Shady Grove Station, Preliminary Plan Amendment No. 12012008D

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Staff Report Date: 11/15/17

Description
- Request to replace the unbuilt 131,422 square feet of office use with up to 43,000 sf of general retail space;
- Located at the southwest corner of the intersection of Shady Grove Road and Crabbs Branch Way;
- Approximately 90.34 acres, split-zoned CRT 0.75 C 0.25 R 0.5 H-60 T (TDR 0.6 Overlay) and CRT 1.0 C 0.25, R 0.75 H.90 T; 2006 Shady Grove Sector Plan;
- Applicant: EYA/CSP Associates and Montgomery County;
- Application acceptance date: June 26, 2017.

Summary
- Staff recommends approval with conditions.
- With regard to non-residential uses, the original preliminary plan approval was for 131,422 square feet of office use and 41,828 square feet of retail. The Applicant is seeking to eliminate the office uses and replace it with some additional retail due to decline in the office market and the high demand for retail uses, such as grocery or neighborhood-serving retail. There is also an increasing demand from existing and planned development at Shady Grove Station for the retail. No changes are proposed for the residential approvals.
- Staff received no correspondence from the community in respect to this amendment.
SECTION 1: CONDITIONS OF APPROVAL

Staff recommends approval with conditions to replace the approved 131,422 square feet of unbuilt office space with up to 43,000 square feet of General Retail development. All site development elements shown on the latest electronic version of Preliminary Plan Amendment No. 12012008D submitted via ePlans as of the date of this Staff Report are required. All previously approved plans (120120080, 12012008A, 12012008B and 12012008C), findings, and conditions of approvals remain in full force and effect, except as modified herein by the following conditions 1, 3 and 25:

1. This Preliminary Plan is limited to a maximum of 752 townhouse units on up to 752 lots, a maximum of 1,458 multi-family units on up to 95 lots (includes 84 lots for 2 over 2 units and 11 lots for multi-family buildings), 41,828 square feet of retail space on up to 3 lots shared with multi-family units, and a maximum of 43,000 square feet of general retail development on 1 lot. Additional lots are permitted for common areas, clubhouses, park and school sites, and other County facilities. Ten percent of the total number of residential units excluding MPDUs or resulting MPDU bonus density units must be Workforce Housing units, and 15% of the total number of residential units excluding workforce units must be Moderately Priced Dwelling Units (MPDUs).

3. The Planning Board has accepted the recommendations of the Montgomery County Department of Transportation (MCDOT) in its letters dated June 13, 2012, July 20, 2012, and August 4, 2017, and hereby incorporates them as conditions of the Preliminary Plan approval, except that any performance guarantees necessary to ensure that the trip reduction goals under Condition #4 are maintained will be determined by subsequent site plans. The Applicant must comply with each of the recommendations set forth in the letters, which may be amended by MCDOT provided that the amendments do not conflict with other conditions of the Preliminary Plan approval.

25. The Adequate Public Facility (APF) review for the Preliminary Plan will remain valid until October 11, 2024 (144 months from the date of the mailing of the Planning Board Resolution MCPB No. 12-89), according to the phases outlined below. Because the validity period is longer than the typical seven years, a phasing schedule for the APF and preliminary plan validity period, in accordance with Sections 50-20(c)(3)(B), 50-34(g), and 50-35(h)(2)(B) of the Subdivision Regulations, is required. Plats must be recorded and building permits issued as follows:
   - Phase I – 375 residential units, including MPDUs and workforce housing units, within 60 months from the 30th day after the Resolution is mailed;
   - Phase II – 125 residential units, including MPDUs and workforce housing units, within 36 months of the expiration of the Phase I validity period;
   - Phase III – 250 residential units, including MPDUs and workforce housing units, 41,828 square feet of retail space, and the library within 36 months of the expiration of the Phase II validity period; and
   - Phase IV – 1,460 residential units, including MPDUs and workforce housing units, and 43,000 square feet of general retail space within 12 months of the expiration of Phase III validity period.
In addition to the above modifications, Staff recommends the following two new conditions:

36. Prior to issuance of the building permit for the retail building approved by this amendment, the Applicant must update the current Traffic Mitigation Agreement (TMAg), dated August 18, 2015, with the Planning Board and the Montgomery County Department of Transportation (MCDOT) to reflect the change in use approved by this amendment.

