

The Flats at Knowles Station

Corporate Housing / Short Term Stay “Hotel Units” Operational Statement April 19, 2023

The most important item to understand is that “hotel” is a zoning term and not what we intend to do, nor want to do. The general industry term for the intended use is corporate housing for short term use. There is a wide band of market users. Our focus will be on NIH and Walter Read employees and contractors servicing federal agencies and the needs of our community for 1 to 4 weeks, but not exceed 29 day usage.

From an operational perspective, the proposed conversion of 25 live work units into 9 market rate multi-family and 16 short term extended stay hotel units will be seamless and invisible to the community while offering many benefits.

Inherent Benefits:

1. Many of the short term extended stay users will not have vehicles and rely on mass transit. Therefore, this proposal will reduce stress and movements in the parking garage and typically reduces the number of parking spaces compared to typical multi-family residents.
2. The removal of the “office” component of the Live Work units will help reduce traffic to and from the building. Its not easily modeled in a traffic study, but we removed approximately 16,000 SFT of office from that level per se and those vehicle trips, but did not remove one unit
3. The end users do not have school students therefore reducing impacts to our great school system.
4. There will be no “hotel” signage or additional signage to lease these 16 units. One will not be aware of the difference between these units and the rest of the building exactly like the MPDU units. The integration is to be unknown and seamless in and outside of the buildings and all units will have the same unified address system.

Market and Management Process:

In addition to the overall building management company, the ownership has engaged a second management company that specializes in corporate housing units throughout the DMV. They helped write this and will be at the planning board hearing to answer any questions.

The experts expressed concerns that Live Work units are tough to lease. In this case, the Live Work units are not on the street and thus even harder to lease. Once leased, Live Work units do create extra traffic to and from a building and increase stress on the internal parking garage movements. And to be remotely successful, they require significant signage requirements that conflicts with the Town of Kensington signage ordinance.

Conversely, their market research uncovered an immediate market need for short term stay units. We learned that there is not one short term stay unit available in Kensington which is an obvious shortage and immediate housing diversity emphasized in the master plan.

Other ways that separate these furnished corporate housing units from hotels is that they have full kitchens, larger living spaces and longer stays than hotels that tend to be 1 or 2 nights. Our intended minimum stay will be 3 nights or 5 nights or a week to further differentiate us from a hotel.

Their market studies revealed an interesting niche to address needs at Walter Reed, NIH, and other governmental agencies in and around the immediate market. Also, they found and have existing client relationships with corporate housing for healthcare and other companies servicing those agencies.

Thus, the end-user could be a government worker or a contractor to the government. The management firm will be seeking to lease in advance of delivery of the building and on an ongoing basis moving forward to this existing client base.

We enjoyed learning that for renters with NIH and Walter Reed, many of them will be here to help provide emotional support to people getting treatments and recovering from surgeries or illnesses and cancer treatments.

Perhaps more important is the local community market. If one sells a house and needs to get out quickly or other life transition, the Flats will provide a nice alternative rather than a 1 year or longer commitment typically seen in multi-family buildings.

Turnkey housing also does this service for the newly completed Wilson and Elm in downtown Bethesda, that has this same zoning situation and planning board approval.

Note the short-term management company handling these rentals will not need any additional on-site presence as its offices are in Washington, DC. If a need arises, they will learn from their governmental clients and look to rent the unit.

Or if a community simply comes up and goes to the leasing office and states a need for short term stay, the main management company onsite leasing staff located on G-2 entry level will simply introduce them over to the corporate housing firm to customize to their needs.

No daily cleaning will be offered, only cleaning will be when the unit is vacated. And we may offer weekly, or bi-weekly cleaning as they market may request, but there will not be any laundry facilities on site.

No separate hotel facilities and no hotel staff will be onsite.

No impacts to building security or added elements as a result. Our staff will do full background checks on all of our renters.

Access – all of the units whether they are MPDU's, market rate, or short term stay units will use some sort of key fob, or card key or other security controls to ensure safety closely monitored for all community members.