ATTACHMENT B

Wheaton
Market Overview &
Financial Feasibility

DRAFT

Prepared for:
Montgomery County Department of Planning

February 7, 2023

Contents

Executive Summary

The Wheaton Sector Plan was adopted by the County Council and the Planning Board in 2012. Since that time, the area has been changing slowly to achieve the vision of "a mixed-use center for the Georgia Avenue corridor and eastern Montgomery County – with regional shopping, culturally diverse retail and entertainment, business and government services, and transit-oriented residential and office uses that serve a population with a broad range of incomes." [1] The relatively slow pace of change reflects a series of economic, real estate and policy constraints. This economic analysis is intended to support development of strategies to implement the Sector Plan. It includes a market analysis, case studies from successful redevelopment efforts in similar markets and financial analysis of the feasibility of new development and redevelopment.

Wheaton's success to-date reflects the excellent transit service (Metro Red Line, Metrobus and Ride-On bus) and its location at the convergence of three major thoroughfares; clustering of ethnically diverse restaurants and shops; a regional shopping center; and public sector investment in new facilities.

The Wheaton Sector Plan Area includes 8,578 residents living in 3,741 households. The area's households grew by 37.9 percent from 2010 to 2022 with the addition of new apartment complexes. Race and ethnicity data highlight a growth in Hispanic population, which increased from 37.2 percent of residents in 2010 to 41.7 percent in 2022 while White residents declined from 47.4 percent or 30.2 percent. Sector Plan Area households have a median income of $98,770, which is 81.5 percent of Montgomery County's median of $121,242. Area businesses draw from a much larger Primary Trade Area with 72,211 residents living in 23,321 households with a median household income of $100,638.

The 6,988 workers who worked within the Wheaton Sector Plan Area in 2019 included 37.3 percent of jobs in retail trade, 15.4 percent in accommodations and food services and 12.9 percent in health care and social assistance. These data underscore the importance of the Westfield Wheaton shopping center and the large number of small retail shops and restaurants to the local economy.

Residential Market

Downtown Wheaton offers both rental and ownership housing opportunities, ranging from large-scale redevelopment of a few infill sites to smaller infill projects. Downtown residential development competes within the larger Wheaton/Glenmont submarket, which includes 5,563 units of multi-family rental housing with a healthy vacancy rate of 3.6 percent in August 2022, down from 5.4 percent in 2020.

Within the Wheaton Sector Plan Area itself, the residential stock is dominated by newer apartment buildings located within a half-mile of the Metro station. The six buildings

[1] *Wheaton CBD and Vicinity Sector Plan*, page 9, Adopted January 2012.

constructed from 2005 to 2018 include 70 percent of Downtown's apartments. Vacancies now stand at a low 2.9 percent. Overall, monthly asking rents average $1,913 per unit as compared with $2,015 in Downtown Silver Spring, $2,680 in Downtown Bethesda and $2,060 in Downtown Rockville. The only residential project known to be actively pursuing development is Wheaton Gateway, a proposed high-rise at Veirs Mill Road and University Boulevard.

The larger Wheaton residential market had 272 units sold from September 2021 through August 2022. Seventy percent of these sales were single-family detached houses, another 23 percent townhouses and the remaining 7 percent of sales were condominiums with median sale prices of $550,000, $500,000 and $295,000, respectively.

Market trends suggest the potential for an additional 1,100 units of multi-family housing in the Sector Plan Area by 2035 with another 1,000 additional units by 2045. Additional funding for affordable housing could boost those numbers. However, the future of residential development will depend on the availability of land and zoning envelope for residential or mixed-use development.

Office Market

Much of the Downtown Wheaton's office space exists in commercial buildings along major thoroughfares with access and visibility along Georgia Avenue (Maryland Route 97) or University Boulevard (Maryland Route 193) or Veirs Mills Road (Maryland Route 586). The Sector Plan Area, which includes Westfield Wheaton, has 28 buildings with almost 753,000 square feet of office space – a modest inventory when compared with 6.6 million square feet in Downtown Silver Spring and 9.0 million square feet in Downtown Bethesda. The new Maryland-National Capital Park and Planning Commission (M-NCPPC) headquarters building dominates the local inventory with 308,000 square feet. Excluding the space absorbed in M-NCPPC's new building, the area suffered a net loss of 140,000 square feet of office occupancy from 2013 to 2022. Wheaton's ability to compete for major office spaces is limited by its lack of a vibrant pedestrian environment. It is unlikely to see new office space developed over the near- to mid-term given the 13.1 million square feet of vacant space countywide, the shift toward reduced office use with the move to working from home, and depressed office rents that do not support the cost of new construction.

Retail Market

Wheaton's retail offerings include a regional mall, a number of smaller strip centers and a significant aggregation of small storefronts. CoStar data reveal that 2.46 million square feet of retail exist within the Sector Plan Area with a healthy 2.5-percent vacancy rate and rents averaging $29.25 per square foot. The Westfield Wheaton complex, opened in 1960 and upgraded and expanded over the decades, encompasses 1.5 million square feet of the area's retail inventory.

Strip centers offer a wide variety of spaces for restaurants, retail stores, and offices. Most of these centers were originally built from 1947 to 1961 with later centers built from 1988 to 2010, taking advantage of the Metro station that opened in 1990. The overwhelming majority of tenants are small independent retailers with spaces generally ranging from 1,000 to 2,000 square feet. Only a few chains lease space outside of the Westfield Wheaton properties.

The smaller retail spaces east of Veirs Mill Road and Westfield Wheaton include almost 300 retail spaces (excluding auto-related businesses such as gas stations). Of those spaces, 43 or 14 percent are vacant with the key cluster of vacancies located in the Georgia Crossing development at the Georgia Avenue/University Boulevard intersection. Comparing the inventory to one prepared in 2020 indicates that roughly 41 businesses (16 percent) are new to the business district (east of Veirs Mill Road) and five have changed locations. Forty percent of these non-mall retailers were explicitly aimed at the minority communities (foreign-language signage and/or ethnic specialties) with as many as 60 percent depending primarily on minority community expenditures.

Sales in the Sector Plan Area are estimated at $552 million in 2022, excluding auto dealers, gas stations, and building materials and non-store retailers. These include 21.4 percent for Neighborhood Goods & Services (grocery stores and drugstores), 10.1 percent for Food & Beverage, and 68.5 percent for General Merchandise, Apparel, Furniture and Other Shoppers Goods (GAFO) retailers.

Household growth within the PTA is expected to be rather modest given the built-out nature of the area; however, the population in the Sector Plan Area is anticipated to increase by half to two-thirds by 2045. The growth in close-by customers should increase sales among existing retailers and restaurants while providing modest support for new retail and service providers. Upgrades to the Downtown's connectivity, pedestrian facilities and public spaces should enhance the share of nearby residents' expenditures captured by local retailers and restaurants by encouraging greater reliance on pedestrian and bike trips.

Market Strengths

From a market perspective, Downtown Wheaton has many advantages, including:

- Metro, bus and auto accessibility
- Recognized regional hub of commerce and government
- Authenticity of independent businesses and ethnic restaurants
- Strong population/customer base – both drive-in and walk-in
- Concentrations of Latino and other ethnic residents who support specialized businesses
- Multiple property assemblages that may ultimately support redevelopment and population growth
- Arts and Entertainment District designation and incentives
- Chuck Levin's Washington Music Center's regional reputation and draw
- Urban District clean and safe efforts and promotional activities

Market Weaknesses

However, the following weaknesses constrain Wheaton's ability to reach its full potential:

- Pedestrian environment
  - Auto domination with three major higher-speed arterials
  - Narrow sidewalks not protected from speeding auto traffic
  - Limited safe and attractive connectivity among business clusters
- Few gathering places in the Downtown other than Marian Fryer Town Plaza
- Retail parking for some properties not as convenient and plentiful as in competitive shopping centers
- Arts and entertainment options, such as performing arts spaces, studios, galleries and artist housing, not fully developed
- Number of events and marketing limited by the Urban District's small budget
- Some of the aging retail spaces do not meet the needs of modern retailers

Redevelopment and Infill Opportunities

This analysis included financial feasibility analysis for redevelopment of four key properties, chosen in consultation with their owners. Hord Coplan Macht, Inc. prepared architectural concepts and building programs for each site, testing the impacts of different heights and sizes. Partners for Economic Solutions then prepared financial pro formas that tested whether the future rental income could support the development costs without government incentives. That analysis resulted in the following findings:

- Redevelopment of existing commercial strip shopping centers with repositioning in the market for new retail and residential infill development offers the greatest potential for properties near the Metro station. Market-rate rents will be need to increase by 20 to 28 percent to justify the risk and investment from the private market.
- Allowing additional height and density are not sufficient to close the financial gap for new high-rise development.
- Mid-rise development of five to seven stories that relies on wood construction offers lower costs and greater feasibility than high-rise options that rely on concrete construction.
- Parking costs are a major burden on new development.
- Right-sizing the project's parking can be an important tool in reducing development costs and required subsidy, though the push for lower parking ratios must be tempered by market demand. Current zoning standards should be reexamined to verify that they accurately reflect car ownership rates and retail parking demand.
- Adding ground-level retail to rental housing development requires expensive additional parking beyond what retail rents can cover. This might be solved by shared parking with nearby office uses in the evenings and on weekends.
- In Wheaton, retail customers have resisted using underground parking, possibly limiting the effectiveness of that parking strategy.

- Redevelopment for condominiums is currently infeasible and not likely to be feasible for many years given the size of the financial gap.
- Recent increases in the cost of financing have impacted development feasibility and require more equity from private developers, dampening interest in near-term redevelopment.

Support for Small Businesses

Case studies of small business supports from other cities offer the following lessons:

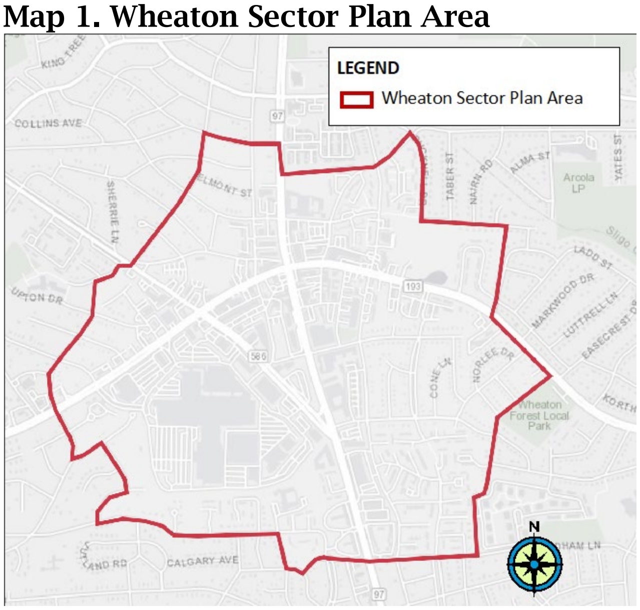
- Aggressive action with consistent funding is needed to offset the impacts of gentrification on small businesses.
- Catalytic development requires moving at the speed of trust. Small community projects can start to build community support and trust.
- Partnering with trusted organizations active in the community can increase the prospects for successful engagement.
- Translating all materials is important for foreign-born entrepreneurs.
- Tax incentives for landlords can target rent stabilization for legacy businesses.
- Assisting businesses to buy their buildings could provide them with important leverage.
- Timely action is critical to help stabilize Latino businesses before rent increases outstrip their ability to remain in gentrifying neighborhoods.
- When gentrification results in the loss of Latino residents who could no longer afford to live in the neighborhood, those losses can undercut market support for Latino businesses.
- The arts can be a powerful force for activating a neighborhood and helping it create a new identity. A shared vision and plan developed with the community can help sustain a long-term focus for the arts community efforts and funding, supporting a program of incremental changes that build over time.
- A focused Community Development Corporation with day-to-day responsibility for advancing the corridor and flexible tools for working with organizations and small developers to build new facilities and programs can be very effective.
- Programming is critical in generating activity, community organization and recognition as an arts corridor.
- Prospective entrepreneurs benefit from targeted business assistance in an organized multi-month hands-on training program tied to increasing levels of support as the participants build their skills and demonstrate their commitment.
- Multiple programs need to be layered to address physical improvements and small business needs.
- Supporting new entrepreneurs helps to build and sustain the community.

I. Introduction and Demographic Overview

In keeping with the “complete communities” goal of Thrive Montgomery 2050, the Wheaton planning effort seeks an integrated, synergistic central business district that welcomes a diverse mix of residents, businesses, and visitors within comfortable walking, biking, rolling, and transit distance. The current planning effort will be a block-level refinement of the Wheaton Sector Plan detailing how existing properties can adapt and transform while retaining Wheaton’s unique texture and history. The Wheaton Downtown Study represents a new kind of process for the Planning Department allowing for targeted refinements without changing the plan’s core recommendations. The study’s findings will inform recommendations to allow the evolution of downtown Wheaton, including adaptive reuse or expansion of small properties as well as public realm improvements.

The Wheaton Sector Plan was adopted by the County Council and the Planning Board in 2012. Since that time, the area has been changing slowly to achieve the vision of “a mixed-use center for the Georgia Avenue corridor and eastern Montgomery County – with regional shopping, culturally diverse retail and entertainment, business and government services, and transit-oriented residential and office uses that serve a population with a broad range of incomes.” [2] The relatively slow pace of change reflects a series of economic, real estate and policy constraints. This economic analysis is intended to support development of strategies to implement the Sector Plan. It includes a market analysis, case studies from successful redevelopment efforts in similar markets and financial analysis of the feasibility of new development and redevelopment.

Map 1. Wheaton Sector Plan Area

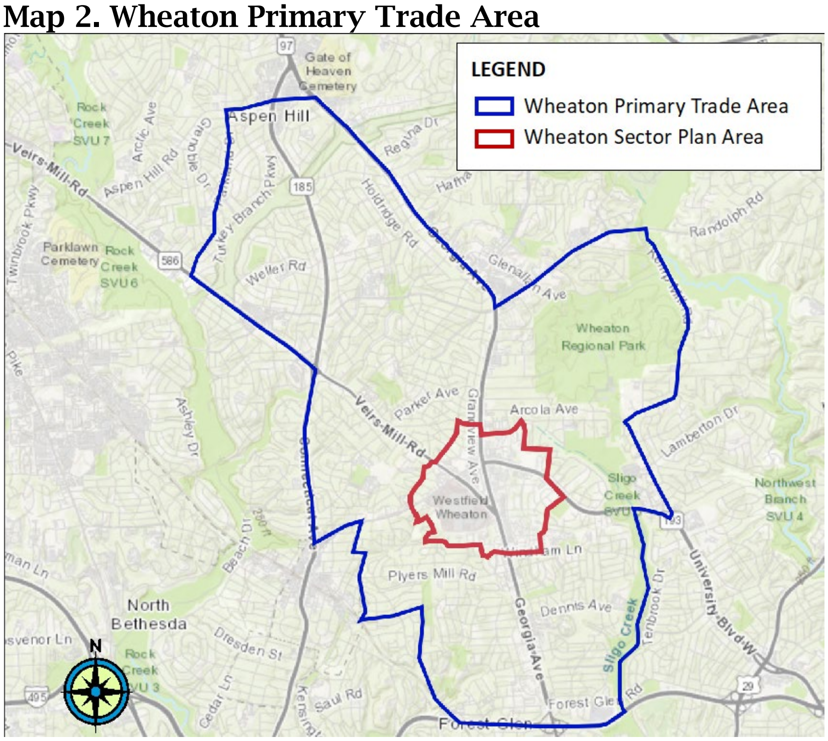


[2] *Wheaton CBD and Vicinity Sector Plan*, page 9, Adopted January 2012.

To understand Downtown Wheaton's economic position, the analysis first highlights meaningful demographic trends and real estate conditions. The Wheaton Primary Trade Area (PTA), shown in Map 2, represents the area likely to generate the bulk of demand for Study Area real estate. The PTA extends from the Capital Beltway to Aspen Hill and from Kensington to Sligo Creek Parkway/Wheaton Regional Park. It incorporates 15 Census Tracts, matching those used to define the PTA in the Retail in Diverse Communities Study of 2021. Additional data for the Montgomery County and the Washington DC metropolitan area[3] are provided for comparison purposes.