37. The Applicant must submit a site plan application when details for the future retailer are confirmed.
SECTION 2: SITE DESCRIPTION

Site and Vicinity

The 90.34-acre Shady Grove Station Property (the Property), previously called Montgomery County Service Park (CSP), is located south of Shady Grove Road, north of Redland Road, east of the CSX rail tracks, and west of the Shady Grove Metro Access Road. Crabbs Branch Way runs north-south through the Property dividing it into two segments. A Montgomery County Public Schools Bus Depot, Parks Department maintenance equipment facility, and low-level industrial buildings comprise the eastern portion of the Property (Jeremiah Park). On the west side (Metro North CSP), the Shady Grove Station-Westside development is currently underway per Site Plan No. 820130220. As part of Phases I and II, the Applicant has constructed more than 375 residential units (333 residential units on the first of the four multi-family buildings (Building A) and 42 townhouses. On Phase III, the Applicant has built approximately half of the approved 41,828 square feet of retail use.

The Grove Shopping Center is located at the northeast corner of Shady Grove Road and Crabbs Branch Way in the CRT-1 C0.5 R0.5 H-65 T (TDR 0.81) Zone, while the David F. Bone Equipment Maintenance and Transit Operations Center (EMTOC) is located west of the shopping center in the EOF 0.75 H-60 T Zone.

In 2014, the County’s comprehensive rezoning process reclassified the western segment of the Property to the CRT-1.0 C0.25 R0.75 H-90 T (TDR 0.89 Overlay) Zone and eastern segment to the CRT-1 C0.5 R0.5 H-65 T (TDR 0.81 Overlay) Zone.

Figure 1: Vicinity Map – the part of the Site subject to this amendment is outlined in red
Previous Approvals

A history of the previous preliminary plan and site plan approvals for the Shady Grove Station property are described below:

Smart Growth Initiative
In September 2008, the County Executive established the Smart Growth Initiative to redevelop the CSP, as envisioned in the 2006 Shady Grove Sector Plan, and to provide a new site for the Public Safety Training Academy (PSTA). The County has purchased several properties to relocate existing CSP uses, including two properties at the northwestern intersection of Crabbs Branch Way and Shady Grove Road. The new David F. Bone Equipment Maintenance and Transit Operations Center (EMTOC) is now located on these two properties.

On December 20, 2010, EYA and Montgomery County entered into an agreement that gave EYA the exclusive right to purchase and redevelop the western side of Crabbs Branch Way and to serve as the master planner for all of the CSP. Shady Grove Station-Westside Site Plan application (referred to below) represents the continued implementation of the Smart Growth Initiative.

Preliminary Plan Approvals
On September 11, 2012, the Planning Board approved Preliminary Plan No. 120120080, by Resolution MCPB No. 12-89, Shady Grove Station, for a maximum of 752 townhouse units; a maximum of 1,458 multifamily units (includes 84 lots for 2-over-2 units and 11 lots for multifamily buildings); 41,828 square feet of retail space; and a maximum of 131,422 square feet of office development.

On April 23, 2014, the Planning Board approved Preliminary Plan No. 12012008A, by Resolution MCPB No. 14-22, that permitted the execution of a Traffic Mitigation Agreement (TMAg) at the first residential building permit and modifications to some roadway cross-sections.

On November 3, 2014, the Planning Board approved Preliminary Plan No. 12012008B, by Resolution MCPB No. 14-96, that permitted the modification of alley pavement widths from 20 feet to 18 feet; landscaping in alleys and deeper decks for residential units with a deck option; revised lot lines; and modified the location of Moderately Priced Dwelling Units (MPDUs) and Workforce Housing units.

On May 7, 2015, the Planning Board approved Preliminary Plan No. 12012008C, by Resolution MCPB No. 15-48 that permitted separate TMAgs applicable to the phase covered within a specific site plan for the various phases of the approved Shady Grove Station development.

