	
<u>Open Space</u>	<div><b>Other jurisdictions tend to require some public space in mixed-use districts, or in exchange for the density needed to develop a mixed-use building.</b></div> <ul style="list-style-type: none"><li>• Downtown Bellevue allows additional building height if 10% of ground floor is public space.</li><li>• In many mixed-use districts in Arlington, a minimum of 10% of the total site area is required to be landscaped open space.</li></ul>
Implications for Montgomery County	
Montgomery County’s public space requirements are equal to those in other jurisdictions. Developers can generate points for going above the minimum open space requirements, but they also may choose to gain approval via other public benefits instead.	

# POLICY COMPARISON | Montgomery County and Case Studies

Montgomery County’s parking requirements are comparable or slightly lower than those of other suburban jurisdictions in the region, depending on the use and location.

Jurisdiction	Base Parking Requirement	Additional Details
Montgomery County	<ul style="list-style-type: none"><li>• <b>Residential:</b> Minimum <b>1 space</b> per unit</li><li>• <b>Retail:</b> Minimum <b>3.5 spaces</b> per 1,000 SF of Gross Leasable Area</li><li>• <b>Office:</b> Minimum <b>2 spaces</b> per 1,000 Gross Floor Area</li></ul>	<ul style="list-style-type: none"><li>• In CR zones, up to 10 points for providing fewer than the maximum allowed number of parking spaces.</li></ul>
Arlington	<ul style="list-style-type: none"><li>• <b>Residential:</b> Minimum <b>1 space</b> per unit</li><li>• <b>Commercial:</b> Minimum <b>1 space</b> per 300-580 SF</li></ul>	<ul style="list-style-type: none"><li>• In some mixed-use districts, no parking is required for the first 5,000 SF of commercial floor area.</li><li>• Open for negotiation in site planning process.</li></ul>
Fairfax County	<ul style="list-style-type: none"><li>• <b>Residential:</b> <b>1.3 – 1.6 spaces</b> per unit depending on number of bedrooms or distance from Metro Stations.</li><li>• <b>Retail:</b> <b>1 space</b> per 200 SF of Net Floor Area for the first 1,000 SF &amp; <b>6 spaces</b> for each additional 1,000 SF. Requirement reduced by 20% near Metro Stations.</li><li>• <b>Office:</b> <b>2 spaces</b> per 1,000 SF for buildings within 0.25 mile of Metro Stations, otherwise <b>2.3 – 3.6 spaces</b> per 1,000 SF</li></ul>	<ul style="list-style-type: none"><li>• Parking requirements were updated in 2018 to lower development costs and avoid overparking.</li></ul>

# POLICY COMPARISON | Montgomery County and Case Studies

Jurisdictions elsewhere in the country are experimenting with lower parking ratios or even market-driven parking regulations.

Jurisdiction	Base Parking Requirement	Additional Details
Bellevue, WA (Downtown)	<ul style="list-style-type: none"><li>• <b>Residential:</b> Minimum <b>0 -1.0 spaces</b> per 1,000 NSF depending on zoning</li><li>• <b>Retail:</b> Minimum <b>3.3 – 4.0 spaces</b> per 1,000 NSF depending on zoning</li><li>• <b>Office:</b> Minimum <b>2 – 2.7 spaces</b> per 1,000 NSF depending on zoning</li></ul>	<ul style="list-style-type: none"><li>• In some areas, the City allows a market driven approach to parking.</li></ul>
Los Angeles, CA	<ul style="list-style-type: none"><li>• <b>Residential:</b> Minimum <b>1 – 2 spaces</b> per unit depending on number of bedrooms</li><li>• <b>Office:</b> Minimum <b>1 space</b> per 400 SF</li><li>• <b>Retail:</b> Minimum <b>1 space</b> per 250 SF</li></ul>	<ul style="list-style-type: none"><li>• Los Angeles has begun to explore policies that reduce parking minimums to encourage more density.</li></ul>



# REGIONAL COMPETITIVENESS | Montgomery County and Case Studies

Local jurisdictions can offer favorable conditions relating to talent acquisition, tax incentives, and accessibility, all of which contribute to attracting the principal anchor uses of mixed-use buildings, office and residential. The County is in a strong position to attract an increasing share of the region’s residential demand, particularly in areas with more amenities and access to the Metro.