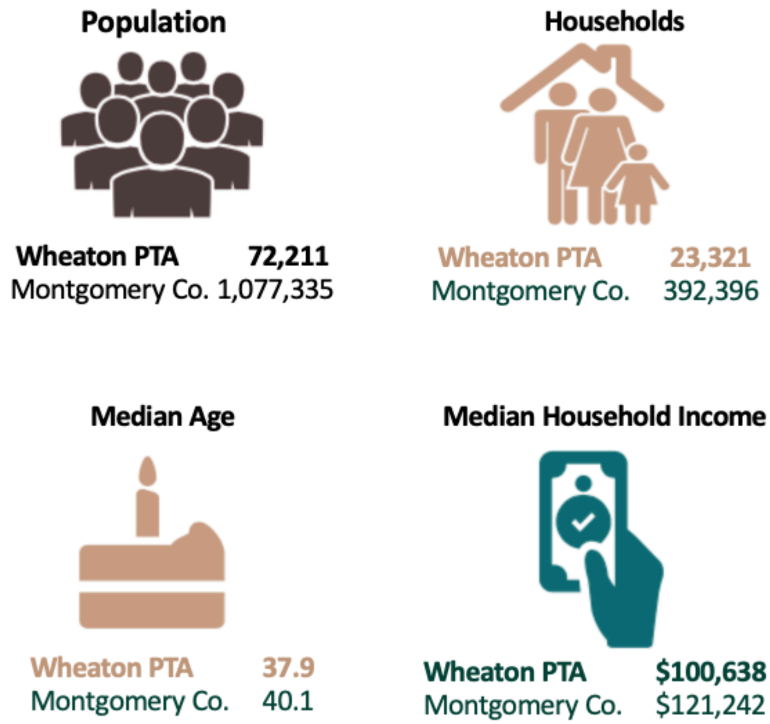
Wheaton's success to-date reflects the excellent transit service (Metro Red Line, Metrobus and Ride-On bus) and its location at the convergence of three major thoroughfares; clustering of ethnically diverse restaurants and shops; a regional shopping center; and public sector investment from library to government offices. The suburban residential communities and Wheaton Regional Park east of Wheaton's commercial core further strengthen the area.

Map 2. Wheaton Primary Trade Area



[3] The Washington DC metropolitan area includes the following counties: Arlington, Calvert, Charles, Clarke, Culpeper, Fairfax, Fauquier, Frederick, Jefferson, Loudoun, Madison, Montgomery, Prince George's, Prince William, Spotsylvania, Stafford, and Warren as well as the District of Columbia and the cities of Alexandria, Fairfax City, Falls Church, Manassas and Manassas Park.

Wheaton PTA demographics highlighted significant population growth with the addition of 4,900 new residents or 7.3 percent from 2010 to 2022, including gains of 1,471 new households. (See Appendix Table A-1.) Household growth at 6.7 percent from 2010 to 2022 was slower than in Montgomery County as a whole, which added 90,300 new households (or 9.3 percent) during the same period. The Wheaton Sector Area population and households grew more rapidly from 2010 to 2022 at 26.4 and 37.9 percent, respectively. The Sector Plan Area added 1,793 new residents and 1,028 households to reach a 2022 total of 8,578 residents and 3,741 households.



As would be expected, population is fairly evenly distributed among the age groups with median age of 37.9 years for the PTA and 40.1 years for Montgomery County (Appendix Table A-1). The Sector Plan Area population is somewhat younger with a median age of 35.1 years. The Wheaton PTA has a higher percentage of multi-generational households at 6.6 percent of all households as compared to 4.2 percent in Montgomery County. Households with children represent 38.2 percent of PTA households as compared to 35.7 percent in Montgomery County, with 36.6 percent of the Sector Plan Area households having children.

Larger households continue to seek suburban development options and consider the first-ring suburbs outside the Capital Beltway in Montgomery County as an ideal location. While smaller households dominate urban environments, the more suburban Wheaton PTA had an average size of 3.08 persons per household in 2022 as compared with 2.72 persons per household in Montgomery County. Households in the Sector Plan Area itself reflect the urban housing stock with an average size of 2.29 persons. (See Appendix Table A-2.)

The data for race and ethnicity highlight a growth in Hispanic population, which increased from 37.2 percent or 25,030 residents in 2010 to 41.7 percent or 30,112 residents in 2022 (Appendix Table A-3). During the same period, the number of White residents declined from 31,893 or 47.4 percent in 2010 to 21,808 or 30.2 percent in 2022.

The 2022 household incomes in the Wheaton PTA reflect the diversity of the residential community. Montgomery County's median household income of $121,242 exceeds the Washington DC metropolitan area median household income of $106,156, based on data from Esri, a national data provider. In the Wheaton PTA boundary, Esri reports a median household income of $100,638 – roughly 17 percent lower than in Montgomery County as a whole. In Montgomery County roughly 28.5 percent of households earn in excess of $200,000 annually. In contrast, only 15.9 percent of the Wheaton PTA's households earn more than $200,000 and 21.4 percent of households earn less than $50,000. Within the Wheaton Sector Plan Area, households have a median income of $98,770 with 26.3 percent earning less than $50,000 and 10.9 percent earning $200,000 or more. (See Appendix Table A-4.)

Relative to Montgomery County, the Wheaton PTA households are increasingly Hispanic, younger, somewhat less affluent and larger in size. Households within the Sector Plan Area are smaller and younger with lower incomes than those in the PTA or the county as a whole, reflecting in part the extent of the multi-family housing stock.

Household Growth Forecasts

The future of residential demand depends not only on market considerations but also on the availability of land and zoning envelope for residential or mixed-use development. Downtown Wheaton is well developed with limited undeveloped land available for residential development. New development has focused on redevelopment of older, small commercial properties.

Based on forecasts generated by the Metropolitan Washington Council of Governments (MWCOG)[4], Montgomery County households will continue to increase with growth expected to add approximately 70,800 new households (18.1 percent) from 2020 to 2045. The Wheaton Sector Plan Area is forecast to receive 4.1 percent of the total new county households, gaining 2,883 new households during the same time period, as shown in Table 1. These forecasts are generally consistent with recent trends and known development pipeline projects, but may understate the potential growth from 2020 to 2035 and overestimate the potential development from 2035 to 2045.

[4] Draft Round 9.2 cooperative household and population forecasts for 2020-2045, released April 14, 2021.

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Table 1. Household and Population Forecasts, Wheaton Sector Plan Area and Montgomery County, 2020-2045	Wheaton Sector Plan Area	Montgomery County	Sector Plan Area as Share of County
Households			
2020	4,070	391,159	1.0%
2035	4,627	438,123	1.1%
2045	6,953	461,916	1.5%
2020-2045 Change			
Number	2,883	70,757	4.1%
Percent	70.8%	18.1%	
Population			
2020	9,678	1,051,983	0.9%
2035	10,987	1,167,698	0.9%
2045	16,015	1,223,339	1.3%
2020-2045 Change			
Number	6,337	171,356	3.7%
Percent	65.5%	16.3%	

Source: Metropolitan Washington Council of Governments Draft 9.2 Cooperative Forecasts, April 14, 2021; Partners for Economic Solutions, 2022.

Employment Base

Data on the business climate include the number of businesses, employees and expected daytime population with the Wheaton PTA. They indicate a thriving business community with roughly 1,860 businesses and 16,122 employees. The Sector Plan Area has 842 businesses with 6,988 employees, representing 43 percent of the PTA jobs. Esri estimates the daytime population reaches 60,516 people daily in the Wheaton PTA.

Daytime Population

Wheaton PTA 56,264
Montgomery Co. 1,063,035

Unemployment Rate

Wheaton PTA 5.6%
Montgomery Co. 4.3%

Total Employment

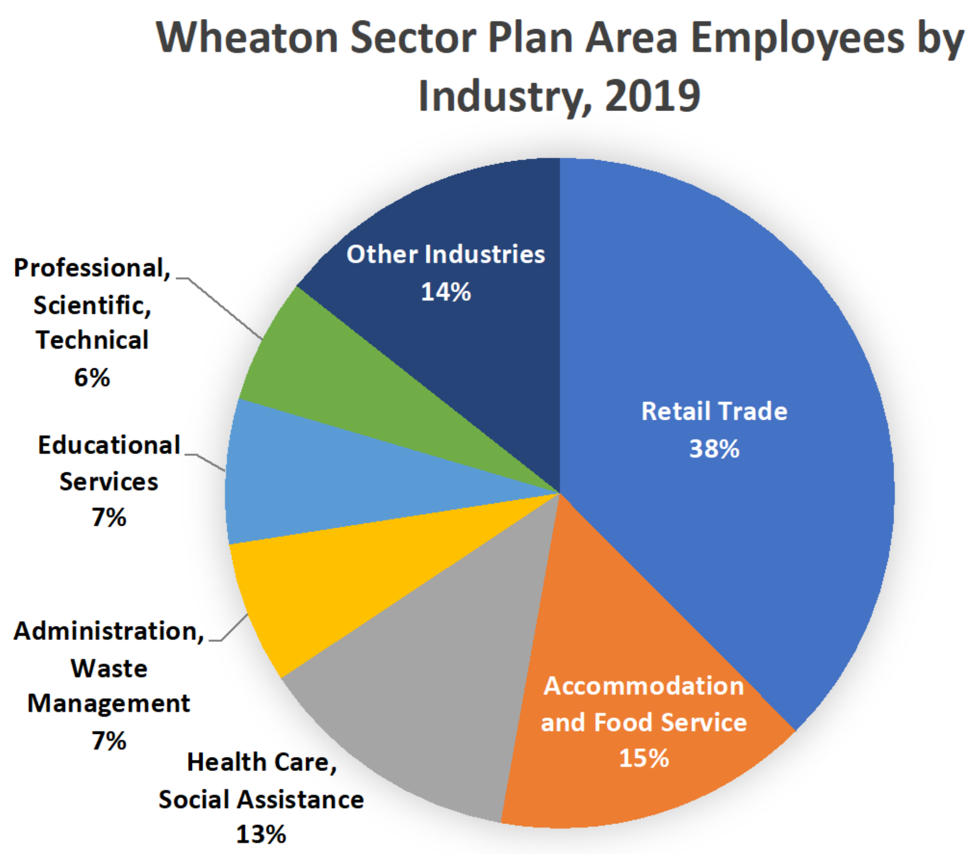
Wheaton PTA 16,122
Montgomery Co. 477,389

Employment Type- White Collar

Wheaton PTA 62%
Montgomery Co. 78%

Nearly three-fifths (59.5 percent) of employed PTA residents work in white-collar jobs, somewhat less than the three-quarters of the county's employed residents in white-collar-jobs. Blue-collar professions employ 12.9 percent of PTA residents as compared with Montgomery County's 10.8 percent of residents working in blue-collar professions. One in five PTA residents has a graduate or professional degree, compared to one-third of Montgomery County residents with advanced degrees.

Focusing on employees working within the Wheaton Sector Plan Area, Census data from 2019[5] indicate that 37.3 percent of jobs are in retail trade, followed by 15.4 percent in accommodations and food services and 12.9 percent in health care and social assistance. Shown in the following chart, these data underscore the importance of the Westfield Wheaton shopping center and the large number of small retail shops and restaurants. Unlike downtowns with a significant office presence, Wheaton has only 10.6 percent of its employees working in professional, scientific and technical services, finance and insurance, information and public administration jobs. However, it should be noted that 2019 pre-dates the move of Maryland-National Capital Park and Planning Commission to Wheaton.



[5] Longitudinal Employment and Household Dynamics data from On the Map.

II. Market Conditions

Residential Market

Wheaton provides an excellent location close to the nation's capital, and the Silver Spring and Rockville downtown employment cores – with some pockets of growth in population and households expected to continue over the next 10 to 20 years. Downtown Wheaton offers both rental and ownership housing opportunities, ranging from large-scale redevelopment of a few infill sites to smaller infill projects.

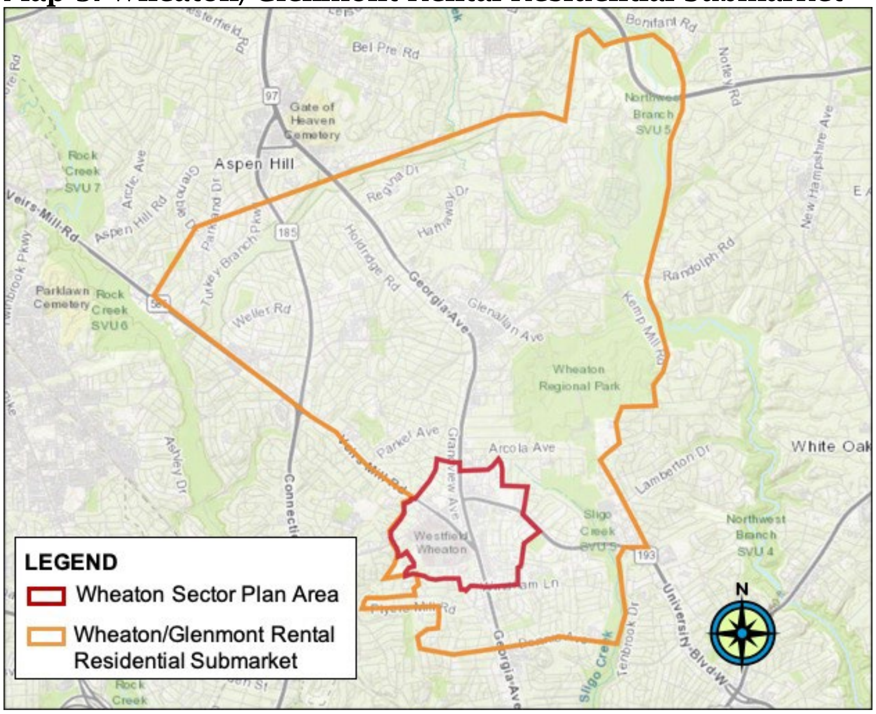
Tenure has shifted over the last 12 years with the addition of downtown apartments. Renter-occupied units increased from 47.6 percent of occupied units in 2000 to 54.3 percent in 2022 for the Wheaton Sector Plan Area.

Rental Residential

The Wheaton-Glenmont submarket, as defined by CoStar (a national real estate data information firm) and shown in Map 3, includes rental housing in mid-rise apartment complexes, older garden apartments and four high-rise apartments with a total of 5,653 units. Those high-rise buildings provide 1,223 units or 22 percent of all units. Roughly 41 percent of the inventory is in Class B developments with one-third or a dozen buildings classified as Class C. (See Appendix Table A-6.) The five Class A buildings have 1,474 units and were all developed between 2005 and 2018 in close proximity to the Wheaton Metro station. By number of developments, 39 percent are mid-sized buildings with 100 to 199 units each, representing 31 percent of the total unit inventory. Four large developments with 400 to 600 units provide 35 percent of the inventory or 1,956 units. The submarket remains healthy with a vacancy rate of 3.6 percent in August 2022, down from 5.4 percent in 2020.

Within the Wheaton Sector Plan Area itself, the residential stock is dominated by newer apartment buildings located within a half-mile of the Metro station. (See Appendix Table A-7.) Seventy percent (1,647 units in 6 of 13 buildings) were constructed from 2005 to 2018. The George and Arrive Wheaton are high-rises. The other new buildings have four to seven stories, taking advantage of the lower costs associated with wood-frame construction. Vacancies now stand at a low 2.9 percent. Overall, monthly asking rents average $1,913 per unit. Sixty-three percent of the units are in Class A buildings. Wheaton's rents are relatively affordable when compared with other Metro locations in the county – $2,015 in Downtown Silver Spring, $2,680 in Downtown Bethesda and $2,060 in Downtown Rockville.

Map 3. Wheaton/Glenmont Rental Residential Submarket



Within the Wheaton Sector Plan Area itself, the residential stock is dominated by newer apartment buildings located within a half-mile of the Metro station. (See Appendix Table A-7.) Seventy percent (1,647 units in 6 of 13 buildings) were constructed from 2005 to 2018. The George and Arrive Wheaton are high-rises. The other new buildings have four to seven stories, taking advantage of the lower costs associated with wood-frame construction. Vacancies now stand at a low 2.9 percent. Overall, monthly asking rents average $1,913 per The Sector Plan Area has seen significant new residential development over the last decade. Most recently, Avalon Bay Communities developed **AVA Wheaton**, a 319-unit apartment complex with structured parking on Georgia Avenue north of Blueridge Avenue in 2018. Three major developments delivered in 2014:

- **Solaire Wheaton** added 232 units on Georgia Avenue south of Westfield Wheaton;
- **The George** opened on Georgia Avenue south of MetroPointe (developed in 2008) and the Metro station on Reedie Drive with 12 stories and 194 units, almost all of which are studio or small one-bedroom units; and
- **Arrive Wheaton** delivered 486 units in a 17-story mixed-use building above the new Safeway on Georgia Avenue north of Reedie Drive.

These four developments more than doubled the multi-family housing stock within the Wheaton Sector Plan Area.

Now, however, only one residential project is known to be actively pursuing development:

- **Wheaton Gateway** is a proposed high-rise multi-family apartment building on a five-acre property that was previously occupied by an auto dealership, a former hotel and a single-story retail building. The development team of PS Ventures, Duffie Companies, Willco, and the Housing Opportunities Commission of Montgomery County proposes two phases of development with a total of 800 apartments and roughly 50,000 square feet of commercial space in three buildings. The housing would include a mixture of 210 one-, two- and three-bedroom housing units with 30 percent of the units committed as Moderately Priced Dwelling Units. The first phase of development would involve two buildings on the northern half of the site. The project would incorporate three levels of below-ground parking to meet the needs of residents and retailers and accommodate on-site traffic movements to minimize the impact on Veirs Mill Road and University Boulevard.

