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Advancing the Pike District: Development Trends, Infrastructure Update, and Short-Term Solutions Briefing

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Description

The *Advancing the Pike District* project team will provide an overview of key findings and potential solutions from the Development Trends, Infrastructure Update, and Short-Term Solutions Report (report). *Advancing the Pike District* is a Planning Department initiative to accelerate the transformation of White Flint's core by building on the 2010 *White Flint Sector Plan's* recommendations to enhance mobility, and promote economic development, urban design and placemaking. This report is focused on development trends, infrastructure progress, and short-term solutions to address these trends. It is the first in a series of deliverables that will be released over the course of the overall initiative.

Summary

The report (Attachment I) documents the development of the Pike District in the 10 years since the adoption of the 2010 *White Flint Sector Plan*, and identifies potential short-and-medium-term initiatives, policies, and/or investments to accelerate the pace of growth and implementation of the Sector Plan's vision. To identify the strengths and challenges of the Pike District and to develop the potential solutions contained within, the project team:

- Interviewed property owners, developers, public agencies and stakeholders active in the Pike District;
- Reviewed the pace, scale, and outcome of all development proposals since 2004;
- Analyzed the performance of the real estate market and empirically compared the Pike District to peer submarkets;
- Reviewed the implementation status of the Sector Plan recommendations;
- Engaged a consultant to produce case studies of activation strategies for similar districts and provide an overview of potential financing tools;
- Incorporated input gathered from the White Flint Implementation Advisory Committee, White Flint Downtown Advisory Committee, Friends of White Flint, WMATA, County Executive's office and staff from several county agencies.

Critical strengths and challenges facing the Pike District are summarized below. The comprehensive list of key findings is contained in Chapter 1 of the report:

Strengths and Opportunities:

- **Stakeholders strongly believe in the 2010 *White Flint Sector Plan* vision.** Developers, public agencies and stakeholders interviewed by the project team resoundingly endorse this vision and the ultimate objective of the Sector Plan.
- **The pace of development doubled following adoption of the 2010 *White Flint Sector Plan*.** Multifamily development increased from 67 units per year on average from 2001-2010 to 190 units per year from 2011-2020; for the same period, commercial building development similarly increased from an average of 42,000 square feet per year to 138,000 square feet per year.
- **The Pike District is one of eight strong-performing submarkets that supports high-rise development outside of downtown D.C. and Rosslyn.** Collectively, these submarkets–including the Pike District–account for 72% of all multifamily high-rise units and 57% of all multifamily high-rise buildings constructed in the entire D.C. metropolitan statistical area since 2010.
- **The Staging Plan for the 2010 *White Flint Sector Plan* has sufficient capacity and does not appear to limit development.** The pace of development is not likely to exceed the Phase I allotment in the near future. In addition, the infrastructure requirements to unlock Phase 2 and 3 of the Staging Plan do not appear to include prohibitively high-cost projects that the County will have difficulty implementing.

Obstacles and Challenges:

- **Construction costs dramatically increased and national trends depressed demand for office and retail space, making development increasingly difficult.** External factors have hindered development in the Pike District: construction costs rose by an estimated 40% since 2014, limiting developers' ability to raise rents and finance new projects. Additionally, the office and retail sectors faced national trends that reduced overall demand for new space.
- **The Pike District is the least accessible and weakest performing of the eight submarkets that support high-rise development outside of downtown D.C. and Rosslyn.** While the Pike District is among a set of strong non-downtown submarkets, it is the weakest-performing submarket based on rents and growth of multifamily and office space. The Pike District's location, further from employment centers in downtown D.C. and Rosslyn than peer submarkets, and outside the Capital Beltway, limits its development potential.
- **Montgomery County experienced modest office sector job growth, depressing the formation of new households and resulting in stagnant rent growth in the Pike District**. Since 2010, job growth in Montgomery County lagged neighboring jurisdictions within the Washington, D.C., metropolitan statistical area. The lack of job growth within the county resulted in reduced creation of households needing new housing units. Multifamily rent in turn rose at a slow pace between 2010 and 2019 (0.90% annually) that did not match the rapid rise in construction costs, making it increasingly difficult to finance new development.
- **The mechanisms that finance the 2010 *White Flint Sector Plan's* infrastructure recommendations are not generating sufficient revenues and there are few additional tools available to increase these funds.** Implementation of the vision for the Pike District relies heavily upon a special tax assessment to finance key mobility provisions and private sector

developers to dedicate and construct public facilities, such as parks. The relatively slow pace of new development since 2010 has resulted in the special tax assessment raising insufficient revenues to finance transportation infrastructure.

- **Developers have difficulty securing equity investments due to the incomplete implementation of the vision from the 2010 *White Flint Sector Plan***. The high levels of education and wealth of the surrounding communities and high-quality transit assets in the Pike District enable developers to attract potential project investors to tour the area. Despite this interest, developers struggle to secure equity investments due to incomplete infrastructure, inadequate streetscapes, and the prominence of underutilized properties.

This report identifies a menu of potential solutions, guided by four key strategies, focused on feasible short- and medium-term adjustments to Montgomery County's approach to investment, amenitization, and activation of the Pike District to accelerate attainment of the 2010 *White Flint Sector Plan* vision. An abbreviated list of potential solutions is listed below; please review Chapter 1 of the report for the complete list of solutions in their entirety.

Strategies and Solutions:

1. **Prioritize short-term physical improvements to make the area more walkable and attractive for new development.**
    - Work with the Maryland State Highway Administration (District 3) and the Montgomery County Department of Transportation (MCDOT) to modify Rockville Pike from Rose Avenue to Edson Lane, within the existing right-of-way, to create a safer, more accessible corridor. Within this corridor, reduce the speed limit, narrow travel lanes, provide on-street off-peak parking, buffer sidewalks from traffic with landscaping, and provide dedicated bus lanes. Improvements may be temporary, interim, or permanent.
    - Install temporary recreation paths and pedestrian connections such as the "Pike District Connector" between major destinations and on vacant and undeveloped sites in the Pike District to provide more space for residents to safely recreate during the COVID-19 pandemic and beyond.
    - Prioritize infrastructure improvements and funding via the White Flint Special Taxing District and CIP projects that improve pedestrian safety and comfort.
    - Consider payment-in-lieu of providing new onsite public space for properties in the Pike District where major parks are not recommended by the Sector Plan. Payments should be utilized to acquire new parkland and to develop park facilities on newly acquired parkland.

2. **Facilitate the formation of a business improvement district (BID) that will energize the area by actively programming public spaces to support economic development, attract new businesses and manage branding, programming, and maintenance.**
    - Establish a provisional entity in the Pike District that builds on the existing programming managed by the Bethesda-Chevy Chase Regional Services Center and the White Flint Downtown Advisory Committee, prior to the legal formation of a BID. The provisional entity could be modeled after the Bethesda Urban Partnership, with initial funding provided by Montgomery County; it should sunset in five years, or when a BID is established.
    - Coordinate and partner with the Montgomery County Economic Development Corporation (MCEDC) to explore partnerships with owners of vacant office properties to locate amenities in these spaces that make these properties more attractive to life science tenants.

3. **Support new development in the Pike District by streamlining regulatory review, providing clear street design standards, and coordinating upcoming infrastructure improvements with property owners.**
    - Consider shortening the development review process for transformative projects that attract a large number of jobs and fuel a renewed cycle of development in the Pike District. This includes establishing a development task force to expedite interagency review.
    - Collaborate with WMATA to reevaluate the development approach for the White Flint Metro station's northern entrance, such as integrating the new entrance into a future building.
    - Develop Streetscape Guidelines for the Pike District that prioritizes safety for all road users through attractive landscaping, appropriate bicycle and pedestrian facilities, and flexible street designs that expand outdoor dining, parklets, and recreation.

4. **Reprioritize transportation improvements and evaluate alternative financing mechanisms to advance infrastructure implementation.**
    - Evaluate and prioritize the list of infrastructure projects included in the three "infrastructure buckets" expected to be delivered by the Special Taxing District, the County and private developers. Update cost estimates to establish a realistic understanding of future funding requirements.
    - Evaluate alternative revenue generation mechanisms to support implementation of the Sector Plan, such as adjusting the rate and applicability of the special tax assessment, utilizing Project-Based TIF to finance infrastructure improvements for large sites in the Pike District, and advancing infrastructure projects to final design/engineering to be competitive for potential state/federal stimulus funding.
    - Promote public-private partnerships to finance and expedite delivery of key infrastructure, such as the northern entrance to the White Flint Metro station and MD 355 BRT.

For an online copy of the report and a complete list of findings and solutions, visit: https://montgomeryplanning.org/wp-content/uploads/2020/12/Development-Trends-Report_12112020_FINAL_high-Res.pdf

Attachment:

I. Development Trends, Infrastructure Update, and Short-Term Solutions Report

ADVANCING THE PIKE DISTRICT

DEVELOPMENT TRENDS, INFRASTRUCTURE UPDATE, & SHORT-TERM SOLUTIONS

December 2020

Montgomery Planning
MONTGOMERYPLANNING.ORG

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CHAPTER 1:

EXECUTIVE SUMMARY & POTENTIAL SOLUTIONS

The 2010 ***White Flint Sector Plan*** successfully incentivized mixed-use development in the Pike District in the last decade, but significant aspects of the transformative vision remain unrealized. Following the adoption of the Sector Plan the pace of development in the Pike District increased sharply – a strong indicator of success – and the area continues to attract development interest. In 2018, the Pike District was one of 20 finalists out of 238 bids for Amazon's second headquarters, a highly competitive process indicative of the District's underlying strengths. Stakeholders and property owners in the Pike District continue to endorse the vision for a dense, walkable, neighborhood anchored by the White Flint Metro station. Montgomery County's leadership is equally committed to stimulating redevelopment, and recently proposed an initiative to attract a life sciences hub in the Pike District.

Despite these strengths, the Sector Plan has not generated the ambitious level of development and transformation ultimately desired. The Sector Plan assumed high-density development would inevitably occur, funding the creation of the recommended infrastructure, parks, and amenities. Over the last five years, construction costs rose substantially and job growth in Montgomery County did not support significant office development in the Pike District. This lack of job growth resulted in fewer people moving to the Pike District, curtailing demand for new apartments, and limiting rent growth.

Compared to activity centers in the Washington, D.C., region, the Pike District is one of the few submarkets boasting rents that support the cost of high-rise development; yet among those peer submarkets it is the weakest performing, with market conditions limiting feasibility of many proposed projects. With limited private sector development occurring in the Pike District, Montgomery County lacks the resources to independently finance and construct transportation infrastructure specified in the Sector Plan. Short-term solutions are needed to reverse current trends and to stimulate growth in the Pike District.

The recommendations in this report focus on feasible short- and medium-term adjustments to Montgomery County's approach to investment, amenitization, and activation of the Pike District to accelerate attainment of the 2010 White Flint Sector Plan vision. The Pike District remains an area with substantial untapped potential and promise. If market conditions improve, development could restart quickly due to continued strong developer interest and consolidated property ownership.

PURPOSE AND OBJECTIVES

Advancing the Pike District is a Planning Department initiative to accelerate the transformation of White Flint's core by building on the Sector Plan's recommendations to enhance mobility, and promote economic development, urban design and placemaking. The purpose of this report is to document the development of the Pike District in the 10 years since the adoption of the ***White Flint Sector Plan***, and to identify initiatives, policies, and/or investments to accelerate the pace of growth and implementation of the vision from that plan. To identify the strengths and challenges of the Pike District and to develop the recommendations, the team:

- Interviewed property owners, developers and stakeholders active in the Pike District
- Reviewed the pace, scale, and outcome of all development proposals since 2004
- Analyzed the performance of the real estate market
- Reviewed the implementation status of the Sector Plan recommendations
- Engaged a consultant to produce case studies of activation strategies for similar districts and provide an overview of potential financing tools

The Advancing the Pike District's boundary is coterminous with the White Flint Special Taxing District, which was enacted in 2011 following the adoption of the Sector Plan. In 2018, the Special Taxing District was expanded to include three parcels included in the 2018 ***White Flint 2 Sector Plan*** that will benefit from transportation infrastructure improvements financed by the Special Taxing District.

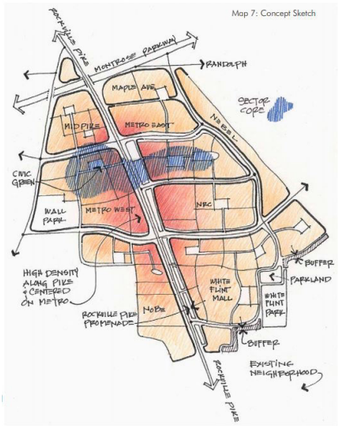


Figure 1: The 2010 ***White Flint Sector Plan*** established a vision for a walkable, high density neighborhood, anchored by transit.

Figure 2: This report provides a menu of short-term potential solutions that can further the vision of the Sector Plan through low-cost, high-impact investments that enhance mobility and promote economic development through urban design and placemaking

OVERVIEW

The Pike District is an approximately 430-acre neighborhood between Rockville and Bethesda. The 2010 ***White Flint Sector*** Plan created a vision for transforming this area of underutilized and low-density office parks and retail malls into a dense, walkable neighborhood. The Sector Plan implemented revised zoning that increased the allowable height and density of development, recommending 12,300 new multifamily units and 6.62 million square feet of commercial development along a newly created grid network of local streets.

Since 2010, growth in the Pike District is concentrated at three developments:

- The transformation of an obsolete shopping center into the upscale Pike & Rose,
- Partial completion of North Bethesda Town Center through a joint development with the Washington Metropolitan Area Transit Authority (WMATA)
- Construction of North Bethesda Market.

However, at the current pace of development, the Sector Plan's zoning capacity will not be maximized for 50-60 years.

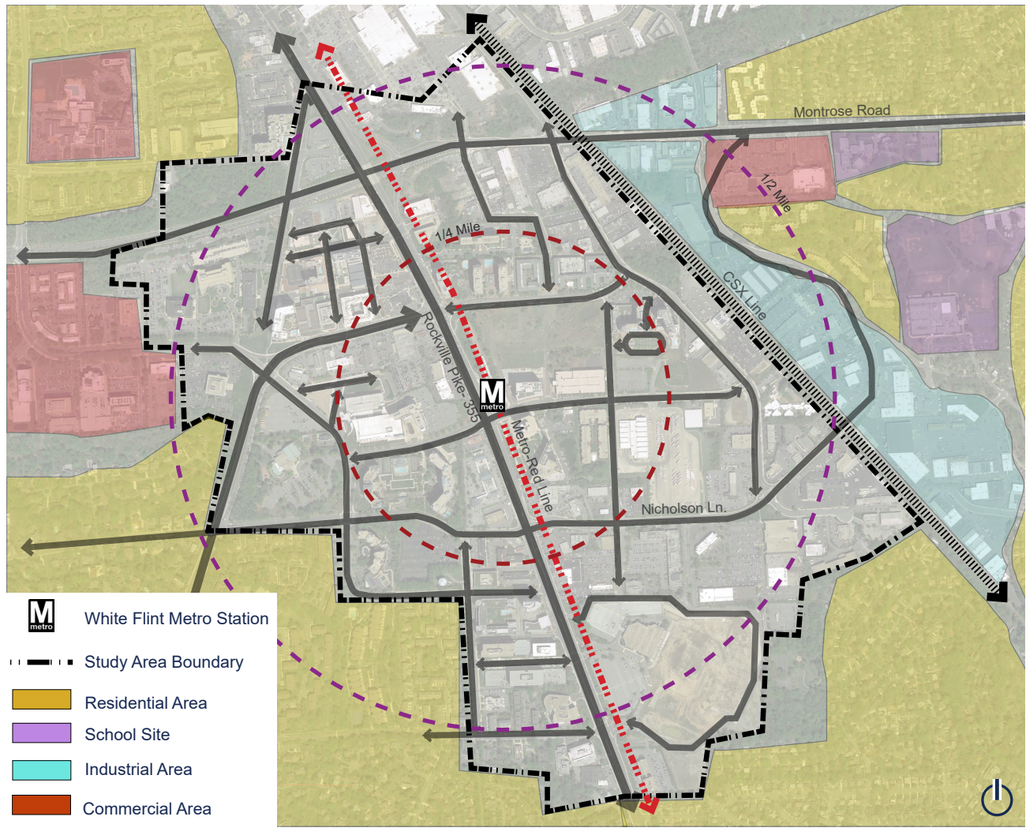


Figure 3: Map showing the extents of the White Flint Special Taxing District.

STRENGTHS AND OPPORTUNITIES

This analysis identified multiple strengths and opportunities that will continue to support the transformation of the Pike District:

Stakeholders strongly believe in the 2010 *White Flint Sector Plan* vision

Multiple stakeholders noted that the Sector Plan's vision of transforming a suburban area into an urban and walkable hub around the Metro station created substantial buzz and excitement. Developers interviewed by the project team resoundingly endorse this vision and the ultimate objective of the Sector Plan.

The pace of development doubled following adoption of the 2010 *White Flint Sector Plan* and zoning update

More flexible zoning and increased allowable density appears to have facilitated a substantial increase in development: Multifamily development increased from 67 units per year on average from 2001-2010 to 190 units per year from 2011-2020 (see Figure 4); for the same period, commercial building development similarly increased from an average of 42,000 square feet per year to 138,000 square feet per year. (see Figure 5 on page 8).

The Pike District benefits from high levels of wealth and education, demographics that are attractive for development

The median household incomes and levels of educational attainment in the Pike District and the encompassing North Bethesda neighborhood are high. Developers consider these demographics indicators of continued demand for housing, placing the Pike District in a favorable position to capture future growth.

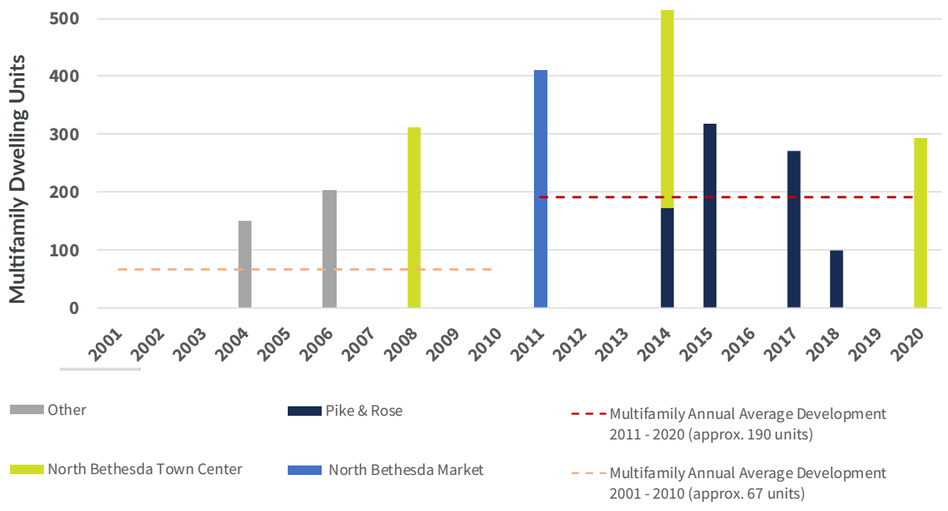


Figure 4: All constructed multifamily dwelling units in the Pike District from 2001 to 2020 by year built and by project, as well as the annualized rate of development from 2001 to 2010, and 2011 to 2020.

The Pike District's location will enable it to absorb continued growth from downtown Bethesda

The Pike District has high-quality transit access to downtown Bethesda, an area experiencing rapid growth but containing a finite number of developable parcels. Developers interviewed observed that the Pike District is centrally located and is positioned to attract and capture growth as downtown Bethesda maximizes its development potential.

The Pike District is one of eight strong-performing submarkets that supports high-rise development outside of downtown D.C. and Rosslyn

High-rise development is the costliest form of construction and only occurs in the strongest real estate markets. Collectively, the Pike District, Silver Spring, Tysons, Pentagon City/Crystal City, Ballston-Clarendon, Bethesda, NoMa, and Capitol Riverfront account for 72% of all multifamily high-rise units and 57% of all multifamily high-rise buildings constructed in the entire D.C. metropolitan statistical area since 2010.

Montgomery County's leadership announced a high-profile initiative to create a life sciences hub in the Pike District to attract jobs and stimulate development

In August 2020, Montgomery County Executive Mark Elrich announced plans to create a life sciences hub in the Pike District. These plans aim to grow the existing cluster of life science companies and offices in the Pike District and nearby Twinbrook, establishing the Pike District as a hub for the industry in Montgomery County. This new initiative could attract high-quality jobs that will fuel a renewed cycle of development in the Pike District.

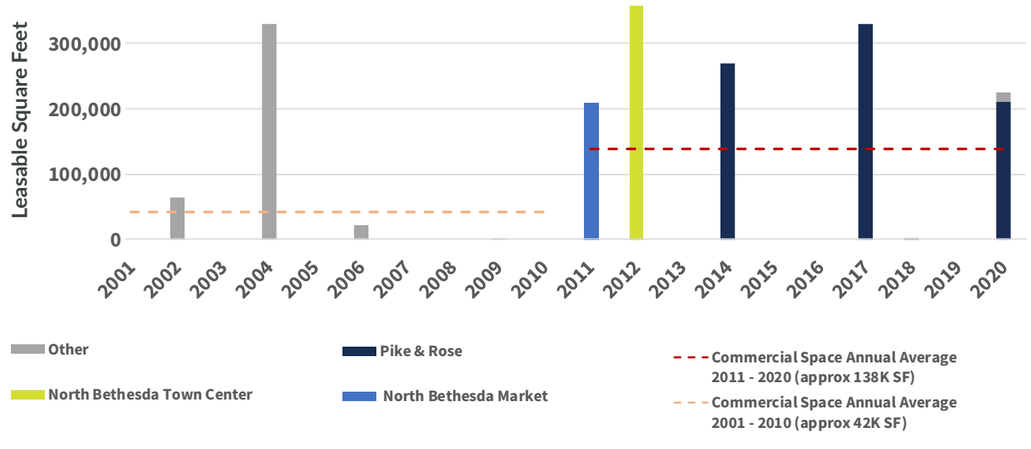


Figure 5: All constructed leasable commercial square feet constructed in the Pike District from 2001 to 2020 by year built and by project, as well as the annualized rate of development from 2001 to 2010, and 2011 to 2020.

The Pike District is characterized by large underdeveloped parcels that enable market-transforming projects

Much of the acreage of the Pike District is underdeveloped properties that allow for sizeable projects with the potential to transform the market, such as Pike & Rose. Multiple parcels in the Pike District can each accommodate over two million square feet of building space under the current zoning. To contextualize this scale, Pike & Rose received Sketch Plan approval for approximately 3.4 million square feet of development. Additionally, many of these properties are owned by professional land development companies with experience constructing high-rise, multi-building developments. If market conditions in the Pike District improve, development could quickly occur on numerous parcels.

The Staging Plan for the 2010 *White Flint Sector Plan* has sufficient capacity and does not appear to limit development

The phasing capacity for development in the Staging Plan that manages the pace of growth does not appear to limit development, as has been an issue with Master and Sector plans elsewhere in Montgomery County (see Figure 6). Most importantly, the infrastructure requirements to unlock Phase 2 and 3 of the Staging Plan do not appear to include prohibitively high-cost projects that the County will be unable to implement.

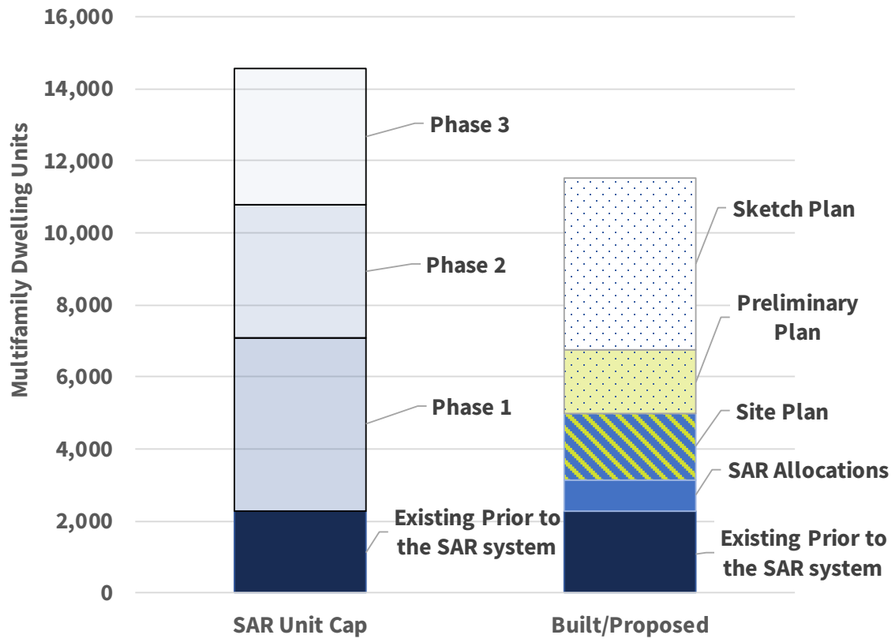


Figure 6: The Pike District phased Staging Allocation Request (SAR) multifamily unit caps compared to the amount of existing and multifamily proposed development by entitlement status.

Figure 7: While large undeveloped sites require significant infrastructure investments, they have potential to attract transformative developments. In August 2020, the County Executive announced a joint initiative with WMATA to attract an urban life sciences hub to the White Flint Metro station site that would create jobs and accelerate growth of the county's life science sector.

OBSTACLES AND CHALLENGES

This analysis identified numerous obstacles and challenges that contribute to the slow pace of development in the Pike District.

Construction costs dramatically increased and national trends depressed demand for office and retail space, making development increasingly difficult

Realization of the ambitious plans for the Pike District were hindered by some prominent factors beyond the control of Montgomery County and the private sector. Developers interviewed reported that construction costs rose by an estimated 40% since 2014, far outpacing their ability to raise rents; As a result, financing new projects is increasingly challenging given existing rents.

The office and retail sectors faced national trends that reduced overall demand for new space. A recent Cushman & Wakefield report found that space per employee declined by 8.3% nationwide from 2010 to 2018,[1] dampening demand for new office space. Online retail disrupted the brick and mortar retail sector, a key component of the Pike District, limiting the potential for new retail development.

Montgomery County experienced modest office sector job growth, depressing the formation of new households

Since 2010, job growth in Montgomery County lagged neighboring jurisdictions within the Washington, D.C., MSA, a notable trend that received significant media attention. The lack of job growth within the county resulted in reduced creation of households needing new housing units (a process known as household formation). Developers interviewed cited the low levels of job growth, the resulting slow pace of household formation, and reduced demand for new apartments in the Pike District, as the principle challenges limiting their ability to advance new projects.

Figure 8: 909 Rose Avenue opened in 2020 at Pike & Rose and is the latest Class A mixed-use office building constructed in the Pike District.

[1] Cushman & Wakefield, Space Matters, Spring 2018. Available at: http://creknowledgecenter.com/wp-content/uploads/2018/06/Space-Matters-Spring-2018.pdf

The Pike District is the least accessible and weakest performing of the eight submarkets that support high-rise development outside of downtown D.C. and Rosslyn

While the Pike District is among a set of strong non-downtown submarkets, it is the weakest-performing submarket within this group, as demonstrated by rents and growth of multifamily and office space. There are fewer jobs accessible to the Pike District within a 30-minute commute by car or by public transit (see Figure 9), a common heuristic used by the development industry to gauge potential growth in households and thus demand for new residential units. The issue of access is directly related to geographic location: The Pike District is located further from the employment centers in Downtown D.C. and Rosslyn than peer submarkets and is outside the Capital Beltway, ultimately limiting its development potential.

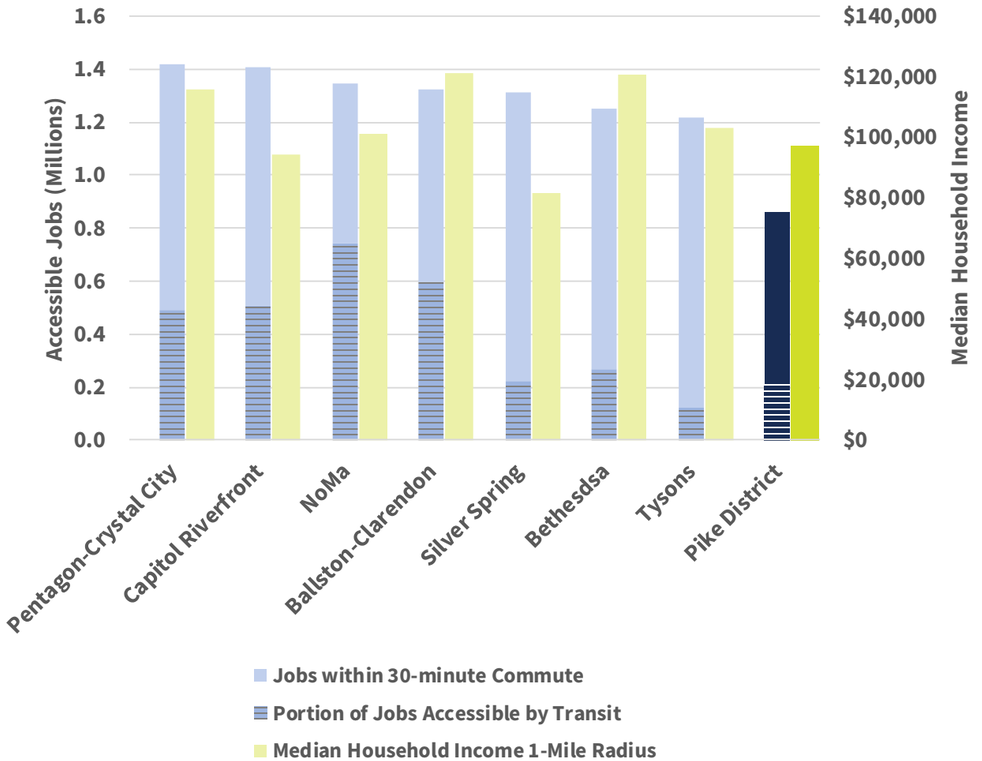


Figure 9: Number of jobs accessible within a 30 minute commute from the Pike District and peer submarkets, and the median income of households within a one mile radius of the WMATA station at the center of the Pike District and of peer submarkets.

Rents for multifamily units in the Pike District stagnated since 2010

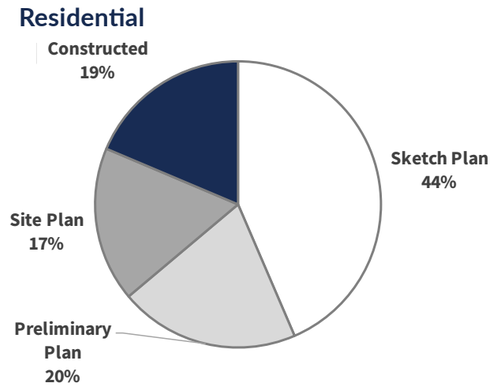
Rents in the Pike District did not increase much between 2010 and 2019, likely reflecting the reduced pace of household formation. Between 2010 and 2019, rents for Class[2] A multifamily units in the Pike District increased at an annualized rate of 0.90%, a pace that did not match the rapid rise in construction costs. In addition, multifamily rents declined and vacancy rates climbed following the delivery of several buildings collectively containing 834 units in 2014 and 2015. This is a worrying indicator that demand for multifamily in the Pike District was soft despite the notable growth in units since 2010.

Many proposed projects were unable to advance to construction as a result of weak demand, rising development costs, and limited rent growth

Despite the increased pace of development in the Pike District since 2010, the development has occurred exclusively on three project sites: Pike & Rose, LCOR's North Bethesda Town Center, and JBG's North Bethesda Marketplace. Many of the projects that secured entitlements following adoption of the Sector Plan have not advanced to construction, indicating they are struggling with economic feasibility (see Figure 10 & 11). Six projects totaling 2,084 multifamily units and 654,000 square feet of commercial space have had Site Plan entitlements for multiple years but have not started construction or only been able to build out a portion of their plans. This indicates that the developers have trouble attracting equity investors or do not believe that market rents will provide a suitable return on their investments. Following an initial surge in Sketch Plan applications for non-multifamily commercial square footage (primarily office and retail) in 2011 and 2012, there has been almost no new proposed commercial developments and few deliveries, highlighting the struggles of the office and retail markets. The pipeline for new multifamily development has shrunk significantly since a similar surge of applications in 2011 and 2012: far fewer projects are being proposed and entering the entitlement process, indicating concerns about the feasibility of continued development in the Pike District.