Site Plan
On February 3, 2014, the Planning Board approved Site Plan No. 820130220, Shady Grove Station-Westside, by Resolution MCPB No. 13-190, for 1,521 residential dwelling units, including 211 MPDUs and 116 Workforce Housing units, 41,828 square feet of retail development, and space for a public library.

On November 3, 2014, the Planning Board approved Site Plan No. 82013022A, by Resolution MCPB No. 14-97, that permitted the modification of alley pavement widths from 20 feet to 18 feet; landscaping in alleys and deeper decks for residential units with a deck option; revised lot lines; and modified the location of MPDUs and Workforce Housing units.

On February 16, 2017, the Planning Board approved Site Plan No. 82013022B, by Resolution MCPB No. 17-006, that permitted the modification to: i) revise party walls of select townhomes; ii) update the footprint of Building A and interior courtyards; iii) update the location of electric transformers; iv) update materials and design of garage screening; and v) revise the Final Forest Conservation Plan infrastructure improvements for the trail and WMATA entrance approved under Mandatory Referral MR2014019 and Site Plan 820130220.
SECTION 3: PROJECT DESCRIPTION

Proposal

The Applicant proposes to replace the previously approved and unbuilt 131,422 square feet of office use with a maximum of 43,000 square feet of general retail use, which is in addition to the already approved 41,828 square feet of general retail. This change will impact only the portion of the Property at the southwest corner of the intersection of Shady Grove Road and Crabbs Branch Way. The Applicant is seeking the change at this location because of the demand for retail uses, such as grocery or neighborhood-serving retail, based on visibility and the increasing demand from existing and planned development on the west and east sides of the overall Shady Grove Station/CSP development.

In the statement of justification submitted with this application, the Applicant states that the office market in this area is not viable due to a lack of demand and decreasing rents as well as larger trends in the office market such as the rise of flexible work arrangements (e.g. telework and shared workspaces); the reduction in the average office space per employee; and the reduced footprint of the federal government. This decline in the office market is demonstrated by the high Countywide office vacancy rate which is approximately 15%, with the vacancy rates in key corridors outside established CBDs such as Rock Spring, Executive Boulevard, and King Farm/Piccard in excess of 20% (and in some locations approaching 30%). Numerous buildings in these areas sit completely empty and numerous others have been foreclosed upon or turned over to lenders.

This Amendment does not propose any modifications to the layout approved in the Preliminary Plan as shown in Figures 2 and 3 below and Attachments 1A and 1B. The Applicant intends to accommodate an urban format grocery on the site. A site plan application will be submitted when details for the future retailer are confirmed.
In the original 2012 preliminary plan, the 131,422 square feet of office space required 355 parking spaces, and the Applicant agreed to provide 360 spaces. For the proposed 43,000 square feet of retail space, a minimum of 215 parking spaces are required; the Applicant proposes to provide 220 spaces in the nearby parking garage.

The Montgomery County Department of Transportation (MCDOT) has recommended that the proposed retail store should not have access from Crabbs Branch Way. Instead, access to the proposed retail should be from private street B (Attachment 2: MCDOT letter dated August 4, 2017). The Applicant has added a note to the drawings, which states “Proposed general retail will not have access from Crabbs Branch Way” (Figure 3). This is not a change to the original plan for access to accommodate the originally approved office use.
SECTION 4: ANALYSIS AND FINDINGS

Under Section 50.4.2.D, the Planning Board must make the following findings to approve a Preliminary Plan:

1. The layout of the subdivision, including size, width, shape, orientation and density of lots, and location and design of roads is appropriate for the subdivision given its location and the type of development or use contemplated and the applicable requirements of Chapter 59.

   In the original approved Preliminary Plan No. 120120080 and respective amendments, the layout of the subdivision, including size, width, shape, orientation and density of lots and location meets all the requirements of the TOMX-2/TDR Zone. This Amendment changes the use of the office space to retail. This change of use has been reviewed against the dimensional requirements of the TOMX-2/TDR zone and it meets the requirements for the zone because the new use and design shows that the building location, size, width, shape, orientation and density of lot does not change from what was approved for the 131,422 square feet of office use.