For-Sale Residential

Data from Real Estate Business Information and Multiple Listing Service data (reported by Redfin.com) show that 272 residential units sold in Wheaton over the 12 months from September 2021 to August 2022. Seventy percent of these sales were single-family detached houses, another 23 percent townhouses and the remaining 7 percent of sales were condominiums. The median sale prices of the recently sold condominiums reached $295,000 with an average size of 1,173 square feet and a median price of $260 per square foot, which compares to the townhouses' median sale price of $500,000 and single family homes at $550,000. Typically, suburban markets have limited condominium sales activity. The average sizing of the townhouses at 1,860 square feet compares to the slightly larger average of 1,911 square feet for single-family detached houses. These sales represented a wide diversity in price, size, lot size and amenities, as shown in Table 2.

Map 4. Wheaton Residential For-Sale Area

Table 2. Housing Units Sold in Wheaton, September 2021 - August 2022							
Housing Type	Units Sold	Price Range			Price per Square Foot		
Wheaton							
Condominium	20	$212,000	-	$499,000	$182	-	$419
Townhouse	62	$240,000	-	$629,000	$161	-	$432
Single-Family Detached	190	$320,000	-	$1,115,000	$136	-	$595
Total	**272**						
Close-In Wheaton							
Condominium	14	$212,000	-	$499,000	$182	-	$419
Townhouse	46	$350,000	-	$629,000	$181	-	$397
Single-Family Detached	98	$320,000	-	$980,000	$161	-	$595
Total	**158**						

Source: Multiple Listing Service, 2022; Partners for Economic Solutions, 2022.

Residential Demand

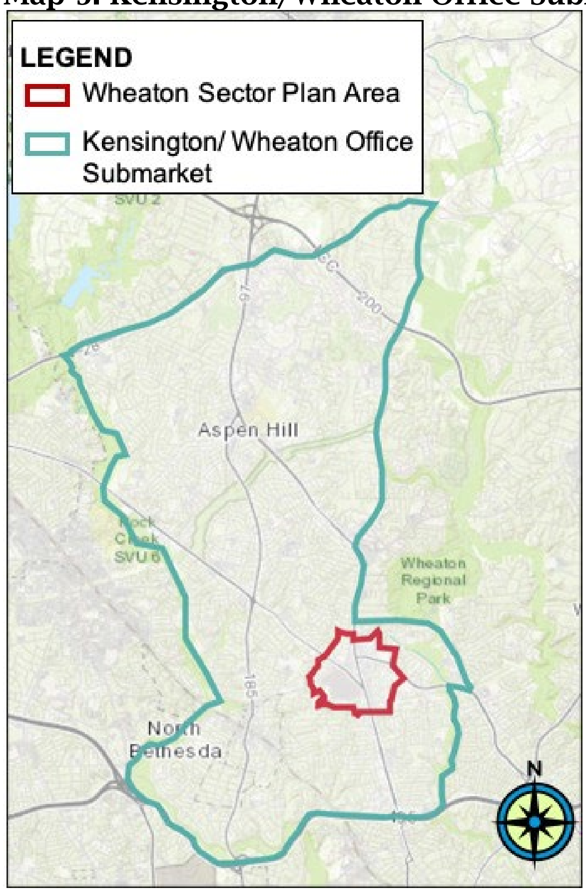
Market trends suggest the potential for an additional 1,100 units of multi-family housing in the Sector Plan Area by 2035 with another 1,000 additional units by 2045. Additional funding for affordable housing could boost those numbers.

However, the future of residential demand depends not only on market considerations but also on the availability of land and zoning envelope for residential or mixed-use development. The Downtown study area has limited land available for residential development due to extensive development. As previously stated, nearly all of the new construction over the last two decades has been redevelopment of existing commercial and industrial properties. Section IV explores redevelopment potentials for five key property assemblages.

Office Market

The office market assessment includes general office market insights and review of neighborhood-serving offices in less traditional spaces. Much of the general market office space exists in commercial buildings along major thoroughfares and in traditional business parks with access and visibility along Georgia Avenue (Maryland Route 97) or University Boulevard (Maryland Route 193) or Veirs Mills Road (Maryland Route 586). Within the much larger Wheaton / Kensington office submarket, as defined by CoStar and shown in Map 5, office space accounts for approximately 2.0 million square feet in 112 properties with a 9.4-percent vacancy rate. (See Appendix Table A-8.) The Sector Plan Area, which includes Westfield Wheaton, has 28 buildings with almost 753,000 square feet of office space (Appendix Table A-9). Compared with the 6.6 million square-foot inventory in Downtown Silver Spring and the 9.0 million square-foot inventory in Downtown Bethesda, the Wheaton office supply is quite limited. Vacancies are higher at 10.6 percent. Only 12 office buildings sit within the Downtown Wheaton core with a total of 406,000 square feet of office space or 29 percent of the total inventory in the larger submarket. The core's office space has a much lower vacancy rate of 3.5 percent. The new Maryland-National Capital Park and Planning Commission (M-NCPPC) headquarters building dominates the core's inventory with 308,000 square feet or 70 percent of the total office space. The Wheaton/ Kensington office submarket's office spaces rent for $27 to $28 per square foot full-service on average. In comparison, the Wheaton's core office spaces rent for an average of $26 per square foot full-service based on reports to CoStar. Over the past decade, the Sector Plan Area absorbed a total of 156,000 square feet of office space due to M-NCPPC's move to Wheaton. Excluding the space absorbed in M-NCPPC's new building, the area suffered a net loss of 140,000 square feet of office occupancy.

Map 5. Kensington/Wheaton Office Submarket



The county as a whole has a substantial stock of vacant space – 13.1 million square feet or 17.2 percent of the total inventory. Vacancies have grown from 12.2 percent in 2019 as the Covid-19 pandemic disrupted the market and accelerated the move toward greater numbers of workers working from home. With many companies and agencies adopting hybrid working arrangements and reducing their office space, the office market is still adjusting in response. As a result, office rents are generally below the level required to support new development.

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Office Demand

The potential for office development in Wheaton will be most closely tied to the demand for local services spurred by population growth. Historically, major office users have bypassed Wheaton in favor of locations with a greater concentration of non-retail businesses and those with better regional access. Most recently, businesses have emphasized locations with a quality pedestrian environment that can help them compete for workers. While Wheaton has a strong cluster of restaurants, it does not yet have a vibrant pedestrian center. Given the large overhang of vacant office space in the county's more competitive markets, it is unlikely that the Downtown core will attract significant office demand. Smaller buildings may be supported from time to time as the employment base expands.

Retail Market

Wheaton's retail offerings include a regional mall, a number of smaller strip centers and a significant aggregation of small storefronts. CoStar data reveal that 2.46 million square feet of retail exist within the Sector Plan Area with a healthy 2.5-percent vacancy rate and rents averaging $29.25 per square foot. Westfield Wheaton is a 1.5 million square-foot regional shopping center anchored by Macy's, JC Penney, Target, Costco, Dick's Sporting Goods and Giant Food. Originally called Wheaton Plaza, the center opened in 1960 and has undergone significant changes over the years. Satellite buildings added movie theaters, big-box retailers, a fitness center, restaurants and convenience retail. The mall is well leased with only 1.7 percent vacant space (12,400 square feet of retail space and 5,000 square feet of office space). Structured parking provides 750 covered spaces along with the center's 5,303 uncovered spaces. Large sites along Veirs Mill Road offer opportunities for additional development.

The strip centers offer a wide variety of spaces for restaurants, retail stores, and offices. Table 3 lists some of the larger shopping plazas. Most of the centers were originally built from 1947 to 1961 with later centers built from 1988 to 2010, taking advantage of the Metro station that opened in 1990. The overwhelming majority of tenants are small independent retailers with spaces generally ranging from 1,000 to 2,000 square feet. Only a few chains lease space outside of the Westfield Wheaton properties.

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Table 3. Wheaton Sector Plan Area Selected Shopping Plazas			
Address	Plaza Name	Rentable Building Area (Sq. Ft.)	Year Built/ Renovated
11401-11423 Georgia Ave, 11427-11453 Georgia Ave	Wheaton Shopping Center	51,976	1947
11410 Georgia Ave	Lands of Living Well	47,309	1955/1985
11232-11242 Grandview Ave	Wheaton Station	35,352	1988
2311-2321 University Blvd W	Wheaton Manor Shopping Center	32,031	1955
2401-2419 University Blvd W		18,733	1951
11305 Georgia Ave		15,987	1975
2501-2519 University Blvd	Georgia Crossing at the Anchor Inn	15,162	2008
11325-11339 Georgia Ave	Gateway Wheaton Bldg	13,000	1991
11210-11220 Georgia Ave		12,000	1967
2545-2579 Ennalls Ave	Triangle Park	11,613	2010
11307 Georgia Ave		9,900	1951
11200-11208 Grandview Ave		8,352	2002
2300-2318 Price Ave		7,882	1988
11234-11254 Georgia Ave	Wheaton Triangle	5,248	1956

Source: CoStar, 2022; Partners for Economic Solutions, 2022.

Since 2010, the only new retail spaces developed in the Sector Plan Area were the Costco, the new Safeway, which replaced a much smaller store, and a bank branch in 2013. The total inventory of space has declined slightly since that time.

Focusing on the smaller retail spaces east of Veirs Mill Road and Westfield Wheaton, PES inventoried almost 300 non-auto-related spaces. Of those spaces, 43 or 14 percent were vacant with the key cluster of vacancies located in the Georgia Crossing development at the Georgia Avenue/University Boulevard intersection. Despite the center's prominent location, roughly half of the storefronts cannot be seen from the major arterials, and on-site parking is relatively limited.

The occupied spaces had the following breakdown by tenant type:

Business Category	Number of Spaces	Number of Spaces
Neighborhood Goods & Services[6]	92	36%
Food & Beverage[7]	81	32%
General Merchandise, Apparel, Furniture and Other Shoppers Goods[8]	28	11%
Non-Retail Services	55	21%
Total	**256**	**100%**

Forty percent were explicitly aimed at the minority communities (foreign-language signage and/or ethnic specialties) with as many as 60 percent depending primarily on minority community expenditures.

Retail Demand

In 2020, the Montgomery County Planning Department completed a study of retail in diverse communities, considering retail business clusters owned and operated by immigrants and people of color in Wheaton, Silver Spring and Takoma-Langley. Relative to the inventory conducted for that study, roughly 41 businesses (16 percent) are new to the business district (east of Veirs Mill Road) and five have changed locations. Just under half of the new businesses are minority-serving, primarily focused on Latino customers.

The new businesses had the following breakdown by tenant type:

Business Category	Number of Spaces	Number of Spaces
Neighborhood Goods & Services	17	42%
Food & Beverage	14	34%
General Merchandise, Apparel, Furniture and Other Shoppers Goods	1	2%
Non-Retail Services	9	22%
Total	**41**	**100%**

Four new specialized ethnic markets have opened with a new Filipino market said to be coming. Among the new non-retail service businesses are tax preparation offices and fitness facilities.

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[6] Neighborhood Goods & Services include grocery stores, drugstores, other convenience goods, salons, dry cleaners and other services.
[7] Food & Beverage include the full range of food establishments and bars, including sit-down restaurants, carry-out and delivery establishments, and fast food.
[8] General Merchandise, Apparel, Furniture and Other Shoppers Goods (GAFO) include the types of merchandise typically sold in department stores, for which consumers value the opportunity to comparison shop.

Several restaurants closed during the pandemic, but new ones are taking their places. New and existing restaurants are facing smaller profit-margins as deliveries increase and digital delivery services charge high fees. A general rule of thumb for restaurants is that only one out of every five restaurants succeeds over the long term, so turnover is common and should be expected to continue in Wheaton due to the competitive clusters of restaurants in Montgomery Hills, Four Corners and Silver Spring.

Information from Data Axle estimates that Sector Area Plan retailers achieved $552 million in sales in 2022, excluding auto dealers, gas stations, and building materials and non-store retailers.

Business Category	**Retail Sales in 2022**	**Percent of Sales**
Neighborhood Goods & Services	$118,336,000	21.4%
Food & Beverage	$55,646,000	10.1%
General Merchandise, Apparel, Furniture and Other Shoppers Goods	$378,031,000	68.5%
Total	**$552,013,000**	**100.0%**

Household growth within the PTA is expected to be rather modest given the built-out nature of the area; however, the population in the Sector Plan Area is anticipated to increase by half to two-thirds by 2045. The growth in close-by customers should increase sales among existing retailers and restaurants while providing modest support for new retail and service providers. Upgrades to the Downtown's connectivity, pedestrian facilities and public spaces should enhance the share of nearby residents' expenditures captured by local retailers and restaurants by encouraging greater reliance on pedestrian and bike trips.

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III. Strengths & Weaknesses

Developing effective policies and strategies requires an understanding of the key forces impacting demand. Following is a summary of key strengths and weaknesses observed in reviewing the Downtown Wheaton market.

Strengths

- Accessibility
    - Metro Station
    - Metrobus and RideOn Bus hub
    - Three major arterials
- Recognized regional hub
    - Regional shopping center
    - Mass of independent, local retailers
    - Library, recreation center, County government regional center
    - Wheaton Regional Park
- Authenticity of multiple independent businesses
- Variety and quality of local restaurants, building on the area's ethnic diversity
- Base of long-time legacy businesses
- Population/customer base – 72,200 Primary Trade Area residents in 23,300 households with a median household income of $100,638, including 8,600 Sector Plan Area residents who can walk to local businesses
- Concentrations of Latino and other ethnic residents support specialized businesses
- Multiple property assemblages that may ultimately support redevelopment
- Potential for population growth through redevelopment and infill development
- Sector Plan and zoning support for higher densities
- Relatively affordable rents for Metro-served apartments
- Arts and Entertainment District incentives for artists and arts and cultural businesses
- Chuck Levin's Washington Music Center's regional reputation and draw
- Urban District clean and safe efforts and promotional activities that include concerts, parades, Taste of Wheaton, HalloWheaton
- Marian Fryer Town Plaza
- Elkin Street/Price Avenue streetery

Weaknesses

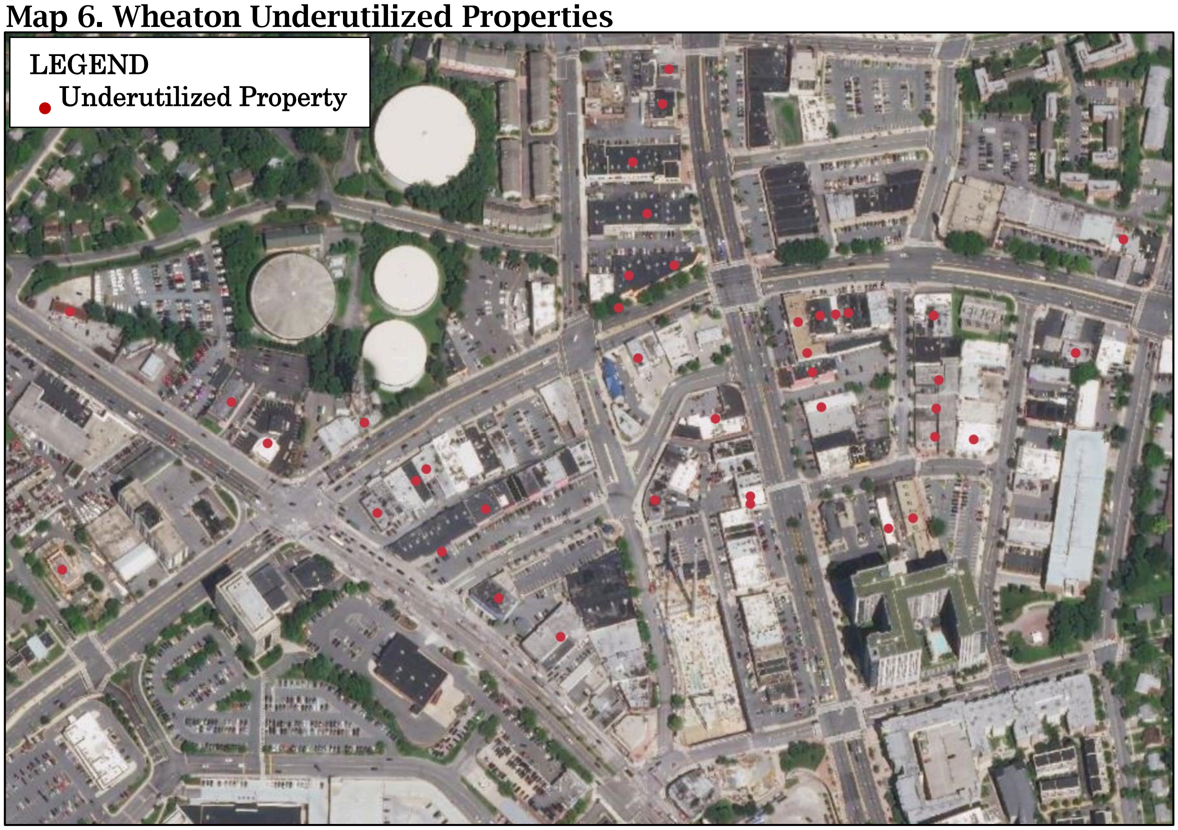
- Pedestrian environment
    - Auto domination with three major higher-speed arterials
    - Narrow sidewalks not protected from speeding auto traffic
    - Limited safe and attractive connectivity among business clusters