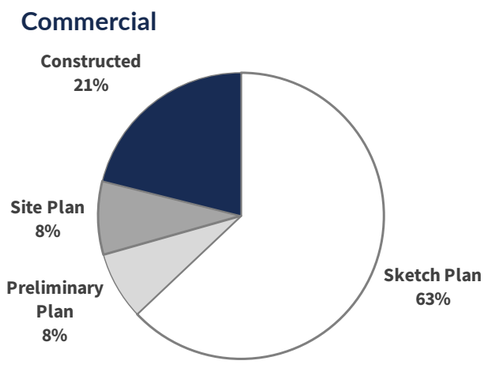
The mechanisms that finance the 2010 *White Flint Sector Plan's* infrastructure recommendations are not generating sufficient revenues and there are few good options available to increase these funds

Implementation of the vision for the Pike District relies heavily upon a special tax assessment to finance key mobility provisions and private sector developers to dedicate and construct public facilities, such as parks.



* Total Multifamily Dwelling Units proposed: 11,921 DU

Figure 10: Construction and entitlement status of all multifamily units proposed in the Pike District since 2004.



* Total Commercial Square Footage proposed: 7,884,038 SF

Figure 11: Construction and entitlement status of all commercial square footage proposed in the Pike District since 2004.

[2] For a description of the real estate classification system, please see the appendix on page 118.

The subsequent slow pace of new development resulted in the special tax assessment raising insufficient revenues to finance transportation infrastructure; anticipated to raise $45 million in the first 10 years[3], the Special Taxing District has only generated between $12 million and $15 million since its creation in 2010.

The County forward funded the Special Taxing District to begin the design work for several projects, including the White Flint Traffic Analysis, Western Workaround, and White Flint District East. The limited growth also affected the creation of local roads and parks, as private sector projects were anticipated to build those improvements and then dedicate them to the County. With unsatisfying levels of growth, the Capital Improvements Program (CIP) and annual budget was the remaining tool for implementation of costly infrastructure improvements. Due to numerous priorities and objectives county-wide with demands on the limited CIP, the County has not been able to fully fund the design, engineering, and construction of the many recommendations in the 2010 White Flint Sector Plan. While there are no additional sources of revenue that do not involve significant tradeoffs or drawbacks, Montgomery County should evaluate additional infrastructure financing tools in greater detail.

While large properties are potentially transformative, they are particularly challenging and often require costly infrastructure investments

The large, undeveloped parcels in the Pike District are both an opportunity and a challenge to realizing the vision of the 2010 ***White Flint Sector Plan***. Large parcels accommodating millions of square feet of new development present unique challenges, such as requiring larger capital investments and creation of more physical and costly infrastructure. Redevelopment of these parcels in a consistent manner with the vision of the Sector Plan requires the expertise of seasoned development professionals with the support of sophisticated equity investors.

Developers have difficulty securing equity investments due to the incomplete implementation of the vision from the 2010 *White Flint Sector Plan*

The high levels of education and wealth of the surrounding communities and high-quality transit assets in the Pike District enable developers to attract potential project investors to tour the area. Despite this interest, developers struggle to secure equity investments due to incomplete infrastructure, inadequate streetscapes, and the prominence of underutilized properties.

Figure 12: The lack of attractive streetcapes commensurate with the Sector Plan's vision presents a significant challenge for developers trying to attract investors to the Pike District.

[3] Source: White Flint Financing Overview Memo from Michael Faden and Glenn Orlin to the County Council (October 19, 2010). Total infrastructure costs over 3 phases were estimated to be $165 million

POTENTIAL SOLUTIONS

The vision outlined in the 2010 ***White Flint Sector Plan*** remains strong and relevant, but the Pike District is facing strong headwinds from macroeconomic trends in real estate and construction. When these macroeconomic trends will reverse is unknown, but in the interim, momentum on the ground can be maintained through strategic short- and medium-term investments, proactive economic development campaigns, and streamlined review and delivery of projects. This lull in development activity also provides an opportunity to analyze the financing mechanisms and infrastructure priorities in the Pike District and to evaluate alternatives that better align future investments with anticipated market demands. The following menu of strategies and potential solutions should be considered as we enter the next decade of development following the Sector Plan's adoption. These solutions are not mutually exclusive and forwarding several of these initiatives will be most advantageous for advancing the Pike District.

1 Prioritize short-term physical improvements to make the area more walkable and attractive for new development

Despite the Pike District's strong demographics, developers struggle to secure equity investments due to incomplete infrastructure and the prominence of underutilized properties. Lack of attractive streetscapes makes walking between destinations feel unsafe and unpleasant. These recommendations seek to improve the walking experience, make streetscapes attractive, improve and create parks, and prepare the district for development to be implemented, giving property owners and the community confidence that the vision of the ***White Flint Sector Plan*** is progressing.

Figure 13: The pop-up park at the Montgomery County Conference Center creates space for outdoor dining, concerts, and fitness classes

1.a: Work with the Maryland State Highway Administration (District 3) and the Montgomery County Department of Transportation (MCDOT) to modify Rockville Pike from Rose Avenue to Edson Lane, within the existing right-of-way, to create a safer, more accessible corridor. Within this corridor, reduce the speed limit, narrow travel lanes, provide on-street off-peak parking, buffer sidewalks from traffic with landscaping, and provide dedicated bus lanes. Improvements may be temporary, interim, or permanent.

1.b: Prioritize infrastructure improvements and funding via the White Flint Special Taxing District and CIP projects that improve pedestrian safety and comfort. All public streets should include landscaped buffers and wide sidewalks; consider using temporary barriers to convert travel lanes to on-street parking, outdoor dining, or parklets.

1.c: Install temporary recreation paths and pedestrian connections between major destinations and on vacant and undeveloped sites in the Pike District to provide more space for residents to safely recreate during the COVID-19 pandemic and beyond. Projects could include concepts such as the Pike District Connector, an interim recreational path that connects the Bethesda Trolley Trail to the Montrose Parkway trail, and the recently built path between Pike & Rose and the Montgomery County Conference Center. Coordinate with property owners and MCDOT during the development review process and construction to evaluate potential paths and routes. Create a new CIP project to finance and implement these pathways.

1.d: Coordinate with MCDOT, Montgomery Parks and adjacent property owner to ensure that CIP funding for Wall Park aligns with the completion of nearby transportation infrastructure projects and the construction of an off-site parking garage, enabling subsequent improvements to Wall Park to be implemented in a timely manner.

1.e: Consider payment-in-lieu of providing new onsite public space for properties in the Pike District where major parks are not recommended by the Sector Plan. Payments should be collected via the Mid-County Park Benefit Payments (approved in September 2020) and utilized to acquire new parkland and to develop park facilities on newly acquired parkland.

Figure 14: Interim recreation facilities are safe and cost-effective options to expand the public realm.

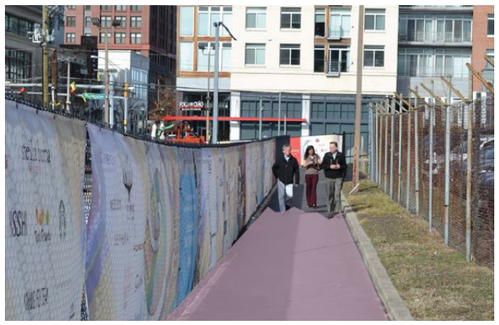


Figure 15: Temporary pedestrian paths through undeveloped sites can increase connectivity between the Pike District's major destinations.

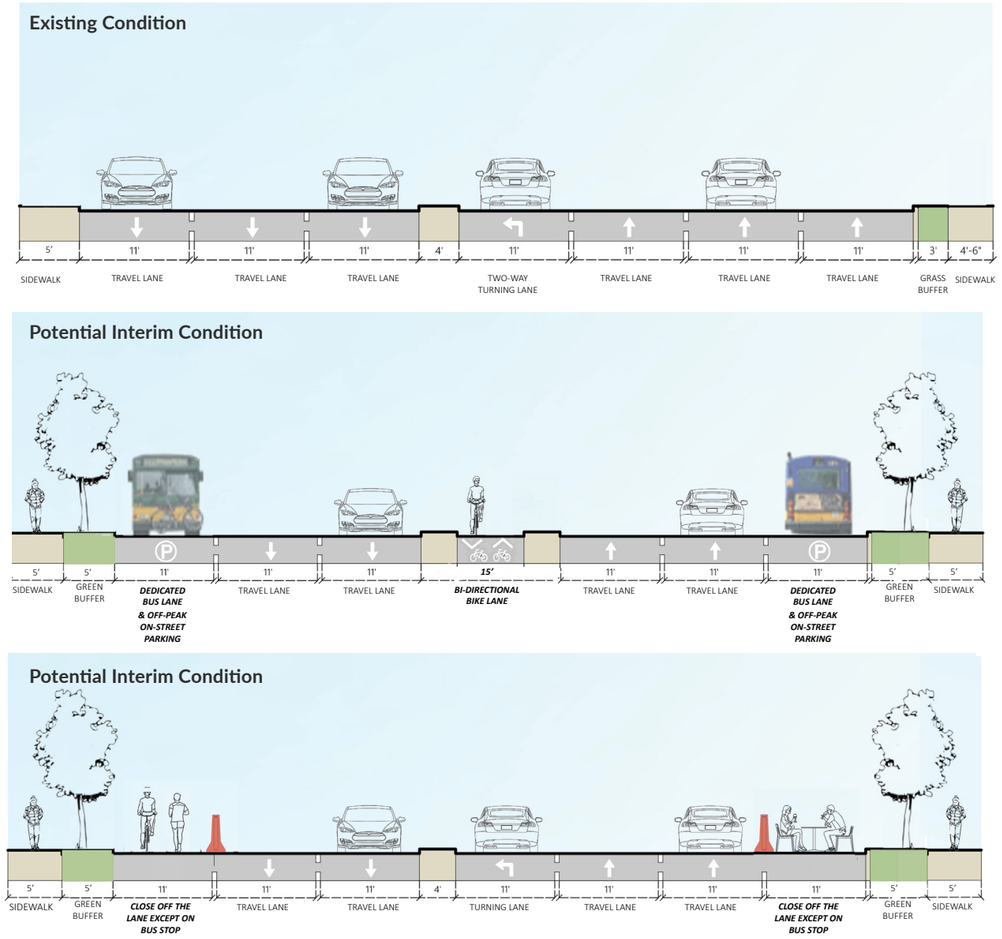


Figure 16: Until bus rapid transit is constructed on Rockville Pike, the existing roadway in the Pike District should be reimagined to potentially include on-street parking (off-peak), dedicated bus lanes, bi-directional bike lanes, and parklets.

2 Facilitate the formation of a business improvement district (BID) that will energize the area by actively programming public spaces to support economic development, attract new businesses and manage branding, programming, and maintenance.

Activation of underutilized properties, branding, and programming was mostly done on a property-by-property basis until recently, when the Bethesda-Chevy Chase Regional Services Center contracted with Maier & Warner to further these goals district-wide. It is critical to have a unified strategy to advance the newly formed Pike District brand. Equally important is the need for an umbrella organization to coordinate activations and programming, advance the interests of property owners, local businesses, and county partners, and manage marketing, landscaping, and beautification efforts. These recommendations present potential solutions for advancing activation, brand recognition, and placemaking within the Pike District.

POTENTIAL SOLUTIONS

2.a: Establish a provisional entity in the Pike District that builds on the existing programming managed by the B-CC Regional Services Center and the White Flint Downtown Advisory Committee, prior to the legal formation of a BID. The provisional entity could be modeled after the Bethesda Urban Partnership, with initial funding provided by Montgomery County; it should sunset in five years, or when a BID is established.

2.b: In response to the COVID-19 pandemic, create socially distanced spaces to help small businesses operate safely and effectively, and to provide more recreational opportunities for residents.

2.c: Continue to support the Bethesda-Chevy Chase Regional Services Center's efforts to strengthen the Pike District brand and activate underutilized sites through public art, programming and pop-up amenities. Identify a dedicated annual funding stream to support and widely market these efforts.

2.d: Allow private-sector developments to easily close internal streets for temporary activation and programming. Partner with the Montgomery County Department of Permitting Services and the Department of Transportation to create a process that grants private-sector developments more flexibility to host events and festivals, deploy pop-up uses, and expand outdoor dining and recreation.

2.e: Coordinate and partner with the Montgomery County Economic Development Corporation (MCEDC) to explore partnerships with owners of vacant office properties to locate amenities in these spaces that make these properties more attractive to life science tenants.

2.f: Create a temporary beer garden or food hall to anchor a multiyear activation on an underutilized site in the Pike District. Visibility to Rockville Pike and proximity to the White Flint Metro station should be prioritized for potential locations.

2.g: Collaborate with agencies such as the B-CC Regional Services Center and private developers to provide temporary activation on existing and future Montgomery Park properties.

Figure 17: Temporary street closures can host festivals and community events.

Figure 18: Undeveloped sites and parking lots can provide socially distanced operating space for local businesses.

3 Support new development in the Pike District by streamlining regulatory review, providing clear street design standards, and coordinating upcoming infrastructure improvements with property owners

Realization of the Sector Plan's vision requires substantial transportation improvements and the delivery of multi-phase, complex development projects. These potential solutions can expedite implementation of large projects by clearly outlining the regulatory process, illustrating infrastructure expectations, and expediting review of projects that significantly further Montgomery County's economic development goals.

POTENTIAL SOLUTIONS

3.a: Support transformative projects that will attract a large number of high-quality jobs and fuel a renewed cycle of development in the Pike District. Consider shortening the development review process to 60 days for such projects, as authorized by the 2018 Signature Business Headquarters Zoning Text Amendment, and establishing a development task force to expedite interagency review. The task force should be led by the Planning Department and include all Montgomery County agencies involved in the development review process.

3.b: Collaborate with WMATA to reevaluate the development approach for the White Flint Metro station's northern entrance. Consider integrating the new entrance into a future building, instead of constructing an independent structure that would preclude additional development on a portion of the site.

3.c: Develop Streetscape Guidelines for the Pike District that prioritizes safety for all road users through attractive landscaping, appropriate bicycle and pedestrian facilities, and flexible street designs that expand outdoor dining, parklets, and recreation. Design new streets and roadway improvements with an emphasis on safety, sustainability, and vitality, as supported by Montgomery County's Complete Streets and Vision Zero policies. Streetscape guidelines should promote the Pike District's brand.

3.d: Coordinate Master Plan and regulatory requirements expected as a part of future development of the WMATA site adjacent to the White Flint Metro station. Ensure future developments meet the needs of an urban life science campus while providing appropriate street connections, open spaces, and infrastructure.

Figure 19: The WMATA site has the potential to anchor a high density life science hub similar to Kendall Square, in Cambridge, MA

Figure 20: Clear and concise streetscape guidelines could guide the creation of complete streets within the Pike District.

4 Reprioritize transportation improvements and evaluate alternative financing mechanisms to advance infrastructure implementation

The Special Taxing District greatly relies on private development to deliver infrastructure needed to realize the Sector Plan's vision. The tepid pace of development is delaying the delivery of streets and parks necessary to create a vibrant, walkable neighborhood, postponing job creation and household formation, two key metrics investors consider before committing to projects. These potential solutions provide ideas for expanding the revenue stream and implementation mechanisms for large projects and prioritizing low cost, high impact investments.

POTENTIAL SOLUTIONS

4.a: Evaluate and prioritize the list of infrastructure projects included in the three "infrastructure buckets" expected to be delivered by the Special Taxing District, the County and private developers. Update cost estimates to establish a realistic understanding of future funding requirements.

4.b: Prioritize funding for low-cost, high-impact active transportation and parks projects in the Pike District in the county's CIP, such as the ongoing capital project to improve pedestrian access to the White Flint Metro station. Potential improvements to prioritize will be identified in subsequent phases of Advancing the Pike District initiative as the project team evaluates streetscape design guidelines and the pedestrian level of comfort analysis.

4.c: Evaluate alternative revenue generation mechanisms to support implementation of the 2010 ***White Flint Sector Plan***. Montgomery County should evaluate aiding property owners to form a business improvement district, adjusting the rate and applicability of the special tax assessment[4], dedicating additional funds for transportation infrastructure in the CIP, utilizing Project-Based TIF to finance infrastructure improvements for large sites in the Pike District, and advancing infrastructure projects to final design/engineering to be competitive for potential state/federal stimulus funding.

4.d: Promote public-private partnerships to finance and expedite delivery of key infrastructure, such as the northern entrance to the White Flint Metro station, MD 355 BRT, and roadway, pedestrian, bike, and parking improvements.

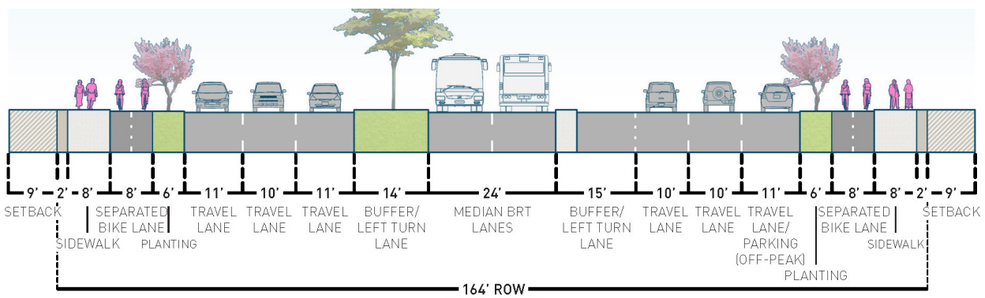


Figure 21: Continuing to fund the design and engineering of the BRT along Rockville Pike will bring it closer to a "shovel-ready" stage and enable the county to compete for state and federal grants.

[4] Rental apartment buildings pre-dating the establishment of the Special Taxing District in 2010 were exempted from the tax assessment by the Montgomery County Council.

POTENTIAL SOLUTIONS MATRIX

The solutions proposed in this report are intended to be considered and implemented in the next two-five years, and require collaboration with myriad County, regional, and State partners. To jumpstart these planning efforts, partners that may assist with implementation are suggested for each solution. In addition to the Montgomery County Planning Department, the participation and engagement of these partners is critical to ensure the vision of the 2010 ***White Flint Sector Plan*** is achieved.

1. Prioritize short-term physical improvements to make the area more walkable and attractive for new development	
Potential Solutions	**Partners**
1.a: Work with the Maryland State Highway Administration (District 3) and the Montgomery County Department of Transportation (MCDOT) to modify Rockville Pike from Rose Avenue to Edson Lane, within the existing right-of-way, to create a safer, more accessible corridor. Within this corridor, reduce the speed limit, narrow travel lanes, provide on-street off-peak parking, buffer sidewalks from traffic with landscaping, and provide dedicated bus lanes. Improvements may be temporary, interim, or permanent.	MCDOT, MDOT State Highway Administration, County Executive
1.b: Prioritize infrastructure improvements and funding via the White Flint Special Taxing District and CIP projects that improve pedestrian safety and comfort. All public streets should include landscaped buffers and wide sidewalks; consider using temporary barriers to convert travel lanes to on-street parking, outdoor dining, or parklets.	Bethesda-Chevy Chase Regional Services Center, County Council, County Executive
1.c: Install temporary recreation paths and pedestrian connections between major destinations and on vacant and undeveloped sites in the Pike District to provide more space for residents to safely recreate during the COVID-19 pandemic and beyond. Projects could include concepts such as the Pike District Connector, an interim recreational path that connects the Bethesda Trolley Trail to the Montrose Parkway trail, and the recently built path between Pike & Rose and the Montgomery County Conference Center. Coordinate with property owners and MCDOT during the development review process and construction to evaluate potential paths and routes. Create a new CIP project to finance and implement these pathways.	MCDOT, MDOT State Highway Administration, WMATA, property owners
1.d: Coordinate with MCDOT, Montgomery Parks and adjacent property owners to ensure that CIP funding for Wall Park aligns with the completion of nearby transportation infrastructure projects and the construction of an off-site parking garage, enabling subsequent improvements to Wall Park to be implemented in a timely manner.	Montgomery Parks, MCDOT, nearby property owners
1.e: Consider payment-in-lieu of providing new onsite public space for properties in the Pike District where major parks are not recommended by the Sector Plan. Payments should be collected via the Mid-County Park Benefit Payments (approved in September 2020) and utilized to acquire new parkland and to develop park facilities on newly acquired parkland.	Montgomery Parks, property owners, WF Implementation Committee
2. Facilitate the formation of a business improvement district (BID) that will energize the area by actively programming public spaces to support economic development, attract new businesses and manage branding, programming, and maintenance.	
Potential Solutions	**Partners**
2.a: Establish a provisional entity in the Pike District that builds on the existing programming managed by the B-CC Regional Services Center and the White Flint Downtown Advisory Committee, prior to the legal formation of a BID. The provisional entity could be modeled after the Bethesda Urban Partnership, with initial funding provided by Montgomery County; it should sunset in five years, or when a BID is established.	B-CC Regional Services Center, County Executive, WF Downtown Advisory Committee, County Council
2.b: In response to the COVID-19 pandemic, create socially distanced spaces to help small businesses operate safely and effectively, and to provide more recreational opportunities for residents.	B-CC Regional Services Center, Montgomery Parks, County Executive, County Council
2.c: Continue to support the Bethesda-Chevy Chase Regional Services Center's efforts to strengthen the Pike District brand and activate underutilized sites through public art, programming and pop-up amenities. Identify a dedicated annual funding stream to support and widely market these efforts.	B-CC Regional Services Center, County Executive, County Council
2.d: Allow private-sector developments to easily close internal streets for temporary activation and programming. Partner with the Montgomery County Department of Permitting Services and the Department of Transportation to create a process that grants private-sector developments more flexibility to host events and festivals, deploy pop-up uses, and expand outdoor dining and recreation.	MCDOT, MCDPS, private-sector development
2.e: Coordinate and partner with the Montgomery County Economic Development Corporation (MCEDC) to explore partnerships with owners of vacant office properties to locate amenities in these spaces that make these properties more attractive to life science tenants.	MCEDC, WMATA, County Executive
2.f: Create a temporary beer garden or food hall to anchor a multiyear activation on an underutilized site in the Pike District. Visibility to Rockville Pike and proximity to the White Flint Metro station should be prioritized for potential locations.	WF Implementation Committee, B-CC Regional Services Center, County Executive, local businesses
2.g: Collaborate with agencies such as the Bethesda-Chevy Chase Regional Services Center and private developers to provide temporary activation on existing and future Montgomery Parks' properties.	B-CC Regional Services Center, Montgomery Parks, private developers
3. Support new development in the Pike District by streamlining regulatory review, providing clear street design standards, and coordinating upcoming infrastructure improvements with property owners	
Potential Solutions	**Partners**
3.a: Support transformative projects that will attract a large number of high-quality jobs and fuel a renewed cycle of development in the Pike District. Consider shortening the development review process to 60 days for such projects, as authorized by the 2018 Signature Business Headquarters Zoning Text Amendment, and establishing a development task force to expedite interagency review. The task force should be led by the Planning Department and include all Montgomery County agencies involved in the development review process.	WMATA, County Executive, County Council
3.b: Collaborate with WMATA to reevaluate the development approach for the White Flint Metro station's northern entrance. Consider integrating the new entrance into a future building, instead of constructing an independent structure that would preclude additional development on a portion of the site.	WMATA, MCDOT, MDOT State Highway Administration County Executive, County Council
3.c: Develop Streetscape Guidelines for the Pike District that prioritizes safety for all road users through attractive landscaping, appropriate bicycle and pedestrian facilities, and flexible street designs that expand outdoor dining, parklets, and recreation. Design new streets and roadway improvements with an emphasis on safety, sustainability, and vitality, as supported by Montgomery County's Complete Streets and Vision Zero policies. Streetscape guidelines should promote the Pike District's brand.	MCDOT, MDOT State Highway Administration, property owners
3.d: Proactively coordinate with WMATA to establish the Sector Plan and regulatory requirements expected as part of future development for their site adjacent to the White Flint Metro station. Ensure future development meets the needs of an urban life science campus while providing appropriate street connections, open spaces, and infrastructure.	WMATA, County Executive
4. Reprioritize transportation improvements and evaluate alternative financing mechanisms to advance infrastructure implementation	
Potential Solutions	**Partners**
4.a: Evaluate and prioritize the list of infrastructure projects included in the three "infrastructure buckets" expected to be delivered by the Special Taxing District, the County and private developers. Update cost estimates to establish a realistic understanding of future funding requirements.	MCDOT, WF Implementation Committee, County Council
4.b: Prioritize funding for low-cost, high-impact active transportation and parks projects in the Pike District in the county's CIP, such as the ongoing capital project to improve pedestrian access to the White Flint Metro station. Potential improvements to prioritize will be identified in subsequent phases of Advancing the Pike District initiative as the project team evaluates streetscape design guidelines and the pedestrian level of comfort analysis.	MCDOT, MDOT State Highway Administration, WF Implementation Committee, County Council, County Executive
4.c: Evaluate alternative revenue generation mechanisms to support implementation of the 2010 *White Flint Sector Plan*. Montgomery County should evaluate aiding property owners to form a business improvement district, adjusting the rate and applicability of the special tax assessment, dedicating additional funds for transportation infrastructure in the CIP, utilizing Project-Based TIF to finance infrastructure improvements for large sites in the Pike District, and advancing infrastructure projects to final design/engineering to be competitive for potential state/federal stimulus funding.	MCDOT, MDOT State Highway Administration, WF Implementation Committee, County Council, County Executive
4.d: Promote public-private partnerships to finance and expedite delivery of key infrastructure, such as the northern entrance to the White Flint Metro station, MD 355 BRT, and roadway, pedestrian, bike, and parking improvements.	MCDOT, WMATA, MDOT State Highway Administration, County Council

Figure 22: Implementing solutions recommended in this report will require collaboration from numerous County, regional, and State partners.

CHAPTER 2:

DEVELOPMENT TRENDS

A review of the individual projects in the Pike District that received entitlements and those that ultimately were constructed since the renewed interest in large-scale development within the neighborhood starting in 2004 shows that:

- The 2010 White Flint Sector Plan revised zoning, and promised investment in infrastructure such as the Western Workaround attracted significant development interest to the Pike District, the pace of new construction subsequently more than doubled compared to the previous decade.
- Despite the increased pace of development activity, many of the projects that secured entitlements following adoption of the 2010 Sector Plan did not proceed to construction, indicating they are struggling with economic feasibility. Developers also stated that delays in County-built infrastructure prevented some projects from moving forward (this issue is discussed in detail in chapter 5).
- The future pipeline of new multifamily development declined notably after 2011 and 2012: far fewer projects are being proposed and entering the entitlement process, indicating concerns about the current feasibility of multifamily development in the Pike District.
- Following an initial surge in Sketch Plan applications for non-multifamily (primarily office and retail) space in 2011 and 2012, few new projects have since been proposed or delivered, illustrating the struggles of the office and retail markets in the Pike District.
- Despite the increased pace of development since 2010, there is substantial capacity for additional development within the Sector Plan's Staging Allocation Request (SAR) limits. At the current rate of development, the zoning capacity of the Sector Plan will not be maximized for many decades.
- The Pike District is historically characterized by large parcels, a land use pattern that continues today. The large parcels enable market-transforming projects like Pike & Rose, but also present challenges to development such as requiring larger capital investments and creation of more physical and costly infrastructure.
- The Pike District has a higher percentage of Class A office, retail and multifamily development as compared to the rest of the county, reflecting the substantial amount of new construction that has occurred in this area and the upscale nature of the real estate market here.

SECTOR PLAN ZONING

The 2010 ***Sector Plan*** revised the zoning of the Pike District to substantially increase the allowable density and height of uses, encourage mixed-use development, and provide additional flexibility related to the specific use of any parcel. This revised zoning spurred a notable increase in the pace of development activity.

The 2010 ***Sector Plan*** applied flexible Commercial/Residential zoning to the Pike District's core, simplifying and replacing the zoning applied by the ***1992 North Bethesda/Garrett Park Master Plan*** and permitting building heights up to 300 feet along Rockville Pike, with the building height limits stepping down closer to the adjacent single-family neighborhoods (see Figure 23). Key elements of the CR Zone include flexibility, allowing market conditions to better influence the degree of office, retail, or residential development on any individual parcel and significant increases in allowable densities, as measured by Floor-to-Area (FAR) ratios.

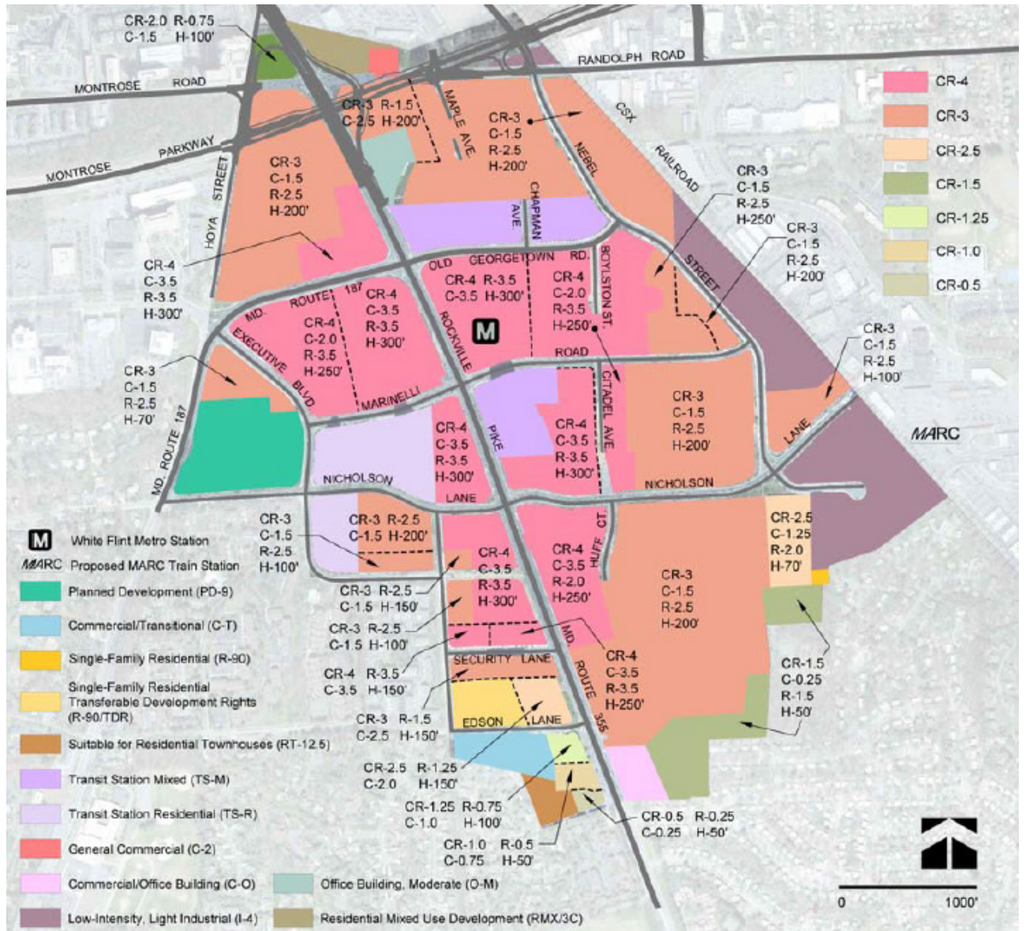


Figure 23: Zoning approved by the Sector Plan allows for maximum heights of 300 feet along Rockville Pike.

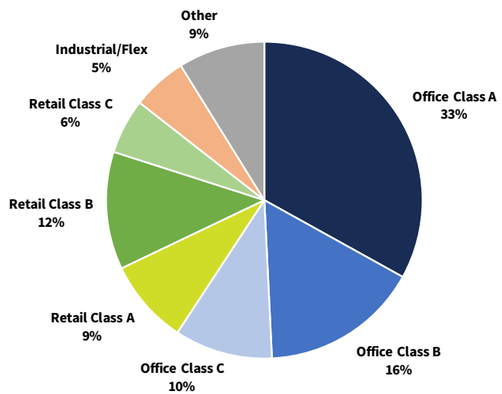
EXISTING COMMERCIAL USES

The 6.2 million existing square feet of leasable commercial space in the Pike District (4% of the county's 172.8 million total leasable commercial square feet) is predominantly office (58% of all leasable commercial square footage) and retail (27%), (see Figure 24). Just 6% of the leasable commercial building space is industrial, and another 9% is classified as Other (a mix of health care, hotel, and storage properties). Within the office category, Class A space predominates (31% of all commercial square footage) which reflects the prominence of higher-quality office product built since the year 2000 and which will likely remain competitive for tenants. There remains a sizeable portion of older Class B office space (17%) and some low-quality Class C space (10%) in the Pike District, which due to age, reduced quality, and challenges to the regional office market, may be ripe for redevelopment.

Retail space is more evenly split between higher quality Class A space (9%), and Class B space (12%). Older, low-quality Class C retail properties, 6% of commercial square footage, are likely obsolete and prime targets for redevelopment or reinvestment.