2. The Preliminary Plan substantially conforms to the Master Plan.

   The 2006 Shady Grove Sector Plan refers to the western segment of the Property as Metro North-CSP and the eastern segment as Jeremiah Park. The location of the proposed retail is within the Metro North-CSP neighborhood. The Sector Plan envisions these “Metro Neighborhoods”, “as an urban village, a place that provides vitality, convenience, and a human scale of development. A residential mixed-use area with some office and community-serving retail uses, and recreational areas providing a focus for community life and services. Functionally integrated with the Metro station, the proposed street pattern will create an interconnected network of streets and sidewalks that ensure good vehicular and pedestrian access to Metro” (page 33). The Sector Plan recommends “Permitting up to 40,000 square feet of retail and 133,250 square feet of office uses” on the CSP property (page 35 and 44).

   The western segment of the Property already has approval for 41,828 square feet of retail use under Site Plan No. 820130220, an insignificant increase from the 40,000 anticipated. The proposed additional 43,000 square feet of retail will bring the total number of retail square feet to 84,828 square feet. Although, the retail square footage will exceed the specific master plan recommendation, by removing and replacing the 131,422 square feet of approved office use, the total non-residential development will be significantly less than what was recommended in the master plan, with no adverse impact to the surrounding community with regard to traffic or school enrollment. This change is limited to the non-residential uses and will not generate students. With respect to traffic, the retail use will not exceed the trips generation associated with the approved office use.

   Staff also agrees with the Applicant’s provided statement of justification that the office market in this area is not viable due to a lack of demand and decreasing rents. Allowing this retail to be constructed now, would help complete the vision of the Metro North-CSP neighborhood rather than leaving an undeveloped site at its northern entrance. The increase in the retail floorspace
will help to promote the vitality and attractiveness of the area, much more so than would a vacant parcel, which Staff finds is consistent with the Sector Plan’s vision for the area. The Property will also continue to meet the Sector Plan recommendations including providing a mix of residential townhouses and multifamily residential units with MPDUs and Workforce Housing units as approved. And maintains the network of streets and sidewalks that provide good access to the Metro.

3. **Public Facilities will be adequate to support and service the area of the subdivision.**

Transportation infrastructure and other public facilities are adequate to support the approved development and the proposed change from office to retail space. The Property is located within half a mile from the Shady Grove Metro Station entrance. The vehicular access to the Property is from six proposed curb cuts on the west side of Crabbs Branch Way and Sector-Planned Road “F” (approved as Road “P” in the original Preliminary Plan). All other public facilities will be adequate as determined in the original approvals. The change from office space to retail use will not alter or have any impact on the availability of services.

**Master-Planned Transportation Demand Management**

The Property is located within the boundary of the Greater Shady Grove Transportation Management District (TMD). The Applicant has entered into a Traffic Mitigation Agreement dated August 18, 2015, with the Planning Board and the Montgomery County Department of Transportation (MCDOT) for the Shady Grove Station-Westside development. The Agreement requires the Applicant to participate in the TMD to assist in achieving its non-auto-driver mode share goals of the Sector Plan. Traffic mitigation actions include, at least, one on-site bike sharing facility and operating a shuttle bus as required by MCDOT. As conditioned, the 2015 Agreement must be amended to reflect the change from 131,422 square feet of general office space to 43,000 square feet of general retail space.

**Adequate Public Facilities (APF) Tests**

The original APF tests (Local Area Transportation Review and Transportation Policy Area Review) for Preliminary Plan No. 120120080 was conducted under the 2009-2011 Growth Policy. This amendment is reviewed under the 2016-2020 Subdivision Staging Policy because this application was submitted after January 1, 2017.