- Limited open space and gathering places in the Downtown other than Marian Fryer Town Plaza
- Retail parking for some properties not as convenient and plentiful as in competitive shopping centers
- Arts and entertainment options, such as performing arts spaces, studios, galleries and artist housing, not fully developed
- Number of events and marketing are limited by the Urban District's small staff and budget
- Some of the aging retail spaces do not meet the needs of modern retailers

IV. Redevelopment and Infill Opportunities

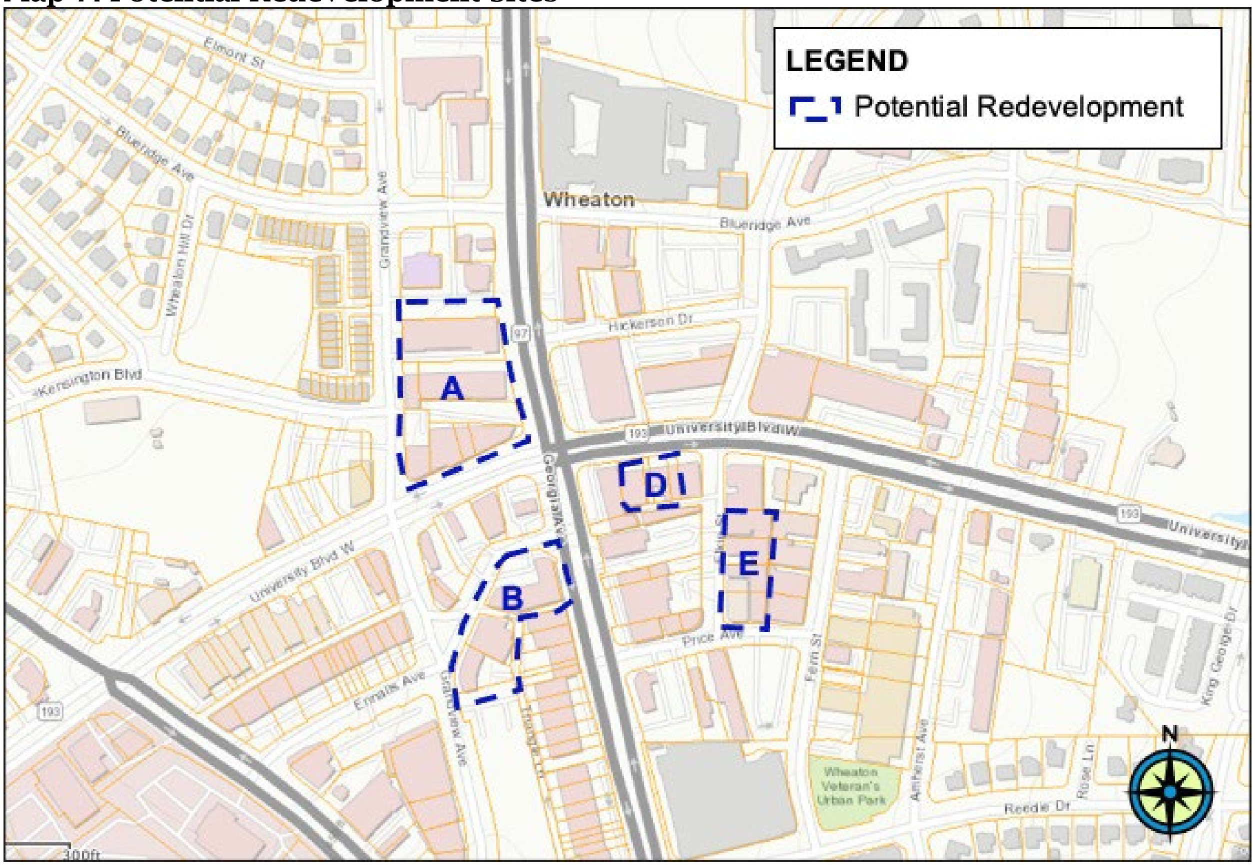
Identification of sites with redevelopment potential began with a review of property values and identification of underutilized properties. Using tax assessment estimates for the value of land and improvements, one can compare the two values. The land value reflects its future potential use given zoning and market factors; it is estimated based on property sales in the local geography. For commercial properties, the total value reflects the income being generated by the current use. The difference between the total value and the land value is attributed to the improvements. For modern developments which use most of the density allowed for the site, land value typically represents 10 to 30 percent of the total value. Land value exceeding 50 percent of the total value indicates that the property is underutilized and that the potential returns would be better if the property were redeveloped with a new building, often at a higher density. The properties marked with a dot on Map 6 have land values higher than 50 percent of their total values. Additional factors considered included ownership, vacancy level and year built.

Map 6. Wheaton Underutilized Properties



From these underutilized properties, five were selected for analysis as prototypical commercial and residential development opportunities, in consultation with their owners. Map 7 shows the development parcels. Hord Coplan Macht, Inc. prepared a fine-grained site evaluation for alternatives on each site. In some instances, ownership patterns allowed for consolidation of larger sites, and the concept alternatives scaled up to mid- to high-rise development.

Map 7. Potential Redevelopment Sites



Redevelopment Potential

In Downtown Wheaton, the area's built-up nature, zoning provisions and limited supply of developable sites affects its development potential. The economics of redevelopment require property prices that allow the new development to generate an adequate return on investment.

When existing retail or office buildings are achieving stable rents with low vacancies, they typically have property values that are too high to justify demolition. Acquiring such buildings for demolition and redevelopment is feasible only when the

- buildings are obsolescent due to age, condition or configuration,
- existing development uses a fraction of the development allowed by zoning,
- replacement uses could achieve high rents or prices,
- property owners are willing to sell, and/or

- the site is a small piece of a larger assembly that meets one or more of the first four criteria.

Those redevelopment decisions are influenced by the

- status of existing leases,
- different conditions of the retail, office and residential markets,
- the amount and type of new development allowed by zoning,
- availability and cost of capital, and
- perceived development approval risks.

Redevelopment brings with it the possibility of displacement. The Planning Department's recent review of 40 new residential developments in Downtown Bethesda and Downtown Silver Spring from 2012 to 2021 revealed that "only three existing multifamily buildings (for a total of 327 units), as well as a few single-family detached structures mostly serving as office or retail uses"[9] were demolished to make way for new housing. The County's first right of refusal to buy private residential buildings being sold has allowed it to acquire and renovate buildings that might otherwise have been demolished, maintaining their affordability and minimizing displacement.

New development replacing low-density commercial uses and parking lots can result in the loss of older, less expensive retail spaces and possible displacement of small businesses, particularly those paying low rents. The new developments may include retail space, but the rents required to support the cost of new construction are typically higher than the former tenants can afford. The case studies in Section V identify some strategies used by other communities to support small retail businesses in changing neighborhoods.

Financial Feasibility

Financial Analysis

Financial feasibility analysis for real estate developments compares the costs of development with the private investment that can be supported and justified by the future rental/sales income. Developers invest in real estate to make a financial return that compensates them for their costs, their time and the associated risks:

- risk that the project will not be approved for the uses and scale anticipated when purchasing the site;
- risk of unforeseen property conditions (e.g., soil contaminants);
- risk of delays and cost overruns;

[9] Govoni, Lisa and Jason Sartori, "Parking lots to livable spaces: infill development and its impact on housing in Montgomery County." January 30, 2023. Accessed on The Third Place blog site at https://montgomeryplanning.org/blog-design/2023/01/parking-lots-to-livable-spaces-infill-development-and-its-impact-on-housing-in-montgomery-county/

- risk that the economy and/or the market will change before construction is complete so that the anticipated rents/prices are no longer attainable;
- risk of new competitive developments that inhibit sales/lease-up and achievable sales prices/rents;
- risk that sales or lease-up will take longer than anticipated, causing the project to incur carrying costs (e.g., financing and operating costs not covered by the operating income); and
- risk of misjudging the market and overestimating future income.

The minimum returns a developer requires (sometimes referred to as a "hurdle rate") is a function of the cost of money, the potential returns from other investments (e.g., stocks) and the associated risks. Project feasibility is judged based on whether the future income will allow the project to achieve at least the minimum required return. Developers typically require higher returns for higher-risk projects – those that serve unproven markets and/or include substantial building rehabilitation, which could be more costly than anticipated. When returns from stocks, bonds and alternative investments are high, the returns from real estate development must be significantly higher to compensate developers for the risks inherent in real estate.

Several alternative measures exist for rates of return on investment. This analysis uses an annual return on total development costs, calculated as the Net Operating Income after expenses divided by the Total Development Costs (hard and soft construction costs, financing costs and land costs). Landowners that have held developed property for many years may have paid a low price initially; however, the current feasibility analysis assumes today's market value for the land. This is because the owner has the option of continuing the site's current use without additional investment and risk or selling the property in the open market.

For a quality site in a relatively strong housing market, a developer could be expected to seek a return of 5.5 percent on Total Development Costs for residential development and 6.5 percent for commercial development. That return would be divided among lenders, equity investors and the developer.

Pro forma analysis of new development takes a static look at the future development and its financial performance in the "stabilized year" following the initial years of project lease-up. The Net Operating Income is calculated as rents from all of the included uses, adjusted for likely occupancy rates, less operating costs borne by the property owner. Also deducted are reserves for replacements, which provide for future equipment and fixture replacements. For residential developments, 12.5 percent of units are assumed to be Moderately Priced Dwelling Units with restricted rents per the County's regulations. Total Development Costs include the land acquisition cost (or current imputed value), any demolition and site improvement costs, hard construction costs ("bricks and mortar") for the building and its parking, "soft" costs (e.g., architecture, engineering and legal fees, insurance, permit fees, contingencies, real estate taxes during construction, developer fee[10] and construction financing costs) and tenant improvement costs for commercial spaces. The model's assumptions for rents, costs and other factors are summarized in Appendix Table A-11.

The value of the future stream of Net Operating Income is determined by dividing the annual amount by a capitalization ("cap") rate, which reflects market conditions reflected in sales of comparable projects. This analysis assumed a cap rate of 4.5 percent for residential development and 6.5 percent for commercial development. From the capitalized value, the model deducts the costs of development and the required return on investment. If the remaining value is $0 or more, the project has met its required return and is considered feasible for private development.

Higher Density Redevelopment

All high- and mid-rise redevelopment options (Property A and B) begin by demolishing the existing structures and replacing them with a mixed-use development allowing for the required amount of on-site parking after reductions for parking district / transit-rich parking provisions. A series of options for redevelopment of the sites tested the potential to create a stronger commercial presence as well as add new residential products. Each alternative seeks to maximize the building footprint while allowing for above-grade parking at the rear of the building.

Property A

At the key intersection of University Boulevard (MD 193) and Georgia Avenue (MD 97), common ownership of seven parcels would allow for assembly of roughly 75,100 square feet of land ripe for redevelopment. Once a landmark, the Anchor Inn closed in 2004 and the building was demolished, leaving only the Anchor Inn sign to mark the site. The Georgia Crossing at the Anchor Inn replacement buildings opened in 2008 and 2009 on the two southern blocks. The northern parcel was built in 1955 and renovated in 1985 as Lands of Living Well or Georgia Crossing North. Vacancies are relatively high in the new buildings, though tenants include neighborhood businesses services with tax preparation, tags and title or cleaning services, a 7-Eleven and urgent care facilities.

[10] The developer fee covers the developer's staff and other costs. It is in addition to the required return on investment.

Property A	
Address	**Lot Size (SF)**
2509 West University Blvd.	6,010
2507 West University Blvd.	2,932
2513 West University Blvd.	7,553
2521 West University Blvd.	9,572
11413 Grandview Avenue	4,261
11402 Georgia Avenue	20,462
11416 Georgia Avenue	24,351
	75,141

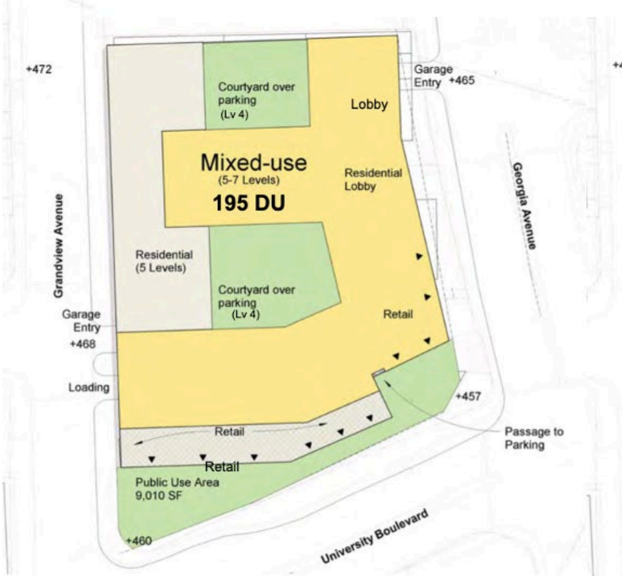
Source: MC Atlas; Partners for Economic Solutions, 2022.

Opportunities for this site's redevelopment include the following alternatives:

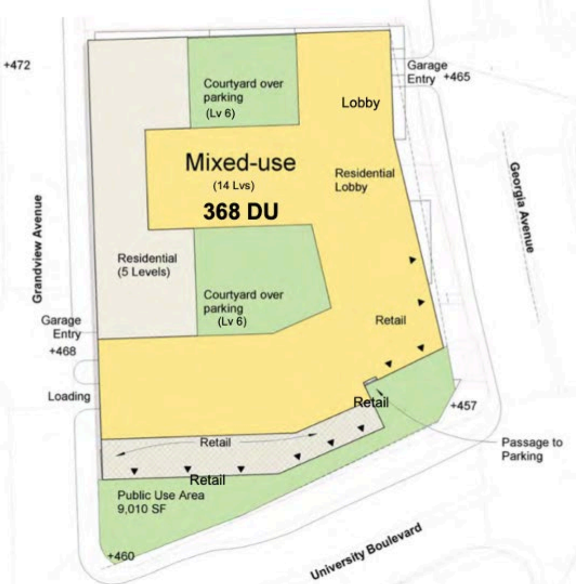
- multi-family housing with two alternatives ranging from 195 to 368 new units (7 to 14 stories);
- replacement retail facilities along Georgia Avenue and University Avenue with modern corner retail and rear parking; or
- ground-floor business office space and upper-level apartments.

The Anchor Inn sign should be maintained but may be relocated to allow for an improved public right-of-way open space gathering spot with benches and/or public art. Following are two concept plan images created by Hord Coplan Macht for the site.

Property A Option 1



Property A Option 2



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Property A's mid-scale redevelopment option creates a mixed-use project with a rental residential building above ground-floor retail or business services space. The 195- to 368-apartment projects represent a mixture of market-rate rentals with 12.5 percent affordable or moderately priced units. The retail footprints incorporate 9,640 (Option 1) to 11,640 square feet (Option 2) while allowing for 356 to 485 structured parking spaces. High overall development costs of roughly $101 million to $180 million are not supported by the total rental income, resulting in a shortfall of $28.7 million (Option 1) to $46.5 million (Option 2) due to relatively low rents and high construction costs, particularly the cost for structured parking – $9.8 to $16.4 million in total cost. (See Appendix A-12 to A-13.) As noted earlier, Wheaton's rent levels are lower than those achieved in Downtown Bethesda and Silver Spring. This rent disparity provides less annual revenue to cover the costs of development.

Financial Analysis Results, Property A

	Option 1	Option 2
Development Costs		
Total	$101,321,300	$179,999,300
Per Unit	$519,600	$489,100
Net Operating Income	$3,518,100	$6,454,500
Capitalization Rate	4.5%	4.5%
Capitalized Value	$78,180,000	$143,430,000
Less Development Costs	-$101,321,300	-$179,999,300
Less Required Return	-$5,570,000	-$9,900,000
Market Value*	-$28,711,300	-$46,469,300
Financial Gap		
Total	$28,711,300	$46,469,300
Per Unit	$147,200	$126,300

*Project is feasible if Market Value is $0 or higher.

To reach financial feasibility, market-rate residential and commercial rents would need to increase by 28 percent – an average of $2,925 per month or $3.57 per square foot as compared with rates that could be supported in today's market of $2,285 per month or $2.79 per square foot.

If the project's parking could be reduced by one-third, it would reduce the financial gap by 11.4 percent – $3.3 million for Option 1 and $5.4 million for Option 2.

Property B

Property B consists of an assemblage of properties with more than one property owner along Grandview Avenue and University Boulevard, creating a 39,000 square-foot site. This assemblage would reduce the existing Ennalls Avenue to an alley between Grandview and Georgia Avenue and require the demolition of existing structures with a new vertical alignment for the roadway. Existing businesses in this section of Wheaton cover a range of uses that do not benefit from cross shopping.