## ATTRACTING RESIDENTIAL DEMAND *(Higher, mid, and lower assessments are relative to the region)*

	Montgomery County	Northern Virginia	DC
Housing Costs →	<b>Mid:</b> \$1,765 Median Rent 2019 <b>Lower:</b> \$485k Median Home Value 2019	<b>Higher:</b> \$1,880 Median Rent 2019* <b>Mid:</b> \$566k Median Home Value 2019*	<b>Lower:</b> \$1,541 Median Rent 2019 <b>Higher:</b> \$602k Median Home Value 2019
Public Schools →	<b>Stronger:</b> Good public schools (A rating on Niche)	<b>Stronger:</b> Good public schools (A rating on Niche)	<b>Weaker:</b> Average public schools (B- rating on Niche)
Accessibility to Jobs and Amenities →	<b>Mid:</b> 13 Metro Stops and 0 Transfer Stations. Further from regional airports	<b>Higher:</b> 30 Metro Stops, 4 Transfer Stations, and 2 Airports	<b>Higher:</b> 40 Metro Stops and 5 Transfer Stations Accessible to DCA without transfer

\*Northern Virginia includes Arlington, Fairfax County, Loudoun County, and Alexandria. Housing costs are approximate.

# REGIONAL COMPETITIVENESS | Montgomery County and Case Studies

Northern Virginia captures an outsized share of the region’s office demand due to the jurisdiction’s economic anchors and regulatory environment, making it less expensive for businesses to locate there. Additionally, the area has created an industry hub around tech. Rather than competition for larger office tenants, the County could leverage shifts in demand due to the pandemic and offer more flexible, co-working office spaces.

## ATTRACTING OFFICE DEMAND *(High, mid, low assessments are relative to the region)*

	Montgomery County	Northern Virginia	DC
Tax Incentives →	<b>Limited:</b> Tax incentives focused on target industries	<b>Strong:</b> Range of tax incentives that are workforce-oriented	<b>Limited:</b> Focused on small businesses & inclusive growth
Financing and Grants →	<b>Strong:</b> Range of financing and grants available	<b>Strong:</b> Variety of financing and grants available to businesses	<b>Limited:</b> Focused on small businesses & inclusive growth
Commercial Property Tax Rate →	<b>Mid:</b> \$1.20 per \$100 in value in 2019	<b>Low:</b> \$1.02 - \$1.15 per \$100 in value in 2019	<b>High:</b> Up to \$1.89 per \$100 in value in 2019
Accessibility to Industry Hubs and Transportation	<b>Mid:</b> 13 metro stops and 0 transfer stations. Further from airports. Hub for life science industry (NIH).	<b>High:</b> 30 metro stops, 4 transfer stations, and 2 airports. Hub for defense (Pentagon, CIA) and tech industries.	<b>High:</b> 40 metro stops and 5 transfer stations; accessible to DCA without transfer. Convenient to most federal agencies.

\*Northern Virginia includes Arlington, Fairfax County, Loudoun County, and Alexandria. Housing costs are approximate.

## CONCLUSIONS | Mixed-Use Development Policies

Montgomery County is a national leader in planning for affordable housing, open space and other amenities, but could consider adjusting some policies to attract more mixed-use development. Adjusting policies to balance flexibility with minimum requirements, allow for less time-consuming approvals and re-zonings, and increase alignment with evolving market conditions are potential areas for improvement.

- **Consider Minimum Requirements for Densification:** Montgomery County's thoughtful, detailed "optional method" process allows developers a variety of ways to pursue greater density but may have a side effect of ceding control over which public benefits are most emphasized by developers in pursuit of density. The County could consider a system similar to that of Bellevue in which certain public benefits (affordable housing in Bellevue's case) must be achieved as a first priority for all projects seeking incentive density. In Montgomery County, such a policy could vary based on the needs for specific public benefits in different parts of the County.
- **Consider Broader Definition for Active Ground Floors:** References to ground floor retail in various Sector Plans and other planning documents could be broadened beyond ground floor retail to include other active uses, particularly in light of the evolution of the retail market as well as the challenges faced by ground floor retailers occupying storefronts that are not already within active, pedestrian-oriented retail destinations. Bellevue defines retail as just one of many publicly accessible spaces that are open to the public during normal business hours, and applies requirements and incentives to the broader "active use" designation rather than ground floor retail specifically. Downtown Los Angeles, on the other hand, applies a narrow definition of active ground floors focused on retail, and has suffered as a result.