**Local Area Transportation Review (LATR)**

The Applicant’s traffic statement indicates that the proposed change from 131,422 square feet of office space to 43,000 square feet of general retail will result in a net decrease in the peak-hour trips during the weekday morning (6:30 to 9:30 a.m.) and the evening (4:00 to 7:00 p.m.) peak period as follows:
Table 1: Estimated Vehicular Trip Generation

<table>
<thead>
<tr>
<th>Land Use</th>
<th>Square Feet</th>
<th>Weekday Peak-Hour Vehicle Trips</th>
<th>Morning Peak Hour</th>
<th>Evening Peak Hour</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Primary</td>
<td>Total</td>
</tr>
<tr>
<td>Proposed Additional General Retail Space</td>
<td>43,000</td>
<td>39</td>
<td>60</td>
<td>128</td>
</tr>
<tr>
<td>Previously Approved General Office Space</td>
<td>131,422</td>
<td>-161</td>
<td>-215</td>
<td>-150</td>
</tr>
<tr>
<td>Net Change</td>
<td>-88,422</td>
<td>-122</td>
<td>-155</td>
<td>-22</td>
</tr>
</tbody>
</table>

Total trips include internal, transit, pass-by, diverted, and primary trips. Pass-by and diverted trips are those trips where the retail space is not the primary origin or destination, but are already on the road and on the way to/from other origins or destinations. Both the retail and office trips were reduced by: a) the internal trips within the overall mixed-use development; and b) transit trips due to the Property’s proximity to the Shady Grove Metrorail Station.

In conclusion, the proposed 43,000 square feet of general retail use will not exceed the trip generation associated with the approved 131,422 square feet of general office space, and therefore, a traffic study is not required.

Transportation Policy Area Review (TPAR)
The policy area review test for the original Preliminary Plan was called Policy Area Mobility Review (PAMR) under the 2009-2011 Growth Policy. To satisfy the PAMR test, the Applicant was required to contribute to MCDOT $292,500 for transportation infrastructure improvements within the Shady Grove Policy Area prior to issuance of any building permit. In December 2012, PAMR was replaced by the Transportation Policy Area Review (TPAR). In November 2016, the TPAR was replaced by the current General District Transportation Impact Tax under the 2016-2020 Subdivision Staging Policy (new SSP). However, for any building permits issued after March 1, 2017, the Applicant will be required to pay Impact Tax in lieu of the remaining PAMR mitigation payment in accordance with the “new” SSP. The timing and amount of the payment will be in accordance with that in Chapter 52 of the Montgomery County Code as amended.

Other Public Facilities and Services
As determined by the original Preliminary Plan and Site Plan findings, the Property is served by existing public water and public sewer. This amendment has been reviewed by the Montgomery County Fire and Rescue Service (MCFRS), who have determined that the proposed amendment will not impact the previous approval from MCFRS, and the Property will continue to have appropriate access to fire and rescue vehicles. Other public facilities and services, such as police stations, and health services are currently in effect and will be adequate to serve the Property. Electrical, telecommunications, and gas services are also available and adequate to serve the Property.
4. All Forest Conservation Law, Chapter 22A requirements are satisfied

This Property is covered by approved Final Forest Conservation Plan (FFCP) No. 820130220. The Amendment does not require any changes to FFCP 820130220; therefore, the approved FFCP remains valid. Staff finds that the Amendment is in compliance with Chapter 22A, Forest Conservation, and in conformance with the Planning Department’s Environmental Guidelines.

5. All stormwater management, water quality plan, and floodplain requirements of Chapter 19 are satisfied; and

The Amendment does not affect the approved stormwater management concept plan (MCDPS on June 13, 2012). The Property will continue to meet stormwater management requirements through the variety of Environmental Site Design techniques and structural stormwater management facilities identified in the approved concept plan.

6. Any other applicable provision specific to the property and necessary for approval of the subdivision is satisfied.

Not applicable.

Citizen Correspondence

The Applicant has complied with all the submittal and noticing requirements. On April 19, 2017, the Applicant held a pre-submittal meeting at Washington Grove Elementary School. To date, Staff has not received any comments from the community regarding this amendment.

CONCLUSION

The proposed Preliminary Plan Amendment is consistent with the findings of the previously approved Preliminary Plan No. 120120080 and subsequent amendments; does not alter the overall design of the development in relation to the previous approvals; remains compatible with existing and proposed development adjacent to the site; is consistent with the requirements of the Subdivision Regulations in effect February 13, 2017 and the Zoning Ordinance in effect October 30, 2014; substantially conforms to the recommendations for the Metro North-CSP neighborhood of the 2006 Shady Grove Sector Plan; access and public facilities will be adequate to serve the proposed lots, and the application has been reviewed by other applicable County agencies, all of whom have recommended approval of the plan. Therefore, Staff recommend approval of this Preliminary Plan Amendment No. 12012008D, with the conditions listed at the beginning of this report.