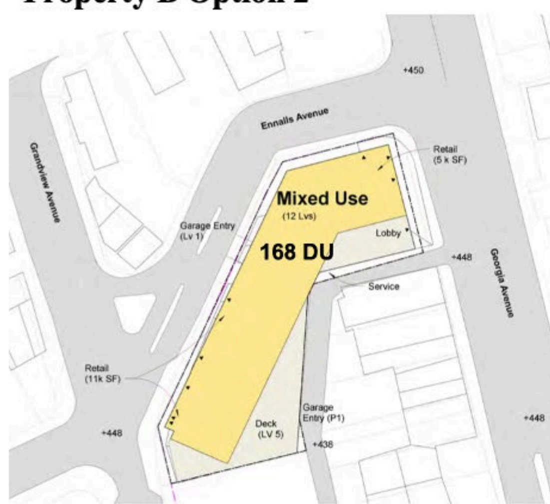
Property B	
Address	**Lot Size (SF)**
11300 Georgia Avenue	19,850
2440 Ennalls Avenue	9,549
1255 Grandview Avenue	10,135
	39,534

Source: MC Atlas; Partners for Economic Solutions, 2022.

The two concepts follow:

Property B Option 1

Property B Option 2



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Estimated total development costs reach approximately $89 million (Option 2) to $132 million (Option 1). As a market-rate project, the rents provide an estimated $3.3 million to $5.0 million in annual net operating income, but that is not enough to justify the costs of the high-rise concrete construction. The high costs lead to a large financial gap of $19.7 million (Option 2) or $28.9 million (Option 1) (See Appendix A-14 to A-15).

Financial Analysis Results, Property B		
	Option 1	Option 2
Development Costs		
Total	$131,951,000	$89,246,000
Per Unit	$466,300	$529,700
Net Operating Income	$4,966,400	$3,349,100
Capitalization Rate	4.5%	4.5%
Capitalized Value	$110,360,000	$74,420,000
Less Development Costs	-$131,951,000	-$89,246,000
Less Required Return	-$7,260,000	-$4,910,000
Market Value*	-$28,851,000	-$19,736,000
Financial Gap		
Total	$28,851,000	$19,736,000
Per Unit	$102,000	$117,100

*Project is feasible if Market Value is $0 or higher.

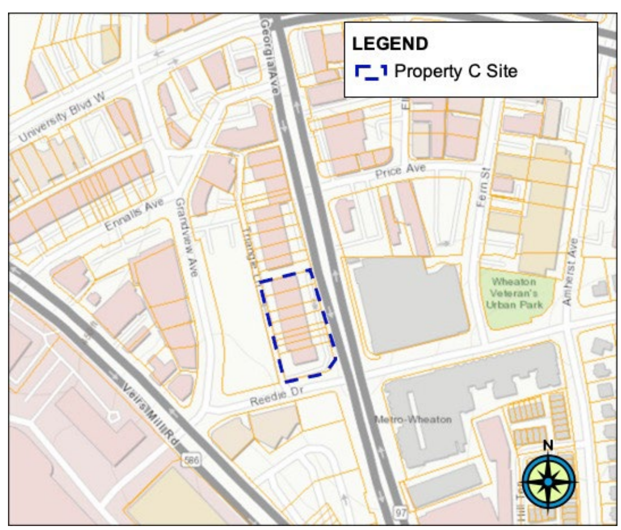
Residential and commercial rents would need to increase 20 percent to achieve financial feasibility under Option 1 – increasing market-rate residential rents to an average $2,742 per month or $3.37 per square foot as compared with the current market rents that average $2,285 per month or $2.81 per square foot. For Option 2, residential and commercial rents would need to increase 21 percent for an average rent of $2,763 per month or $3.37 per square foot.

If the project's parking could be cut by one-third, eliminating 91 (Option 2) to 122 spaces (Option 1) including all of the below-ground spaces, the feasibility gap could be reduced by 15.8 to 17.9 percent or $3.5 million (Option 2) to $4.6 million (Option 1).

Property C

Property C	
Address	Lot Size (SF)
11210 Georgia Avenue	3,581
11212-14 Georgia Avenue	5,221
11216 Georgia Avenue	5,345
11220 Georgia Avenue	4,820
11226-30 Georgia Avenue	13,316
	32,283

Source: MC Atlas; Partners for Economic Solutions, 2022.



The redevelopment option for Property C developed by Hord Coplan Macht considers streetscape interventions on the suggested mixed-use site and therefore did not require financial feasibility or sensitivity analysis.

Second- and Third-Story Additions

Property D offers an opportunity for redevelopment in the middle of a block, off the southeastern corner of Georgia Avenue and University Boulevard represents redevelopment. The property consists of an assemblage for four to five different properties. Three of the four or five properties have a common owner. Acquisition of an additional mid-block property (2410 West University Boulevard) would create a site with one-third of an acre.

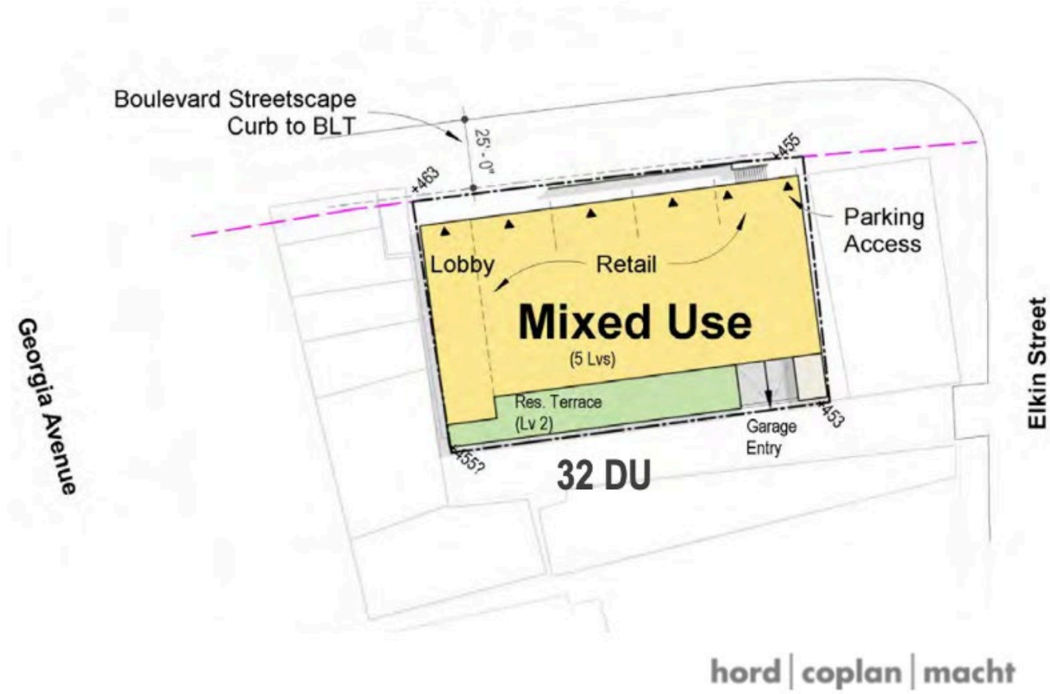
Property D	
Address	**Lot Size (SF)**
2418 West University Blvd.	6,473
2408 West University Blvd.	4,779
2404 West University Blvd.	2,686
2410 West University Blvd.	1,652
	15,590

Source: MC Atlas; Partners for Economic Solutions, 2022.

Under Option 1, the redevelopment incorporates the four properties in a mixed-use building with 32 dwelling units over a single floor of retail, allowing for a live / work environment. This infill development option requires the acquisition of one property, adding an additional 1,650 square feet of space and two more parking spaces, totaling roughly 15,000 square feet for the entire site. This program allows for greater usage of street parking and a tuck-under garage, thereby increasing the marketability of the retail space. The development program provides 21 spaces rather than the minimum requirement or 68 spaces given the site limitations. Even with this reduced parking level, the results show a financial gap of approximately $4.1 million (see Appendix A-16).

A 20-percent increase in residential and commercial rents from $2,292 or $2.70 per square foot under current market conditions to $2,751 per month or $3.24 per square foot would be required to reach financial feasibility.

Property D Option 1



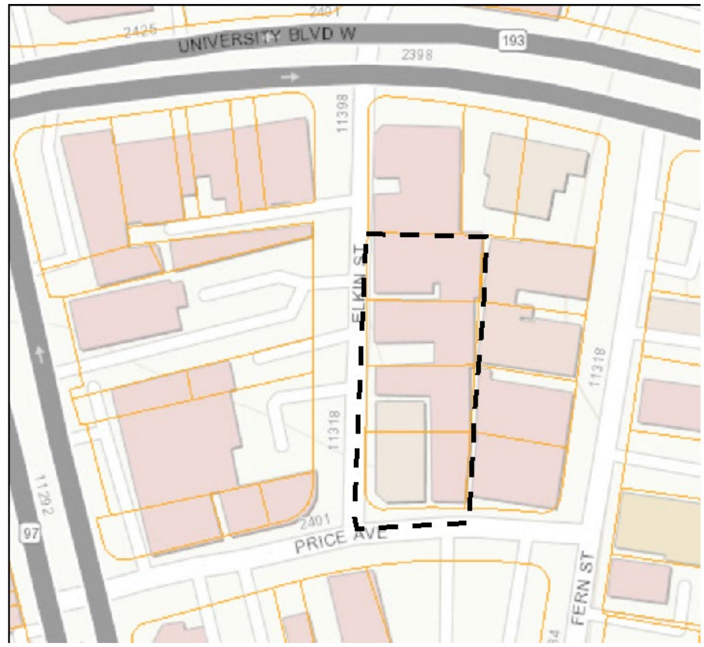
Financial Analysis Results, Property D	
Development Costs	
Total	$19,596,400
Per Unit	$612,400
Net Operating Income	$746,600
Capitalization Rate	4.5%
Capitalized Value	$16,590,000
Less Development Costs	-$19,596,400
Less Required Return	-$1,080,000
Market Value*	-$4,086,400
Financial Gap	
Total	$4,086,400
Per Unit	$127,700

*Project is feasible if Market Value is $0 or higher.

Property E

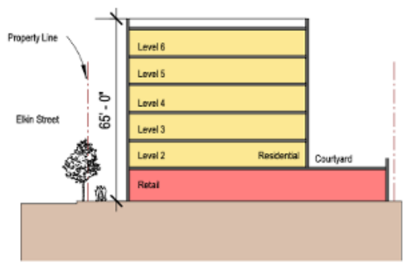
Property E involves four properties in the 11300 block of Elkins Avenue, north of Price Avenue, adjacent to the existing streetery. Responding to the retail market analysis results and the desires expressed by property owners, this infill redevelopment site provides a key opportunity for small-scale redevelopment. This target area might also work for secondand third-floor office space suitable for the needs of neighborhood-serving office tenants. It appears that building acquisition and land assembly would be needed to create a viable development parcel.

Property E	
Address	**Lot Size (SF)**
11319 Elkin Street	7,532
11311 Elkin Street	6,991
11315 Elkin Street	6,909
11301 Elkin Street	7,662
	29,094
Source: MC Atlas; Partners for Economic Solutions, 2022.	

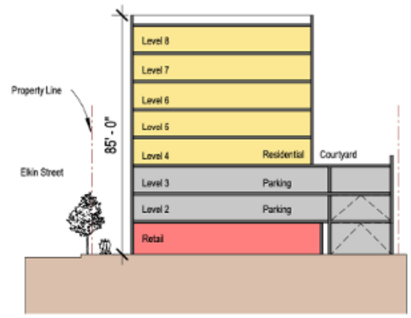


This target opportunity site has four potential redevelopment properties held by just two owners. Two additional underutilized parcels could be combined with these parcels to form a larger site that would be easier to develop. However, this analysis limited the site to the least number of owners. Three options under this redevelopment scenario are detailed below. Option 1 ("5 over 1") with five stories of wood construction above one story of concrete provides 75 apartments and assumes that no parking would be provided on site. Option 2 ("5 over 3") also depends on five stories of wood construction (also 75 residential units) with three levels of concrete construction for the ground-floor retail plus two levels of parking. It differs from Option 1 with the addition of 72 spaces of on-site parking – 47 percent of the required parking. Option 3 ("High-Rise") is a high-rise structure with 14 levels, including four levels of structured parking, which provides 144 of the required 231 parking spaces (62 percent). The high-rise Option 3 has 14 stories, including one level of retail and four levels of structured parking.

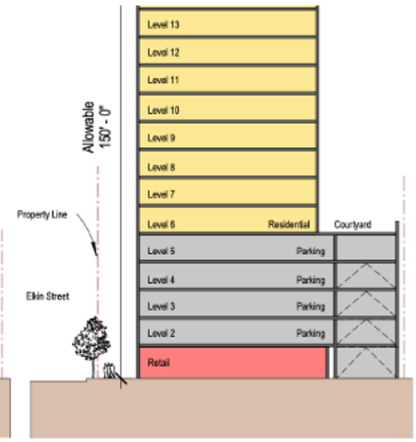
Property E Option 1



Property E Option 2



Property E Option 3



By eliminating all on-site residential and commercial parking, Option 1 achieves a much lower financial gap of $24,700 per unit. Providing 47 percent of the required parking on site (72 of 152 required spaces), Option 2 has a gap of $100,000 per unit. The high-rise Option 3 has a gap of $83,800 per unit due to its ability to spread the costs of the land, sitework and demolition over a larger base of new units. Option 3 includes 144 of the required 231 parking spaces.

To achieve financial feasibility, rents for Option 1 would need to increase by four percent from $2,285 or $2.78 per square foot to $2,372 per month or $2.89 per square foot. Because Option 2 includes on-site parking, its financial gap is higher and the rents would need to increase 17 percent for financial feasibility, reaching $2,669 per month or $3.25 per square foot.

Given the higher costs of concrete development and the greater financial gap per unit in Option 3, financial feasibility would require a 15-percent increase in rents from $2,287 per month or $2.79 per square foot to $2,630 per month or $3.21 per square foot.

Financial Analysis Results, Property E			
	5 Over 1	5 Over 3	High-Rise
Development Costs			
Total	$37,748,900	$41,139,900	$71,115,900
Per Unit	$503,300	$548,500	$483,800
Net Operating Income	$1,711,100	$1,615,600	$2,822,100
Capitalization Rate	4.5%	4.5%	4.5%
Capitalized Value	$38,020,000	$35,900,000	$62,710,000
Less Development Costs	-$37,748,900	-$41,139,900	-$71,115,900
Less Required Return	-$2,080,000	-$2,260,000	-$3,910,000
Market Value*	-$1,808,900	-$7,499,900	-$12,315,900
Financial Gap			
Total	$1,808,900	$7,499,900	$12,315,900
Per Unit	$24,100	$100,000	$83,800

*Project is feasible if Market Value is $0 or higher.

Condominiums

The condominium model focused on Property B, Option 2 under two unit mix options – more large units and more small units with 159 to 170 units. Based on the current market, the two options would provide sales revenues reaching $48.4 to $49.9 million, assuming a requirement for 12.5 percent Moderately Priced Dwelling Units. The high cost of construction resulted in a gap of $45.5 to $46.8 million (see Appendix A-20). Market prices would need to almost double for the project to be financially feasible. Also, it is unlikely the market could support the influx of so many for-sale units in one project. Condominium developers prefer buildings with 60 to 100 units with a shorter sales period to minimize the risk of shifts in interest rates and the economy.

Financial Analysis Results, Property B, Option 2 Condominiums		
	More Large Units	More Small Units
Development Costs		
Total	$90,074,600	$90,074,600
Per Unit	$566,500	$529,900
Net Sales Proceeds	$48,411,100	$49,868,300
Less Development Costs	-$90,074,600	-$90,074,600
Less Required Return	-$5,095,900	-$5,249,300
Market Value*	-$46,759,400	-$45,455,600
Financial Gap		
Total	$46,759,400	$45,455,600
Per Unit	$294,084	$267,386

*Project is feasible if Market Value is $0 or higher.

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Key Findings

The following set of key findings can help to target the discussion of proposed policy changes and case study lessons learned in the next section of the report:

- Redevelopment of existing commercial strip shopping centers with repositioning in the market for new retail and residential infill development offers the greatest potential for properties near the Metro station. Higher market-rate rents will be needed to justify the risk and investment from the private market.
- Allowing additional height and density would not close the financial gap for new high-rise development.
- Mid-rise development of five to seven stories that relies on wood construction offers lower costs and greater feasibility than high-rise options that rely on concrete construction.
- Parking costs are a major burden on new development. Each above-ground parking space adds roughly $31,500 to total development costs; below-ground parking costs are double the cost of above-ground parking. The high cost of building structured parking generates a need for public subsidy.
- Right-sizing the project's parking can be an important tool in reducing development costs and required subsidy, though the push for lower parking ratios must be tempered by market demand. Current zoning requires an average of 1.4 spaces per residential unit or 1.19 spaces after reductions for proximity to a Metro station. Retail is required to have 5.0 spaces per 1,000 square feet or 4.25 spaces proximate to Metro. Those standards should be reexamined to verify that they accurately reflect car ownership rates and retail parking demand. With the superior access provided by Metro, increasing options for car sharing and car hailing, and residents' growing awareness of their carbon footprint, many cities have been able to significantly reduce parking requirements.
- Adding ground-level retail to rental housing development requires expensive additional parking beyond what retail rents can cover. This might be solved by shared parking with nearby office uses in the evenings and on weekends.
- In Wheaton, retail customers have resisted using underground parking, possibly limiting the effectiveness of that parking strategy.
- Redevelopment for condominiums is currently infeasible and not likely to be feasible for many years given the size of the financial gap.
- Recent increases in the cost of financing have impacted development feasibility and require more equity from private developers, dampening interest in near-term redevelopment.