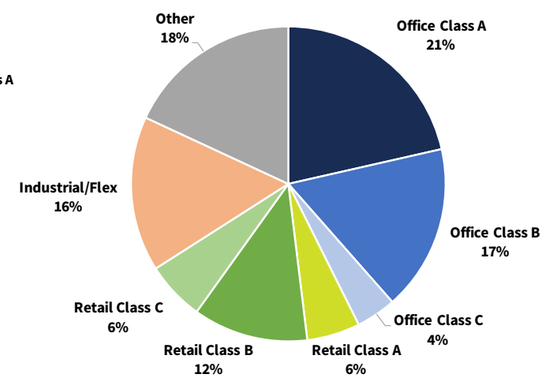
Compared to Montgomery County overall, a greater portion of the commercial building space in the Pike District is office and retail and is generally higher quality product for these respective categories see Figure 25). This likely reflects the newly developed nature of the Pike District, with a greater proportion of buildings constructed in the previous 20 years.

There is substantially less industrial space and product classified as "other" in the Pike District than in Montgomery County (17% as compared to 34%). This reflects the limited area devoted to industrial uses in the Pike District, although there are a number of industrial properties at the periphery of the plan area that are part of the 2018 White Flint II Sector Plan. Additionally, there is no hospital and little healthcare space in the neighborhood[5].



* Total Rentable Commercial Square Footage: 6,377,078 SF

Figure 24: Leasable commercial building area (in square feet) in the Pike District by category and class of use.



* Total Rentable Commercial Square Footage: 31,255,936 SF

Figure 25: Leasable commercial building area (in square feet) in Montgomery County by category and class of use

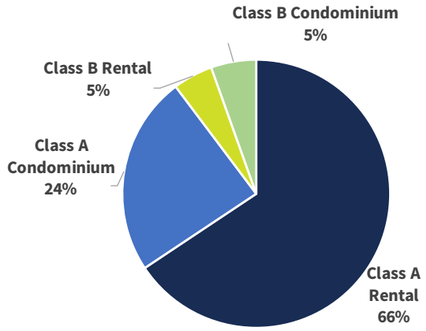
[5] Much of the square footage classified as "Other" within Montgomery County are large hospital properties.

EXISTING MULTIFAMILY RESIDENTIAL USES

The vast majority of residential multifamily units in the Pike District, 90%, are in higher-quality Class A rental or Class A condominiums buildings (see Figure 26), consistent with the fact that much of the multifamily stock was built after 2004.

This data reflects the fact that the Pike District is a market with good transportation access and is in a wealthy part of Montgomery County. The proportion of units that are Class A in the Pike District contrasts sharply with Montgomery County, where just 27% of multifamily units are categorized as Class A (see Figure 28). The younger and higher-quality nature of the housing stock in the Pike District indicates that Montgomery County has succeeded in focusing development into the Pike District over the past two decades.

The condominium market in the Pike District is proportionally larger than that of Montgomery County. Notably, approximately 25% of all Class A condominium units in the county are within the Pike District, but the Pike District comprises just 3.5% of all multifamily units in the county. Despite the prominence of condominiums in the Pike District market, there was little for-sale multi-family development since 2010.



* Total Multifamily Units: 4,196 DU

Figure 26: Type (for sale or rental) and class of multifamily units in the Pike District

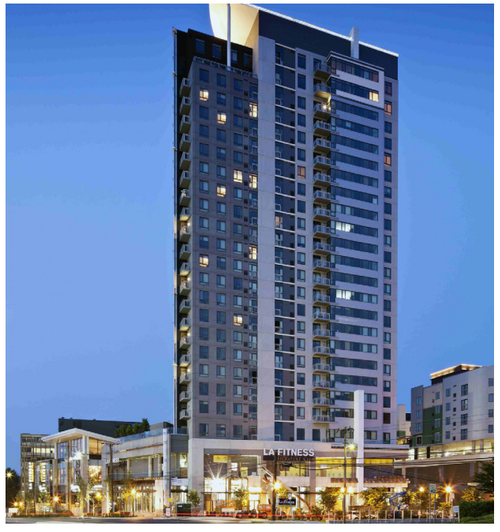
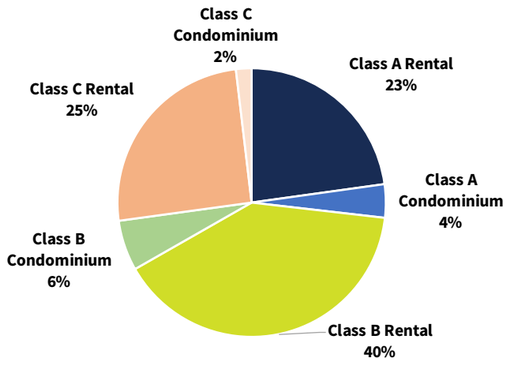


Figure 27: NoBe Market, constructed in 2011



* Total Multifamily Units: 111,377 DU

Figure 28: Type (for sale or rental) and class of multifamily units in Montgomery County

DEVELOPMENT PATTERNS

The age of buildings in the Pike District demonstrates how modern commercial uses in the area developed more intensively following the completion of major infrastructure projects like Interstate 270 and the Capital Beltway in the early 1960s, and the White Flint Metro station in 1984. The 1959 Klinge Atlas of Montgomery County confirms that the Pike District (then known as "Montrose") was sparsely developed at that time (see Figure 29). The property ownership pattern was defined by large parcels, which facilitated the development of sizable, low-density office parks and shopping centers that characterized the initial phase of the Pike District's commercial development in the 1960s and 1970s. The office market grew rapidly through the 1970's and 1980's as federal agencies relocated to suburban office parks, exemplified by One White Flint North (built in 1980), home to the Nuclear Regulatory Commission (see Figure 30).

The pace of new development declined in the 1990s and 2000s as the area built-out and exhausted the supply of vacant land for additional low-cost, low-density development. The 2010 Sector Plan appears to have jumpstarted interest in the market with the pace of commercial and multifamily development more than doubling compared to 2000-2009.

The Pike District today continues to be characterized by large parcels which enables lucrative market-transforming projects like Pike & Rose and the potential White Flint Mall redevelopment. However, larger parcels also present development challenges. These sites are generally vacant or underutilized shopping centers, so there is a need to create a new market identity that attracts different types of tenants, a need to build-out costly infrastructure such as streets and utilities, and a need for greater capital and expertise to manage these more costly and complex developments. Chapter 7 contains a series of case studies, several of which focus on developments that had to invest in creating a new market identity for large and previously underutilized parcels.

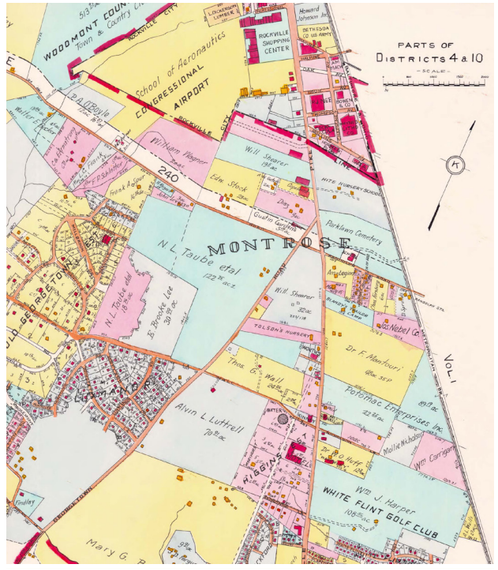


Figure 29: Pike District property ownership in 1959. Source: Atlas of Montgomery County by Frank H.M. Klinge, 1959.

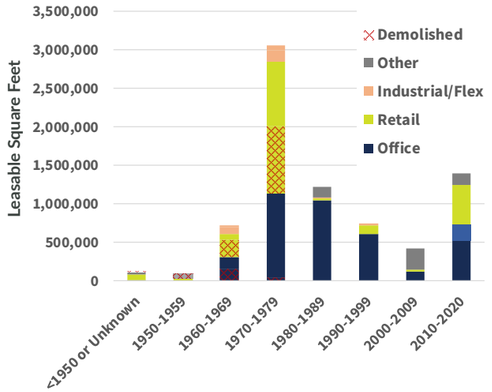


Figure 30: Leasable commercial space in the Pike District by type of use and decade built.

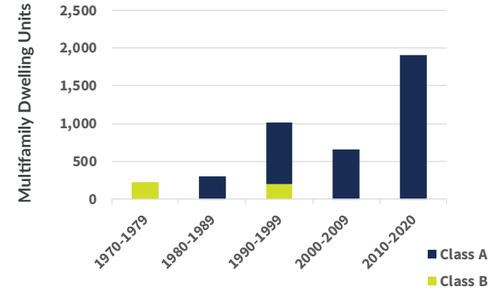


Figure 31: Multifamily units in the Pike District by unit class and decade built.

CONCENTRATION OF RECENT DEVELOPMENT

A detailed comparison of the period from 2001-2010 and 2011-2020 magnifies the impact of the 2010 White Flint Sector Plan on the pace of development. It also highlights the reduced prospect for continued growth in the short and medium term.

Following adoption of the 2010 Sector Plan, multifamily development increased from an annualized pace of approximately 67 units, to over 190 units (see Figure 32). In the same period, commercial development increased from an annualized pace of 42,000 leasable square feet per year (almost all of this represented by the 268,000 square feet Bethesda North Marriott Hotel and Conference Center constructed in 2004) to 138,000 leasable square feet per year (see Figure 34 on page 30).

Despite the sizable increase in the pace of development, almost all new construction since 2010 occurred at one of three projects in the district: Federal Realty's Pike & Rose, LCOR's North Bethesda Town Center, and JBG's North Bethesda Market. While Pike & Rose continues to advance ambitious plans, LCOR and JBG have scaled back or paused development plans. LCOR's Joint Development Agreement with WMATA expired in 2018, with much of the office and retail portion unbuilt; LCOR is developing two remaining parcels, with a multifamily residential building expected to be completed in 2021. JBG secured entitlements for a second phase of North Bethesda Market and subsequently revised the site plan in 2015, but has not moved forward. In 2020, the current owner of the North Bethesda Market Phase II property submitted a concept plan to Montgomery County Planning for comment. The revised plan is for a much smaller project consisting entirely of lower-cost mid-rise structures, indicating the challenges advancing more costly high-rise development.

Since 2012, new non-multifamily space is even more concentrated in Pike & Rose, following the completion of the office and retail components at JBG's North Bethesda Market and LCOR's North Bethesda Town Center. Since then the only non-multifamily buildings built in the Pike District are the retail and office components of Pike & Rose, except for a small 13,150 leasable square feet office building at 5420 Edson Lane containing a pre-school tenant, which is anticipated to be completed in 2020.

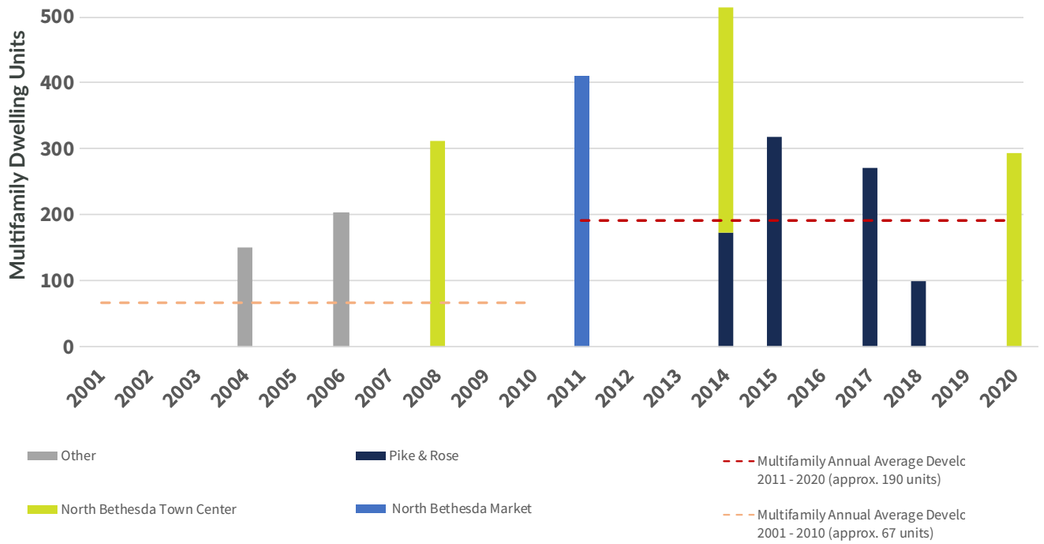


Figure 32: All constructed multifamily dwelling units in the Pike District built from 2001 to 2020 by year built and by project, as well as the annualized rate of development from 2001 to 2010, and 2011 to 2020.

Figure 33: Pike & Rose has developed two phases, featuring ground-floor retail, a hotel, multifamily residential, and office space.

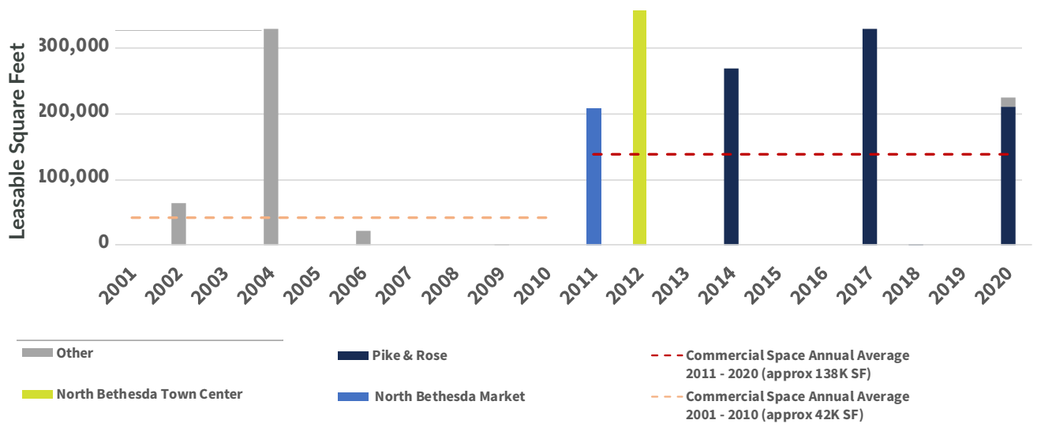


Figure 34: All leasable commercial square feet constructed in the Pike District from 2001 to 2020 by year built and by project, as well as the annualized rate of development from 2001 to 2010, and 2011 to 2020.

STAGING CAPACITY FOR DEVELOPMENT

Although the pace of development in the Pike District increased after adoption of the 2010 ***White Flint Sector Plan***, there is still capacity for additional growth within the Staging Plan for this area. Staging Allocation Request (SAR) caps are a mechanism to ensure that build-out of a master plan does not outpace the required infrastructure to support the new growth. Specific improvements or infrastructure must be built in order to unlock the permissible development in the next phase. The 2010 White Flint Sector Plan includes three stages. The level of development allowed in each phase was first defined by the Sector Plan, and then increased by the 2018 ***White Flint 2 Sector Plan***.

Build-out of all projects with approved site plans (the complete set of necessary planning entitlements) would not exceed the Phase I SAR cap. Even if all projects with approvals for Sketch Plans and Preliminary Plans were realized, they would still not exceed the overall build-out caps (see Figure 35 and 36).

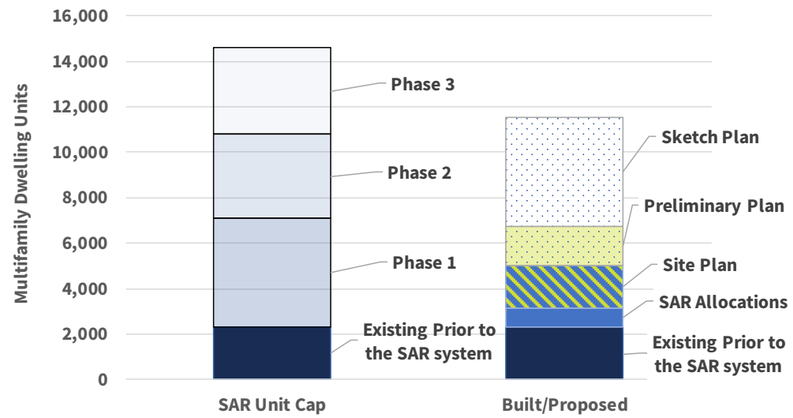


Figure 35: The Pike District phased Staging Allocation Request (SAR) multifamily unit caps compared to the amount of existing and multifamily proposed development by entitlement status.

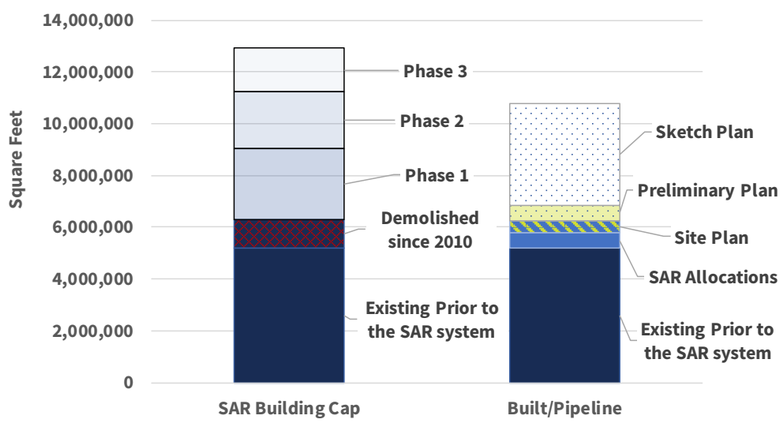


Figure 36: The Pike District phased Staging Allocation Request (SAR) commercial square footage caps compared to the amount of existing and proposed commercial development by entitlement status.

DEVELOPMENT APPLICATIONS: 2004-2020

There was an initial surge in development applications following adoption of the 2010 ***White Flint Sector Plan*** but few of the proposal projects resulted in delivery of constructed buildings. Additionally, new development applications swiftly dropped off after 2012, indicating challenges in the market.

Figures 39 on page 33 and Figure 41 on page 34 visualize these findings, showing all entitlement applications since 2004, major revisions to those applications, whether an application was fully or partially built, and the ultimate deliveries. Projects typically start with a Sketch Plan, which provide approval for a general concept; proceed to a Preliminary Plan, which substantially defines the details of the project; and concludes with a Site Plan, the apex entitlement that enables applicants to proceed to securing building permits and begin construction.

There was a surge in development applications in 2011 and 2012 following adoption of the 2010 ***White Flint Sector Plan***, demonstrating the Sector Plan's development potential. Also evident is the rapid drop-off in development interest, demonstrating the construction challenges developers encountered in the Pike District. Since 2015, just two multifamily projects (6000 Executive Boulevard in 2018 and VOB-Grand Park in 2019) received Sketch Plan approvals while prior projects generally sat on approved Site Plans or slowly proceeded to securing Preliminary Plan approvals.

The drop off in commercial (mostly office and retail) development entitlements was even sharper than the decline in entitlements applications for multifamily projects. Figure 41 demonstrates that developers quickly concluded that the office and retail sector had insufficient demand to support large new projects, as proposals for new commercial projects significantly declined.

Figure 37: NoBe Market, North Bethesda Town Center, and Pike & Rose (pictured) represent the majority of multifamily and commercial development completed in the Pike District since 2010.

Nearly all notable Commercial development applications in the Pike District occurred in 2011 and 2012 and the only application to result in construction of a significant amount of space is Pike & Rose (Sketch Plan approval in 2011). Other unrealized commercial entitlement applications include:

- The White Flint Mall redevelopment (Sketch Plan approval for over two million square feet of commercial development in 2012, but litigation delayed subsequent progress and there has been no application for a Preliminary Plan)
- A large office project at North Bethesda Gateway West (Sketch Plan approval in 2011 but no subsequent application for a Preliminary Plan)
- The second phase of North Bethesda Market (Sketch Plan approval in 2011, but the office component subsequently reduced in a 2015 Site Plan application and no construction has yet occurred)
- The North Bethesda Gateway East Village (Sketch Plan approval in 2011, but the retail component substantially reduced in subsequent entitlement applications in 2013 and 2019)

Figure 38: Pike & Rose is one of the few developments to deliver a significant amount of non-residential square footage in the Pike District.

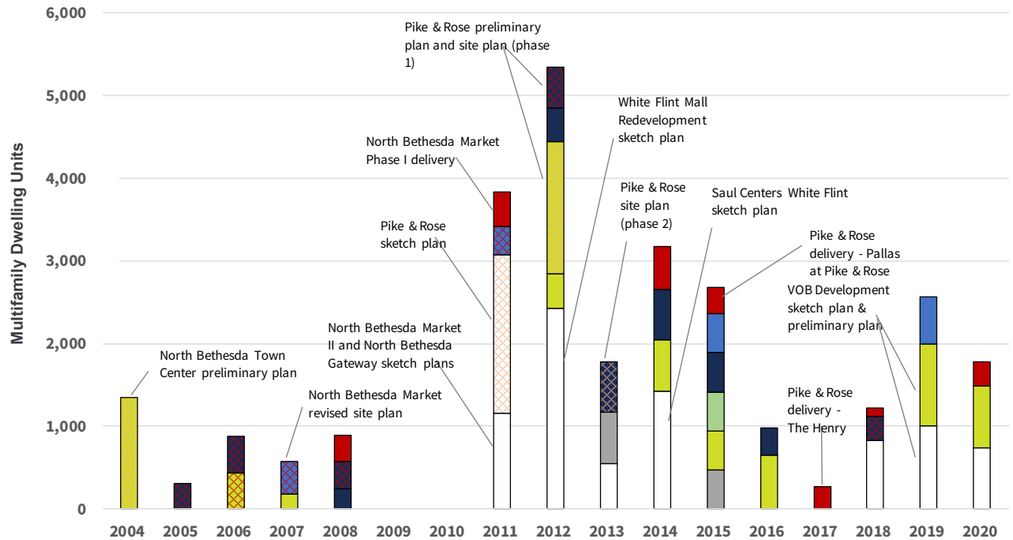


Figure 39: Planning entitlements and deliveries for all multifamily units proposed in the Pike District since 2004 by year. Prior to construction (delivery) a project must receive Sketch Plan, Preliminary Plan, and Site Plan entitlements. Not all proposed projects have resulted in deliveries. Various entitlements for notable projects are labeled.

Figure 40: NoBe Market created a mixed-use development anchored by Whole Foods in Phase 1, but future phases of development are yet to be delivered.

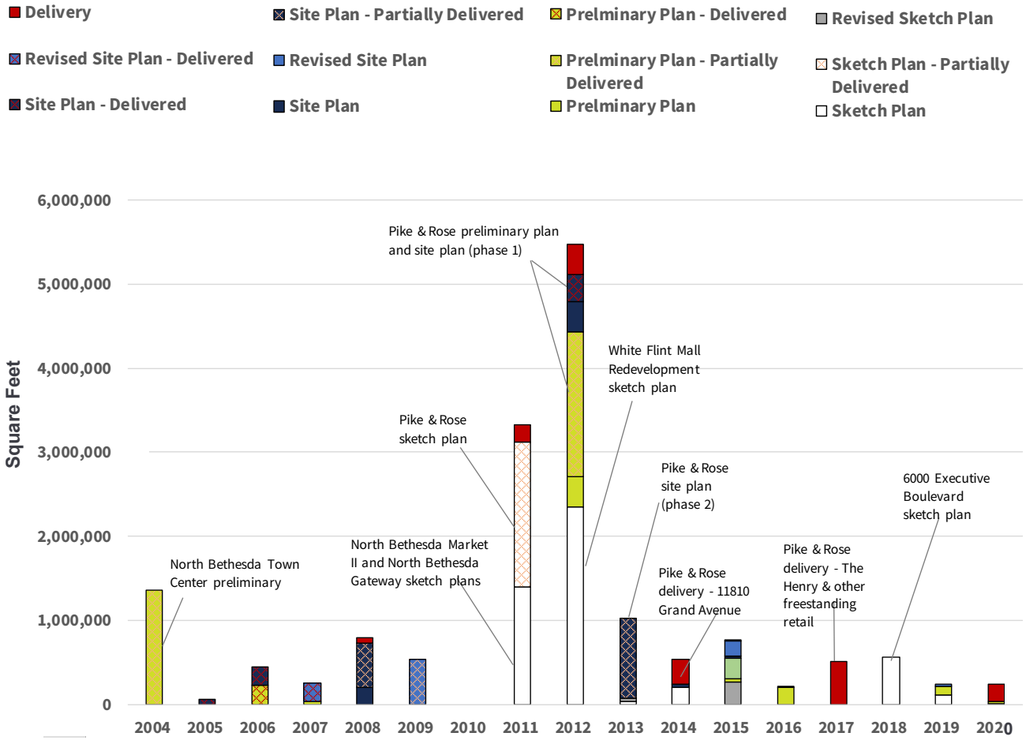


Figure 41: Planning entitlements and deliveries for all commercial square feet proposed in the Pike District since 2004 by year. Prior to construction (delivery) a project must receive Sketch Plan, Preliminary Plan, and Site Plan entitlements. Not all proposed projects have resulted in deliveries. Various entitlements for notable projects are labeled.

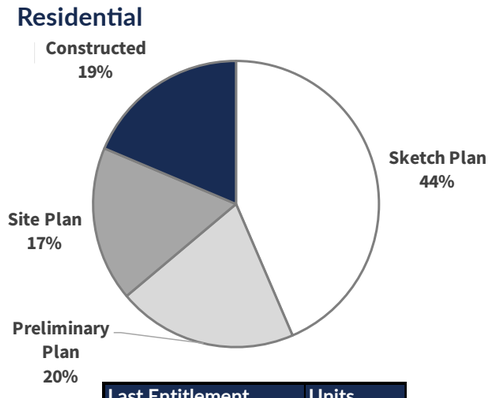
STATUS OF DEVELOPMENT PROJECTS

There is a troubling trend of numerous multifamily projects receiving full Site Plan entitlements but failing to advance with construction. This is less prevalent among the large commercial (retail or office) projects because so few continued beyond the Sketch Plan phase. This trend is shown through Figures 42 and 43, documenting the entitlement status of all projects in the Pike District proposed since 2004. This is also shown through Figures 44 and 45 on page 36, which demonstrate the geographic location and entitlement status of each unit and square foot of commercial space.

Four multifamily projects have had approved Site Plans for multiple years:

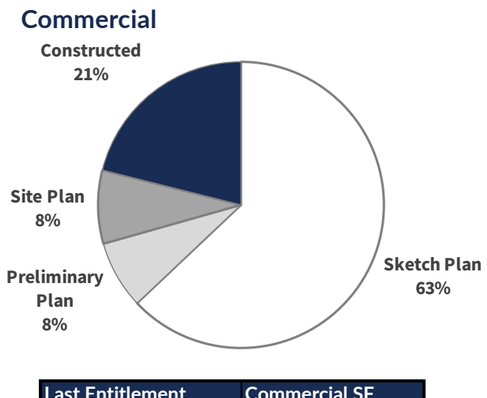
- North Bethesda Market II (revised Site Plan approved in 2015)
- Gables White Flint (Site Plan approved in 2015)
- Saul Centers White Flint Phase I (Site Plan approved in 2016)
- North Bethesda Gateway East Village (revised Site Plan approved in 2019)

These four projects account for 1,843 potential multifamily units, though entitlements for several projects may eventually expire. Pike & Rose has Site Plan approval for 612 units in its second phase and has delivered 371 of those units in two buildings. The large proportion of projects that did not progress past Sketch Plan and the large proportion stuck at Site Plan are concerning and hints at market challenges. The obstacles to the office and retail market are apparent in the large portion of proposed development that did not proceed upon securing initial Sketch Plan entitlements.



Last Entitlement	Units
Sketch Plan	5,189
Preliminary Plan	2,426
Site Plan	2,084
Constructed	2,222
Total	**11,921**

Figure 42: Construction and entitlement status of all multifamily units proposed in the Pike District since 2004.



Last Entitlement	Commercial SF
Sketch Plan	4,963,266
Preliminary Plan	604,358
Site Plan	654,066
Constructed	1,622,348
Total	**7,884,038**

Figure 43: Construction and entitlement status of all commercial square footage proposed in the Pike District since 2004.

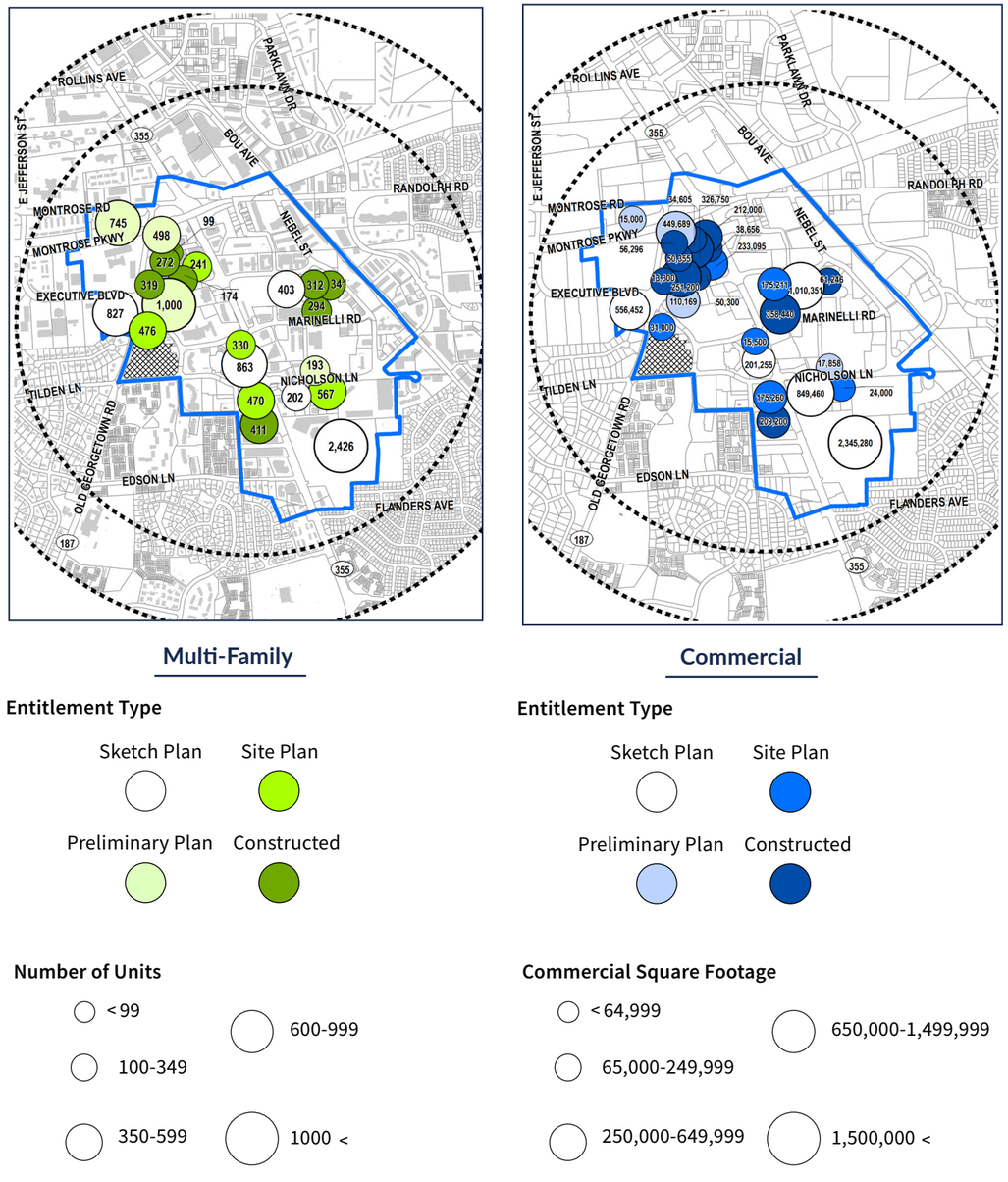


Figure 44: Size in units, location, and entitlement status of all multifamily development proposed in the Pike District since 2004.

Figure 45: Size, location, and development status of all commercial square feet proposed in the Pike District since 2004.

CHAPTER 3:

MARKET PERFORMANCE

This section assesses the real estate market conditions in the Pike District and competitor submarkets in the Washington, D.C. region over the past two decades. Key findings are:

- The Pike District is among the eight strongest performing submarkets in the Washington, D.C., region, outside of downtown D.C. and Rosslyn. These eight submarkets account for the vast majority of multifamily high-rise development in the entire region in the last decade, indicating the success of the Pike District.
- Although the socioeconomic status of households in the Pike District attracts development interest, it is the least accessible to employment opportunities within a 30-minute commute and as a result the weakest performing of the eight top-tier peer submarkets. Rents for multifamily product in the Pike District have increased little since 2010 and notably lag behind the eight peer submarkets.
- Office market indicators in the Pike District (vacancy, rents, absorption of new space) are not encouraging, and the office sector regionwide has faced significant headwinds since 2010. These headwinds remain undiminished and the prospect for new office development in the Pike District – absent a major county-led economic development initiative – is limited.
- Older Class B and Class C office properties may be functionally obsolete, with little demand from tenants but also little prospect for near-term redevelopment. Owners of these properties may be interested in creative placemaking or tenant attraction strategies to redefine their buildings.
- Multifamily rents declined and vacancy rates climbed following the delivery of 834 units in 2014 and 2015. This is a worrying indicator that demand for multifamily housing in the Pike District is weak despite the notable growth in units since 2010. In addition, rents only marginally increased since 2010 compared to a rapid increase in construction cost, which likely dampens developer interest in advancing proposed multifamily projects to construction.
- While continued multifamily development in the Pike District remains likely, in the absence of sustained job growth nearby developers will likely struggle to bring new units to market.