ATTACHMENTS

1. Overall Amendment Plans - redlined (1A) and black and white (1B)
2. Montgomery County Department of Transportation (MCDOT) letter, dated August 4, 2017
August 4, 2017

Ms. Rhoda Hersson-Ringskog, Senior Planner
Area 2 Planning Division
The Maryland-National Capital
Park & Planning Commission
8787 Georgia Avenue
Silver Spring, Maryland 20910-3760

RE: Preliminary Plan Letter
Preliminary Plan No. 12012008D
Shady Grove Station
REVISED LETTER

Dear Ms. Ringskog:

We have completed our review of the revised Preliminary Plan received per the Development Review Committee (DRC) agenda on July 10, 2017. This plan was reviewed by the Development Review Committee at its meeting on July 25, 2017. We recommend approval for the plan based on the following comments:

All Planning Board Opinions relating to this plan or any subsequent revision, project plans or site plans should be submitted to the Department of Permitting Services in the package for record plats, storm drain, grading or paving plans, or application for access permit. Include this letter and all other correspondence from this department.

1. There do not appear to be any significant changes that affect MCDOT's prior comments. Therefore, the comments in our June 13, 2012 (original) and July 20, 2012 (amendment) letters for 120120080 remain applicable – unless superseded by changes approved at the Site Plan or permit stages.

2. At the DRC meeting, we were advised that this lot will not have access from Crabbs Branch Way, instead, access to the proposed grocery store will be from the private street. We recommend the
certified preliminary plan contain a note that confirms this decision.

3. Prior to issuance of any building permits, the Applicant must work with MCDOT to execute a Traffic Mitigation Agreement (TMAg) separate from the existing TMAg executed August 14, 2015. Recital H of the TMAg addresses the separate TMAg:
   a. the governing Preliminary Plan (#120120080) applies to the residential components on the west side and does not include the office component (part of “Remaining Approved Development”).
   b. “Remaining Approved Development will be the subject of future site plans and traffic mitigation agreements by the individual applicants for those site plans that are not the responsibility of the Applicant.”

   “Provide space in the Project for three (3) bike sharing docking stations to enable this form of transportation to be used by residents, employees and visitors at the Project. The preferred locations for these stations are highly-visible, convenient and well-lit location in the Project: on the west side of Crabbs Branch, 1 station should be near the office building and 1 station near the retail center; and on the east side of Crabbs Branch, a preferred location would be near the Community Center or another appropriate location.”

The office is now proposed to be a grocery store with no changes to the previously approved layout. A bikeshare station located at the grocery store will allow residents to access the store without driving. The Applicant has expressed interest in providing a bikeshare station at the grocery location (in addition to the 2 bikeshare stations installed adjacent to the retail core and near the townhomes). Therefore, the Applicant should identify a proposed location on the Amended Preliminary Plan for a 19-dock station, 53 x 12 feet in dimension with 4 hours of solar access per day. The Applicant will be required to pay the capital costs and 12 years of operating expenses for each station. The final location will be selected jointly by the Applicant and MCDOT, based on the requirements of the bikeshare system. Applicant will be required to work
with MCDOT to promote use of bicycling and bikesharing among residents, employees and visitors at the Project.

Thank you for the opportunity to review this preliminary plan. If you have any questions or comments regarding this letter, please contact Mr. Deepak Somarajan, our Development Review Team Engineer for this project at deepak.somarajan@montgomerycountymd.gov or (240) 777-7170.

Sincerely,

[Signature]
Gregory M. Leck, Manager
Development Review
Office of Transportation Policy

cc: Diane Jones Montgomery County-EOB
    McLean Quinn EYA / CSP Associates
    James Buchheister VIKA Maryland LLC
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    Barbara Sears Linowes and Blocher LLP
    Edward Axler M-NCPPC Area 2
    Preliminary Plan folder
    Preliminary Plan letters notebook

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