This analysis is based on the best available market data and cost information collected from a variety of local, regional and national sources. However, changes in national and regional economic conditions and in the regulatory environment could impact the feasibility conclusions. These conclusions represent one series of alternatives for how the future economy may unfold; it is likely that these findings will shift over future business cycles as rents, property costs and financing costs vary.

V. Case Study Lessons Learned

The following case studies offer examples of small business assistance approaches and interventions in communities with business environments similar to Downtown Wheaton's. They were chosen for innovative approaches with a particular emphasis on minority-owned businesses. Each case study examines lessons learned, both good and bad, and highlights potential actions and incentives to support and protect Wheaton's small-scale retailers.

San Francisco Legacy Business Program

In 2016 San Francisco established a legacy business program to document and assist legacy businesses (those operating for 30 years or more) throughout the city. The San Francisco program targeted technical assistance, rent stabilization and other funding to help businesses maintain their operations in the city. During the first few years, San Francisco adapted quickly by translating registration and business assistance programs into three different languages (currently seven languages for all materials including social media) and partnered with existing and trusted providers (e.g., Small Business Development Center, Working Solutions and the Lawyers' Committee for Civil Rights).

San Francisco's Legacy Business Program Businesses Assistance Fund offers flexible financial support for a variety of business needs including capital or tenant improvements; rent; marketing; professional services and other activities. The Legacy Business Historic Preservation Fund provides registered legacy businesses with grants of up to $500 per full-time equivalent employee annually. San Francisco's registered legacy businesses located in communities with increasing rent costs may also receive Rent Stabilization Grants, which offer a multiple-year tax voucher to landlords based on tenant legacy business application. The Rent Stabilization funding incentivizes landlords to enter into long-term leases with registered legacy businesses. San Francisco has an Accessibility Fund to help legacy businesses upgrade their stores to meet current accessibility standards. During the COVID pandemic, several of these programs were suspended due to lack of funding.

The San Francisco legacy business program continues to expand assistance efforts and is considering the addition of property ownership programs to help businesses purchase buildings or existing space and a business interruption insurance program for coverage during local emergencies not covered by regular business insurance policies.

Lessons Learned

- Aggressive action with consistent funding is needed to offset the impacts of gentrification on small businesses.
- Partnering with trusted organizations active in the community can increase the prospects for successful engagement.
- Translating all materials is important for foreign-born entrepreneurs.
- Tax incentives for landlords can target rent stabilization for legacy businesses.

- Assisting businesses to buy their buildings could provide them with important leverage.

Chicago Legacy Businesses

Throughout Chicago, legacy businesses anchor neighborhood commercial districts with multi-generational, family-owned and locally controlled operations. Preservation Chicago – an organization focused on preserving the city's historic architecture, neighborhoods, open green spaces and character with community outreach, advocacy and partnerships – initiated a Chicago Legacy Business effort. This effort included advocacy for the Chicago Legacy Business Protection Ordinance, legislation comparable to ordinances in San Francisco, Seattle, Los Angeles and most recently one planned for Denver.

As Chicago initiated its legacy business program, the Logan Square neighborhood stood out as a community that had already suffered with the loss of many legacy businesses and residents as a result of gentrification. In the 1990s the Hispanic population represented two-thirds of all residents. According to a report from the Institute of Research for Race and Public Policy from 2000 to 2014, 19,200 Latinos moved out of Logan Square, displaced by higher income White residents. As Logan Square gentrified, building on the strength of the transit assets (three "L" stations), the resurgence of the Milwaukee Avenue commercial corridor from 2007 to 2018 began to grow with a number of small food-based businesses. The commercial corridor's once empty storefronts filled-up, and the neighbor converted into a hodgepodge of affordable and high-end retail and restaurant businesses.

In 2012, as rents continued to climb the Logan Square Kitchen, a shared-use hourly culinary kitchen space helping to support local start up food businesses, closed its operation. As a cautionary tale, two key small legacy Latino businesses— Victoria's Brides, a bridal and quincenera shop, and Panaderia La Central, a Mexican bakery— both closed their operations due to both rising rents and a declining client base. Most recently a low-cost artist hub gave tenants a month's notice to vacate. Community leaders are seeking government intervention, requesting an increase in demolition fees to stop or slow redevelopment.

Logan Square's smaller commercial spaces that had served Latino businesses were demolished and / or converted to high-end residential and mixed-use buildings, shrinking the supply of affordable small business space. This resulted in a shift in the retail mix and commercial character of the neighborhood. Efforts are underway to identify and assist legacy businesses in Logan Square and citywide.

Lessons Learned

- Timely action is critical to help stabilize Latino businesses before rent increases outstrip their ability to remain in the neighborhood.
- Small businesses that depend on lower retail rents cannot compete for space with new businesses and chains that target the more affluent residents.

- The loss of Latino residents who could no longer afford to live in the neighborhood undercut market support for several Latino businesses.

Gateway Arts District/Hyattsville Arts District

The Gateway Arts District is a joint initiative of the cities of Mount Rainier and Hyattsville and the towns of Brentwood and North Brentwood along the southern end of U.S. 1/Rhode Island Avenue in Prince George's County. Over the years, these communities had attracted an eclectic mix of artists and arts-related organizations drawn by the affordability of local housing, local neighborhoods and proximity to the University of Maryland's College Park campus. The Arts District grew out of that natural clustering and developed as land use policies, branding and marketing reinforced that advantage.

The development efforts have included:

- the Gateway Arts District Sector Plan, which designated portions of the two-mile stretch of U.S. 1 for Town Center, Arts Production and Entertainment, and Neighborhood Arts and Production character areas to encourage reuse of industrial facilities for art studios and related facilities;
- promotional and educational materials, including the events calendar and Arts Learning Resource Guide, which identifies a rich collection of arts organizations, camps and classes, training programs, galleries and performing arts groups and venues;
- promotional events;
- technical assistance for artists and arts organizations to help them access financial resources and exhibit their art;
- development of three public/private partnerships for artist housing with affordable live/work spaces;
- expansion of activities and facilities at Joe's Movement Emporium in Mount Rainier, which offers classes, after-school and summer camps, rehearsal spaces for 22 professional performing arts groups and a variety of performances;
- opening of the Brentwood Arts Exchange by Maryland-National Capital Park and Planning Commission for exhibitions, classes, concerts and other performances;
- opening of the Prince George's African American Museum & Cultural Center in North Brentwood;
- website and other marketing of local businesses and available spaces; and
- extensive investment by multiple developers, restaurants and retailers.

The Gateway Arts District is home to more than 500 artists, 150 studios, 12 artist collectives and 200 businesses.

The vitality of the arts community has attracted many new businesses and extensive housing development, many of which are reusing historic buildings. The Arts District moniker has been adopted by local real estate developments, starting with EYA's Arts

District, a 25-acre mixed-use development of rowhouses, condominiums and commercial spaces developed starting in 2006. Overall, the Gateway Arts District added six rental apartment buildings with 573 units from 2001 through 2021, a 75-percent increase in the local multi-family inventory according to CoStar, a national real estate tracking company. Franklin's, a Hyattsville retail institution since 1992, has been joined by Busboys and Poets, other restaurants, coffee shops, and arts and craft businesses.

Responsible Parties

Branding of the area as an arts district was first conceived in 1998 when a group of residents came together to form the Gateway Community Development Corporation. That was followed by a Gateway Arts Summit that brought together artists, residents, business owners, government agencies and elected officials to pursue the vision of an arts focus for the communities.

The Anacostia Trails Heritage Management Plan adopted in 2001 identified key local resources and recommended strategies to bring visitors to explore Prince George's County's more than 300 years of history along what is now U.S. 1. Among the strategies was an emphasis on the arts, particularly in the Gateway District. In 2003, the Gateway Arts District was designated as an Arts & Entertainment District by the State of Maryland created Arts & Entertainment Districts, providing access to funding and tax incentives for artists and arts organizations.

Key players in the long-term development of the Gateway Arts District have included:

- Gateway Community Development Corporation;
- Hyattsville Community Development Corporation;
- the four municipalities;
- Prince George's County;
- Gateways Arts & Entertainment District;
- World Arts Focus, Inc. (doing business as Joe's Movement Emporium);
- Prince George's Arts and Humanities Council;
- EYA, private developer of Arts District Hyattsville;
- ArtSpace, developer of Mount Rainier Artist Lofts;
- Maryland-National Capital Park and Planning Commission; and
- Franklin's, Busboys & Poets, and other SoHy business association members.

Programming

The guide to district arts resources identifies an extensive array of visual and performing arts classes, camps and studios for all ages from toddlers on up, including special needs populations.

Promotional events include such activities as Downtown Hyattsville's Arts & Ales Festival, Mount Rainier Days, Mount Rainier Community Craft Fair, Gateway Open Studios Tour, Brentwood Day and North Brentwood Day. Multiple venues host concerts throughout the year.

Funding

Major funding from the Maryland Department of Housing and Community Development, the Maryland Department of Business and Economic Development, the Maryland Department of Transportation and Prince George's County supported the reconfiguration of Route 1 and redevelopment efforts in Downtown Hyattsville.

The Mount Rainier Artist Lofts benefited from funding from the Eugene and Agnes E. Meyer Foundation, Morris and Gwendolyn Cafritz Foundation, and the National Endowment for the Arts as well as financing from Apollo Housing Capital, LLC, Maryland Department of Housing and Community Development, Prince George's County Department of Housing and Community Development, and the Redevelopment Authority of Prince George's County. HIP funded Renaissance Square artist housing.

Policy Support

Maryland-National Capital Park and Planning Commission adopted the Gateway Arts District Sector Plan in 2004 designated key areas along U.S. 1 for Town Center, Arts Production and Entertainment, and Neighborhood Arts and Production character areas. Zoning provisions encouraged reuse of existing industrial buildings for artist studios and related operations.

The City of Hyattsville has provided tax incentives for housing development and negotiated for inclusion of retail, entertainment and arts spaces in new developments.

Lessons Learned

- The arts can be a powerful force for activating a neighborhood and helping it create a new identity.
- The shared vision and plan developed with the community provided a long-term focus for the arts community efforts and funding. That longevity helped support a program of incremental changes that built over time.
- Key arts businesses and groups helped to build and maintain the corridor's momentum.
- Private businesses supported the transformation by attracting new visitors to the corridor.
- Critical to the plan's success was the existence of a Community Development Corporation with day-to-day responsibility for advancing the corridor and flexible tools for working with organizations and small developers to build new facilities and programs.
- Programming is critical in generating activity, community organization and recognition as an arts corridor.
- Funding support from government and foundations enabled key housing investments, including artist housing.

Rubber City Match, Akron, Ohio

Since 2018, the City of Akron has undertaken an aggressive program of targeted investment and business assistance through a Great Streets program that focuses on 13 neighborhood business districts. The program draws together resources from multiple local, State and Federal programs to support local businesses and improve neighborhood aesthetics and transportation access. Design guides have been prepared, LED streetlights installed to improve public safety and more than $2 million has been invested in façade improvements.

To date, one of the key lessons learned is that "catalytic development requires moving at the speed of trust." Given a long history of neglect and broken promises, the program had to address basic needs and build new relationships with the neighborhood communities. One partnership with a neighborhood association – Maple Valley Community Pride Cleanup – brought together residents to clean up, beautify and improve a business district. That then lay the groundwork for momentum toward creating a Special Improvement District to support a "clean and safe" program with City pilot funding.

One key program within the array of Great Streets initiatives is Rubber City Match – an innovative program to match entrepreneurs with vacant storefronts in targeted neighborhood business districts. The program runs in two tracks: one for building owners and one for business owners.

Building owners are invited to nominate their spaces to be marketed and matched with business owners that have been thoroughly vetted. Up to 10 owners with vacant storefronts in the tightly defined business districts are invited into the program. Their properties are marketed to participating businesses and other entrepreneurs. Design assistance is provided to help them identify renovation needs. Once there is a match with an entrepreneur, the building owner is eligible for design and renovation assistance, lease templates and tools to negotiate with tenants, and access to grants (up to $50,000) and loans with favorable terms.

Micro-enterprise business owners (five or fewer employees) compete to be accepted into the program, which has four levels. The goal is to help entrepreneurs go from "Idea to Open."

- Level 1 Business Plan involves participation in the 15-week MORTAR Aspiring Entrepreneurs training program at the Bounce Innovation Hub, which covers all the nuances of starting and running a business as well as providing one-on-one counseling. Five owners are provided tuition grants. At the end of the program, they can compete in "Life is a Pitch" for a $3,000 award. Participant cohorts support each other and others that come behind them.
- Level 2 Space is reached once the business owner has a solid business plan. It matches to business to an available space and provides a $1,000 grant for lease

document review by local attorneys as well as mentorship from the Bounce Innovation Hub, Minority Business Assistance Center and Small Business Development Center counselors.
- Level 3 Design follows once a location has been secured. Connections to architectural services are provided through the local American Institute of Architects chapter. Design grants of up to $10,000 help take the project to concept design that allows construction cost estimating.
- Level 4 Cash is reached when the business owner has 10 percent of the required costs ready to invest and has bids and estimates. The program links them to three committed lenders who work with small businesses to help them with favorable rates. Cash grants from the City up to $50,000 are available to fill the financial gap between total costs and what the lender will finance.

Recent graduates have opened a laundromat and a brewery.

Responsible Parties

The City of Akron Office of Integrated Development administers the programs with assistance from non-profits like Bounce Innovation Hub, local architects and local lenders.

Funding

The City of Akron uses Community Development Block Grant (CDBG) funds to administer the program. Each of the neighborhood business districts is located in a Census tract with at least 51 percent low- and moderate-income persons.

Grant funding and business district improvements are funded by the City.

Lessons Learned

- Catalytic development requires moving at the speed of trust. Small community projects can start to build community support and trust.
- Prospective entrepreneurs benefit from targeted business assistance in an organized multi-month hands-on training program tied to increasing levels of support as the participants build their skills and demonstrate their commitment.
- Access to business financing is an important factor for new entrepreneurs.
- Multiple programs were layered to address physical improvements and small business needs.
- Supporting new entrepreneurs helps to build and sustain the community and create demand for available buildings.
- Matching businesses with spaces helps to improve the local building stock and business districts.

Appendix Tables

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Table A-1. Population and Household Trends, 2010-2022						
	Wheaton Sector Plan Area		Wheaton Primary Trade Area		Montgomery County	
	Number	Percent	Number	Percent	Number	Percent
Population						
2010	6,785		67,284		971,777	
2020	8,517		71,831		1,062,061	
2022	8,578		72,211		1,077,335	
2010-2022 Change	1,793	26.4%	4,927	7.3%	105,558	10.9%
2010-2020 Change	1,732	25.5%	4,547	6.8%	90,284	9.3%
Households						
2010	2,713		21,850		357,086	
2020	3,714		23,238		386,931	
2022	3,741		23,321		392,396	
2010-2022 Change	1,028	37.9%	1,471	6.7%	35,310	9.9%
2010-2020 Change	1,001	36.9%	1,388	6.4%	29,845	8.4%
Population by Age						
0 to 19 years	2,257	26.3%	19,077	26.4%	262,715	24.4%
20 to 24 years	556	6.5%	3,777	5.2%	57,048	5.3%
25 to 34 years	1,460	17.0%	9,970	13.8%	141,079	13.1%
35 to 44 years	1,379	16.1%	10,986	15.2%	148,743	13.8%
45 to 54 years	1,100	12.8%	9,352	13.0%	139,213	12.9%
55 to 64 years	879	10.2%	8,276	11.5%	141,863	13.2%
65 to 74 years	613	7.1%	6,328	8.8%	107,457	10.0%
75 to 84 years	240	2.8%	3,036	4.2%	54,590	5.1%
85 years and over	93	1.1%	1,409	2.0%	24,627	2.3%
Total	**8,577**	**100.0%**	**72,211**	**100.0%**	**1,077,335**	**100.0%**
Median Age	**35.1**		**37.9**		**40.1**	

Note: [1] The Wheaton Primary Trade Area includes the following 15 Census Tracts: 7032.07, 7032.09, 7033.02, 7034.01, 7034.02, 7034.03, 7034.04, 7036.01, 7036.02, 7037.01, 7037.02, 7038, 7039.01, 7039.02 and 7040.