COMPARISON TO REGIONAL SUBMARKETS

Outside of the traditional downtown markets in the core of Washington, D.C., and Rosslyn, the Pike District is among a small set of regional submarkets that command the highest rental rates and generally support the most ambitious developments. The Pike District's seven peer submarkets are Silver Spring, Tysons, Pentagon City/Crystal City, Ballston-Clarendon, Bethesda, NoMa, and Capitol Riverfront. Collectively, these peer submarkets account for a substantial portion of the total growth in multifamily (41%) and office product (37%) in Montgomery County, Fairfax County, Arlington County, and Washington, D.C., since 2010. These submarkets also dominate the high-rise market, typically the most expensive type of construction that only occurs where land values are highest, demonstrating their status as strong submarkets: The eight submarkets account for 72% of all multifamily high-rise units and 57% of all multifamily high-rise buildings constructed in the entire D.C. region since 2010.[6]

While the Pike District is among an elite set of non-downtown submarkets, it is the weakest performing submarket of the group as demonstrated by rents and growth of multifamily and office space. Although the Pike District is served by high-quality transit, the district is located further from the employment centers in Downtown D.C. and Rosslyn than peer submarkets and is outside the Capital Beltway, limiting development potential. For the purpose of this analysis, Rosslyn was excluded due to its proximity to Downtown D.C. Nearby submarkets, such as Twinbrook or Gaithersburg do not boast rents supporting high-rise development. As a result, new construction is still feasible in these markets but consists of less costly and less dense mid-rise and low-rise multifamily projects.

Despite high levels of median income which is attractive to developers, fewer jobs are accessible to the Pike District within a 30-minute commute (see Figure 46). These are common heuristics used by the development industry to gauge potential growth in households and thus demand for new residential units. In addition, despite the high-quality transit access in the Pike District, a lesser portion of total accessible jobs could be reached by transit than within more central districts such as Pentagon/Crystal City, NoMa, or the Ballston-Clarendon corridor. While the Pike District enjoys more frequent Metro service than Tysons,[7] more total jobs are accessible within 30-minutes from Tysons due to its proximity to the Capital Beltway and the Dulles Toll Road and the sustained strong job growth in Northern Virginia.

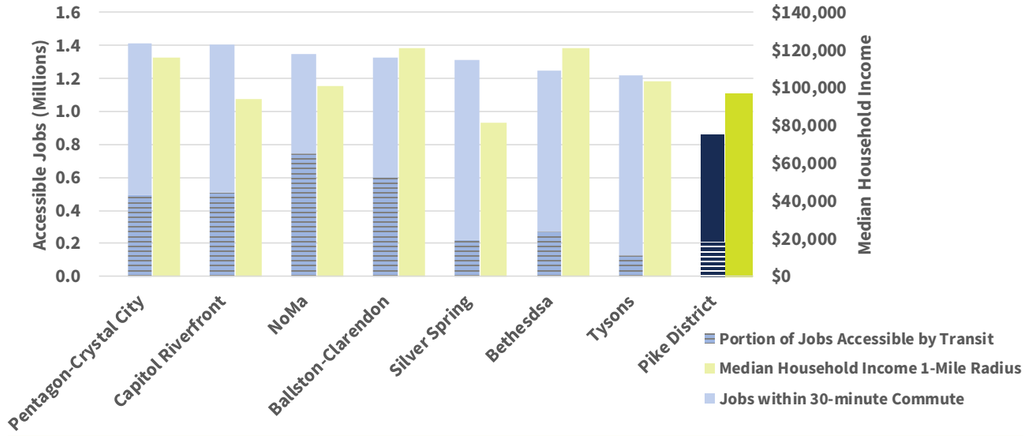


Figure 46: Number of jobs accessible within a 30 minute commute from the Pike District and peer submarkets, and the median income of households within a one mile radius of the Metro station at the center of the Pike District and of peer submarkets.

[6] For this study, the geographic boundary of the Pike District is coterminous with the White Flint Special Taxing District; the remaining six submarkets are defined by CoStar and are either a single submarket or a set of several submarkets merged together.

[7] Prior to the COVID-19 Pandemic, Metrorail's Red Line averaged 12 trains per hour during the peak period, compared to a maximum of 8 to 10 trains per hour on the Silver Line.

MULTIFAMILY MARKET

ABSORPTION & VACANCY

Between 2010 and 2019, the multifamily market in the Pike District successfully absorbed[8] a large quantity of new units, reflecting market strength (see Figure 47). From 2000 to 2008 there were no large-scale deliveries of new units and the Pike District multifamily vacancy rate closely tracked the Montgomery County average. Starting in 2008, the periodic delivery of large new apartment buildings would cause vacancy rates in the Pike District to spike. Following these deliveries, the new units were generally absorbed within a year, and vacancy rates in the Pike District returned to the county average. This trend indicates that initially demand generally kept pace with increased construction. However, the rapid increase in multifamily supply in 2014 and 2015 when 834 new units delivered caused rent to decline (see Figure 47 & Figure 48 on page 41). This is a concerning indicator of limited market demand in comparison to the ultimate pace of development desired by Montgomery County in the Pike District. The 834 units were from three buildings: the Aurora at North Bethesda Town Center and PerSei at Pike & Rose delivered in 2014, and the Pallas at Pike & Rose delivered in 2015.

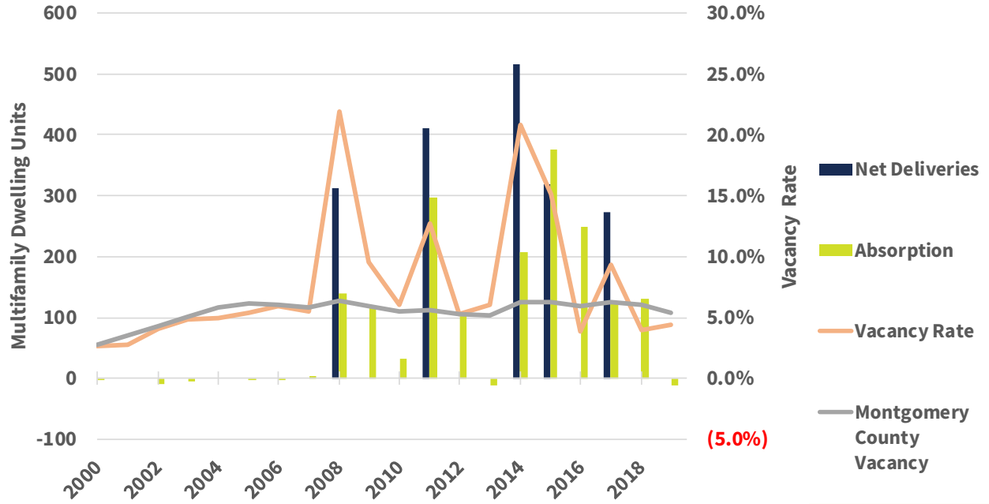


Figure 47: Deliveries, absorption, and vacancy for the multifamily rental sector in the Pike District from 2000 to 2019.

[8] Absorption occurs when a newly constructed building is rented or occupied for the first time.

RENTS IN THE PIKE DISTRICT

Average multifamily rents in the Pike District exceed those in Montgomery County overall by a healthy premium, reflecting both the quality of the amenities and transit access, and the high proportion of newer and higher quality product in the neighborhood. Since 2010, however, rental rates in the Pike District are stagnant (see Figure 48). While limited rent growth is positive for affordability, financing for future projects becomes more difficult as investors fear that rents will continue to stagnate, reducing profitability. Between 2010 and 2019, rents for Class A multifamily units in the Pike District increased at an annualized rate of 0.90%, an anemic pace that did not keep pace with the rapid rise in construction costs and may not have kept pace with annual increases in operating costs for multifamily properties. During this period, the rate of rent growth in the Pike District paralleled rent growth of Class A units throughout Montgomery County (0.95% annually) but was outpaced by rent growth for all multifamily products in the county (1.58% annually). In contrast, rents for Class A product in the Pike District grew at a far more attractive 2.08% annualized pace from 2000 to 2010 (from $1.84 per square foot per month to $2.26 per square foot per month). That higher pace of rent growth improves project finances and project feasibility and likely helped propel the initial surge of development interest in the Pike District following adoption of the 2010 ***White Flint Sector Plan***.

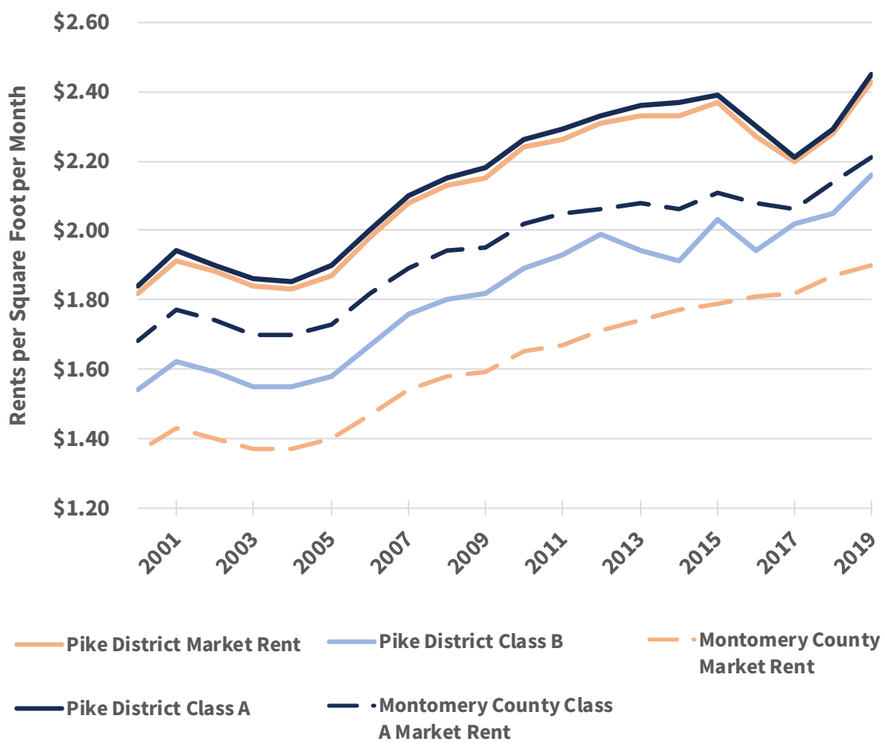


Figure 48: Multifamily rents per square foot per month by unit class within the Pike District from 2000 to 2019.

RENTS IN COMPETITOR PEER SUBMARKETS

Despite healthy growth in units from 2010 to 2019 in the Pike District, multifamily Class A rents lag behind six of the seven peer submarkets (the exception being Silver Spring)[9] (see Figure 49). This rent imbalance disincentivizes development in the Pike District. Rents in the Pike District for Class A units are approximately $0.65 less per square foot than Ballston in Northern Virginia. This rent differential roughly represents additional revenue of potentially $1.86 million a year for a large apartment building with 300 units and 250,000 rentable square feet (assuming vacancy of 5%) if that same building were located in the Ballston submarket. Conversion of $1.86 million in annual revenue into a lump-sum value implies that a fully occupied and stable apartment building of equal size in Ballston might be worth $31 to $34 million more than the same property in the Pike District.[10] The same analysis implies that this hypothetical property would be worth $30 to $35 million more in Bethesda, $12 to $14 million more in Tysons, and a striking $47.5 to $50 million in the Capitol Riverfront, where rents are almost a dollar a square foot per month more than in the Pike District. The differential in rents partially explains why the pace of development and proposed projects in the Pike District has slowed while significant construction continues in peer submarkets.

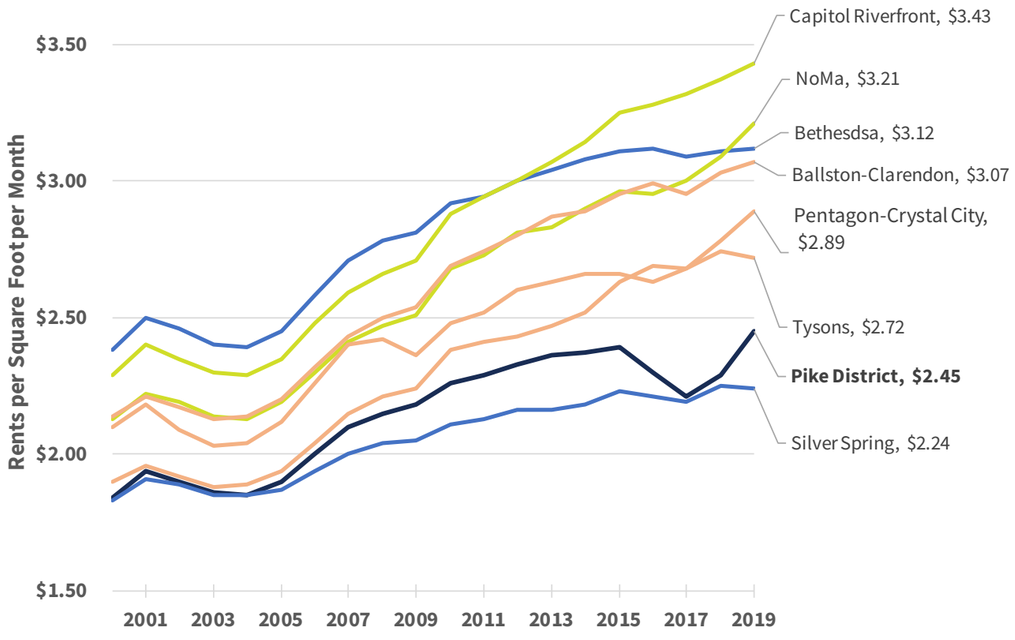


Figure 49: Multifamily rents per square foot per month for Class A units in the Pike District and peer submarkets from 2000 to 2019.

[9] The Silver Spring market is larger than the CBD and includes portions of Eastern Montgomery County where rents are notably lower than areas nearer to a Metro station.

[10] A steady stream of annual payments is mathematically converted into a lump-sum value by dividing it by a fraction, known as a capitalization rate. The analysis above uses a capitalization rate range of 5.5% to 6%.

ANNUAL RENT GROWTH COMPARISON

Rents for multifamily units in the Pike District increased by 6.7% in 2019, the largest growth among peer submarkets evaluated (see Figure 51). However, this surge follows a period in which rents declined, by 4% in 2016 and another 3.8% in 2017. Decreased rents in the Pike District corresponds with a significant number of units delivered in 2014 and 2015 when vacancy rates spiked to 20.8% and 15.2%, respectively. Prior to this delivery of units, rent growth in the Pike District performed comparably to the other peer submarkets with positive growth since 2000. Within all of the peer submarkets analyzed, rent growth slowed in 2016 and 2017 (and in a few submarkets rents declined modestly), potentially indicative of slower growth regionwide. The need in the Pike District to reduce rents in order to absorb many units delivered at the same time indicates weakness in demand and likely caused developers to delay proposed projects.

Figure 50: The delivery of new multifamily buildings, like Henri at Pike & Rose shown here, caused an interim decline in rents, exposing weakness in demand in the local submarket.

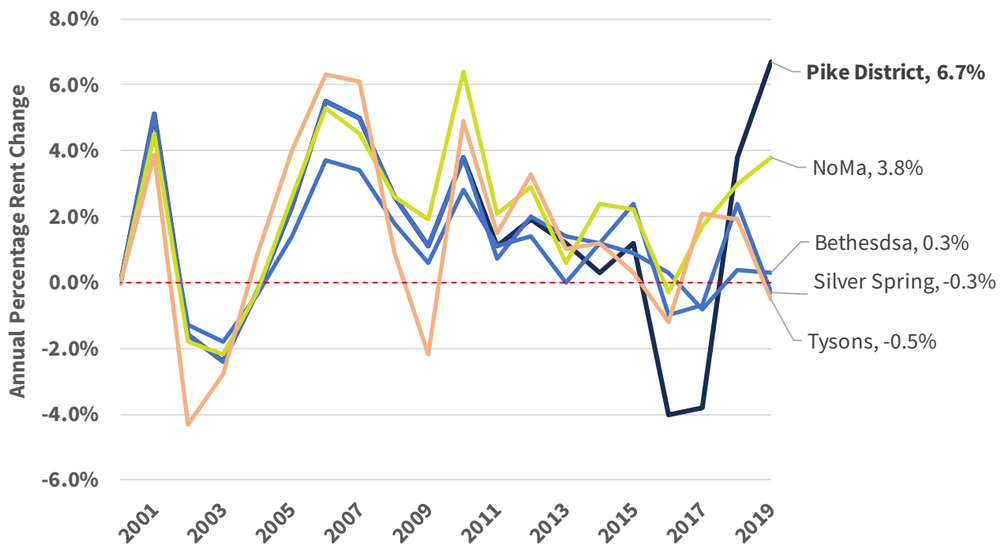


Figure 51: Percent change in rents for Class A multifamily units in the Pike District and select peer submarkets from 2000 to 2019.

GROWTH IN THE PIKE DISTRICT AND PEER SUBMARKETS SINCE 2010

Comparing the number of units constructed in the peer submarkets and the Pike District since 2010 demonstrates the general relationship between the level of demand indicated by rent trends and the pace of development: more units were delivered in submarkets with the highest rents. Fewer than 2,000 units were delivered in the Pike District since 2010, the fewest of the seven peer submarkets (see Figure 52). While the stock of multifamily units in the Pike District has increased by an impressive 71% since 2010, this is partially explained by the limited amount of multifamily development that existed prior to the adoption of the 2010 ***White Flint Sector Plan.***

The growth of the Tysons submarket is notable, and far exceeds the total growth of the Pike District since 2010; in Tysons, the multifamily market expanded by 64%, adding 5,000 new units between 2010 and 2019.

However, Tysons has the benefit of adding multifamily housing and multifamily amenities to a far larger and established office market with a larger employment base, rather than transforming a market dominated by underutilized retail properties. . In 2010, within one mile of the present-day Tysons Corner Metro station (the station opened in 2014) there were 133 office buildings with approximately 21.7 million leasable square feet. In contrast, in 2010, within one mile of the White Flint Metro station (an area larger than the focus of this study) there were 134 office buildings with only 8.3 million leasable square feet.

It's necessary to note that the relationship between rents and development is not simple nor linear across all seven submarkets; nor does it account for the differing geographic size, local regulations, and housing policies across these submarkets. As a result, Figure 52 is an approximate representation of the relationship between rents, vacancy, and development.

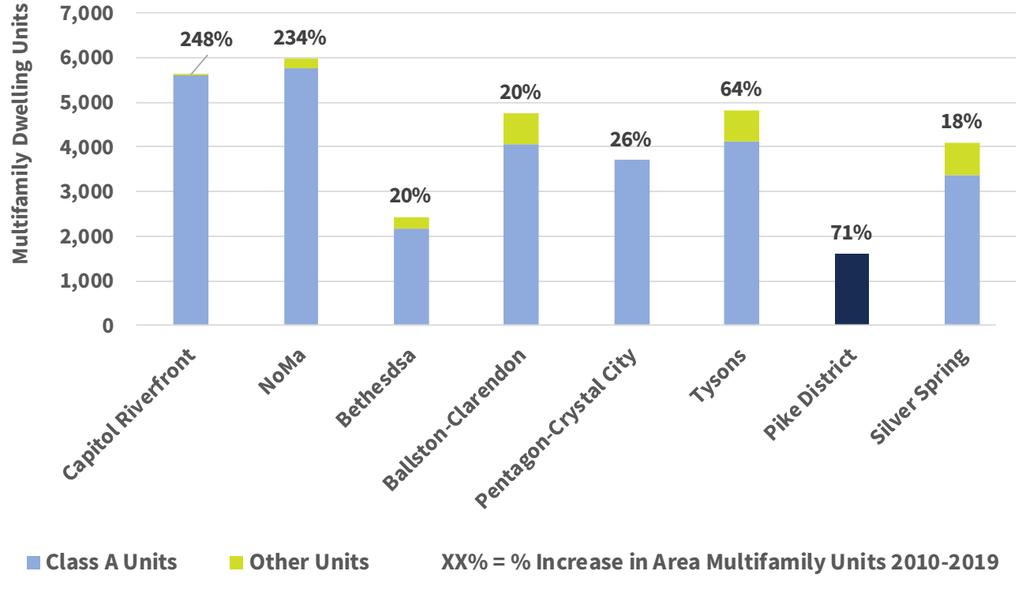


Figure 52: Amount of leasable office space constructed by class in the Pike District and peer submarkets since 2010, and the percentage change in the stock of leasable office space in each submarket.

OFFICE MARKET

ABSORPTION AND VACANCY

From 2010 to 2019, the Pike District's office market suffered from macroeconomic trends affecting the region, as well as issues unique to Montgomery County that combined to reduce demand for office real estate: reduced space per employee and little job growth within the county. Three office buildings were constructed in the Pike District since 2010: a purpose-built building for the Nuclear Regulatory Commission in 2012 just south of the White Flint Metro station (marked by equal levels of absorption that year, indicating it was fully occupied upon opening), 1180 Grand Park Avenue at Pike & Rose in 2014; and 909 Rose Avenue at Pike & Rose, which opened in 2020 (see Figure 53). The slow absorption and rise in vacancy following delivery of 1180 Grand Park Avenue indicates that there was limited demand for new office space in the Pike District and that likely hindered further development of office in the area. Initial reports are that available space in the Pike District increased sharply following delivery of 909 Rose Avenue, which coincided with the lock-down restrictions related to the COVID-19 pandemic, indicating that new office demand remains weak.

The similarity between the office vacancy rate in the Pike District and Montgomery County overall showcases that the office market weakness was not unique to this district but is a challenge county-wide. Similar to that of the Pike District and indicative of the county's office sector challenges, office vacancy in Bethesda climbed from 8.2% in 2010 to 13.4% in 2019.

The limited demand for new office space in the Pike District is a symptom of limited job growth in the area. This lack of job growth depresses the formation of new households that subsequently demand new multifamily housing units nearby and is a significant challenge to efforts to build-out the vision of the 2010 ***White Flint Sector Plan***.

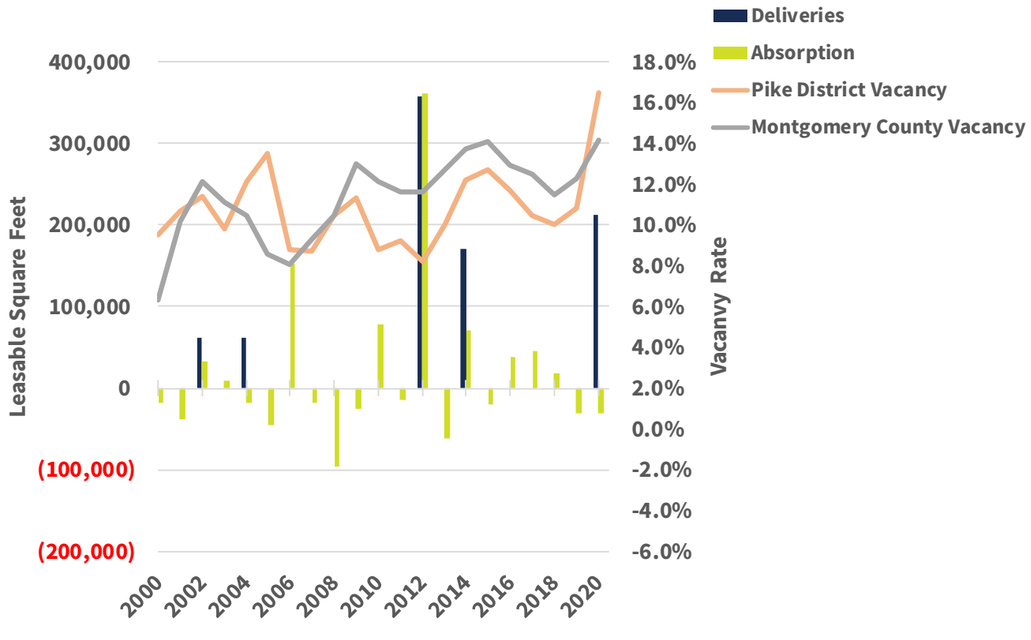


Figure 53: Deliveries, absorption, and vacancy for the office sector in the Pike District from 2000 to 2019.

MARKET PERFORMANCE BY ASSET CLASS

The overall Pike District office market statistics masks differing dynamics related to the age and quality of office properties: higher quality Class A properties perform relatively well with low vacancies and relatively high rents. In contrast, older Class B and Class C properties are marked by high vacancy and low rents, indicating they may be obsolete (see Figure 55 & 56 on page 47). Since 2010, demand for the growing Class A market remained strong and vacancy generally declined from 7.5% in 2010 to a low of 3.4% in 2018, followed by a move upwards to 5.4% in 2019. In contrast, vacancy in Class B space went from a comparable 8.2% in 2010 to more than 30% in 2014 and remained at those heights for three years before falling to a still elevated 25.3% by 2019. Rents for the different office categories performed accordingly: Class A space recovered quickly from the recession but like the overall Montgomery County market, rent growth was limited after 2012. In contrast, rents for Class B remained depressed for an extended period before approaching the average Montgomery County market rent in 2016.

The prolonged vacancy in the older Class B market combined with the limited prospects for redevelopment of these assets as multifamily may encourage property owners to explore creative repositioning or tenanting opportunities. Meanwhile, the lack of growth for Class A office rents since 2012 is a worrying sign that there will be little progress in development of new office for the foreseeable future. It is not yet clear how the COVID-19 pandemic will affect the office market over the long term.

Figure 54: 909 Rose Avenue, a new Class A building at Pike & Rose.

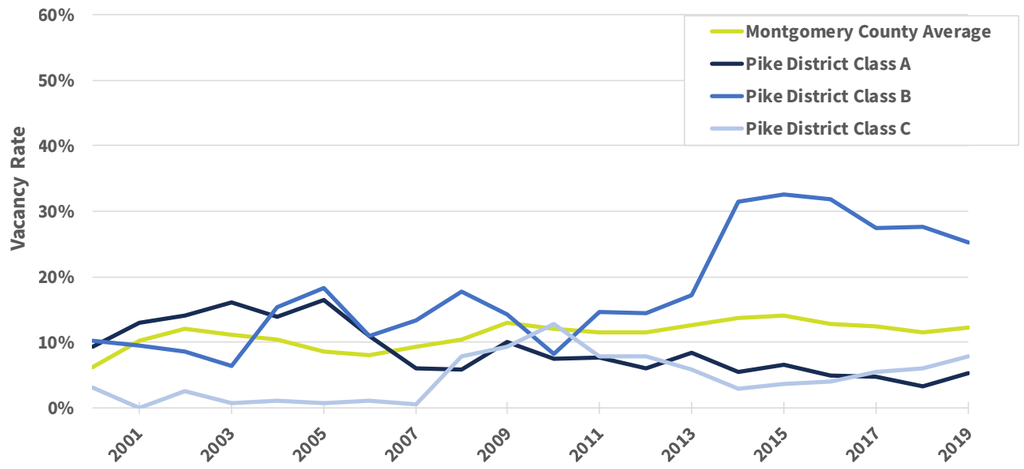


Figure 55: Vacancy by class of office space within the Pike District from 2000 to 2019.

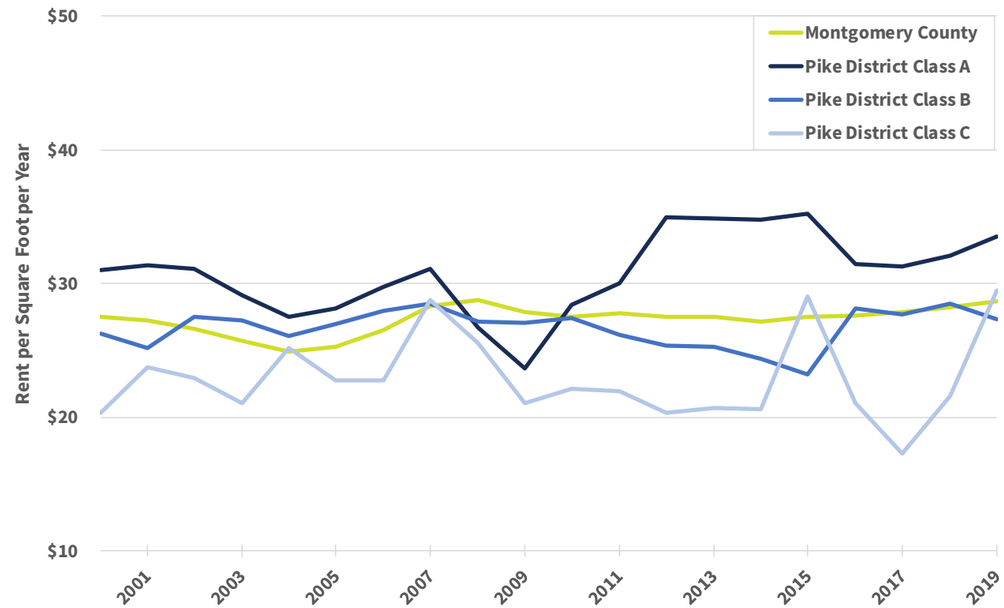


Figure 56: Rents per square foot per year by class of office space within the Pike District from 2000 to 2019.

REGIONAL OFFICE SECTOR PERFORMANCE

Comparing the Pike District to the seven peer submarkets shows both that it is a more marginal market with lower rents, and also that the office sector is struggling regionally. The comparison helps to explain why there is limited developer interest in providing new office product in the Pike District. Of the eight submarkets evaluated, the Pike District consistently features the lowest rents despite a large proportion of its office stock being Class A space (see Figure 57). Rents ranged from approximately $28 per square foot per year in the Pike District and the Silver Spring submarkets,[11] and exceeded $50 per square foot per year in the more centrally located Capitol Riverfront and NoMa submarkets.

In line with the lower rents for office in the Pike District, there was little new office product delivered there as compared to the higher-rent markets. Figure 57 showcases how concentrated the regional office market is becoming with the bulk of all new deliveries occurring in Tysons and NoMa.

While there was little rent growth from 2010 to 2019 in the Pike District, the amount of office space expanded by a notable 16.9% (see Figure 59 on page 50). This outcome reveals that the office sector in the neighborhood was relatively small before 2010 in comparison to larger and more established office districts like Tysons and the Ballston-Clarendon corridor. It should be noted that those defined submarkets are geographically larger than the area analyzed for the Pike District.

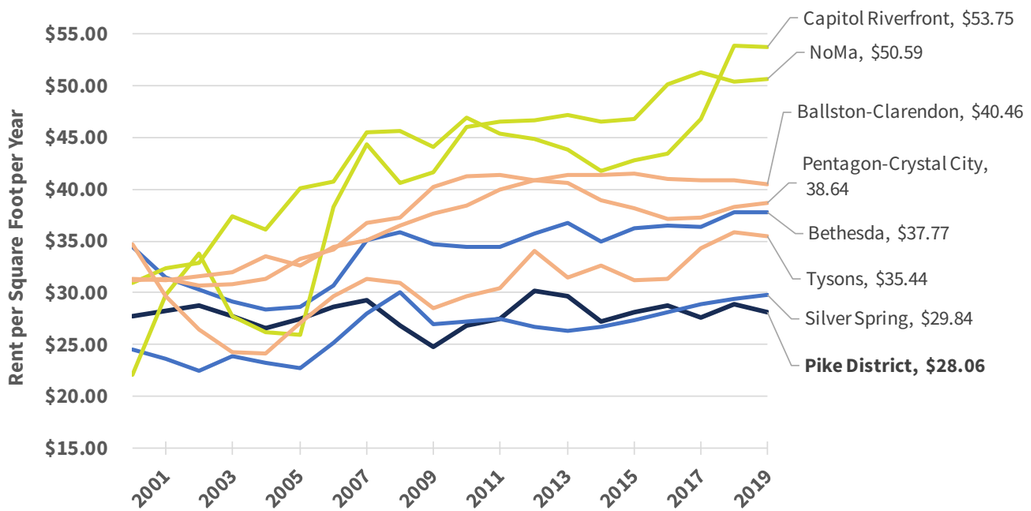


Figure 57: Office rents per square foot per year by within the Pike District and peer submarkets from 2000 to 2019.

[11] The Silver Spring submarket is larger than the central business district around the Silver Spring Metro station, and includes portions of Eastern Montgomery County where land values and rents are relatively low.

Figure 58: Rents in the Pike District have experienced marginal growth, despite the delivery of Class A office space, like 11810 Grand Park Avenue shown in the picture above.