## CONCLUSIONS | Mixed-Use Development Policies

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- **Maintain National Leadership in Promoting Affordable Housing:** Montgomery has a more aggressive and successful affordable housing policy than many other jurisdictions. While this policy imposes greater financial burdens than developers may face in other jurisdictions such as Fairfax County, it advances a critical County goal and developers have been able to accommodate it. Montgomery County can maintain this leadership and continue to advance progress towards addressing the housing gap in the County.
- **Consider Greater Flexibility Between General and Sector Plan Updates:** Other jurisdictions make it somewhat easier for developers to pursue exceptions to pre-determined uses, densities, etc. (e.g. Arlington), and/or update local plans more frequently to account for changing market conditions (e.g. Bellevue, Fairfax), due in part to differences in State laws. Montgomery County should consider ways to make the approvals process for proposals faster and seek strategies to account for changes in market conditions in certain neighborhoods that may occur in between plan updates, while staying within the bounds of Maryland planning regulation.

## CONCLUSIONS | Mixed-Use Development Policies

The onset of the COVID-19 pandemic has added uncertainty to market dynamics across the country – particularly for commercial uses. The desire for urban workers to limit commuting and continue an amenity-rich lifestyle outside of a central city may lead to more demand for mixed-use development in the suburbs. The pandemic may also shift demand for particular amenities by increasing demand for open space, for example. The County may want to consider additional programs and policies to accommodate potential shifts in the market:

- **Ground Floor Activation Strategies**, such as a public art program to reduce the negative impact of any vacant space, or encouraging a wider range of ground floor uses, including temporary childcare centers and colocated public facilities, and co-working spaces. Ground floor retail, especially in areas with low walkability, should be carefully evaluated, and the County should consider whether a critical mass exists to sustain retail on the ground floor.
- **Funding and Incentive-Based Solutions**, such as continued rental assistance or small business grants. The pandemic can serve as an opportunity to rethink economic development incentives and the industries or use types the County is aiming to attract.
- **Activate Existing Public Spaces** near mixed-use districts by planning events or enhancing the space through the addition of public art, benches, etc. Structural support, like that of BIDs and neighborhood associations, can help further the activation of these spaces.





# **MONTGOMERY COUNTY MIXED-USE DEVELOPMENT STUDY**

Summary of Findings  
July 2021

# Appendix

## PERFORMANCE ASSESSMENT | Quantitative Evaluation Considerations

- **Sustainability:** The County has a broad goal of promoting sustainability, and promoting denser, mixed-use nodes is a key component of that goal. Even without integrating sustainable principles into their design, mixed-use developments inherently help achieve this goal by creating walkable and non-car-oriented nodes of development.
- **Walkability:** Most mixed-use projects rely on ground floor retail and commercial uses. The success of these uses is highly reliant on foot traffic. When a mixed-use development is in a highly walkable area, the potential for foot traffic increases, thus walkability is a key component of the success of a mixed-use project.
- **Convenience:** A part of creating a successful mixed-use project is creating spaces where pedestrians feel comfortable. Transit-adjacency can help limit the number of cars on-site and increase the comfort of the pedestrian. Transit-adjacency can also increase the foot traffic to an area.

# PERFORMANCE ASSESSMENT | Variables

**Sustainability** was determined by LEED certification status, regardless of whether the certification was for interior and exterior conditions. Points were awarded based on the property's LEED certification. If the property had no certification, it received 0 points, basic certification received 40 points, Silver 60 points, Gold 80 points, and Platinum 100 points.

## EXAMPLE:

LEED Rating	-	Certified	Silver	Gold	Platinum
Points	0	40	60	80	100

# PERFORMANCE ASSESSMENT | Variables

**Walkability** was determined using WalkScore. WalkScore measures the walkability of an area on a score of 0-100, based on walking routes to destinations such as grocery stores, restaurants, schools, retail, and parks.

## EXAMPLE:

	<i>Project Example 1</i>	<i>Project Example 2</i>	<i>Project Example 3</i>	<i>Project Example 4</i>	<i>Project Example 5</i>
WalkScore	25	41	60	87	93
Points	25	41	60	87	93



# PERFORMANCE ASSESSMENT | Variables

**Convenience** was determined using TransitScore. TransitScore measures transit accessibility on a scale from 0-100. Transit Score calculates the distance to the closest stop on each route and analyzes route frequency and type. To ensure that the points given for TransitScores were relative to the transit accessibility of Montgomery County on the whole, TransitScores were ranked from 0-88.