Source: ESRI, Community Profile, 2022; Partners for Economic Solutions, 2022.

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Table A-2. Households by Size, 2020						
	Wheaton Sector Plan Area		Wheaton Primary Trade Area		Montgomery County	
	Number	Percent	Number	Percent	Number	Percent
Households by Size						
1 Person	1,157	33.7%	5,055	22.5%	91,249	24.5%
2 People	1,020	29.7%	6,044	26.9%	116,467	31.2%
3 People	539	15.7%	3,762	16.8%	63,248	17.0%
4 People	418	12.2%	4,034	18.0%	61,581	16.5%
5 People	99	2.9%	1,701	7.6%	24,807	6.7%
6 People	106	3.1%	681	3.0%	9,729	2.6%
7+ People	97	2.8%	1,164	5.2%	5,744	1.5%
Total Households	**3,436**	**100.0%**	**22,441**	**100.0%**	**372,825**	**100.0%**
Average Household Size						
2010	2.50		3.05		2.70	
2020	2.29		3.07		2.72	

Source: Esri, Community Profile & ACS Population, 2022; Partners for Economic Solutions, 2022.

Table A-3. Race and Ethnicity, 2010-2022								
	Wheaton Sector Plan Area				Wheaton Primary Trade Area			
	2010		2022		2010		2022	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Race and Ethnicity								
Caucasian	2,843	41.9%	2,239	26.1%	31,893	47.4%	21,808	30.2%
Black	1,771	26.1%	2,513	29.3%	11,102	16.5%	11,843	16.4%
Asian	848	12.5%	944	11.0%	7,738	11.5%	7,799	10.8%
Some other race	998	14.7%	1,776	20.7%	13,053	19.4%	20,291	28.1%
Two or more races	326	4.8%	1,108	12.9%	3,499	5.2%	10,471	14.5%
Total	**6,786**	**100.0%**	**8,578**	**100.0%**	**67,284**	**100.0%**	**72,211**	**100.0%**
Hispanic	2,056	30.3%	2,754	32.1%	25,030	37.2%	30,112	41.7%

	Montgomery County			
	2010		2021	
	Number	Percent	Number	Percent
Caucasian	558,772	57.5%	456,790	42.4%
Black	167,146	17.2%	200,384	18.6%
Asian	135,077	13.9%	166,987	15.5%
Some other race	71,911	7.4%	130,358	12.1%
Two or more races	38,871	4.0%	122,816	11.4%
Total	**971,777**	**100.0%**	**1,077,335**	**100.0%**
Hispanic	165,202	17.0%	221,931	20.6%

Source: ESRI, Community Profile, 2022; Partners for Economic Solutions, 2022.

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Table A-4. Households by Income, 2022						
	Wheaton Sector Plan Area		Wheaton Primary Trade Area		Montgomery County	
	Number	Percent	Number	Percent	Number	Percent
Household Income						
Less than $25,000	504	13.5%	2,308	9.9%	32,566	8.3%
$25,000 to $34,999	213	5.7%	1,212	5.2%	18,049	4.6%
$35,000 to $49,999	265	7.1%	1,469	6.3%	20,795	5.3%
$50,000 to $74,999	407	10.9%	3,055	13.1%	42,768	10.9%
$75,000 to $99,999	497	13.3%	3,521	15.1%	44,730	11.4%
$100,000 to $149,999	901	24.1%	4,920	21.1%	71,411	18.2%
$150,000 or more	949	25.4%	6,832	29.3%	162,048	41.3%
Total	**3,737**	**100.0%**	**23,317**	**100.0%**	**392,367**	**100.0%**
Median Household Income	**$98,770**		**$100,638**		**$121,242**	

Source: Esri Community Profile, 2022; Partners for Economic Solutions, 2022.

Table A-5. Wheaton/Glenmont Subarea Multi-Family Rental Units by Building Class, 2022				
	Buildings		Units	
Building Class	Number	Percent	Number	Percent
Class A	5	17.9%	1,474	26.1%
Class B	11	39.3%	2,304	40.8%
Class C	12	42.9%	1,875	33.2%
Total	**28**	**100.0%**	**5,653**	**100.0%**

Source: CoStar, 2022; Partners for Economic Solutions, 2022

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Table A-6. Wheaton/Glenmont Submarket Multi-Family Housing Trends, 2011-3rd Quarter, 2021								
	Inventory		Units				Asking Rent	
Year	Total Buildings	Total	Average Square Feet	Percent Vacant	Net Absorption	Deliveries	Per Unit	Per Square Foot
2011	24	4,330	1,014	6.3%	(18)	-	$1,475	$1.56
2012	24	4,330	1,014	5.7%	21	-	$1,525	$1.61
2013	24	4,330	1,014	5.0%	30	-	$1,577	$1.67
2014	27	5,242	979	12.4%	497	912	$1,577	$1.67
2015	27	5,242	979	6.5%	295	-	$1,612	$1.70
2016	27	5,242	979	4.8%	86	-	$1,653	$1.75
2017	27	5,242	979	4.6%	12	-	$1,667	$1.76
2018	28	5,561	971	4.4%	313	319	$1,681	$1.78
2019	28	5,561	971	7.0%	(140)	-	$1,732	$1.83
2020	27	5,399	991	5.4%	(64)	-	$1,699	$1.80
2021	28	5,653	989	5.1%	255	254	$1,817	$1.92
3rd Qtr 2022	28	5,653	989	3.6%	79	-	$1,862	$1.97
2011-2021 Change								
Number	4	1,323	(25)	-1.2%	1,287	1,485	$342	$0.36
Percent	14.3%	23.4%	-2.5%	-0.6%			18.8%	18.8%

Source: CoStar, 2022; Partners for Economic Solutions, 2022.

Table A-7. Wheaton Sector Plan Area Multi-Family Housing Trends, 2011-3rd Quarter, 2022								
	Inventory		Units				Asking Rent	
Year	Buildings	Units	Average Square Feet	Percent Vacant	Net Absorption	New Deliveries	Per Unit	Per SF
2011	**10**	**1,288**	**859**	**7.2%**	**(6)**	-	**$1,556**	**$1.80**
2012	**10**	**1,288**	**859**	**5.4%**	**23**	-	**$1,612**	**$1.86**
2013	**10**	**1,288**	**859**	**5.4%**	**1**	-	**$1,664**	**$1.92**
2014	**13**	**2,200**	**828**	**21.6%**	**506**	**912**	**$1,670**	**$1.93**
2015	**13**	**2,200**	**828**	**9.1%**	**277**	-	**$1,656**	**$1.91**
2016	**13**	**2,200**	**828**	**5.2%**	**86**	-	**$1,714**	**$1.98**
2017	**13**	**2,200**	**828**	**5.2%**	**(2)**	-	**$1,726**	**$2.00**
2018	**14**	**2,519**	**829**	**5.0%**	**309**	**319**	**$1,766**	**$2.04**
2019	**14**	**2,519**	**829**	**9.4%**	**(113)**	-	**$1,807**	**$2.09**
2020	**13**	**2,357**	**865**	**4.6%**	**(32)**	-	**$1,770**	**$2.05**
2021	**13**	**2,357**	**865**	**2.9%**	**40**	-	**$1,922**	**$2.22**
3rd Qtr 2022	**13**	**2,357**	**865**	**2.9%**	-	-	**$1,913**	**$2.21**
2011-2021 Change								
Number	3	1,069	6	-4.3%	1,089	1,231	$366	$0.42
Percent	30.0%	83.0%	0.7%	-59.7%			23.5%	23.3%

Source: CoStar, 2022; Partners for Economic Solutions, 2022.

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Table A-8. Kensington/Wheaton Submarket Office Trends, 2011-3rd Quarter 2002							
	Inventory		Vacancies		Square Feet		
Year	Buildings	Square Feet	Square Feet	Percent	Net Absorption	Deliveries	Gross Rent Direct
2011	116	2,096,005	453,879	21.7%	(612)	-	$22.93
2012	116	2,096,005	462,910	22.1%	(9,031)	-	$23.33
2013	116	2,096,005	507,812	24.2%	(44,902)	-	$23.62
2014	114	2,007,277	417,971	20.8%	1,113	-	$23.65
2015	115	2,012,077	469,310	23.3%	(50,597)	4,800	$23.64
2016	113	1,980,977	421,020	21.3%	17,190	53,432	$23.77
2017	113	1,980,977	441,004	22.3%	(19,984)	-	$25.13
2018	113	1,980,977	141,927	7.2%	299,077	-	$24.67
2019	113	1,980,977	114,628	5.8%	27,299	-	$28.39
2020	113	2,284,357	192,300	8.4%	225,708	308,000	$27.78
2021	112	2,021,434	195,110	9.7%	(265,733)	-	$28.88
3rd Qtr 2022	112	2,021,434	190,797	9.4%	4,313	-	$29.04
2011-2021 Change							
Number	(4)	(74,571)	(258,769)	-12.0%	179,528	366,232	$5.95
Percent	-3.4%	-3.6%	-57.0%	-55.3%			25.9%

Source: CoStar, 2022; Partners for Economic Solutions, 2022.

Table A-9. Wheaton Sector Plan Area Office Trends, 2011-3rd Quarter, 2022							
	Inventory		Vacancies		Square Feet		
Year	Buildings	Square Feet	Square Feet	Percent	Net Absorption	New Deliveries	Gross Rent Direct
2011	31	598,707	103,561	17.3%	(5,513)	-	$22.37
2012	31	598,707	98,079	16.4%	5,482	-	$23.21
2013	31	598,707	154,799	25.9%	(56,720)	-	$22.65
2014	30	511,887	75,387	14.7%	(7,408)	-	$23.36
2015	30	511,887	145,546	28.4%	(70,159)	-	$22.97
2016	27	427,355	89,518	20.9%	(28,504)	-	$25.03
2017	27	427,355	96,841	22.7%	(7,323)	-	$24.08
2018	27	427,355	59,866	14.0%	36,975	-	$23.78
2019	27	427,355	37,223	8.7%	22,643	-	$27.03
2020	28	735,355	71,736	9.8%	273,487	308,000	$27.99
2021	28	735,355	68,864	9.4%	2,872	-	$28.68
3rd Qtr 2022	28	735,355	78,288	10.6%	(9,424)	-	$28.66
2011-2021 Change							
Number	(3)	136,648	(34,697)	-7.9%	165,832	308,000	$6.31
Percent	-9.7%	22.8%	-33.5%	-45.7%			28.2%

Source: CoStar, 2022; Partners for Economic Solutions, 2022.

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Table A-10. Wheaton Sector Plan Area Retail Trends, 2011-3rd Quarter, 2022							
	Inventory		Vacancies		Square Feet		
Year	Buildings	Square Feet	Square Feet	Percent	Net Absorption	New Deliveries	NNN Rent Direct
2011	144	2,174,817	90,311	4.2%	(20,013)	-	$24.43
2012	144	2,174,817	78,033	3.6%	12,278	-	$23.94
2013	147	2,465,717	162,925	6.6%	206,008	290,900	$32.62
2014	147	2,465,717	114,909	4.7%	48,016	-	$25.72
2015	147	2,465,717	120,191	4.9%	(5,282)	-	$25.50
2016	147	2,465,717	72,898	3.0%	47,293	-	$25.30
2017	147	2,465,717	54,975	2.2%	17,923	-	$24.59
2018	147	2,465,717	46,427	1.9%	8,548	-	$24.74
2019	147	2,465,717	47,384	1.9%	(957)	-	$28.64
2020	146	2,461,795	85,627	3.5%	(42,165)	-	$30.07
2021	146	2,461,795	97,808	4.0%	(12,181)	-	$27.33
3rd Qtr 2022	146	2,461,795	62,102	2.5%	35,706	-	$29.15
2011-2021 Change							
Number	2	286,978	7,497	-0.2%	259,468	290,900	$2.90
Percent	1.4%	13.2%	8.3%	-4.8%			11.9%
Source: CoStar, 2022; Partners for Economic Solutions, 2022.							

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Table A-11. Financial Model Input Assumptions				
	Commercial	Rental Apartments	Condominiums	
Developer Targeted Return	6.5%	5.5%	10.0%	of total costs
Vacancy and Collection Loss	5%	5%	NA	% of revenues
Site Coverage Ratio	95%			of land sq. ft.
Building Efficiency (Leaseable/Gross S.F.)	90%	82%	95%	percent
Size of Parking Space	360	360	360	square feet
Residential Parking Spaces (Minimum)	NA	0.5	1.0	per unit
Commercial Parking Spaces	0.5	NA	NA	per 1,000 g.s.f.
Monthly Parking Fees	$125	$125	NA	per space
Cost of Sale	NA	NA	5%	of sale price
Development Cost Assumptions				
Infrastructure & Site Improvements	$250,000	$250,000	$250,000	per acre
Demolition of Existing Structures	$9.00	$9.00	$9.00	per existing g.s.f.
Existing FAR to be Demolished				
Retail/Office Site	0.7	0.7	0.5	per land s.f.
Hard Costs (Including General Conditions)				
Low-Rise (1-4 Stories) / Traditional TH	$235	$267	$280	per g.s.f.
Stick-Built (5-8 Stories)	$245	$269	$282	per g.s.f.
9+ Stories	$255	$284	$298	per g.s.f.
Total Renovation Hard Costs if Existing Space (Incl. Gen. Con.)	$170	$170		per g.s.f.
Surface Parking Costs	$8,000	$8,000	$8,000	per space
Above-Grade Parking Costs	$25,000	$25,000	$25,000	per space
Structured 1/2-In-Ground Parking Costs	$40,000	$40,000	$40,000	per space
Below-Grade Parking Costs (1-2 levels)	$50,000	$50,000	$50,000	per space
Below-Grade Parking Costs (3rd level)	$0	$0	$0	per space
Soft Costs (Incl. Const. Fin.)	30%	26%	30%	of hard costs
Cost of Longer Lease-Up		2%		
Tenant Improvements				
Office	$50	NA	NA	
Retail	$50	NA	NA	
Replacement Reserves	NA	$350	NA	per unit
Operating Costs	$16.50	NA	NA	per r.s.f.
Operating	$9.00			
Taxes	$7.50			
Residential Operating Costs (Excluding Utilities)		$10.00	NA	per r.s.f.
Capitalization Rate	6.5%	4.5%		
Property Tax Rate	0.01259	0.01259	0.01103	

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Table A-12. Apartment Development Parcel A, Option A				
Characteristics of Project				
Site Size (Acres)	2.07			
Height (Feet)	64			
Future FAR	2.6			
Base Project Size (Units)	195			
Market-Rate Units	170			
Affordable Units	25			
Parking Spaces	295			
Above Ground	295			
Total Residential Rentable Square Feet	159,959			
First-Floor Space Rented	9,640			
Common Area	62,483			
Total Gross Square Feet	232,081			
Average Unit Size (Square Feet)	820			
Unit Mix	**Sq. Ft.**	**Mix**	**Units**	**Rent**
Market-Rate Units				
Efficiency	475	0%	-	$1,590
1 BR	650	40%	68	$1,950
2 BR	885	50%	85	$2,420
3 BR	1,178	10%	17	$2,950
Average Market-Rate Monthly Rent	$2,285			
Affordable Units				
Efficiency	475	0%	-	$1,399
1 BR	650	40%	10	$1,490
2 BR	885	50%	12	$1,822
3 BR	1,178	10%	3	$1,869
Average Affordable Monthly Rent	$1,695			
Average Monthly Rent	$2,210			
Monthly Parking Rate	$100			
First-Floor Commercial Rent	$30			
Operating Expense per Square Foot, Excluding Utilities	$10.00			
Development Costs				
Land Acquisition, Assuming Assessed Value	$11,519,300			
Construction Costs	$62,430,000			
Site Improvement/Infrastructure Costs	$517,000			
Demolition Costs	$567,000			
Parking Construction Costs	$7,375,000			
Soft Costs	$18,431,000			
Commercial Tenant Improvement Costs	$482,000			
Total Development Costs	**$101,321,300**			
Total Development Costs/Unit	*$519,600*			
Development Feasibility				
Gross Rent (100% Occupancy)	$5,459,100			
Vacancy and Collection Loss	5.0%			
Gross Scheduled Rent	**$5,186,100**			
Operating Expenses	$1,600,000			
Replacement Reserves	$68,000			
Net Operating Income	**$3,518,100**			
Capitalized Value	**$78,180,000**			
Required Return on Investment	**$5,570,000**			
Market Value	**-$28,711,300**			

Source: Partners for Economic Solutions, 2022.