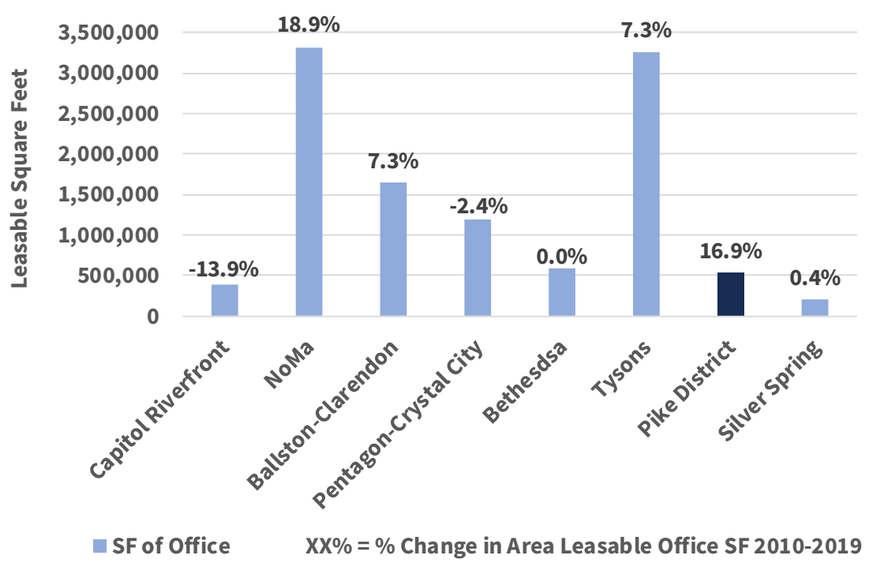


Figure 59: Amount of leasable office space constructed by class in the Pike District and peer submarkets since 2010, and the percentage change in the stock of leasable office space in each submarket.

RETAIL MARKET

ABSORPTION AND VACANCY

Few purely retail developments were constructed in the Pike District since 2010, with most new retail storefronts built as part of mixed-use projects, an unsurprising finding due to the disruption within brick and mortar retailing and national surfeit of retail space. The period was marked by the demolition of large quantities of obsolete Class B and Class C retail space, construction of modest amounts of new Class A space at Pike & Rose, and relatively low vacancy rates (see Figure 60). Notable is the demolition of the White Flint Mall's Bloomingdale's property in 2013, the remainder of the White Flint Mall itself in 2015, and the shopping center at 11806 Rockville Pike in 2014 (where Pike & Rose is now located). Lord & Taylor, the final tenant at White Flint Mall, filed for bankruptcy in 2020; the potential implications for the future redevelopment of the former White Flint Mall site are unclear. Most of the Class A space delivered was at Pike & Rose, and by 2019 was largely absorbed with vacancy falling below a very healthy 3% level.

Rents for retail space in the Pike District reflect the general strengths of the existing Class A retail market, with a small but steady premium over the Montgomery County market rate (see Figure 62 on page 52). The significant fluctuations in the rent for Class B and Class C space from 2013 to 2017 appear related to the market disturbances caused by the demolition of such large quantities of space, rather than a true reflection of supply and demand. Long term, it is not yet clear how the COVID-19 pandemic will affect the retail market regionwide and in the

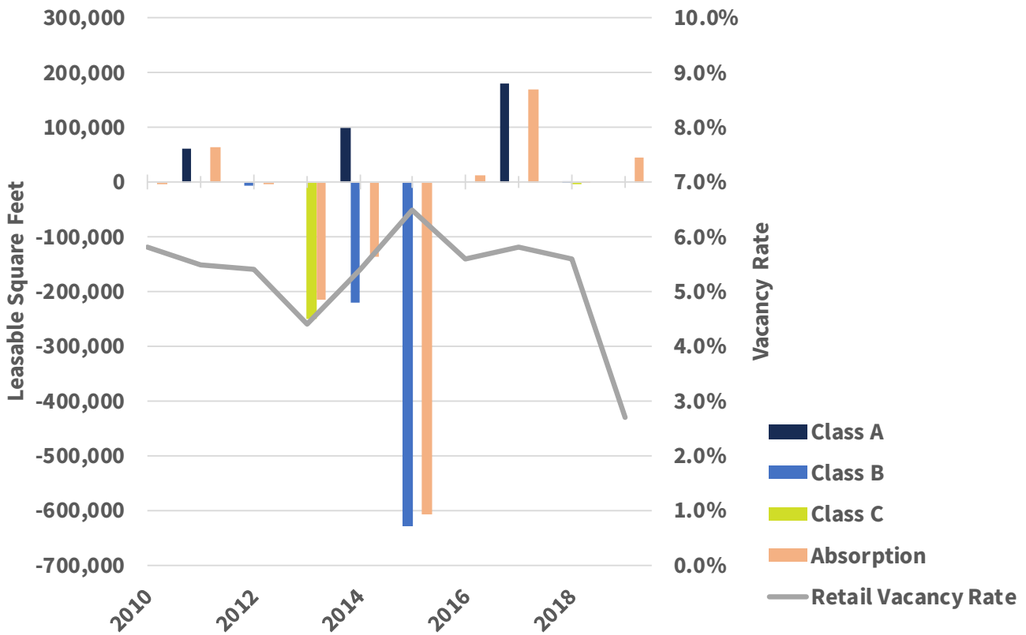


Figure 60: Annual change in leasable retail space by class, net absorption, and retail vacancy rate in the Pike District from 2010 to 2019.

Figure 61: Converting low-density retail space into high-density, mixed-use development along Rockville Pike is a key objective of the 2010 ***White Flint Sector Plan***.

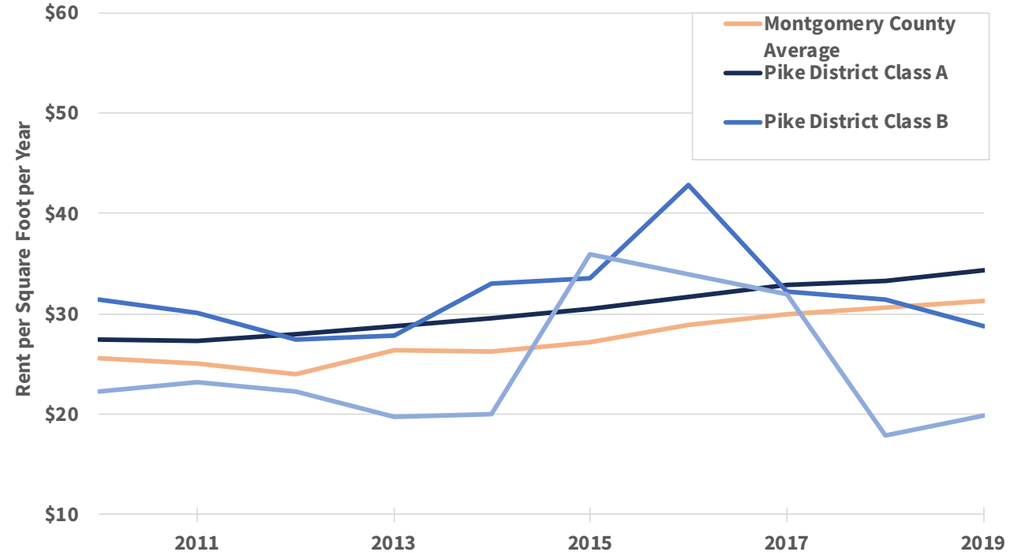


Figure 62: Rents per square foot per year by class of retail space within the Pike District from 2000 to 2019.

CHAPTER 4:

UNDERUTILIZED PROPERTIES

This section examines development activity across properties in the Pike District over the past two decades to analyze the utilization of current zoning and development potential. It identifies three of the largest underutilized properties in the Pike District, clearly enlists the infrastructure requirements needed for developing these sites and presents a menu of regulatory options for property owners seeking to expedite delivery of projects or adjust zoning and master plan recommendations on their properties.

The key highlights of the analysis conducted are as follows:

- The majority of parcels in the Pike District are underutilized, with fewer than 50% of the building square footage permitted under the current zoning. This presents an opportunity to redevelop or further develop these underutilized properties into higher and better uses.
- There are numerous properties in the Pike District where zoning would allow additional development of up to 2 million square feet on each of these parcels. This simultaneously indicates the limited extent to which the District has developed and the continued potential for additional growth.
- An array of regulatory mechanisms exists for property owners seeking to expedite development on their properties or seek zoning adjustments to better align their development goals with foreseeable market trends.

PIKE DISTRICT PROPERTY UTILIZATION

Despite the development that has occurred since 2010, much of the Pike District is not built out and few of the properties in the District are fully utilized. Figure 63 shows the existing building square footage on each parcel divided by the total square footage allowed by the zoning code (known as floor-to-area ratio, or FAR), indicating that many Pike District parcels are occupied by less 25% of the allowable building square footage, a metric of underutilization. Only a few of these underutilized properties have approved entitlements for new development, indicating the significant amount of new growth the Pike District could accommodate.

The underutilized nature of the Pike District contrasts with older and more mature downtown districts in Bethesda and Silver Spring (see Figure 64 & 65 on page 56). Higher density zoning was applied to these areas in the 1980s when they were designated as Central Business Districts, providing a longer period to build-out. In White Flint, initial moderate up-zoning occurred via the North Bethesda-Garrett Park Master Plan (completed in 1970 and amended in 1992), and substantial additional density was approved as part of the 2010 ***White Flint Sector Plan***. Significantly fewer parcels in Bethesda and Silver Spring are similarly underutilized, reflecting the continued potential for additional density and development in the Pike District.

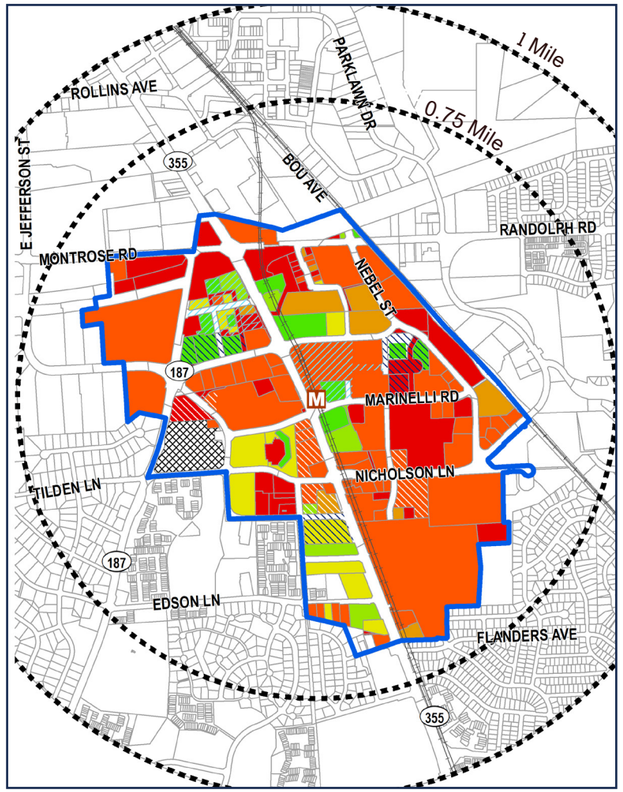


Figure 63: Percent of total existing building area divided by total allowable development in the Pike District, indicating that most parcels are occupied by less than 25% of the allowable building square footage.

DOWNTOWN BETHESDA

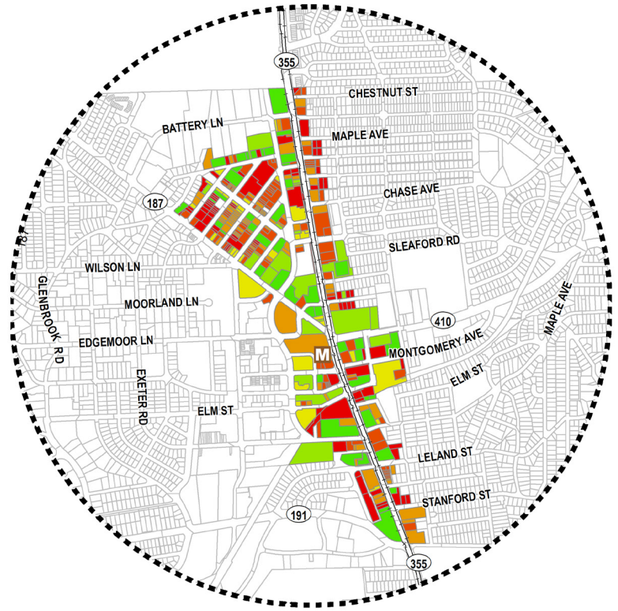


Figure 64: Percent of total existing building area divided by total allowable development in downtown Bethesda, representative of a mature central business district.

DOWNTOWN SILVER SPRING

% OF ALLOWABLE DEVELOPMENT UTILIZED *
0%
0 - 24.9%
25% - 49.9%
50% - 74.9%
75% - 104.9%
105% <
* Ratio of Existing Building Area to
Total Building Area Permitted by Zoning Code

Figure 65: Percent of total existing building area divided by total allowable development in downtown Silver Spring, representative of a mature central business district.

DEVELOPMENT ALLOWED UNDER CURRENT ZONING STANDARDS

A comparison of existing development on each parcel to the total development allowed by the zoning code reveals that there are numerous parcels that could each accommodate large developments exceeding 2 million and even some exceeding 5.5 million additional square feet. Figure 66 shows the amount of new building space that could be constructed on each parcel under the current zoning regulations, approved by the 2010 ***White Flint Sector Plan***. Few of the large parcels have approved Site Plans.

Owners of several sites advanced initial development concepts, such as the White Flint Mall redevelopment and 6000 Executive Boulevard, but the White Flint Plaza shopping center and the WMATA Montgomery Division Bus Depot have no known redevelopment intentions.

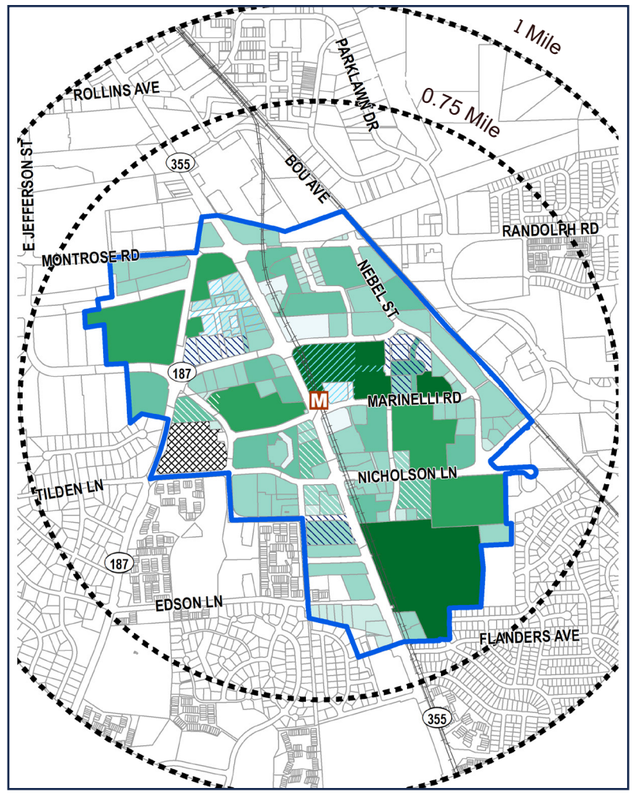


Figure 66: Total square footage of additional building space allowable per parcel, under current zoning regulations.

UNDERUTILIZED PROPERTIES

Development in the Pike District is historically dominated by large, consolidated properties. As of 2020, three sizeable, underutilized properties in the Pike District represent approximately 75 acres: White Flint Mall, the undeveloped portion of North Bethesda Town Center (WMATA), and WMATA's Montgomery Division Bus Facility on Marinelli Road. (For comparison, the Wharf DC development contains 3 million square feet of mixed-use development on 25 acres of land.)

The 2010 ***White Flint Sector Plan*** envisions these sites as high-density, mixed-use urban districts, that once developed will create a more coherent urban pattern and new neighborhoods. Future redevelopment is also necessary to complete the public street grid on the eastern side of the Pike District, as proposed in the Sector Plan. When complete, this connected street grid will increase access for all modes and reduce vehicular congestion on Rockville Pike. Additionally, three public use spaces are proposed on these sites.

Development is stalled on the WMATA White Flint Metro station site and the White Flint Mall site, and has not been proposed on a third, the WMATA Montgomery Division Bus Depot. This section outlines the current status of development plans on these sites and their potential for future redevelopment.

Figure 67: The undeveloped section of North Bethesda Town Center, looking northwest from Chapman Avenue.

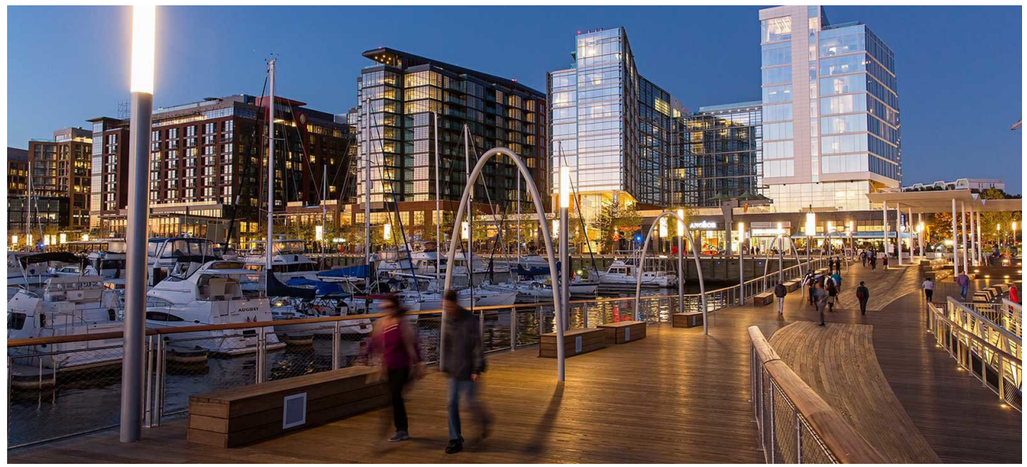


Figure 68: The Wharf in Washington, D.C. demonstrates the development capacity of a 25 acre site, with zoning capacity similar to those allocated to properties within the Pike District.

WMATA WHITE FLINT METRO STATION

In 2004, LCOR filed a development plan for the large WMATA owned site that abuts the White Flint Metro station. This phased development plan set limits for the maximum amount of development and provides a list of binding elements. Under this development plan, the following projects have been delivered to date:

- 366,121 square foot office building for the U.S. Nuclear Regulatory Commission on Parcel C
- 341 units in the Aurora on Parcel F
- 312 units in the Wentworth House and 61,246 square feet for a Harris Teeter on Parcel E
- WMATA Garage on Parcel D (not an LCOR investment)
- 294 Units on Parcel G (under construction)

In October 2014, Montgomery County approved and updated its new zoning code and the prior Transit Station Mixed (TS-M) zoning for this site was updated to various iterations of the new Commercial Residential (CR) zoning. This new zoning code included multiple provisions that impact the development of sites, particularly for sites where development plans were approved prior to the 2014 update. Under Section 59-7.7.1.B.1 of the Montgomery County Zoning Code, a developer can choose one of two options for developing a site under the new zoning code:

1. Continue under the existing approvals/development plan (and binding elements) using the standards and procedures of the old zoning code; or

2. Seek new approvals under the applicable zone in the current zoning code.

Upon review, Planning staff determined that the binding elements included in the original development plan are no longer applicable to the site if future development is proposed under the current CR zoning for the remainder of this property.

Use	Allowable Development	Constructed (2020)	Remaining
Residential	1,350 dwelling units	947 dwelling units	403 dwelling units
Retail/Restaurant	202,037 SF	61,246 SF	140,792 SF
Office/Non-residential	1,148,000 SF	336,121 SF	811,879 SF
Indoor Theater	80,000 SF	0	80,000 SF

Figure 69: Since 2004, North Bethesda Town Center has transformed several blocks between Marinelli Road and Old Georgetown Road on the east side of the Pike District.

DEVELOPMENT CONSIDERATIONS

Continued development at the WMATA site is key to achieving the Sector Plan's vision for the Pike District. The WMATA site is currently zoned CR 4.0 west of Citadel Avenue. Maximum building height for parcels between Rockville Pike and Chapman Avenue is 300 feet; maximum building height for parcels between Chapman Avenue and Citadel Avenue is 250 feet. Lower building heights on these parcels allow for a transition to the Nebel District.

Recently, the County Executive announced an initiative in collaboration with WMATA to create a life sciences hub at this site. As future development is considered on the WMATA site, staff believes that filing subsequent development applications under the property's current CR zoning will provide the greatest flexibility to envision and build such a development. The following key recommendations from the Sector Plan and Urban Design Guidelines should be considered while considering future development on this site.

DENSITY, HEIGHT AND MASSING

The Sector Plan recommends that density and building heights should be maximized near the White Flint Metro station and along Rockville Pike. Building heights and distinctive architecture should accentuate important intersections along Rockville Pike, with signature buildings creating gateways or focal points. Building design should also enhance pedestrian activity, with architectural components ensuring that public spaces around new development create a quality of place. The following design features should be integrated into new development:

- Build-to lines that establish minimum setbacks from the right-of-way, where a percentage of the ground floor frontage must be located.
- Step backs or setbacks that "separate" the taller component of a building from the podium, reducing the impact of its scale on the pedestrian zone. In the Pike District, podiums should contain at least three to five floors of active uses.
- Well-articulated floor plates for the taller building portions, to minimize the structure's perceived bulk.

Figure 70: Consistent street frontage, step backs and well articulated floor plates can help create a pedestrian friendly urban environment

DEVELOPMENT OVER THE METRO TRACKS

The WMATA site is anchored by the open air, below grade White Flint Metro station. Based on development plans submitted for North Bethesda Town Center, the Metro tracks are not shown as a developable parcel and do not appear to have been included in the calculation of developable square footage. The Metro station and site are part of the undeveloped parcel and it's feasible that development could be constructed over the tracks. Further, FAR averaging could be used on the site if subdivided, if the height limit is not exceeded. A similar concept is being explored as a part of the joint development being proposed adjacent to the Grosvenor-Strathmore Metro station.

PARKS AND OPEN SPACE

The ***White Flint Sector Plan*** endorsed the "Approved Public Use Space" on the WMATA site per the approved Development Plan, at the future intersection of Chapman Avenue and McGrath Boulevard. Future development on this portion of the WMATA site should establish a public use space for people to gather for events or enjoy recreational activities in a highly visible location in proximity to the Metro station. However, both the Sector Plan and White Flint Urban Design Guidelines (UDG) provides considerable flexibility for the future location, form, and function of this public use space.

The Energized Public Spaces Design Guidelines provide a menu of open spaces appropriate for various contexts and detailed design guidance for each type. A Civic Green or an Urban Plaza is the most appropriate type of public open space for this site, given the high levels of density and pedestrian activity envisioned for this site.

STREET GRID

A principal goal of the ***White Flint Sector Plan*** is to establish a multimodal transportation network that supports the district's urban center and provides access to local neighborhoods. Creating a secondary, localized street grid is a key component to increasing connectivity for people driving, walking, and biking. The Sector Plan recommends three new streets to bisect the site: Chapman Avenue extended, McGrath Boulevard, and Station Street. The extension of McGrath Boulevard to Rockville Pike from Station Street, via a bridge over the Metro tracks, is also recommended. While Planning staff supports this recommendation, the estimated cost for this connection was $7.2M as of 2011. Additionally, this connection can theoretically be provided at a later phase of development, combined with future development over the Metro tracks, or constructed as a non-vehicular connection to save development and construction costs.

BICYCLE FACILITIES

The 2018 Bicycle Master Plan recommends bicycle facilities adjacent to the WMATA site on Marinelli Road, Old Georgetown Road, and Rockville Pike. On Rockville Pike, the plan recommends two-way separated bike lanes on the east side, parallel to the Metro tracks. On Old Georgetown Road, the plan recommends two-way separated bike lanes on the south side, between Rockville Pike and Nebel Street. The Montgomery County Department of Transportation expects to start construction on separated bike lanes on Marinelli Road, from Rockville Pike to Nebel Street, in 2021 (one bike lane in each direction).

Figure 71: Future development on the WMATA site should enhance pedestrian and bicycle access to the White Flint Metro Station.

PUBLIC BENEFIT POINTS

Optional method development under the CR zone requires the provision of public benefits, which are based on a point system specified in the Zoning Ordinance and enhance or contribute to the objectives of the base zone. In return for providing public benefits, developments are permitted to build to the density and height shown on the zoning map.

The Incentive Density Implementation Guidelines provide further criteria for Planning Department staff, the Planning Board, applicants, and citizens to evaluate the adequacy of the public benefits proposed in an optional method application. For the WMATA property, proximity to the Metro station provides a significant percentage of required public benefit points. The Zoning Ordinance states that MPDUs are required in all residential development in Montgomery County with more than 20 units. North Bethesda is within the 15% MPDU Planning Areas Legal Requirement of the county based on median income. Providing a greater percentage of Moderately Priced Dwelling Units (MPDUs) than is required can be applied for additional public benefit points. If a development provides 20% MPDUs, the development is not required to provide additional public benefit points for optional method projects in the CR zone. Additionally, Workforce Housing is required for residential developments with more than 40 dwelling units per acre within a Metro Station Policy Area. A detailed discussion regarding the appropriate public benefit points will be needed with any future proposals under the site's CR zoning.

Figure 72: Example of a civic green

Figure 73: Example of a pocket green

Figure 74: Example of an urban plaza in Boston.

KENDALL SQUARE: CAMBRIDGE, MA

Kendall Square is a flourishing life sciences district adjacent to the Massachusetts Institute of Technology (MIT) in Cambridge, MA, north of Boston. The Kendall Square Urban Renewal Project has guided redevelopment of the district since the 1960s, with the goal of transforming 42 underutilized acres in proximity to MIT and the Kendall/MIT Massachusetts Bay Transportation Authority (MBTA) station.

The majority of development in Kendall Square is office and R&D space, but the district is increasingly developing mixed-use retail and residential projects, with nearly 8,000 residential units constructed or planned. As of 2020, 33 million SF has developed, is under construction, or is under review/permitted in Kendall Square[12]. Notably, the district's public realm improvements are designed to attract and retain talent and provide a competitive advantage for innovation companies located in Kendall Square[13].

- **Office/R&D Space**: 19.5 million SF
- **Residential:** 5 million SF; 7,875 units
- **Higher Education:** 3 million SF
- **Retail/hotel:** 2 million SF
- **Parking:** 2 million SF
- **Open Space:** 1.3 million SF

Multiple lessons from the successful development of Kendall Square can be applied to future development in the Pike District:

OPEN SPACE

Providing a series of publicly accessible open spaces with continual programming is crucial for creating a vibrant and pedestrian friendly urban campus in the Pike District.

UNDERGROUND PARKING

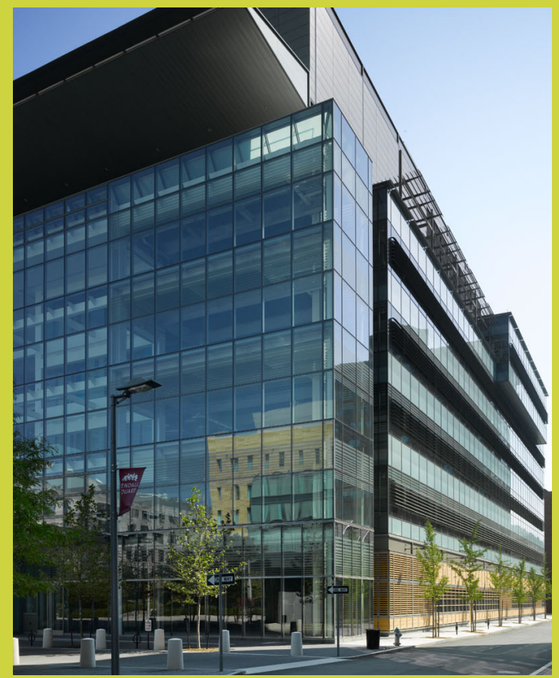
Utilizing existing parking structures, minimizing the parking requirements for proposed uses, and locating new parking in underground structures can conserve open space in the Pike District.

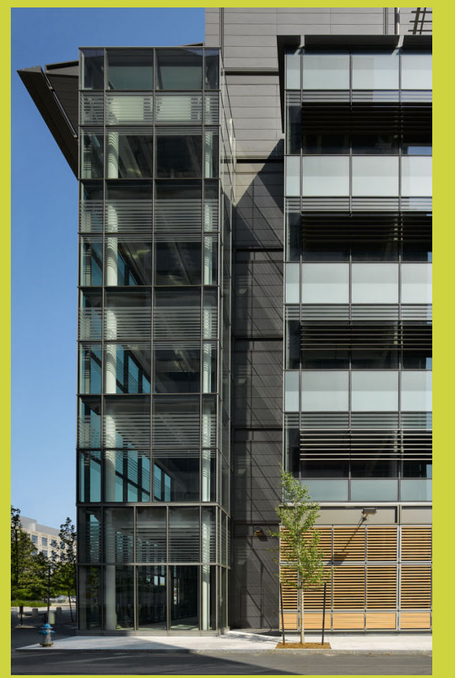
STREET NETWORK

The creation of smaller urban blocks and an active public realm that seamlessly integrates transportation facilities with new buildings and public open space are key ingredients for walkability.

BUILDING DESIGN

The building height range in Kendall Square is comparable with the Sector Plan's vision, allowing maximum height of 300-feet for residential use and maximum height of 250-feet for all other uses. The Kendall Square Design Guidelines also recommend differentiated facades along the streetwall, to provide a unique identity for each building[14].





[12] Cambridge Redevelopment Authority: http://visualizations.sasaki.com/cra/index.html

[13] Images via CO Architects: https://coarchitects.com/

[14] Kendall Square Design Guidelines: https://www.cambridgema.gov/CDD/~/~/media/6385ABBC13D745279A2E5DC43FF15451.ashx

WHITE FLINT MALL

From 1977 to 2015, White Flint Mall served as a regional shopping destination anchored by two premier department stores. The mall site is 41 acres and is the largest undeveloped property in the Pike District. Due to the property's size and location, the White Flint Sector Plan describes this section of the Pike District as having "the greatest potential for a series of new neighborhoods."

The Sector Plan split-zoned White Flint Mall to provide appropriate transitions between Rockville Pike, the expanded White Flint Neighborhood Park, and residential communities to the south and east. The northeast corner fronting Rockville Pike is zoned CR-4.0 (recommended building height of 250 feet); the central core is zoned CR-3.0 (recommended building height of 200 feet); and the southeastern corner adjacent to White Flint Neighborhood Park is zoned CR-1.5 (recommended building height of 50 feet).

In 2011, Lerner Enterprises filed a Sketch Plan Application to redevelop White Flint Mall, excluding the Bloomingdale's and Lord & Taylor department stores, from a single-use, auto-dependent suburban commercial destination into a dynamic mixed-use urban center. The Sketch Plan proposed three "precincts": an office and hotel district along Rockville Pike, a retail area and Central Piazza in the center of the property; and a residential area on the eastern portion of the property. Development was proposed in three phases, totaling 2,400 dwelling units, 1M SF of retail, a 280,350 SF hotel, 1M SF of office space, a two-acre addition to White Flint Neighborhood Park, and dedication for a four-acre elementary school site.

Since 2013, litigation between Lerner Enterprises and Lord & Taylor has delayed redevelopment of the property. Although much of the mall's exterior was demolished in 2015, Lord & Taylor continued operating until August 2020, when it permanently closed.

DEVELOPMENT CONSIDERATIONS

The Sector Plan, Urban Design Guidelines, and the approved Sketch Plan application continue to be the guiding documents for future development on this site. Three public open spaces are proposed in Sector Plan for this area, including a Central Piazza in the center of the property and a two-acre expansion of White Flint Neighborhood Park. Three master planned streets–Citadel Avenue, Edson Lane, and Security Lane extended–and two local streets are proposed to provide access to this site.

Figure 75: The White Flint Mall site is mostly demolished with the exception of Lord & Taylor, which closed in 2020.

Figure 76: Conceptual redevelopment as filed as a part of the 2011 Sketch Plan application.

WMATA MONTGOMERY BUS DIVISION FACILITY

WMATA's Montgomery Bus Division facility was constructed in 1983 and is the only Metrobus maintenance facility in Montgomery County. The facility has capacity to serve 196 standard-length buses and 24 articulated buses.[15] As of 2009, Metro considered the facility "fully functional and properly equipped" to serve the Metrobus system for "years to come."[16] However, WMATA completed a study in 2020 that evaluated the feasibility and impact of building a new maintenance facility in eastern Montgomery County. If constructed, the new facility in eastern Montgomery County is projected to reduce the utilization of the existing facility in the Pike District by 57% in 2029. As such, future redevelopment of this site should be strongly considered.

The site occupies 14 acres between Marinelli Road, Citadel Avenue, and Nicholson Lane. Per the Sector Plan, if the bus facility is no longer needed and the site redevelops, it could add a substantial amount of development. The property is split-zoned: the western third bordering Citadel Avenue is zoned CR-4.0, with recommended building height of 250 feet; the eastern portion of the site is zoned CR-3.0, with a recommended building height of 200 feet.