**EXAMPLE:**

	<i>Project Example 1</i>	<i>Project Example 2</i>	<i>Project Example 3</i>	<i>Project Example 4</i>	<i>Project Example 5</i>
<b>TransitScore</b>	0	17	35	52	70
<b>Points</b>	0	19	40	59	79

# PERFORMANCE ASSESSMENT | Quantitative Scoring Matrix

Each property's total score was calculated as a weighted sum. The points from walkability, connectivity, and sustainability were all given equal weight, and summed to get the property's total score.

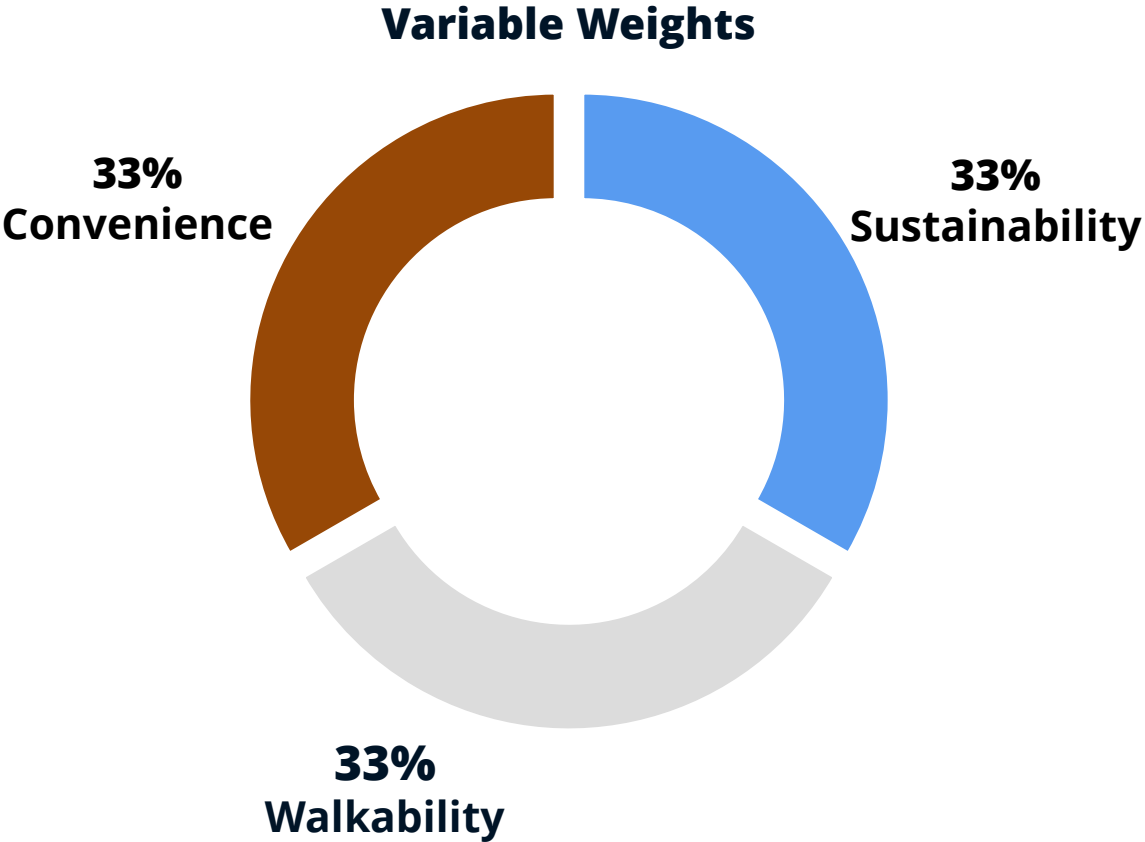
0.33 \* [Walk Score]

0.33 \* [Weighted Transit Score]

+

0.33 \* [Points for LEED Certification]

Total Score



# PERFORMANCE ASSESSMENT | Initial Findings

When mapped, **properties with better performance scores**, based on levels of walkability, transit connectivity and sustainability, tend to be concentrated **down-county, near urban hubs** like Silver Spring and Bethesda. Properties along the I-270 corridor tend to have **worse performance scores**, are **more suburban**, and have **less transit**.