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Table A-13. Apartment Development Parcel A, Option B				
Characteristics of Project				
Site Size (Acres)	2.07			
Height (Feet)	130			
Base Project Size (Units)	368			
Market-Rate Units	321			
Affordable Units	47			
Parking Spaces	485			
Above Ground	485			
Total Residential Rentable Square Feet	301,884			
First-Floor Space Rented	11,640			
Common Area	101,830			
Total Gross Square Feet	415,354			
Average Unit Size (Square Feet)	820			
Unit Mix	**Sq. Ft.**	**Mix**	**Units**	**Rent**
Market-Rate Units				
Efficiency	475	0%	-	$1,590
1 BR	650	40%	128	$1,950
2 BR	885	50%	161	$2,420
3 BR	1,178	10%	32	$2,950
Average Market-Rate Monthly Rent	$2,285			
Affordable Units				
Efficiency	475	0%	-	$1,399
1 BR	650	40%	19	$1,490
2 BR	885	50%	23	$1,822
3 BR	1,178	10%	5	$1,869
Average Affordable Monthly Rent	$1,693			
Average Monthly Rent	$2,210			
Monthly Parking Rate	$100			
First-Floor Commercial Rent	$30			
Operating Expense per Square Foot, Excluding Utilities	$10.00			
Development Costs				
Land Acquisition, Assuming Assessed Value	$11,519,300			
Construction Costs	$117,961,000			
Site Improvement/Infrastructure Costs	$517,000			
Demolition Costs	$567,000			
Parking Construction Costs	$12,125,000			
Soft Costs	$36,728,000			
Commercial Tenant Improvement Costs	$582,000			
Total Development Costs	**$179,999,300**			
Total Development Costs/Unit	*$489,100*			
Development Feasibility				
Gross Rent (100% Occupancy)	$10,107,900			
Vacancy and Collection Loss	5.0%			
Gross Scheduled Rent	**$9,602,500**			
Operating Expenses	$3,019,000			
Replacement Reserves	$129,000			
Net Operating Income	**$6,454,500**			
Capitalized Value	**$143,430,000**			
Required Return on Investment	**$9,900,000**			
Market Value	**-$46,469,300**			

Source: Partners for Economic Solutions, 2022.

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Table A-14. Apartment Development Parcel B, Option 1				
Characteristics of Project				
Site Size (Acres)	1.54			
Height (Feet)	159			
Base Project Size (Units)	283			
Market-Rate Units	247			
Affordable Units	36			
Parking Spaces	367			
Below Ground	57			
Above Ground	310			
Total Residential Rentable Square Feet	230,428			
First-Floor Space Rented	6,093			
Common Area	74,174			
Total Gross Square Feet	310,695			
Average Unit Size (Square Feet)	814			
Unit Mix	**Sq. Ft.**	**Mix**	**Units**	**Rent**
Market-Rate Units				
Efficiency	475	0%	-	$1,590
1 BR	650	40%	99	$1,950
2 BR	885	50%	123	$2,420
3 BR	1,178	10%	25	$2,950
Average Market-Rate Monthly Rent	$2,285			
Affordable Units				
Efficiency	475	0%	-	$1,399
1 BR	650	40%	14	$1,490
2 BR	885	50%	18	$1,822
3 BR	1,178	10%	4	$1,869
Average Affordable Monthly Rent	$1,698			
Average Monthly Rent	$2,210			
Monthly Parking Rate	$100			
First-Floor Commercial Rent	$30			
Operating Expense per Square Foot, Excluding Utilities	$10.00			
Development Costs				
Land Acquisition, Assuming Assessed Value	$5,094,000			
Construction Costs	$88,237,000			
Site Improvement/Infrastructure Costs	$386,000			
Demolition Costs	$424,000			
Parking Construction Costs	$10,600,000			
Soft Costs	$26,905,000			
Commercial Tenant Improvement Costs	$305,000			
Total Development Costs	**$131,951,000**			
Total Development Costs/Unit	*$466,300*			
Development Feasibility				
Gross Rent (100% Occupancy)	$7,757,300			
Vacancy and Collection Loss	5.0%			
Gross Scheduled Rent	**$7,369,400**			
Operating Expenses	$2,304,000			
Replacement Reserves	$99,000			
Net Operating Income	**$4,966,400**			
Capitalized Value	**$110,360,000**			
Required Return on Investment	**$7,260,000**			
Market Value	**-$28,851,000**			

Source: Partners for Economic Solutions, 2022.

Table A-15. Apartment Development Parcel B, Option 2				
Characteristics of Project				
Site Size (Acres)	1.53			
Height (Feet)	119			
Base Project Size (Units)	168			
Market-Rate Units	146			
Affordable Units	22			
Parking Spaces	273			
Below Ground	59			
Above Ground	214			
Total Residential Rentable Square Feet	137,984			
First-Floor Space Rented	17,000			
Common Area	43,918			
Total Gross Square Feet	198,902			
Average Unit Size (Square Feet)	819			
Unit Mix	Sq. Ft.	Mix	Units	Rent
Market-Rate Units				
Efficiency	475	0%	-	$1,590
1 BR	650	40%	59	$1,950
2 BR	885	50%	73	$2,420
3 BR	1,178	10%	14	$2,950
Average Market-Rate Monthly Rent	$2,283			
Affordable Units				
Efficiency	475	0%	-	$1,399
1 BR	650	40%	9	$1,490
2 BR	885	50%	11	$1,822
3 BR	1,178	10%	2	$1,869
Average Affordable Monthly Rent	$1,690			
Average Monthly Rent	$2,210			
Rent Premium for Additional Floors	0.0%			
Monthly Parking Rate	$100			
First-Floor Commercial Rent	$30			
Operating Expense per Square Foot, Excluding Utilities	$10.00			
Development Costs				
Land Acquisition, Assuming Assessed Value	$5,094,000			
Construction Costs	$56,488,000			
Site Improvement/Infrastructure Costs	$383,000			
Demolition Costs	$421,000			
Parking Construction Costs	$8,300,000			
Soft Costs	$17,710,000			
Commercial Tenant Improvement Costs	$850,000			
Total Development Costs	**$89,246,000**			
Total Development Costs/Unit	*$529,700*			
Development Feasibility				
Gross Rent (100% Occupancy)	$5,040,100			
Vacancy and Collection Loss	5.0%			
Gross Scheduled Rent	**$4,788,100**			
Operating Expenses	$1,380,000			
Replacement Reserves	$59,000			
Net Operating Income	**$3,349,100**			
Capitalized Value	**$74,420,000**			
Required Return on Investment	**$4,910,000**			
Market Value	**-$19,736,000**			

Source: Partners for Economic Solutions, 2022.

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Table A-16. Apartment Development Parcel D with Reduced On-Site Parking				
Characteristics of Project				
Site Size (Acres)	0.52			
Height (Feet)	59			
Base Project Size (Units)	32			
Market-Rate Units	28			
Affordable Units	4			
Parking Spaces	21			
Below Ground	21			
Total Residential Rentable Square Feet	27,144			
First-Floor Space Rented	6,927			
Common Area	8,654			
Total Gross Square Feet	42,725			
Average Unit Size (Square Feet)	848			
Unit Mix	Sq. Ft.	Mix	Units	Rent
Market-Rate Units				
Efficiency	475	0%	-	$1,590
1 BR	650	40%	11	$1,950
2 BR	885	50%	14	$2,420
3 BR	1,178	10%	3	$2,950
Average Market-Rate Monthly Rent	$2,292			
Affordable Units				
Efficiency	475	0%	-	$1,399
1 BR	650	40%	2	$1,490
2 BR	885	50%	2	$1,822
3 BR	1,178	10%	-	$1,869
Average Affordable Monthly Rent	$1,656			
Average Monthly Rent	$2,210			
Monthly Parking Rate	$100			
First-Floor Commercial Rent	$30			
Operating Expense per Square Foot, Excluding Utilities	$10.00			
Development Costs				
Land Acquisition, Assuming Assessed Value	$3,099,400			
Construction Costs	$11,493,000			
Site Improvement/Infrastructure Costs	$131,000			
Demolition Costs	$144,000			
Parking Construction Costs	$1,050,000			
Soft Costs	$3,333,000			
Commercial Tenant Improvement Costs	$346,000			
Total Development Costs	**$19,596,400**			
Total Development Costs/Unit	*$612,400*			
Development Feasibility				
Gross Rent (100% Occupancy)	$1,082,700			
Vacancy and Collection Loss	5.0%			
Gross Scheduled Rent	**$1,028,600**			
Operating Expenses	$271,000			
Replacement Reserves	$11,000			
Net Operating Income	**$746,600**			
Capitalized Value	**$16,590,000**			
Required Return on Investment	**$1,080,000**			
Market Value	**-$4,086,400**			

Source: Partners for Economic Solutions, 2022.

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Table A-17. Apartment Development Parcel E, 5 Floors of Wood over 1 Floor of Concrete with No On-Site Parking				
Characteristics of Project				
Site Size (Acres)	0.69			
Height (Feet)	65			
Base Project Size (Units)	75			
Market-Rate Units	65			
Affordable Units	10			
Parking Spaces	-			
Above Ground	-			
Total Residential Rentable Square Feet	61,523			
First-Floor Space Rented	16,450			
Common Area	20,928			
Total Gross Square Feet	98,900			
Average Unit Size (Square Feet)	820			
Unit Mix	Sq. Ft.	Mix	Units	Rent
Market-Rate Units				
Efficiency	475	0%	-	$1,590
1 BR	650	40%	26	$1,950
2 BR	885	50%	33	$2,420
3 BR	1,178	10%	6	$2,950
Average Market-Rate Monthly Rent	$2,281	278%		
Affordable Units				
Efficiency	475	0%	-	$1,399
1 BR	650	40%	4	$1,490
2 BR	885	50%	5	$1,822
3 BR	1,178	10%	1	$1,869
Average Affordable Monthly Rent	$1,694			
Average Monthly Rent	$2,200			
Monthly Parking Rate	$100			
First-Floor Commercial Rent	$30			
Operating Expense per Square Foot, Excluding Utilities	$10.00			
Development Costs				
Land Acquisition, Assuming Assessed Value	$2,950,900			
Construction Costs	$26,604,000			
Site Improvement/Infrastructure Costs	$172,000			
Demolition Costs	$188,000			
Parking Construction Costs	$0			
Soft Costs	$7,011,000			
Commercial Tenant Improvement Costs	$823,000			
Total Development Costs	**$37,748,900**			
Total Development Costs/Unit	*$503,300*			
Development Feasibility				
Gross Rent (100% Occupancy)	$2,475,900			
Vacancy and Collection Loss	5.0%			
Gross Scheduled Rent	**$2,352,100**			
Operating Expenses	$615,000			
Replacement Reserves	$26,000			
Net Operating Income	**$1,711,100**			
Capitalized Value	**$38,020,000**			
Required Return on Investment	**$2,080,000**			
Market Value	**-$1,808,900**			

Source: Partners for Economic Solutions, 2022.

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Table A-18. Apartment Development Parcel E, 5 Floors of Wood Over 3 Floors of Concrete				
Characteristics of Project				
Site Size (Acres)	0.69			
Height (Feet)	85			
Base Project Size (Units)	75			
Market-Rate Units	65			
Affordable Units	10			
Parking Spaces	72			
Above Ground	72			
Total Residential Rentable Square Feet	61,523			
First-Floor Space Rented	13,100			
Common Area	28,088			
Total Gross Square Feet	102,710			
Average Unit Size (Square Feet)	820			
Unit Mix	Sq. Ft.	Mix	Units	Rent
Market-Rate Units				
Efficiency	475	0%	-	$1,590
1 BR	650	40%	26	$1,950
2 BR	885	50%	33	$2,420
3 BR	1,178	10%	6	$2,950
Average Market-Rate Monthly Rent	$2,281			
Affordable Units				
Efficiency	475	0%	-	$1,399
1 BR	650	40%	4	$1,490
2 BR	885	50%	5	$1,822
3 BR	1,178	10%	1	$1,869
Average Affordable Monthly Rent	$1,694			
Average Monthly Rent	$2,200			
Monthly Parking Rate	$100			
First-Floor Commercial Rent	$30			
Operating Expense per Square Foot, Excluding Utilities	$10.00			
Development Costs				
Land Acquisition, Assuming Assessed Value	$2,950,900			
Construction Costs	$27,629,000			
Site Improvement/Infrastructure Costs	$172,000			
Demolition Costs	$188,000			
Parking Construction Costs	$1,800,000			
Soft Costs	$7,745,000			
Commercial Tenant Improvement Costs	$655,000			
Total Development Costs	**$41,139,900**			
Total Development Costs/Unit	*$548,500*			
Development Feasibility				
Gross Rent (100% Occupancy)	$2,375,400			
Vacancy and Collection Loss	5.0%			
Gross Scheduled Rent	**$2,256,600**			
Operating Expenses	$615,000			
Replacement Reserves	$26,000			
Net Operating Income	**$1,615,600**			
Capitalized Value	**$35,900,000**			
Required Return on Investment	**$2,260,000**			
Market Value	**-$7,499,900**			

Source: Partners for Economic Solutions, 2022.

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Table A-19. Apartment Development Parcel E, High-Rise Option				
Characteristics of Project				
Site Size (Acres)	0.69			
Height (Feet)	150			
Base Project Size (Units)	147			
Market-Rate Units	128			
Affordable Units	19			
Parking Spaces	144			
Above Ground	144			
Total Residential Rentable Square Feet	120,584			
First-Floor Space Rented	13,100			
Common Area	41,032			
Total Gross Square Feet	174,716			
Average Unit Size (Square Feet)	820			
Unit Mix	**Sq. Ft.**	**Mix**	**Units**	**Rent**
Market-Rate Units				
Efficiency	475	0%	-	$1,590
1 BR	650	40%	51	$1,950
2 BR	885	50%	64	$2,420
3 BR	1,178	10%	13	$2,950
Average Market-Rate Monthly Rent	$2,287			
Affordable Units				
Efficiency	475	0%	-	$1,399
1 BR	650	40%	7	$1,490
2 BR	885	50%	10	$1,822
3 BR	1,178	10%	2	$1,869
Average Affordable Monthly Rent	$1,705			
Average Monthly Rent	$2,210			
Monthly Parking Rate	$100			
First-Floor Commercial Rent	$30			
Operating Expense per Square Foot, Excluding Utilities	$10.00			
Development Costs				
Land Acquisition, Assuming Assessed Value	$2,950,900			
Construction Costs	$49,619,000			
Site Improvement/Infrastructure Costs	$172,000			
Demolition Costs	$188,000			
Parking Construction Costs	$3,600,000			
Soft Costs	$13,931,000			
Commercial Tenant Improvement Costs	$655,000			
Total Development Costs	**$71,115,900**			
Total Development Costs/Unit	*$483,800*			
Development Feasibility				
Gross Rent (100% Occupancy)	$4,293,800			
Vacancy and Collection Loss	5.0%			
Gross Scheduled Rent	**$4,079,100**			
Operating Expenses	$1,206,000			
Replacement Reserves	$51,000			
Net Operating Income	**$2,822,100**			
Capitalized Value	**$62,710,000**			
Required Return on Investment	**$3,910,000**			
Market Value	**-$12,315,900**			

Source: Partners for Economic Solutions, 2022.

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Table A-20. Condominium Development, Parcel B, Option 2						
	More Large Units			More Small Units		
Characteristics of Project						
Site Size (acres)	1.53			1.53		
Base Project Size (Units)	159			170		
Market-Rate Units	139			148		
Affordable Units	20			22		
Parking Ratio (Spaces per Unit)	1.3			1.3		
Residential Parking Spaces	214			214		
Below Ground	-					
Above Ground	214			214		
Total Residential Square Feet	198,902			198,902		
Unit Mix	SF	Mix	Units	SF	Mix	Units
Market-Rate						
Condo- 1 BR	775	35%	49	775	50%	74
Condo- 2 BR	1,000	50%	70	1,000	50%	74
Condo- 3 BR	1,163	15%	20			
Average Size	946			888		
Affordable						
Condo- 1 BR	775	35%	7	775	50%	11
Condo- 2 BR	1,000	50%	10	1,000	50%	11
Condo- 3 BR	1,163	15%	3			
Pricing	Price PSF	Mix	Total Price	Price PSF	Mix	Total Price
Condo- 1 BR	$340	35%	$264,000	$340	50%	$264,000
Condo- 2 BR	$300	50%	$300,000	$300	50%	$300,000
Condo- 3 BR	$280	15%	$326,000			
Parking Space			$27,500			$27,500
Affordable						
Condo- 1 BR			$210,100			$210,100
Condo- 2 BR			$232,800			$232,800
Condo- 3 BR			$273,100			$273,100
Development Costs						
Land Acquisition	$5,094,000			$5,094,000		
Residential Unit Construction Cost	$59,312,600			$59,312,600		
Site Improvement/Infrastructure Costs	$383,000			$383,000		
Demolition Costs	$421,000			$421,000		
Parking Construction Cost	$5,350,000			$5,350,000		
Soft Costs	$19,514,000			$19,514,000		
Total Development Costs	**$90,074,600**			**$90,074,600**		
Total Development Costs/Unit	$566,500			$529,900		
Development Feasibility						
Gross Sales Proceeds	$50,959,000			$52,492,900		
Less Cost of Sales	5.0%			5.0%		
Net Sales Proceeds	$48,411,100			$49,868,300		
Developer Return	$5,095,900			$5,249,300		
Surplus / (Deficit)	**-$46,759,400**			**-$45,455,600**		

Source: Partners for Economic Solutions, 2022.

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