DEVELOPMENT CONSIDERATIONS

Since no development applications have been filed for this site, the Sector Plan and Urban Design guidelines continue to be the main guiding documents for considerations for future development.

The Sector Plan proposes a public use space on this property. The Planning Department recommends that a Neighborhood Green, an Urban Plaza, or a Civic Green is the most appropriate type of public space, depending on the intensity and uses in future development proposals. The Sector Plan recommends three new local streets to bisect the property, establishing connections to Nicholson Lane, Citadel Avenue, and Nebel Street.

Figure 77: The WMATA Montgomery Bus Division on Marinelli Road was constructed in 1983 and serves more than 180 standard and articulated Metrobus buses.

[15] Source: https://www.foursquareitp.com/project/wmata-new-bus-operating-division-study/

[16] Source: https://www.wmata.com/about/board/meetings/board-pdfs/upload/061109_BusPlan.pdf

FLEXIBILITY FOR FUTURE DEVELOPMENT

Given the Pike District's anemic pace of recent development, new economic development initiatives being considered, and the large size of properties, it is important that public and private sector entities collaborate to ensure that appropriate developments can advance towards implementation in a streamlined manner. The following regulatory alternatives are options available to property owners seeking to expedite developments to meet market demand or seeking to adjust zoning recommendations to better align their properties with longer term market trends.

STANDARD METHOD DEVELOPMENT

The Montgomery County Zoning Ordinance allows any applicant to develop under the standard method of development (Section 59-4.1.1). In the Pike District, the Commercial Residential (CR) zone allows for standard method development up to 0.5 floor area ratio (FAR). On the undeveloped portion of the WMATA property, this translates to approximately 435,600 square feet of development. There are two primary differences between the standard and optional methods of development:

- Applications filed under the standard method are not reviewed by the Montgomery County Planning Department, which may expedite construction.
- Under the standard method, sites cannot reach the maximum FAR designation as allowed under the CR zone, resulting in lower density development.

New standard method development must still provide public benefits that enhance or contribute to the objectives of the CR zone, such as master-planned major public facilities, transit proximity, connectivity, diversity of uses and activities, quality of building and site design, protection and enhancement of the natural environment, and advanced dedication of rights-of-way.

The following development standards must still be fulfilled by standard method projects:

- Developments with more than 20 residential units must provide a minimum of 15% Moderately Priced Dwelling Units (MPDUs)
- Dedication of rights-of-way for the proposed public street grid
- Public open space must account for 10% of the site
- Building entrances must face the street or open space

ZONING TEXT AMENDMENT

A Zoning Text Amendment (ZTA) is a mechanism that allows for the zoning of a parcel to be modified, by altering the Montgomery County Zoning Ordinance.[17]

The ZTA process allows the County Council to create, delete, or alter existing zones, as well as change standards governing the development and uses allowed in a specific zone. A ZTA must be introduced by the Montgomery County Council and is subject to an extensive review process, including the County Executive, Montgomery County Planning Department, Montgomery County Planning Board, the Hearing Examiner, the Board of Appeals, and members of the public. The ZTA review and approval process takes two months; this timeline is lengthened by six weeks if the ZTA is proposed by the Montgomery County Planning Board.

A recent example of a ZTA is the 2018 Signature Business Headquarters ZTA (ZTA No. 18-05). This ZTA created a new use for a Signature Business Headquarters and provides a process for approval of a Signature Business Headquarters plan. In the context of ongoing economic development initiatives in the Pike District, if it is discovered that the creation of a life science hub requires changes to the Zoning Ordinance, a ZTA could be considered.

[17] Zoning Text Amendment Process: https://montgomeryplanning.org/wp-content/uploads/2020/06/MP_ZTAOnePager_061020_side1.pdf

LOCAL MAP AMENDMENT

A Local Map Amendment (LMA) is a process by which the existing, assigned zoning on a parcel is changed to a different zone. An LMA allows for the zoning of a particular parcel to be changed or altered, provided it can be proved that there has been a "change or mistake" in the original zoning.

An LMA is submitted by an applicant and is subject to an extensive review and recommendation process which includes the Montgomery County Planning Department, the Montgomery County Planning Board, and the Zoning Hearing Examiner, before receiving a final decision by the Montgomery County Council. The length of time for an LMA to move through the application and review complex can vary but is generally no shorter than six months. The Montgomery County Zoning Code sets out the requirements and process for an LMA in Section 59-7.2.1.

LMAs are not common, but a recent example is LMA H-135, which rezoned a 33.64 acre site near Rock Spring from CR-1.5, C-.75, R-.75, H-150 to CRF-1.5, C-.75, R-1.5, H-150. This LMA was undertaken to allow the site's applicant to increase the allowable Residential FAR from .75 under the Commercial Residential Zone to 1.5 under the Commercial Residential Floating Zone.

MINOR MASTER PLAN

A Minor Master Plan (MMP) is an amendment to an existing Master or Sector Plan. The MMP provides updates to the existing plan and may include zoning changes or other updates to the Master/Sector Plan area. An MMP must be undertaken by Montgomery County Planning and requires the MMP to be included in the Planning Department's work program, requiring the support of the Montgomery County Planning Board.

MMPs are more comprehensive than the LMA process, with a timeline of 12-18 months. Additionally, the process is a planning intensive exercise requiring robust public outreach and input. Recent MMP's include the Grosvenor-Strathmore Metro Area Minor Master Plan, completed in 2017, and the Shady Grove Minor Master Plan. Both MMPs updated text, zoning, and recommendations for their respective plan areas.

Figure 78: Completed in 2017, the Grosvenor-Strathmore Metro Area Minor Master Plan enabled transformative, high-density development at the Grosvenor-Strathmore Metro station, one mile south of the Pike District.

CHAPTER 5:

DEVELOPER INTERVIEWS

Understanding the market conditions in the Pike District and the interests of the development community is necessary to attract infill development and complete the vision of the White Flint Sector Plan. Planning Department staff interviewed eight developers who have completed projects in the Pike District, own property in the Pike District, or have entitlement applications approved or under review. These interviews provide insights and perspectives from the development community regarding how the Pike District has evolved since 2010 and will inform policies and initiatives Montgomery County might pursue to advance the pace of growth. The following are trends and themes identified in these interviews. Coupled with findings from the data analysis performed by staff, these provide a comprehensive overview of development in the Pike District.

- Developers strongly endorsed the original vision of the 2010 White Flint Sector Plan and continue to believe that the Pike District has significant potential. Developers felt that from 2014 to 2017 rents and construction costs aligned to enable construction, yet few projects advanced in this period. Developers partially attributed this missed opportunity to legal challenges unique to specific projects and incomplete transportation infrastructure, such as the West Workaround, for others.
- The high levels of education and wealth of the surrounding communities and high-quality transit assets in the Pike District enable developers to attract potential project investors to tour the area. Despite this interest, developers struggle to secure equity investments due to incomplete infrastructure, inadequate streetscapes, and the prominence of underutilized properties.
- All developers interviewed cited Montgomery County's limited job growth as a fundamental challenge to continued construction in the Pike District. Low levels of new jobs limit the number of new families seeking to occupy units in the county (household formation), decreasing demand for new development. In addition to limited employment growth, construction costs increased dramatically since 2010, office users occupied less space per employee, and retail demand declined with the rise of online shopping, all factors that continue to reduce demand for or limit the financial feasibility of new development.
- Developers interviewed affirmed that the Pike District is accessible to fewer jobs within a reasonable commute than its peer non-downtown submarkets, and that this reduced access to job centers limits demand for additional multifamily units.
- Interviewees related that development projects ultimately deliver equivalent profits as similar projects in neighboring jurisdictions, but that Montgomery County's reputation as generally "a difficult place to do business" limits developer interest.
- All the developers interviewed suggested that Montgomery County should continue to implement the infrastructure recommendations from the 2010 White Flint Sector Plan, even though most acknowledged that these improvements will not attract development without increased job growth.
- While all developers recommended implementing the infrastructure improvements from the Sector Plan, they did not uniformly agree which of the three major infrastructure projects included should be the top priority: continued development of the local street grid, bus rapid transit (BRT) on Rockville Pike, or construction of a northern entrance to the White Flint Metro station.
- Only one of the eight developers felt that operation of the BRT on Rockville Pike would meaningfully increase demand for Pike District real estate. However, all eight developers interviewed strongly desire implementation of the BRT in order to transform Rockville Pike from an inhospitable highway into a more walkable boulevard.

STRENGTHS OF THE PIKE DISTRICT:

Interviewees widely support the vision of the 2010 White Flint Sector Plan and continue to believe that the Pike District has significant potential. Developers note that they consistently attract investors to evaluate potential projects in the Pike District due to the area's strong demographics and transit assets, but have difficulty convincing them of the district vision during on-site tours.

- Multiple developers described how the 2010 White Flint Sector Plan vision of transforming a suburban area into an urban and walkable space created substantial buzz and excitement. Interviewees resoundingly endorsed that original vision and stated their hopes that Montgomery County would invest in the public infrastructure to realize the objectives of the Sector Plan.
- Demographics of North Bethesda and Potomac (high levels of educational attainment and wealth) makes development in the Pike District attractive.
- Several developers stated their belief that the remaining underutilized properties in Bethesda will soon develop and continued growth will overflow to the Pike District.
- The high levels of education and household wealth in the surrounding neighborhoods, as well as high-quality transit assets in the Pike District, enable developers to attract potential project investors to tour the area. Despite this interest, developers struggle to secure equity investments due to incomplete infrastructure, inadequate streetscapes, and the prominence of underutilized properties.

CHALLENGE: MACROECONOMIC TRENDS

Since 2010, construction costs increased at a rapid pace nationally and at a far higher rate than multifamily rents increased in the Pike District, limiting the feasibility of new projects. Developers believe rents are flat because there is insufficient household formation around the Pike District to capture, driven by the lack of job growth countywide.

- Developers stated that construction costs have climbed approximately 40% since 2014, but that rents in the Pike District have barely changed, making it challenging to advance new projects. Interviewees also affirmed that macroeconomic trends such as reduced space per employee and increased online retailing have reduced demand for traditional office and retail since 2010.
- Multiple developers noted without providing details that their firm managed to solve issues of high construction costs in other submarkets where there is a higher pace of job growth and household formation, which in turn supports rent growth.
- All developers interviewed cited Montgomery County's limited job growth as a fundamental challenge to continued construction in the Pike District. Low levels of new jobs limit the number of new families seeking to occupy units in the county (household formation), decreasing demand for new development. Developers cited the reduced pace of household formation as a key contributor to stagnant rents, a major concern for the feasibility of future projects.
- Several developers independently stated that the attraction of a major employer to the Pike District, such as a life science campus, would significantly increase the feasibility of new multifamily projects.
- Developers are not currently willing to build speculative office projects in Montgomery County due to the lack of underlying job growth and the uncertainty about the future of the office sector. Several developers mentioned that they would still consider speculative office construction in Tysons and along the Silver Line corridor, highlighting the continued job growth in Northern Virginia and the contrast with suburban Maryland.
- Despite limited ability to advance proposed projects, no developer indicated that they plan to sell their holdings in the Pike District. Most parcels generate revenue from the existing uses which covers their operating costs and taxes, enabling developers to hold their assets until market rents again support the cost of new construction.

CHALLENGE: ACCESS TO EMPLOYMENT

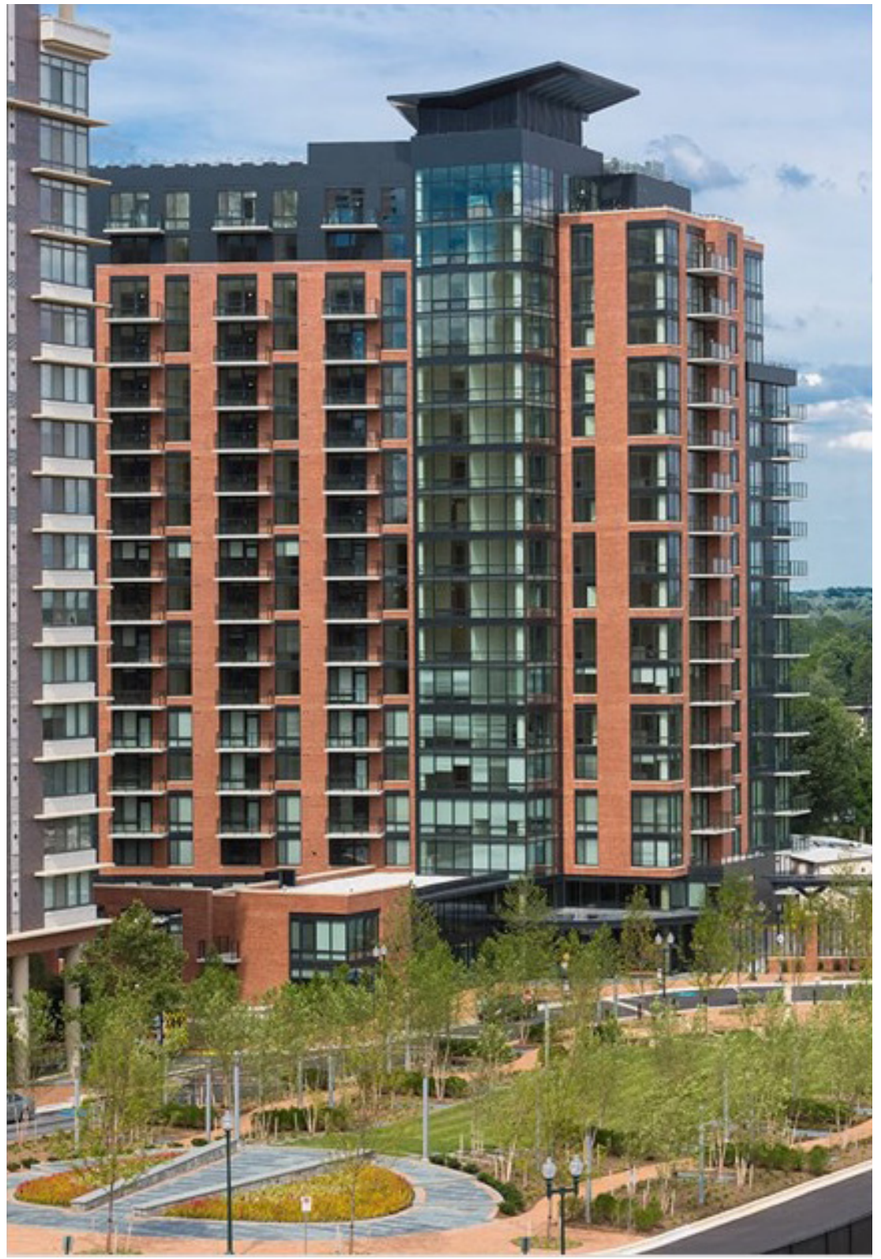
Several developers compared the Pike District unfavorably to Tysons, regarding it as a prime competitive market undergoing a similar suburban-to-urban-transformation. The comparisons highlighted that Tysons has better road access, more Metro stations, and a larger and more established office market.

- The interviewees pointed to Tysons' immediate access to the Capital Beltway and the Dulles Toll Road as a major advantage over the Pike District in the competition for office tenants. These interviewees agreed that the Pike District has better quality transit but observed that most employees in the D.C. region still drive to work.
- Developers also stated that Tysons has more Metro stations (four), and thus a greater amount of Metro-adjacent real estate, as opposed to the Pike District's single Metro station. Metro-adjacent land is prime for development.
- Several interviewees stated that Tysons has a better brand identity to attract office users as it has a larger and longer-established office market. Developers also observed that Tysons has a greater concentration of prominent private-sector corporations, a feature that helps attract additional private-sector tenants.
- While interviewees stated they currently believe Tysons' assets make it collectively more attractive than the Pike District, they stated that the Pike District has significant potential to change this perception and that completing the vision from the 2010 White Flint Sector Plan will create a vibrant and attractive district with superior urban amenities that could better compete against Tysons for tenants.

CHALLENGE: DIFFICULT BUSINESS ENVIRONMENT

Developers frequently cited a general perception that it is more difficult to build projects in Montgomery County than Northern Virginia as hindering development of the Pike District.

- Developers agreed that the difficulty of the business environment issue is primarily about perception rather than the ultimate profitability. Interviewees cited as examples a range of policy issues such as a minor energy efficiency tax that Montgomery County leadership presented and implemented as a temporary measure but that never expired.
- Multiple interviewees stated that in competitor counties they feel that the entitlement review process is oriented to enabling and facilitating a project, whereas in Montgomery County it feels like an oppositional relationship. Related to this, developers feel the County continually creates new policies and initiatives that adversely affect development, and which ultimately encourages them to focus on assets elsewhere in the region.
- Interviewees noted that high vacancy rates for office and multifamily in Northern Virginia are a concerning signal for future development. They also observed that new construction continues at a rapid pace in Northern Virginia despite these poor market signals, which they attributed to the manner in which municipal governments facilitate and encourage development. Several interviewees observed that office and retail vacancy is higher in Tysons and along the Silver Line corridor than it is in the Pike District and Montgomery County, with one calling these metrics from Northern Virginia "scary."
- Several interviewees contrasted recent Northern Virginia economic development wins, such as the expansion of Microsoft in Reston, with news that a large distribution center project in Gaithersburg for Amazon is in jeopardy due to delays in the entitlement process. These interviewees stressed that while the number of jobs in these deals is modest, there is a constant drumbeat of positive economic news from Northern Virginia that is unmatched from suburban Maryland.



CHALLENGE: MISSED DEVELOPMENT OPPORTUNITIES

Multiple interviewees stated that from around 2014 to 2017 construction costs were low enough that development was attractive at attainable market rents. However, for projects that were unable to move forward during that period, the "window" for feasible high-rise development has temporarily closed.

- Several projects require land transfers from the County associated with the White Flint West Workaround. Extended delays to those improvements prevented those projects from moving forward.
- Some delays are due to development disputes, such as the lawsuit between Lerner and Lord & Taylor, which derailed the redevelopment of the former White Flint Mall. Multiple developers cited redevelopment of the former White Flint Mall and its transformation into an urban environment as critical for the southern portion of the Pike District. Some developers of southern Pike District properties are unwilling to begin construction on approved redevelopment projects until the former White Flint Mall site advances and there is more certainty about future market demand and supply.
- Developers observed that development of less costly building types such as wood-framed mid-rise is feasible at current rents, and that such projects are underway in nearby submarkets such as Gaithersburg and Twinbrook. However, most developers interviewed are holding their property and waiting for improved market conditions in order to build more costly but lucrative and ambitious high-rises that better match the 2010 White Flint Sector Plan vision.
- Developers noted that the balance between local demand and supply and construction costs are complex and can change rapidly. Markets that were attractive can become less attractive the next year; likewise, markets where rents do not support new construction one year may have more favorable circumstances the next.
- Interviewees stated that due to the speed at which development feasibility can change it is important for Montgomery County to continue to invest in transportation infrastructure and streetscape improvements now to prepare for the next wave of development in the Pike District.

CHALLENGE: INFRASTRUCTURE INVESTMENT

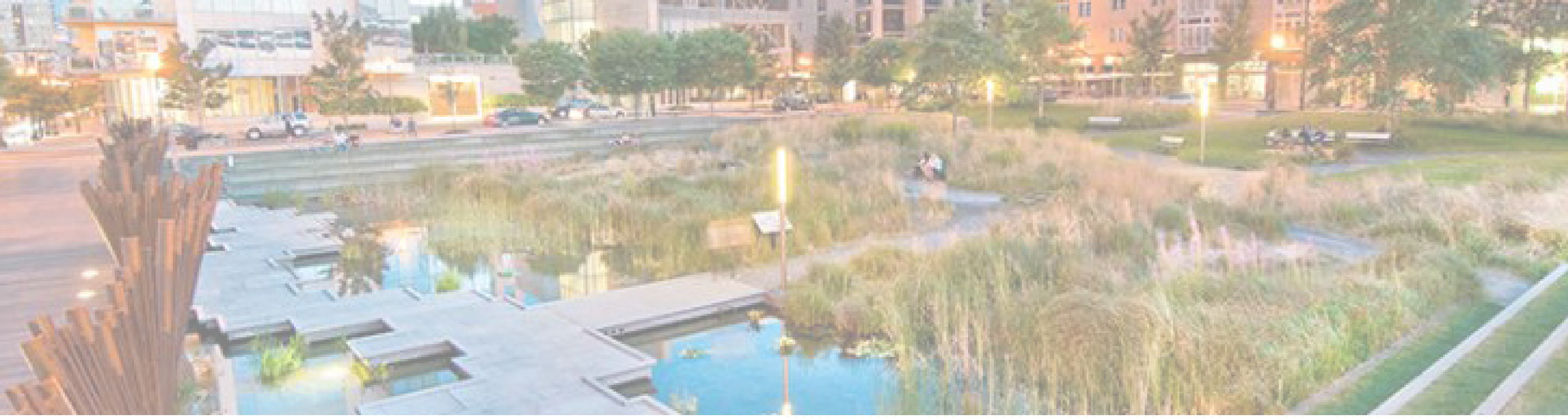
All developers interviewed encouraged Montgomery County to implement the infrastructure recommendations from the 2010 White Flint Sector Plan, even though most acknowledged that these improvements will not attract development without increased household formation or job growth. Among the three large investments included in the Sector Plan– continued development of the local street grid, bus rapid transit (BRT) on Rockville Pike, and a northern entrance to the White Flint Metro station– there was not consensus on which would be most beneficial to attracting development.

- Rockville Pike does not function as the urban boulevard envisioned in the Sector Plan and hinders investment in the Pike District. Developers consistently cited wide crossings, high traffic speed, and insufficient pedestrian facilities such as wide sidewalks and street trees, as factors limiting development potential.
- Developers believe that investment in large infrastructure items will not generate new development without increased levels of job growth and household formation. Additionally developers generally believe that this infrastructure is key to preparing for the next wave of development in the Pike District.
- Developers stated that implementation of the infrastructure in the 2010 White Flint Sector Plan is important to demonstrate Montgomery County's commitment to the Pike District and will help assure investors that the area is a priority.
- Support for the three large public infrastructure investments included in the 2010 White Flint Sector Plan varies by location. While several developers supported continued investment in the local street network, developers with properties in the northern portion of the district were more supportive of a second Metro entrance.
- All developers expressed a desire for conversion of Rockville Pike into a more walkable and pedestrian friendly roadway: interviewees uniformly supported the proposed BRT line on Rockville Pike because it achieves a key objective of rebuilding the highway into a walkable boulevard. However, only one developer believed that the operation of the BRT line itself would increase market demand in the Pike District.
- Developers had few ideas for short-term investments or temporary uses that would make development more attractive.

DEVELOPERS INTERVIEWED

The themes and trends were identified through a series of interviews with the following developers active in the Pike District.

- Brian Downie, BF Saul Company
- Jay Brinson, Federal Realty Investment Trust
- Mickey Papillon, Federal Realty Investment Trust
- Eddie Meder, Gables Residential
- Jorgen Punda, Gables Residential
- Brian Lang, Guardian Realty Investors, LLC
- James Policaro, Lerner Enterprises
- Scott Wallace, Miles & Stockbridge
- Rob Eisinger, Promark Partners
- Anthony Chang, WashREIT
- Sophie Li, WashREIT
- Nicole Brognano Morrill, WashREIT



CHAPTER 6:

INFRASTRUCTURE & PARKS SNAPSHOT

Providing a connected street grid and active public spaces is necessary to achieve the vision established by the 2010 White Flint Sector Plan. An ambitious infrastructure improvement program serves as the foundation for this transformation. This chapter reviews the status of recommended transportation infrastructure projects and creation of park space, and summarizes financing mechanisms for both efforts.

- The White Flint Special Taxing District is the primary public financing mechanism for the creation of significant transportation infrastructure improvements in the Pike District. Implementation of new parks and the local street network in the Pike District is largely contingent on construction of private sector developments. Due to the slowed pace of development, the Special Taxing District is not generating the funding necessary to support construction of the Sector Plan's recommended improvements in an acceptable time frame.
- The actual costs for district-funded transportation improvements will likely be significantly higher than original cost estimates. The current rate for the Special Taxing District may not generate sufficient funds even if the pace of development improves. Cost estimates for undelivered infrastructure improvements in the Pike District should be reevaluated to establish a realistic understanding of the funding necessary to complete these projects.
- Construction and property acquisition delays related to the White Flint West Workaround, a critical county-financed transportation improvement, have postponed delivery of several prominent private sector developments.
- None of the four recommended park spaces in the 2010 ***White Flint Sector Plan*** have been delivered. Interim improvements to Wall Park are funded, but not anticipated until 2024-2025 due to delayed construction of the replacement parking facility.
- The Sector Plan supported the provision of an "Approved Public Use Space" as proposed in WMATA's Joint Development Agreement (JDA) with LCOR. Although the JDA expired in 2018, this strategically located site has the potential of providing a highly visible, central gathering space for the district in proximity to the Metro and future BRT stations.
- In response to the COVID-19 pandemic, Montgomery County has created several pop-up parks that enliven and activate the Pike District. A continued series of pop-up parks and public uses, such as art installations and placemaking activities in partnership with property owners, could activate underutilized properties while promoting the Pike District brand.

INFRASTRUCTURE FINANCING

Implementing the 2010 ***White Flint Sector Plan*** to transform the Pike District into an urban center requires substantial public and private investment in infrastructure and public facilities. As of 2020, future funding for transportation improvements and for new and expanded parks in the Pike District is a fundamental concern. The White Flint Special Taxing District is the primary public financing mechanism for transportation infrastructure in the Pike District but is not generating the funding necessary to support the Sector Plan's recommendations. Montgomery County's Capital Improvements Program (CIP) is a secondary public funding source for transportation improvements. While private sector development since 2010 has created several new local streets, multiple business and local streets recommended by the Sector Plan are not currently funded by the Special Taxing District or the county's current CIP.

The objective of the White Flint Special Taxing District is to provide greater assurances of reliable and consistent revenue generation and materially greater funds for transportation improvements than would be anticipated from standard development impact fees. Enacted by the Montgomery County Council in 2010 following the adoption of the Sector Plan, the Special Taxing District prioritizes financing for 12 transportation infrastructure improvements with a total estimated cost of $181.7M[18]. Funding is generated by an ad valorem tax that applies to all existing commercial properties within the Special Taxing District; as of FY2021, the current White Flint Special Tax rate is $0.1103 per $100 of assessed value.

Since its inception, the Special Taxing District has not generated adequate revenue necessary to fund the Sector Plan's recommended transportation improvements in a timely manner. Notably, the County Executive forward-funded the Special Taxing District in 2013 to complete the White Flint West Workaround.

Moreover, the potential costs for district-funded improvements are significantly higher than the cost estimates in the Sector Plan adopted by the County Council in 2010. The cost of undelivered infrastructure improvements in the Pike District should be reevaluated to establish a more realistic understanding of the funding necessary to complete these projects.

Montgomery County's CIP is a six-year program for capital projects that finances long-term investments in facilities and infrastructure, funded by current revenues from the county's General Fund, "pay-as-you-go" financing, bond issues, and intergovernmental revenues. In the Pike District, the CIP is a secondary funding source; the FY2021-2026 CIP includes $2.9M for the White Flint Metro Station Access Improvements and $11.6M to finance planning, design, and construction for the Metro station's northern entrance (one third of the total projected cost).

The Pike District is composed of sizable, underutilized properties, and the Sector Plan's proposed street network is largely incomplete. Private sector development on these properties is intended to provide multiple business and local streets recommended by the Sector Plan. For example, Pike & Rose has created four new internal streets since 2010: Grand Park Avenue, Prose Street, Rose Avenue, and Trade Street.

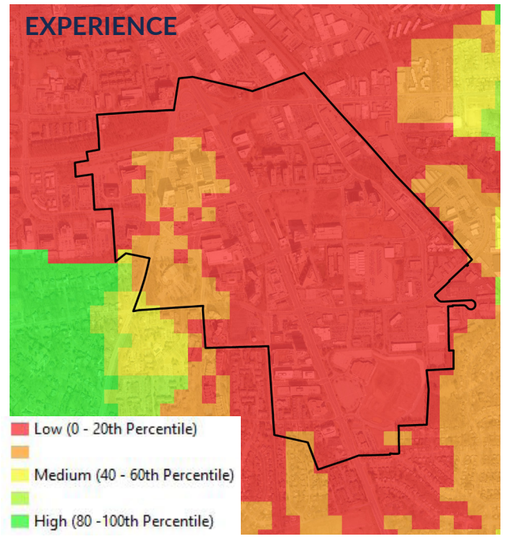
Property for new park facilities can also be secured using the county's Advance Land Acquisition Revolving Fund (ALARF), which supports the implementation of capital project and facility programs. This program is unique in its potential to secure new park facilities prior to private sector development, attracting and incentivizing growth. Since 2017, Montgomery Parks has utilized ALARF to secure land for two new parks in downtown Bethesda.

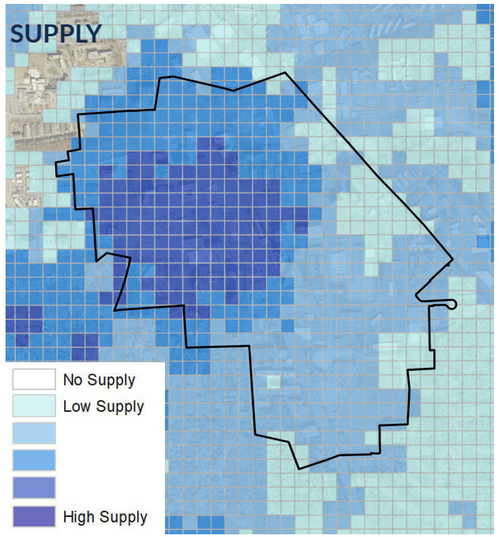
[18] White Flint Sector Plan Implementation Strategy and Infrastructure Improvement List:
https://www.montgomeryplanning.org/community/whiteflint/documents/ResolutionNo.16-1570.pdf

PARKS AND OPEN SPACE ANALYSIS

Montgomery Parks recently analyzed the existing parks and public spaces in the Pike District, finding that the area currently provides a low level of experience per person for active, contemplative, and social recreation. Their analysis recommends creating two-four civic greens or urban plazas to increase access to recreational experiences in the Pike District; this finding is consistent with the recommendations of the ***2010 White Flint Sector Plan*** and is supported by solutions included in this report.

The analysis mapped the supply of existing park space, the demand for park space based on residential and employment density, and evaluated walkability to parks and amenities within a 10-minute walkshed. Based on the current intensity of development in the Pike District and location of existing parks, the analysis found medium and high deficits near the Nuclear Regulatory Commission and NoBe Market. Additionally, further build-out of the WMATA site and the White Flint Mall site will generate additional unmet demand for parks and recreation space. The western portion of the Pike District has a high supply of parks, served by Rose Park and Wall Park. However, pedestrian access to park space throughout the Pike District is below average, reflecting the limited walkability of the district and its less attractive streetscapes.





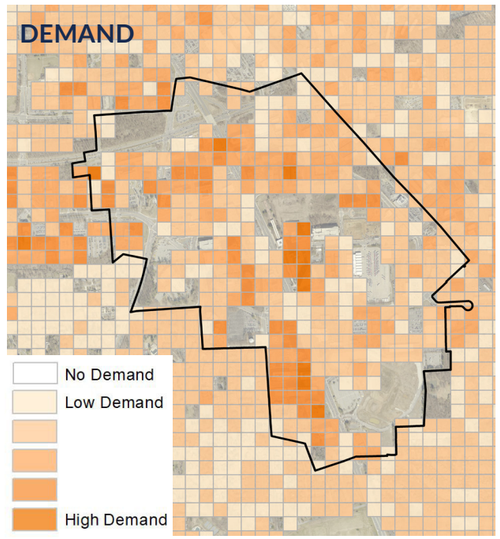


Figure 79: Montgomery Parks' experiential analysis indicates that access to active, contemplative, and social experiences is below average in the Pike District.

PARK IMPROVEMENTS

The 2010 ***White Flint Sector Plan*** includes recommendations for four park facilities. As of 2020, none of the four recommendations is fully delivered, and two are at initial stages of implementation. Three of the recommendations depend upon advancement of private sector development projects that will dedicate required land:

- Improvements to Wall Park
- Pike District Civic Green
- The expansion of White Flint Neighborhood Park

The slow pace of private-sector development in the Pike District has hindered implementation of the recommendations for new and improved park facilities.

The Sector Plan supported the provision of an "Approved Public Use Space" as proposed in WMATA's Joint Development Agreement (JDA) with LCOR. Although the JDA expired in 2018, this strategically located site has the potential of providing a highly visible, central gathering space for the district in proximity to Metro and future BRT stations.

As part of the response to the COVID-19 pandemic, Montgomery County is establishing pop-up activations in the Pike District. The first pop-up park opened in the summer of 2020 north of the Montgomery County Conference Center garage, featuring picnic tables and a temporary bandshell. Additional pop-up activations under consideration include a recreation loop, an outdoor movie theater, and a beer garden. With multiple underutilized parcels in the Pike District, pop-up activations may be a viable strategy for activating and enlivening these spaces on a temporary basis while promoting the Pike District brand.

Figure 80: The Bethesda-Chevy Chase Regional Services Center is creating pop-up parks in the Pike District to support local business and provide residents with safe recreational and social opportunities during the COVID-19 pandemic.

WALL PARK

Project Description: Relocating Wall Park's existing surface parking lot to an adjacent shared public garage to renovate the park and create new facilities, such as an outdoor splash park, dog park, playground, and flexible space for adults.

Implementation Status: The county has an agreement with Gables Pike District to develop a public, shared-use garage containing 250 parking spaces for Wall Park. However, park improvements cannot proceed until the shared-use garage is completed, which is dependent on construction of Gables Pike District.

Montgomery Parks should coordinate with MCDOT and adjacent property owners to ensure that CIP funding for Wall Park aligns with the completion of nearby transportation infrastructure projects and the construction of an off-site parking garage, enabling subsequent improvements to Wall Park to be implemented in a timely manner.

Funding Status: The FY21-26 CIP includes $6.6 million for Wall Park improvements, designated for design and engineering, relocating parking, and establishing interim park facilities. Ultimate implementation of this recommendation will require a separate CIP project to construct new park facilities. Implementation of improvements to Wall Park are dependent on the completion of the West Workaround and on improved market conditions for private sector development. There is no existing timeline for development of the ultimate park improvements that will replace the existing surface parking.

Figure 81: Once parking can be relocated off-site, Wall Park is envisioned to accommodate a flexible interim green space.

PIKE DISTRICT CIVIC GREEN

Project Description: Creation of a new one-to-two-acre park between Old Georgetown Road and Banneker Avenue. The Sector Plan describes the new park as a central public space for outdoor community-wide activities and events such as gatherings, celebrations, and festivals.

Implementation Status: The Sector Plan envisioned obtaining land for the park either through dedication from proposed developments, or through land acquisition. The proposed VOB-Grand Park development will dedicate approximately 0.5 acres to Montgomery Parks and will construct a plaza on the eastern side of the property. Construction for VOB-Grand Park cannot begin until the White Flint West Workaround is completed, and delivery of this civic green is dependent on the project receiving Site Plan approval. Securing the remaining park acreage requires additional private sector development or acquisition; no development plans have been submitted for properties east of VOB-Grand Park.

Funding Status: This project is not included in the current CIP and there are no dedicated funds for acquisition of land, design, or construction. As such, there is no implementation timeline for the Pike District Civic Green. Montgomery County should consider payment-in-lieu of providing new onsite public space for properties in the Pike District where major parks are not recommended by the Sector Plan. Payments should be collected via the Mid-County Park Benefit Payments (approved in September 2020) and could be utilized to acquire additional parkland and to develop park facilities on the new Pike District Civic Green.

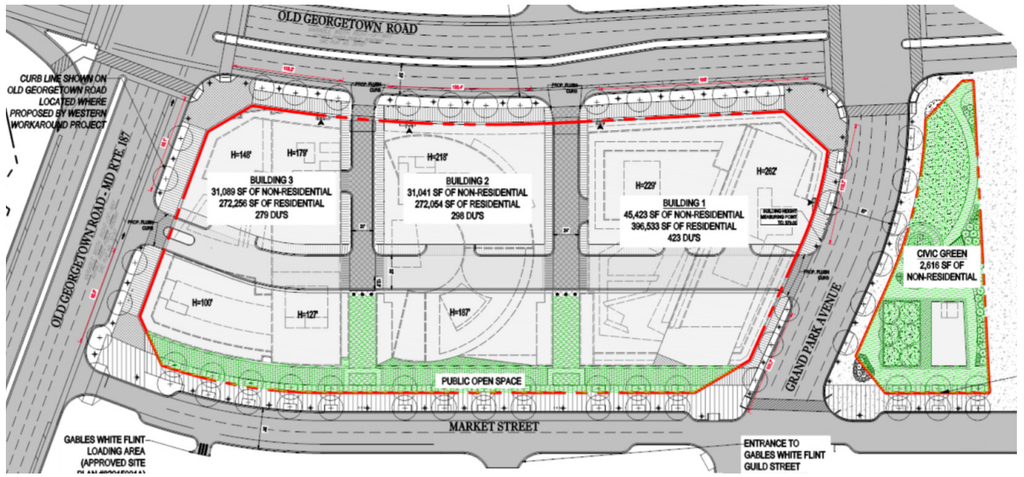


Figure 82: VOB-Grand Park is dedicating 0.5 acres for a one-two acre civic green east of Grand Park Avenue which is intended to function as the major outdoor civic space for public activities, ceremonies, and gatherings.

WSSC SITE

Project Description: The Sector Plan recommends considering a future neighborhood park at the Washington Suburban Sanitary Commission (WSSC) property at the northwest corner of Executive Boulevard and Woodglen Drive. This recommendation is contingent on WSSC decommissioning the active water tower facility and transferring ownership of the site.

Implementation Status: WSSC is actively utilizing the water tower and has no known plans to decommission the facilities. As such, no timeline exists for future implementation.

Funding Status: Consistent with the lack of known intent to decommission the water tower, there are no funds included in the Montgomery County CIP to implement this recommendation.

WHITE FLINT NEIGHBORHOOD PARK EXPANSION

Project Description: Expand the existing White Flint Neighborhood Park by 2.3 acres through dedication from the adjacent White Flint Mall redevelopment. The Sector Plan recommends that the expanded park include playing fields, pedestrian and bicycle connections, improvements to existing facilities, and stormwater management and drainage facilities for the adjoining single-family community.

Implementation Status: Expansion is dependent on redevelopment of the White Flint Mall, which has not progressed since receiving Sketch Plan approval in 2012.

Funding Status: The current CIP does not include this project and there are no funds associated with implementation. The owner of White Flint Mall has no known plans to further pursue redevelopment; as such, there is no anticipated timeline for this park expansion.

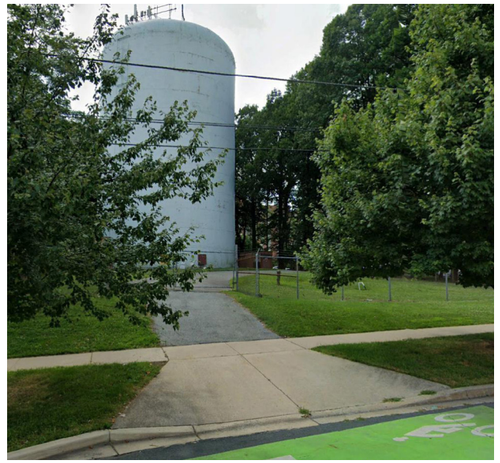


Figure 83: The WSSC site is recommended to be converted to a public park if the water tower gets decommissioned in the future.

Figure 84: White Flint Neighborhood Park is expected to be expanded as a part of the redevelopment of the White Flint Mall site.

TRANSPORTATION IMPROVEMENTS

Substantial transportation infrastructure improvements are necessary in the Pike District to transform the area into an urban and walkable district. Since 2010, implementation of transportation infrastructure in the Pike District has been gradual. Several significant transportation prerequisites must be fulfilled to complete Phase 2 of the Sector Plan's Staging Plan: complete the West Workaround realignment and secure funding for the second entrance to the White Flint Metro station. Three transportation principles underpin the Sector Plan's mobility recommendations:

- An enhanced grid street network, including business district streets and a finer grained system of local connections, to provide direct vehicular and pedestrian circulation.
- Walkable streets with access to transit, to reduce reliance on vehicles.
- Rockville Pike, transformed into a grand boulevard, will visually tie together the east and west sides of the Sector Plan area.

Figure 85: The realization of the Sector Plan's vision requires the creation of a walkable grid of streets.

ENHANCED STREET GRID

The Sector Plan's proposed street network is necessary to provide connections to new development, establish alternative travel routes to diffuse congestion, and to reduce reliance on Rockville Pike. Multiple new local street connections have been completed since 2010, including Citadel Avenue, and Wentworth Place; Grand Park Avenue, Prose Street, Rose Avenue, and Trade Street were constructed as part of Federal Realty's Pike & Rose development. To facilitate implementation of the street grid, the 2010 ***White Flint Sector Plan*** includes two major roadway reconstruction and realignment projects that will improve district-wide circulation on the east and west sides of Rockville Pike.

WHITE FLINT WEST WORKAROUND

The most significant roadway improvement recommended by the Sector Plan, this project realigns the intersection of Old Georgetown Road and Executive Boulevard, establishes two new north/south connections (Grand Park Avenue and Towne Road), and creates a new east/west street (Banneker Avenue). Due to construction delays and funding shortfalls, completion of the West Workaround is delayed and is not expected to be completed until 2022. This delay has postponed delivery of Gables Pike District and VOB-Grand Park, as both projects rely on land swaps contingent on completion of the West Workaround.

WHITE FLINT EAST WORKAROUND

This project provides for design, engineering, and construction for three new roads, one new bridge (McGrath Boulevard) and master planned bikeways in the White Flint District East area:

- Executive Boulevard Extended (B-7): From Rockville Pike to Nebel Street extended.
- Nebel Street Extended (B-5): From Nicholson Lane to Rockville Pike, via the White Flint Mall site.
- McGrath Boulevard (B-10): Bridge across the WMATA Metro tracks adjacent to the White Flint Metro station between Rockville Pike and Station Street.

No funding is currently designated via the Special Taxing District or the CIP for this project.

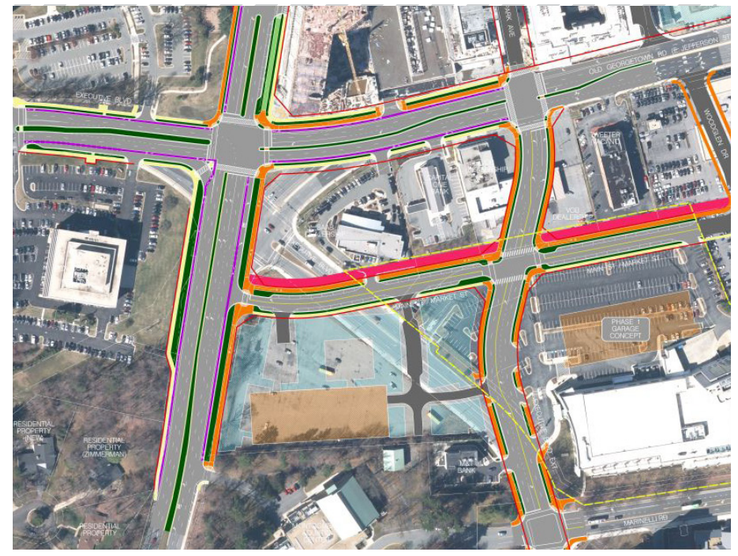


Figure 86: Once completed, the White Flint West Workaround will establish several new secondary streets.

PEDESTRIAN AND TRANSIT ACCESS

Enhancing public transit options and improving pedestrian and bicycle facilities is critical to reducing reliance on vehicle trips in the Pike District and lowering future trip generation rates, as proposed in the Sector Plan. The short-term focus is on constructing separated bike lanes and funding a northern entrance to the White Flint Metro station; long-term, a new MARC commuter rail station is proposed.

The Pike District contains several large, undeveloped sites such as the WMATA site, the WMATA bus depot and White Flint Mall. These large blocks create challenges for pedestrians trying to access destinations. The county should work with property owners to create temporary walking paths across large sites that would mimic the ultimate build-out of the pedestrian friendly street grid as envisioned in the Sector Plan.

WHITE FLINT METRO STATION NORTHERN ENTRANCE

The County's FY21-26 CIP includes $11.6M for planning, engineering, and construction for a northern entrance to the White Flint Metro station. WMATA completed a feasibility study in 2019, which estimated total design and construction costs for the northern entrance to be $36M. Significant funding for the northern entrance could be provided through joint development on the WMATA site. Currently the station headhouse is envisioned as a free-standing structure but could be incorporated into future buildings. The northern entrance must be funded to fulfill Phase 2 of the Sector Plan's Staging Plan.

BICYCLE FACILITIES

As recommended by the Sector Plan, separated bicycle lanes are implemented on Nebel Street and Woodglen Drive, but no bicycle facilities are constructed on the Pike District's principal streets. Additionally, the 2018 ***Bicycle Master Plan***–which supersedes the Sector Plan–recommends multiple new bicycle facilities in the Pike District. Short term, installing separated bike lanes on Marinelli Road from Nebel Street to Executive Boulevard will create a protected east-west bicycle connection in the Pike District, link to existing bike facilities, and increase access to the White Flint Metro station. Figure X summarizes bicycle facilities that are either completed or funded for construction since 2010:

MARC TRAIN STATION

The Sector Plan proposes a Maryland Area Regional Commuter (MARC) Train station at Nicholson Court, with an estimated cost of $15M. No funding is included for the MARC station in the county's current CIP; construction of the station is not a required element of the Staging Plan.

Street	From	To	Bikeway Type	Completed
Woodglen Drive	Edson Lane	Nicholson Lane	Two-way separated bike lanes (west side)	2014
Nebel Street	Marinelli Road	Randolph Road	One-way separated bike lane in each direction	2016
Executive Boulevard	Nicholson Lane	Woodglen Drive	One-way separated bike lane in each direction	2020
Marinelli Road	Nebel Street	Rockville Pike	One-way separated bike lane in each direction	2021

Figure 87: MCDOT has constructed three separated bicycle facilities in the Pike District since the Sector Plan's adoption in 2010, and a fourth will be completed in 2021.

ROCKVILLE PIKE TRANSFORMATION

The Sector Plan emphasizes redesigning and reconstructing Rockville Pike as an urban boulevard with lower travel speeds and elements that provide pedestrian comfort and safety. Redesigning Rockville Pike as an urban boulevard is a critical outcome of the county's plans for bus rapid transit (BRT) between Bethesda and Clarksburg. As a result, permanent streetscape improvements are contingent on the BRT's schedule for engineering, design, funding, and construction.

WHITE FLINT METRO STATION ACCESS IMPROVEMENTS

The FY21-26 CIP includes $2.9M for design and construction for the following planned improvements: modification of the intersection of Old Georgetown Road and Rockville Pike, and sidewalk and streetscape improvements on the frontage of roads connecting the White Flint Metro station entrance to surrounding areas. The funding source for this project is general obligation (G.O.) bonds.

BUS RAPID TRANSIT

In 2019, MCDOT completed the planning phase for a bus rapid transit (BRT) line on Rockville Pike, including dedicated BRT lanes and new BRT stations with level boarding and off-board payment. The current CIP includes $18M to fund design and engineering.

A vast majority of local developers and landowners have identified streetscape improvements along Rockville Pike as critical for attracting investment to the area. The county should explore ways to provide interim streetscape improvements; on-street parking; enhanced interim bus service; and reduce the speed limit along Rockville Pike prior to the full construction of the BRT line.

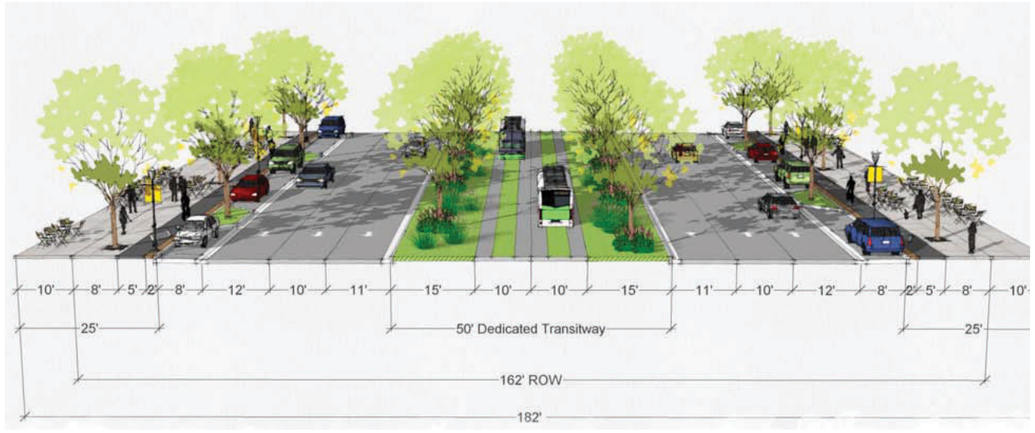


Figure 88: An alternative cross section for Rockville Pike including bus rapid transit in the median, as recommended in the Sector Plan.

CHAPTER 7:

ACTIVATION & PLACEMAKING CASE STUDIES

Underutilized sites present a unique opportunity for temporary, interim uses that can activate and enliven the Pike District in the near- and medium-term. By providing new experiences and amenities, interim uses can help create and promote a stronger identity for the Pike District brand. Short-term activation is a potential catalyst to attract employers and jumpstart infrastructure improvements, but requires a unified strategy between county agencies, partners, and property owners. The impacts of the COVID-19 pandemic must also be considered: more than ever before, outdoor activities are needed to provide an outlet for recreation while maintaining social distance. Ultimately, any future interim activations and uses in the Pike District should support the Sector Plan's recommendations and promote economic development.

In 2016 and 2017, the White Flint Downtown Advisory Committee (WFDAC) conducted interviews and workshops with local businesses and stakeholders to evaluate the feasibility of an Urban District in White Flint[19]. In addition to recommending a Business Improvement District (BID) for the Pike District, the report's second finding was that "branding and place-making are the two highest priority service areas." Urban design interventions are also recommended at key destinations, including the White Flint Metro station. In 2018, the BCC Regional Services Center engaged Maier Warner to further branding and placemaking efforts in the Pike District. Maier Warner is currently developing several activation efforts in the Pike District, including a pop-up picnic park, a beer garden, and an outdoor movie screen.

To further understand the potential of placemaking and activation strategies in the Pike District, the Planning Department engaged Partners for Economic Solutions (PES) to develop case studies that demonstrate how modest investments in placemaking can attract significant community interest, improve quality of life, and generate development interest in neighborhoods. The examples include activation driven by the public sector on public properties and streets, by the private sector to increase interest in a large development, and through public-private partnerships. Some of the cases involve permanent investments, such as an attractive park, while many are temporary uses that will eventually be replaced by permanent development. The variety of their specific uses and surroundings demonstrate that creating engaging and active public spaces can be achieved in any urban context, including the Pike District. PES identified 14 key lessons for a successful activation and temporary placemaking strategy in the Pike District[20].

[19] http://www.whiteflint.org/wpx/wp-content/uploads/2017/12/WFDAC_Report_2017.pdf

[20] This chapter contains summaries of each case study. The full case studies are in a technical appendix of this report.

ACTIVATION BEST PRACTICES

IMPLEMENTATION

Dedicated Staff

Staffing dedicated solely to the activation initiative is the key difference between successful and unsuccessful activation efforts. While there are examples of successful activation strategies that depend on public sector staff who also have other responsibilities, the most successful examples quickly transferred day-to-day operations to a dedicated non-profit or private partner where the sole focus of staff is the operation of the activation initiative.

Single Entity Responsible

It is important to have a single entity responsible for managing all elements of implementation and operation since it provides necessary flexibility and the ability to act quickly and decisively. The short time period within which to recoup development and construction costs makes it critical to minimize any possible delay in the entitlement and development process.

Reduced Red Tape

Building codes and permits should be reviewed to expedite temporary structures and to minimize fees without compromising the health and safety of the community. Because of the reduced timeline to amortize implementation and operating costs, temporary uses cannot afford the same level of fees and reviews as permanent structures because of the reduced time within which to amortize such costs.

Flexible Approvals

The entitlement process should be flexible in its approach to the configuration and specific uses of a temporary space. Site approvals that stipulate in detail how the site should be configured unduly constrain the ability to adjust the program as conditions change. Approvals should instead provide flexibility within certain parameters, to allow activations to evolve and change as new opportunities arise.

Liability

Assuming the liability by carrying the necessary insurance for activation programming allows partnerships with less sophisticated entities or tenant businesses. This helps open opportunities for different user groups or entrepreneurs who may make larger investments in the community as they mature.

Figure 89: Previous short-term activations in Montgomery County have generated tremendous community support. The White Flint Placemaking Event in 2018 activated a shopping center with outdoor tables/seating, fire pits, local vendors, and a temporary basketball court and bike track.

PROGRAMMING

Organic Activation

Interim activations should enable budding artists and entrepreneurs to test interesting and novel concepts. Allowing community groups to use the space to practice for performances engages passing pedestrians and cyclists. Do-it-yourself (DIY) education events, such as “learn to” seminars, can be effective programming.

Emphasize Temporary

Interchangeable, temporary space works best when new attractions are periodically introduced, requiring old ones to be removed. This should be clearly publicized from the outset; in some cases, communities have tried to convert beloved temporary uses to permanent activations which would in time make the space stale and diminish the attraction.

Micro-Funding

In every case study, small amounts of initial funding or private investment spurred further private and public sector investment. Cultural, arts, and philanthropic organizations may provide matching financial support and augment micro-funding.

Extended Hours of Operation

Several case studies highlight the importance of allowing evening and night activation. In the absence of immediately adjacent residential uses, operating hours should be the same as for establishments with liquor licenses. Use agreements can limit decibel levels and mitigate noise concerns. Incorporating cold weather uses can increase the site’s feasibility and impact.

Food Unites

Food reliably attracts repeat visitors and alcohol sales are a critical revenue source. However, food uses work best in combination with other activation efforts and should not be the only attraction.

MARKETING AND PARTNERS

Cultivate Partnerships

Partnerships are critical to the success of activation strategies, even beyond financial support. Each of the case study examples partnered with organizations and corporations able to leverage resources to attract larger numbers of participants to programming and events. Partnering with local non-profits can help leverage existing relationship networks.

Leverage the Arts

Temporary installations can be a canvas for the creative arts community. While arts partners generally require financial support and may at times generate controversy, arts dramatically increases the level of interest of and number of visitors to an activation initiative.

Sponsorships

Many temporary projects are established with only government support but ultimately require additional corporate, philanthropic, and membership support to be sustainable. Typically, crowdfunding or singular fundraising efforts provide support for one project at a time or to extend an existing installation. Naming rights can be an effective fundraising tool.

Local Businesses

Local businesses understand the interests and needs of the community (and potentially how to reach more marginalized communities). Joint promotions with nearby retailers and restaurants can leverage and attract different segments of the population.

THE COMMONS: CHRISTCHURCH, NEW ZEALAND

ACTIVATION STRATEGY

Following a series of earthquakes in 2011 that decimated downtown Christchurch, the site of a demolished hotel controlled by the Christchurch City Council (CCC) was dedicated for temporary and artistic uses to support the recovery. Positioned as a place for experimentation, The Commons continues to emphasize temporary projects that engage the community and promote social change, collaboration, creativity and diversity. The venue is 2.5 acres supported by essential infrastructure and services – security, power, maintenance, audiovisual equipment, toilets, trash collection and site management.

OPERATIONS AND PROGRAMMING

Two linked non-profits, Gap Filler (formed in 2010) and Life in Vacant Spaces (LiVs) (formed in 2012 by Gap Filler's co-founders) manage the programming and operations of the Commons. Gap Filler is the primary programming entity on the site and brokered future temporary uses. Gap Filler's full-time staff were critical to the success of the effort, as the endeavor would have been too challenging to deliver without paid staff to care for and activate the community projects. LiVS holds $2 million in liability insurance to reduce the hassle of allowing property access for temporary uses, and ultimately reducing property upkeep costs.

Temporary activation of the Commons ranges from interactive art to open green space. Over the years, the site has incorporated a Food Collective, Retro Sports Facility, Downtown Farmers Market, The Pallet Pavilion (outdoor performance space), the Arcades Project (art installation), RAD Bikes and a giant space invaders arcade game, as well as many other civic festivals and activities. The Pallet Pavilion cost $80,000 (and an army of volunteers) to create a stage hosting 100 to 125 annual events.

The Food Collective, a collection of food trucks, was successful in conjunction with other projects on site, like the Pallet Pavilion, but was expensive to operate due to the need for on-site staff to supervise and did not have strong attraction power on its own. A series of now permanent organizations like Makercrate and Recycle A Dunger (RAD) began their operations in space at The Commons. Makercrate used a $15,000 grant to provide tools and technology like 3D printing to the community from a 20-foot shipping container

FUNDING

The CCC invested $145,000 to start the Commons and continues to provide $100,000 per year to Gap Filler to program the site. Gap Filler receives monetary support from a variety of companies, trusts, and philanthropies and can quickly issue micro-grants of up to $15,000 for quick-to-implement projects that could attract a minimum of 500 visitors; projects requiring more funding than this are subject to a more rigorous review by Gap Filler.

Figure 90: A performance stage at The Commons

Figure 91: A dance floor art installation at The Commons

BROOKLYN BIKE PARK: NEW YORK, NEW YORK

ACTIVATION STRATEGY

Two Trees, a private sector developer, worked with local nonprofits to activate this 11-acare riverfront site planned for a large development. Facing a seven-year process to secure entitlements and an eventual requirement to create a public park on a portion of the site, Two Trees issued an RFP for temporary uses to activate the area in the interim. Two Trees selected a proposal for a BMX bike park and an urban farm on 1.3 acres of the site. In three months, a nonprofit created playing fields, an open lawn and small community farm known as Havemeyer Park on part of this space. The Brooklyn Bike Park on the other portion was a rider-supported track and bike share facility. The park operated for seven years until the development opened, along with a permanent six-acre park. The permanent park does not incorporate the bike/skate element or the urban farm due to physical site constraints, but instead offers flexible fields, volleyball court, bocce court, beer garden, playground, and river access via a pier and a boat launch.

OPERATIONS AND PROGRAMMING

Brooklyn Bike Park was a partnership between local bike shop Ride Brooklyn, and the New York City Mountain Bike Association; Ride Brooklyn managed the bike park for no cost. Initial operations were shifted to a for-profit entity after the first year owing to the need for appropriate insurance coverage. North Brooklyn Farms and Bobby Redd, an event-staging company, programmed the urban Havemeyer Park portion.

As the first legal mountain-bike park in New York City, the Brooklyn Bike Park attracted visitors from across the region, initially with free access. Daily participation estimates during the bike season suggest 300 daily visitors. The park offered helmets and bikes of all sizes for rent and provided training sessions for all ages. At the urban farm, North Brooklyn Farms hosted events such as Sunday Suppers, Fourth of July, Harvest Carnival & Square Dance, Sunset Stems and a biannual member appreciation event. These events ranged in price from free events up to $100 per person for the weekly Sunday Suppers.

FUNDING

Two Trees allowed the non-profits to use of the 1.3 acres at no cost and paid for the initial engineering costs which were only a fraction of the total development costs of their project. The costs for repairs and ongoing maintenance of the bike park's two tracks ranged from $3,000 to $5,000 annually. Brooklyn Bike Park minimized operating costs by employing a small, dedicated staff and with support from a large group of volunteers. Bern Unlimited, a sponsor and advocate for rider safety, donated the helmets. North Brooklyn Farms paid the operating costs of the urban farm, including insurance, trash cans, and staffing. To fund this endeavor, North Brooklyn Farms hosted an initial fund-raising party at a cost of $40 per person. Over time, North Brooklyn Farm established memberships, charged admissions for events, and sold merchandise.

Figure 92: Bike track at the Brooklyn Bike Park

ACTIVATE: CHICAGO, ILLINOIS

ACTIVATION STRATEGY

Chicago's historic central retail and business core, the Loop District, benefits from a supportive placemaking environment implemented by the city through a contract with the Chicago Loop Alliance (CLA). This member-based organization, founded in 2005, functions like a BID and employs arts and cultural programming to support successful placemaking in addition to deploying clean and safe crews. CLA's ACTIVATE program offers free pop-up arts events on public property and public streets to attract more visitors to the area, including art installations, temporary public spaces, performances, and live music.

OPERATIONS AND PROGRAMMING

The State Street Commission, a local assessment district that taxes properties along State Street within the Loop District, contracts with CLA for services. The Chicago Loop Alliance created a 501(c)(3) non-profit for fundraising campaigns, including galas, sponsorships, and other events. This organization plans the improvements to the public realm with public art and cultural programming open to residents and visitors to the Loop.

CLA began the ACTIVATE initiative in 2014 to host summer events programming alleys and other locations throughout the Loop District. Events are art focused: In 2018, EVO's Bazaar created a vibrant environment inspired by DuSable's historic trading post on the Chicago River. Included were visual art pieces, live music, a roaming magician, and other performances. Programming in 2019 emphasized the theme of "Backstage," highlighting different aspects of the performing arts, including draft, lighting and stage design, circus arts, and comedy. In 2019, ACTIVATE events drew participants from 74 different ZIP codes throughout the region, including more than 18,000 who RSVP'd for four events.

FUNDING

Approximately half of the ACTIVATE funding is provided by corporate sponsors, one-quarter is generated from the sale of alcoholic beverages, and one-quarter of the funding is provided by the State Street Commission tax assessment. Annual events, such as the Illumination Gala held each fall, raise roughly $250,000 for programs like ACTIVATE.

Figure 93: Alley space activated by the Loop Alliance

LARKIN SQUARE: BUFFALO, NEW YORK

ACTIVATION STRATEGY

In Buffalo, New York, the former Larkin Soap Co. headquarters and manufacturing site was revitalized and developed as Larkin Square. In 2002, the Larkin Development Group purchased the Larkin Terminal Warehouse and began transforming the former industrial properties to office and residential space. Larkin Square, a major one-block public space on the site, opened in 2012, anchored by the Filling Station restaurant, an adaptive reuse of a 1930s-era gasoline station. The site includes functional green space, a stage for public performances, and outdoor seating. Colorful outdoor furniture and hula hoops enliven the site along with temporary features such as Larkin Links, a temporary tiny public art golf course (since closed). With more than 40 events hosted annually, this open park and plaza helped establish the Larkinville neighborhood as an entertainment destination, spurring extensive reinvestment and new development in the surrounding neighborhood.

OPERATIONS AND PROGRAMMING

Larkin Development Group (LDG) is a private real estate development company that transforms historic industrial buildings into mixed-use developments, focusing on the buildings formerly owned by the Larkin Soap Co. LDG has been active in Larkinville since 2002, developing office, commercial, and residential space.

Programing of Larkin Square began modestly with small free concerts and grew over time with food trucks, temporary interactive art installations, pickleball courts, fitness classes, and major festivals. The Food Truck Tuesdays event has grown considerably, attracting up to 5,000 people and 30 trucks. Every program is designed to appeal to residents, employees and/or visitors; to be sustainable, events cannot rely solely on the patronage of employees working in the Larkin Square redevelopment.

FUNDING

The initial funding for the redevelopment of the site included partners First Niagara Bank (since renamed KeyBank) and the Larkin Development Group. The initial $2 million activation project included creating a new public space with a built-in sound system. Programming is funded through sponsorship agreements with Independent Health and KeyBank. The goal is for the Larkin Square operations to break even or generate a small profit, although this has not yet been accomplished without corporate sponsorships.

Figure 94: Larkin Square hosts a range of family-friendly community events, including food trucks, temporary interactive art installations, pickleball courts, fitness classes, and major festivals.

WUNDER GARTEN: WASHINGTON, D.C.

ACTIVATION STRATEGY

Wunder Garten began as a temporary beer garden with minimal improvements on a vacant lot north of Union Station in Washington, D.C. Eventual development of the lot forced the temporary use to find a new home. The popularity of Wunder Garten enabled it to move to a new location under a longer lease (initially three years, later extended to five years, which allowed for greater investment in the property). Wunder Garten was particularly well suited to the needs of the neighborhood: NoMa experienced significant office and residential development but relatively few retail/entertainment facilities existed to serve local residents and workers. Wunder Garten includes a 40' x 60' tent with heating and air conditioning, cabanas with couches, and a restroom trailer. The site has been softened by the addition of artificial grass, ivy, plants and string lights. Festivals are enlivened with creative lighting and decorations.

OPERATIONS AND PROGRAMMING

Proust Partners operates Wunder Garten through a ground lease from the property owners. Approached by Proust Partners, the NoMa BID assisted in identifying potential locations.

At the beginning of the temporary operation, REI sponsored an outdoor entertainment and education series to attract customers in preparation for the opening of its nearby store. REI offered seminars on bike maintenance, pitching a tent, and wilderness survival basics, as well as a running club and yoga for athletes (with Yoga NoMa). When Wunder Garten relocated the programming expanded to include weekly events such as District Trivia night, game nights, a cornhole league, and a DJ Lineup from Thursday to Saturday.

To secure its liquor license, Proust Partners negotiated an agreement with the Advisory Neighborhood Commission (ANC) 6C to protect nearby residents from noise issues. Health Department regulations restrict the food options that can be offered without a full array of sinks and other equipment/facilities, whose cost is not feasible for a temporary facility.

FUNDING

Wunder Garten is supported entirely by its patronage. The economics of a temporary beer garden require a minimum two-year period to recoup costs, but five years is more desirable to make a sufficient profit. Continuous corporate sponsorship of the educational series by REI helped to promote Wunder Garten's activities and attract customers.

Figure 95: Cost-effective seating and decoration at Wunder Garten.

NoMa Junction @ Storey Park

Wunder Garten benefits from its location opposite NoMa Junction @ Storey Park, where the NoMa Business Improvement District (BID) offers summer movie nights, concerts, games and food trucks. The half-block lot awaiting future development was transformed into Washington's largest piece of outdoor art. Over a weekend, 55 artists painted a major mural and a series of smaller murals including a one-acre mural on the asphalt.

PROXY: SAN FRANCISCO, CALIFORNIA

ACTIVATION STRATEGY

Following the 1989 Loma Prieta earthquake San Francisco's damaged Central Freeway was demolished, which created 22 blocks of land for potential reuse. Development on one block for an affordable housing project was delayed and the Mayor's Office of Economic and Workforce Development (OEWD) requested proposals for temporary uses on the property, for up to three years. PROXY is a temporary activation that uses shipping containers to create a series of pop-up retail, arts, and cultural uses. The development of the vacant lots was phased, starting with food and followed by rotating art exhibits, retail stores, outdoor movie theater, beer garden, coffee shop, and a unique ice cream vendor. The shipping containers can be moved when the lease expires, an important feature due to the short operation period and the cost of these facilities.

OPERATIONS AND PROGRAMMING

OEWD issued an RFP to activate the site. The Mayor's Office streamlined the entitlement process and secured a waiver exempting the temporary shipping containers from standards required for permanent buildings. Despite a request from the Mayor's Office for a fee reduction below what was charged for permanent structures, building permit fees were not reduced, imposing a cost burden on the project. Additionally, stringent and inflexible Planning Department site-plan review processes required resubmission of the concept three times costing $10,000 each in fees due to adjustments to the location temporary buildings as vendors were identified.

Architect Douglas Burnham created PROXY Development, LLC, which managed the construction and provided ongoing on-site management of the property, as well as managing vendor relationships. PROXY formed coalitions with neighborhood groups, business owners, and city officials, establishing a volunteer Board of Directors with representatives from local businesses and members of the city's arts community. A non-profit, Here For Now, was created to curate and manage the arts uses.

Figure 96: PROXY repurposes shipping containers to support pop-up retail, arts, and cultural uses.

PROXY has four main components, developed in phases over a five-year period:

- Phase 1, PROXY EAT: A mix of eateries and a rotating selection of food trucks;
- Phase 2, PROXY ART: Temporary curated art installations in shipping containers or tents;
- Phase 3, PROXY STOREFRONT: A series of pop-up retailers and other exhibits of products or ideas; and
- Phase 4, PROXY EVENT/PLAY: An outdoor theater, an outdoor fitness structure and a public plaza.

Here For Now operates the theater and curates the on-site cultural uses. Partnerships with S.F. Jazz, The Exploratorium and other cultural institutions bring activities to the site.

FUNDING

Approximately $100,000 in first-phase development costs for minimum infrastructure were funded by PROXY; the implementation cost for each subsequent phase (Phase 2, 3 and 4) was approximately $300,000. A Kickstarter campaign helped fund half of the cost of the $150,000 outdoor theater in Phase 4. Tenant retailers fund the cost of their facilities on the site and each pay about $8,000 annually in rent. Additionally, corporate sponsors help fund the frameworks and ongoing events. PROXY pays the city approximately $8,000 monthly to lease the site.

The original RFP offered a three-year lease, which was later extended to accommodate the permitting and approval process and to amortize the improvement costs. To generate sufficient revenue to recoup the cost of site improvements in a short time, consistent with the temporary nature of the use, it was essential for PROXY to create engaging space efficiently.

ACTIVATE DOWNTOWN: TAMPA, FLORIDA

ACTIVATION STRATEGY

Founded in 1985, the Downtown Tampa Partnership exists to "be the steward of Downtown Tampa, while cultivating effective public/private partnerships to facilitate catalytic physical and economic development." Under an annual contract with the City of Tampa, the Partnership administers the Special Services District program which includes clean and safe services, marketing, economic development, transportation, planning and beautification. It is funded through a special assessment on property owners.

The Partnership's Activate Downtown Micro-Grant Program awards micro-grants of up to $2,500 to organizations and/or individuals that create "unique, publicly accessible activations in Downtown's public spaces." The projects must enhance the downtown experience via the arts and/or social good and meet a series of criteria set by the Partnership.

Figure 97: Awards to the Channel District Community Alliance funded a series of murals.

CIDADE 2000: FORTALEZA, BRAZIL

ACTIVATION STRATEGY

The City of Fortaleza in northeast Brazil enacted Vision Zero to reduce traffic fatalities and traffic-related injuries by improving public spaces. In 2017, a pilot project in the Cidade 2000 neighborhood repurposed underutilized streets to create a safer community. In two days, Charterer's Square was repurposed using paint, planters, trash cans, and benches along the southern part of Avenida Central, creating a temporary urban plaza anchored by an existing Super Lagoa grocery store. Volunteers and local residents painted more than 5,000 square meters of asphalt in bright geometric shapes to create a vibrant public plaza. This space, along with the rest of the Vision Zero effort, reduced fatalities and injuries by 40% by creating low-speed zones and installing area-wide tactical urbanism improvements.

OPERATIONS AND PROGRAMMING

The new public spaces provided outdoor spaces for workshops, including classes for bike riding and building urban furniture. The public open space also hosts performances and live music; public spaces created elsewhere in Fortaleza accommodate temporary health clinics, a pop-up barbershop, outdoor games, and benches for small gatherings.

FUNDING

Funding from several non-profit and philanthropic organizations assisted the initial review of necessary infrastructure upgrades and development of temporary urbanism alternatives, including Bloomberg Initiative for Global Road Safety, World Resources Institute, and the National Association of City Transportation Offices – Global Design Cities Initiative (NACTO-GDBI). NACTO-GDBI funded the implementation of the temporary items outside the standard procurement process for the City of Fortaleza. Overall, these elements include temporary structures, benches and beach chairs valued at $5,000 or less. The remainder of the funding for infrastructure elements came from the City of Fortaleza's general operating budget.

Figure 98: Cidade 2000 in Fortaleza closed streets to create new public spaces.

YARDS PARK: WASHINGTON, D.C.

ACTIVATION STRATEGY

Yards Park helped to galvanize development of Washington, D.C.'s Capitol Riverfront district and was recognized by the Urban Land Institute as a premier Urban Open Space in 2013. The District of Columbia's Anacostia Waterfront Initiative, adopted in 2003, set forth an ambitious vision for a series of new communities connected directly to the waterfront, redeveloping an underutilized, primarily industrial area. The vision incorporated major public space amenities such as Yards Park and the Anacostia Riverwalk Trail. Yards Park is the centerpiece of the plan and contains a major water feature for children to play in, great lawn, boardwalk and architecturally striking bridge, quiet landscaped area for reflection, natural amphitheater, and a dog run. The iconic park has spurred substantial development and is a major attraction of the Capitol Riverfront District.

OPERATIONS AND PROGRAMMING

Guided by the 2003 plan, the U.S. General Services Administration (GSA) entered into a major public/private partnership with Forest City Washington for the mixed-use redevelopment of 42 acres of waterfront property. Forest City Washington constructed Yards Park in accordance with the provisions of its development agreement with the GSA and the District of Columbia owns and funds the park's operations. Yards Park, LLC and the Capitol Riverfront Business Improvement District (CRBID) provide professional management and operation of Yards Park.

Yards Park focuses on events and programs that attract racial, ethnic, and economically diverse crowds. The Great Lawn and waterfront plazas accommodate concerts, festivals, and recreational events: in 2019, Yards Park hosted 65 free outdoor fitness events and attracted 36,000 attendees at CRBID events, including Friday night concerts, a farmer's market and festivals such as the DC Veg Fest and Love Beer Festival.

FUNDING

The District of Columbia invested $35 million for construction of Yards Park and provides $400,000 annually for operations, funded from retail sales tax revenues generated in the Capitol Riverfront District. Forest City Washington agreed to a special five-year tax on revenue-producing operations within its development to help fund Yards Park's operations, which provides approximately $100,000 in annual operations funding. An additional $300,000 in proceeds from re-funding of redevelopment bonds supplemented those funds for three years.

Figure 99: Yards Park is located along the Anacostia River and provides outdoor spaces for fitness classes, concerts, and a children's wading pool.

CHAPTER 8:

FINANCING TOOLS

Achieving the Sector Plan's ultimate vision, transforming the Pike District from an auto-oriented suburb into a pedestrian-friendly urban center, requires comprehensive infrastructure investment. In addition, a robust activation and programming initiative to promote the Pike District brand would require a dedicated organization that would benefit from its own secure source of funds. In 2010, the Montgomery County Council, with support from property owners, enacted the White Flint Special Taxing District to finance the construction of a defined set of transportation improvements essential to the Sector Plan's ambitious vision. New development in the Pike District in the last decade has been uneven, and the delivery of proposed projects is progressing more slowly than originally anticipated. As a result, the Special Taxing District has not generated the level of revenue required to fund the extensive package of public improvements that depend upon it.

The findings in this section are informed by analysis conducted by Partners for Economic Solutions (PES) who evaluated potential additional funding mechanisms:

- The Special Taxing District is not generating sufficient revenue to support development of infrastructure in the Pike District: The Special Taxing District was projected to raise $45 million over 10 years to fund projects estimated to cost $65 million in the first phase[21]; since its formation, the Special Taxing District has generated approximately $12-15 million, a fraction of the approximately $75 million required to construct the White Flint West Workaround.
- There is no additional financing tool that perfectly addresses the needs of the Pike District: each of the financing tools evaluated has advantages and disadvantages and Montgomery County already utilizes many of them. Many of the tools evaluated have limited or no potential for the Pike District because Montgomery County has already committed the resulting revenue stream to other priorities, or the level of additional revenue they might generate is low.
- The team identified five alternatives for generating additional revenues that Montgomery County may feasibly pursue:
    - Encouraging property owners to form a business improvement district (BID);
    - Reevaluating the rate and applicability of the special assessment;
    - Dedicating additional funds from the Capital Improvements Program (CIP) to the Pike District;
    - Utilizing Project-Based TIFs to support the infrastructure needs of large projects; and
    - Completing final engineering and design for select infrastructure projects to make them more competitive for potential Federal stimulus funds
- Requirements for past Federal economic stimulus infrastructure funds directed those moneys to projects with completed design and engineering plans that are "shovel ready" for construction.
- Project-Based TIF bonds have the potential to support the infrastructure needed to facilitate development on large properties within the Pike District where construction is expected to be imminent. While TIF offers the opportunity to commit future growth in specific tax revenues to fund supporting infrastructure, bond issuance cannot precede development as investors will not purchase debt backed simply by projections of growth; investors require greater security and expect actual construction to begin imminently.
- Promoting the Pike District brand and making the area physically attractive for potential investors requires a robust activation and programming initiative, necessitating operational funding for the entity managing that effort. An urban district or business improvement district (BID) has potential to support and implement an activation strategy through a small tax, if existing property owners recognize the value received for that additional cost.

[21] Source: White Flint Financing Overview Memo from Michael Faden and Glenn Orlin to the County Council (October 19, 2010). Total infrastructure costs over 3 phases were estimated to be $165 million.

COMPARISON OF FEASIBLE ALTERNATIVES TO GENERATE ADDITIONAL REVENUE FOR THE PIKE DISTRICT

The team identified a baseline alternative that assumes no action is taken, and then five tools for generating additional revenue for the Pike District. With the exception of taking no action, these alternatives are not mutually exclusive and multiple alternatives to generate additional revenue could be pursued simultaneously. All of the alternatives have significant drawbacks and disadvantages, reflecting the difficulty of sourcing additional revenue for the Pike District.

Financing Alternatives		
Alternative	**Pros**	**Cons**
1. No policy intervention, let present trends continue	· Least amount of risk and effort · Does not require the reallocation of County funds from other priorities	· Revenue will continue to be insufficient to support implementation of the Sector Plan
2. Encourage property owners to form a business improvement district (BID)	· Generates a sustainable source of funding to support programming, maintenance, and branding · Creates an entity that is dedicated to improving the Pike District	· May require an initial infusion of funds into a provisional organization to demonstrate the value of a BID to property owners · Funding will not support large infrastructure improvements · County does not directly control the use of BID funds
3. Reevaluate the rate and applicability of the Special Tax assessment	· Guarantees an increase in funds for implementation · Does not require reallocation of County funds from other priorities	· Increased costs to property owners will reduce long-term development
4. Dedicate additional funds from the Capital Improvements Program to the Pike District	· Guarantees an increase in funds for implementation · Does not raise costs to property owners and will not reduce development	· Requires a reallocation of County funds from other priorities
5. Utilize Project-Based TIFs to support infrastructure needs of large projects	· Does not require reallocation of County funds from other priorities · Funds the construction of public infrastructure needed to develop large parcels in the Pike District	· Limits flexibility of future spending by requiring that increased revenue from the project support the development of that property · The amount of revenue that will be raised is less certain than other alternatives · Only a few properties in the Pike District are of sufficient size to make a Project-Based TIF meaningful
6. Complete design and engineering for transportation and infrastructure projects to make them competitive for potential Federal stimulus funding	· Federal stimulus funding can finance large transportation infrastructure projects that would languish if solely reliant on local and state funding	· There is no guarantee that the Federal government will issue a future round of infrastructure stimulus funding · Engineering and design of infrastructure is costly

INFRASTRUCTURE FUNDING TOOLS EVALUATED

Funding major infrastructure improvements requires a one-time tapping of available funds or financing based on a continuous stream of future revenues. This analysis evaluates alternative capital funding tools to assess their potential for use in the Pike District.

Infrastructure funding sources fall into six broad categories, each with numerous tools. Montgomery County is already using many of these tools and have the resulting funds allocated to other priorities which can limit the potential to raise additional revenues. Many other tools have no potential to fund infrastructure in the Pike District, either because they are not legal in Maryland or because an existing fee or tool precludes their use. The full set of tools evaluated are listed below; the report provides detailed analysis of just those tools with limited or good potential to fund investments in the Pike District[22].

Capital Funding Tools		
Tool	**Potential Value**	**County Already Uses**
Tax-Based Funding Tools		
PAY-GO Funding	Limited	Yes
General Obligation Bonds	Limited	Yes
Maryland Consolidated Transportation Program	Limited	Yes
GAN/GARVEE Bonds	None	No
Service Fee Funding Tools		
Parking Revenue Bonds	Limited	Yes
Recreation Fees	None	Yes
Tolls	None	No
Micro-Tolling	None	No
Vehicles Miles Traveled Fees	None	No
Transit Fares	None	Yes
Impact Fee Funding Tools		
Transportation Impact Fees	None	Yes
Excise Taxes	None	Yes
Value Capture Funding Tools		
Tax-Increment Financing	Good	No
Special Assessment Districts	Limited	Yes
Public/Private Partnership Funding Tools		
Developer Contributions	Good	Yes
Concession Agreements	Limited	No
Toll Roads	None	No
Naming Rights	None	No
Governmental and Other Grant Funding Tools		
Economic Stimulus Funding	Good	NA
Philanthropy	Limited	No
Crowdfunding	Limited	No

[22] In October of 2020 the Montgomery County Council enacted a bill allowing for payment-in-lieu-of-taxes (PILOTs) for high-rise rental apartment projects on WMATA property at a metro station. As that policy was already defined and in the approval process during the production of this report PES was instructed not to evaluate the potential of PILOTs.

TAX-BASED FUNDING

To avoid transferring funding from other County priorities, tax-based funding requires imposing new taxes (absent a sudden growth in County revenues), which typically requires a voter referendum. The fierce competition among priorities for existing limited resources and the difficulty of securing voter approval for additional taxes limits the potential for tax-based funding tools.

Tax-Based Funding Tools				
Tool	**Description**	**Applicability**	**Legal in Maryland?**	**Potential for Pike District**
PAY-GO Funding	Payment from current tax and/or fee revenues.	Used routinely.	Yes	Limited
General Obligation Bonds	Issuance of bonds backed by property tax revenues and the full faith and credit of the County Government.	Used routinely.	Yes	Limited
Maryland Consolidated Transportation Program	State transportation funding generated from gas taxes, Federal funding and other sources is allocated to projects across the state based on priorities established in the Consolidated Transportation Program.	These are existing revenues coming to the State and County rather than new funding sources. Gas tax revenues have not kept pace with cost increases. Electric vehicles pay no gas taxes.	Yes	Limited

SERVICE FEES

Service fees provide a strong nexus between the infrastructure funding and the users that benefit from the infrastructure; however, there are few opportunities to deploy such tools in the Pike District. Many of these fees, such as recreation and transit fees, are already obligated to existing operations and maintenance. Furthermore, public policies intended to provide equitable access by all residents to the facilities limits the County's ability to raise those fees, thus they do not have potential for the Pike District. Micro-tolling and vehicle miles traveled fees were also evaluated but are not legal in Maryland and were omitted from this analysis. The only service fee with potential are parking revenue bonds, which are most frequently used to fund parking facilities. The 2010 ***White Flint Sector Plan*** does not anticipate a need for additional public parking facilities.

Service Fee Funding Tools				
Tool	**Description**	**Applicability**	**Legal in Maryland?**	**Potential for Pike District**
Parking Revenue Bonds	Parking fees can be pledged for repayment of revenue bonds without requiring commitment of the County's full faith and credit. Bears a higher interest rate than General Obligation bonds do.	Parking fees are rarely sufficient to offset the total cost of new parking facilities. Existing policies typically limit parking fees at County facilities, such as recreation centers.	Yes	Limited

IMPACT FEES

New impact fees, a common set of tools for financing infrastructure, do not have potential for the Pike District because of the existing White Flint Special Tax District: The White Flint Special Taxing District generates more revenue than and preempts use of other transportation impact fees; excise taxes duplicate other impact fees imposed by Montgomery County and thus has no potential for the Pike District.

VALUE CAPTURE

Value capture is the generation of revenue as a result of increasing the value of assets, generally property, in a subject area. Among options for value capture, TIF has potential to fund the public infrastructure required to develop those large parcels where private sector developers are ready to begin construction.

TIF offers the opportunity to commit future growth in specific tax revenues generated within the Pike District to fund supporting infrastructure. The challenge with utilizing TIF in the Pike District involves the timing and certainty of future development. TIF funding is not generally available before development starts because investors will not purchase bonds backed simply by projections of growth; they need greater security and require actual construction starts and completion guarantees. For projects where a developer or property owner sees a particular direct benefit to their property, a Project-Based TIF district could be established. For a Project-Based TIF the developer agrees to pay a special property tax triggered if the tax increment is not sufficient to cover the debt service.

The developer thus accepts the risk and becomes the guarantor for the TIF bond, which could be purchased by friendly investors. Some jurisdictions sidestep the bond issuance process all together and simply rebate the generated incremental property tax revenues to the developer, who then secures and repays a private loan for the TIF-funded public improvements.

Value Capture Funding Tools				
Tool	**Description**	**Applicability**	**Legal in Maryland?**	**Potential for Pike District**
Tax-Increment Financing	Tax-Increment Financing (TIF) pledges the increased taxes generated by the increase in value of properties within a defined district to fund public improvements. Though traditionally focused on real property taxes, Maryland law allows local jurisdictions to pledge other local revenues to TIF Districts in support of Transit-Oriented Development. Revenues can be committed to fund bonds and/or used in PAY-GO funding. TIF Districts can be limited to a single property with the property owner providing a back-up pledge to make TIF financing viable.	Ideally, TIF is used only in situations where the development would not take place and the additional tax revenues not generated without the TIF-funded investment. This assures that the committed revenues are truly incremental funds generated by the investment and are not being diverted from other County funding needs.	Yes	Good
Special Assessment Districts	Properties within a defined geographic district pay an additional tax to support district-specific infrastructure.	The White Flint Special Tax District is a prime example of a Special Assessment District.	Yes	Limited

PUBLIC-PRIVATE PARTNERSHIPS

The Pike District already benefits from a public-private partnership in the form of the White Flint Special Taxing District, which preempts impact fees and was developed in collaboration between property owners and the County as part of the 2010 ***White Flint Sector Plan***. Developer contributions in which the private sector funds and constructs infrastructure as part of their site plan approval is a major source of improvements in the Pike District. Montgomery County Planning regularly negotiates with developers to fund and build minor improvements such as bike lanes along their property frontage as part of the entitlement process. Major projects such as Pike & Rose and LCOR's joint development with WMATA built and dedicated the public road network internal to their sites. The existence of the Special Tax District prevents usage of developer contributions for the larger infrastructure projects that are included on the list funded by that mechanism. Where feasible, public-private partnerships should be promoted to finance and expedite delivery of major transportation infrastructure projects in the Pike District, such as the northern entrance to the White Flint Metro station and the MD 355 BRT.

Public/Private Partnership Funding Tools

Tool	Description	Applicability	Legal in Maryland?	Potential for Pike District
Developer Contributions	Developers fund and/or construct multiple infrastructure and public space improvements as part of their site plan approvals. Developer willingness is usually linked to the need to eliminate a barrier to develop and/or potential value created for their project, e.g., higher achievable rents.	The White Flint Special Tax District preempts the typical proffer process as property owners agreed to an additional tax to provide for the area's needed infrastructure. However, smaller infrastructure projects such as bicycle facilities and improved streetscapes are commonly implemented in the Pike District through developer contributions.	Yes	Good
Concession Agreements	Where recreational amenities include revenue-generating activities, a concession agreement can be negotiated with a private concessionaire to fund and/or construct a portion of the facility in exchange for an operations contract.	Typically, County recreation facility fees are kept as low as possible to ensure access for all residents. Revenues from fees or rentals are committed to O&M costs.	Yes	Limited

GOVERNMENTAL AND OTHER GRANTS

While most of the traditional Federal grant programs that support local infrastructure have been reduced in size or the moneys fully claimed, the economic devastation caused by the COVID-19 pandemic may lead the Federal government to enact another economic stimulus package that includes major infrastructure funding. Following the 2008 financial crisis, competitive grants were provided for "shovel-ready" projects that could begin construction quickly. Montgomery County would be best positioned to respond to such an opportunity and to compete for Federal funding if design and engineering plans are completed for eligible projects.

Other grant sources have limited potential for generally small infrastructure projects, particularly those improvements that appeal to a specific philanthropic entity or interested group of county residents. Grants from philanthropic organizations would need to go to non-profits active in the Pike District as philanthropy does not route funds through the municipal budget process. Crowdfunding offers potentials for small discrete projects with appeal to local or area residents. A non-profit entity in charge of an activation and programming initiative would be best placed to identify those modest size improvements that could generate interest from philanthropy or that residents might support with funding.

Governmental and Other Grant Funding Tools

Tool	Description	Applicability	Legal in Maryland?	Potential for Pike District
Economic Stimulus Funding	As with the American Recovery & Reinvestment Act of 2009, the Federal government is contemplating additional infrastructure funding for economic stimulus and job creation. Shovel-ready projects compete well for stimulus funding that prioritizes speedy construction starts.	In the past, this has been a competitive process. The County would need to prioritize the White Flint improvements over other infrastructure priorities. Early investment would be required to provide those shovel-ready plans in time to be eligible for stimulus funding.	Yes	Good
Philanthropy	Philanthropic support can be funneled to a non-profit corporation to support specific investments across a wide spectrum of projects. They may be one-time or continuing support including those related to arts, culture, education, community development, historic preservation and placemaking.	Solicitation of philanthropic support can be very time-consuming, and local governments are not typically eligible. Partner organizations could take the lead in soliciting grants to sponsor events and small facilities.	Yes, but not directly to local government	Limited
Crowdfunding	Online fundraising from area residents and businesses can help to fund a particular facility with particular appeal.	Effective crowdfunding requires a sophisticated outreach effort and is likely limited to less than $100,000. Labor-intensive. Most effective for small, discrete projects like a dog park.	Yes	Limited

OPERATIONAL FUNDING TOOLS EVALUATED

Operational funding tools support the implementation of activation strategies and encompass many of the techniques used by private entertainment and retail operations, as well as non-profit organizations. An urban district or a BID has potential to support a robust activation strategy in the Pike District if property owners recognize the value provided for this additional cost and assent to the tax. Implementing an urban district is a multistep process, requiring development of an activation plan, estimated budget and proposed tax rate, and securing property owner approval. The White Flint Downtown Advisory Committee, comprised of business and property owner representatives, issued a letter of support for a BID in 2017 and efforts remain underway to generate support for the concept. In the interim, an urban district could be established to manage activation strategies prior to formation of a BID. There are private sector companies that for a fee provide cleaning, maintenance, and beautification services on behalf of urban districts or BIDs. Engaging such an entity prior to formation of a BID can facilitate that BID's creation by demonstrating the value of its services to property owners.

The county could also establish a provisional entity in the Pike District to manage branding, programming, maintenance, and activation efforts, prior to the legal formation of a business improvement district (BID). The provisional entity could be modeled after the Bethesda Urban Partnership, with initial funding provided by Montgomery County; it should sunset in five years, or when a BID is established. The other operational funding tools evaluated all have potential, but their success is dependent upon the specific activation program created for the Pike District. The County currently has a consultant on contract through the Bethesda-Chevy Chase Regional Services Center for activation and branding in the Pike District. Such efforts should receive continued support in the interim.

Operational Funding Tools		
Tool	**Description**	**Comments and Examples**
Urban Districts	Properties within a defined geographic district pay an additional tax to support district-specific services. An Urban District could be a precursor to a Business Improvement District.	Downtown Bethesda, Silver Spring and Wheaton Urban District programs support programming, maintenance and security.
Business Improvement Districts (BIDs)	Businesses and property owners within a defined geographic district pay an annual service fee or an additional tax to support specific services, including programming, marketing and events management.	DC's Capitol Riverfront BID organizes, stages and manages extensive programming from yoga classes to major festivals in Yards Park. Silver Spring Town Center, Inc. curates a series of arts and entertainment events.
User and Membership Fees	Charge user fees to fund staffing and operations.	Supportable fees depend on the market. Requires controlled access. May reduce the potential use.
Retail Leases and Fees	Charge food vendors, other retailers, food trucks, etc. for the rights to vend on the site.	Supportable lease rates and fees depend on the market and the use.
Food, Alcohol and Merchandise Sales	Use food and alcohol proceeds and merchandise sales to cross-subsidize programming.	Needs an overall operator that runs the beer garden or other food services.
Event Fees	Charge fees for birthday parties, weddings, corporate events and other special events.	Requires an attractive event venue, the right to serve liquor, and the ability to control access.
Sponsorships	Negotiate corporate sponsorships of events or specific facilities.	Depends on attendance, visibility and vending rights.
Corporate Pop-Ups	Companies seeking to launch or test new products will pay staging fees as shown in Proxy's experience in San Francisco.	Depends on the site having sufficient use among the company's targeted market segment.
Corporate Demonstrations and Trainings	Companies that need outdoor space for demonstrations or workshops will pay fees.	REI demonstrated camping and fitness products at DC's Wunder Garten.
Advertising	Sell advertising on facilities, transit stops or transit vehicles.	May require a third-party manager to maximize the potential returns.
Hospital/Healthcare Partnerships	Hospitals and other healthcare organizations charged with improving health outcomes for their patients may find it effective to sponsor recreation facilities or programs.	Holy Cross Hospital is participating with wellness center programs in the new South County Recreation and Aquatic Center.
Grants	Solicit grant funding for arts and cultural activities and others with social benefits.	Non-profit users can often tap philanthropic and government grants for art installations, performances and community activities, particularly with children.
Volunteers	Volunteers can offset some operating costs. Fraternal organizations may undertake and staff a special event as a group fundraiser.	Depends on link to a cause. Biking enthusiasts may help train children and other new users.

APPENDIX

PIKE DISTRICT TRANSIT SHED ANALYSIS

Montgomery Planning calculated the number of jobs accessible from eight submarkets of the D.C. region within a 30-minute automobile commute and within a 30-minute public transit commute using data from ESRI Business Analyst online and by conducting a transit shed analysis.

ESRI uses Census data and information about the road network to estimate the number of jobs accessible within a 30-minute drive of a selected point. The team used the Metro station at the center of each submarket as the starting point and assumed a departure time of 8:30 AM on a typical weekday. It is assumed that all jobs that are accessible within 30-minutes by transit were also accessible within 30-minutes by automobile.

To estimate the number of jobs accessible within a 30-minute ride on public transit, the analysis used data about the transportation network and the location of employment as provided by the 2017 Quarterly Census of Employment and Wages (QCEW). The initial transit shed computation for each region involves two main data sources: WMATA static regional General Transit Feed Specification (GTFS) (a summary of the local transit networks), and an OpenStreet map downloaded from the OpenStreetMap website. The shed area is estimated by using the GIS Transit Analyst Tools on the aforementioned data sources to calculate all traffic analysis zones (TAZs) that can be reached from each of the focus submarkets within 30-minutes. TAZs are small geographic areas used in transportation modelling to organize and aggregate the land use areas a transportation network serves. Data on households and employment are associated with these TAZs, enabling the calculation of the number of jobs accessible within the 30-minute transit shed. The Washington, D.C. regional transportation model includes approximately 3,700 TAZs, covering 6,800 square miles.

The TAZ data is an aggregation of all jobs within each zone. At the edges of the calculated sheds a portion of the overlapping TAZs are accessible. Thus, to avoid including all of the jobs in TAZs where only a small fraction of the zone falls within the transit accessible shed of a focus submarket, it was assumed that no jobs were in fact accessible in TAZs where less than 15% of the zone was accessible within a 30-minute ride by public transit. For the remaining TAZs, the ratio of the overlap was used to calculate the number of transit accessible jobs: For a TAZ where 10% of the zone was accessible within a 30-minute ride by public transit it was assumed no jobs were accessible; For a TAZ where 35% of that zone was accessible it was assumed that 35% of the jobs were accessible; for a TAZ where 100% of the zone was accessible 100% of the jobs were assumed to be accessible.

The following impedence values were assumed for the transit shed calculations:

- Transit was only accessible via walking
- A walking speed of 3 MPH
- A boarding/alighting penalty of 15 seconds
- A 30 second penalty for signalized crossings
- Transit travel times taken from GTFS schedules

The analysis used the following transit networks within the GTFS data: Annapolis Transit, Arlington Transit, TheBus (Prince George's County), Laurel Connect-a-Ride, DASH (Alexandria), DC Circulator, Fairfax Connector, Frederick TransIT, Howard Transit, Loudoun County Transit, MARC Train, WMATA, OmniLink, OmniRide Commuter Bus, CUE (City of Fairfax), LINK (Reston), Ride On, UM Shuttle, and Virginia Railway Express (VRE).

REAL ESTATE CLASS DEFINITIONS

The report evaluates real estate by quality, described as Class A, Class B, and Class C. The following describes the class system and is based on the definition of Class A, B, and C office from CoStar's website

Class A: In general, Class A buildings are an extremely desirable investment-grade property with the highest quality construction and workmanship, materials and systems, significant architectural features, the highest quality/expensive finish and trim, abundant amenities, first rate maintenance and management; usually occupied by prestigious tenants with above average rental rates and in an excellent location with exceptional accessibility. Class A retail is typically located at a corner or a prominent spot among inline shops, has floor to ceiling heights of 14 feet or more, storefront width of 20 feet and depth of more than 65 feet, is clearly visible from primary streets, has clear pedestrian and vehicular access, and has associated or adjacent parking.

Class B: In general, Class B buildings offer more utilitarian space without special attractions. They will typically have ordinary architectural design and structural features, with average interior finish, systems, and floor plans, adequate systems and overall condition. Class B buildings are generally considered to be more of a speculative investment. The maintenance, management and tenants are considered to be of "average" to "good" quality, a somewhat subjective estimate. However, Class B buildings are less appealing to tenants and may be less optimal as compared to Class A in a number of respects including floor plans, condition and facilities. Class B buildings therefore attract a wide range of users with average rents. They lack prestige and must depend chiefly on lower price to attract tenants and investors. Typically, investors in Class B buildings are local.

Class B retail is typically well-situated among inline shops, has floor to ceiling clear heights of approximately 12 feet or more, a storefront width of at least 15 feet, and diminished factors characteristic of Class A space.

Class C: In general, Class C buildings are older buildings that offer basic space with few amenities. Class C properties have below-average maintenance and management, a mixed or low tenant prestige, and inferior elevators and mechanical/electrical systems. Even more than Class B buildings, Class C properties lack prestige and depend chiefly on lower rents to attract tenants and investors.

Class C retail is typically located among inline establishments, floor-to-ceiling heights of less than 12 feet, storefront width of less than 15 feet, and diminished factors characteristic of Class B space.

REAL ESTATE DATA SOURCE

Data on real estate markets and properties came from CoStar, a commercial real estate database. Most data were downloaded from this database in August, 2020, with select data points updated in November, 2020. CoStar is an actively maintained database and properties are constantly being added or adjusted.

ADVANCING THE PIKE DISTRICT

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