



Montgomery Planning

Downcounty Planning

9.28.23

Agenda item 6

Building on Success

Taking the Bethesda Overlay Zone Forward



Agenda

- Briefing today, discussion, no action taken
- October 12: Public testimony, Planning Board recommendation to County Council
- Fall: County Council and Committee discussion

Bethesda Downtown Sector Plan

Overarching Goals:

- Equity and sustainability
- Parks and open space
- Affordable housing
- Environmental innovation
- Economic competitiveness

What will Bethesda be like in 20 years?

A truly **sustainable** Downtown...

economic competitive + innovative

social unique + affordable

environmental greener + connected

...with strengthened **Centers of Activity**



...and this is **how** to get there:...

Great Transit + Walkability

Bethesda Overlay Zone

Optional Method Public Benefits

High Performance Area

Design Excellence

Plan Implementation

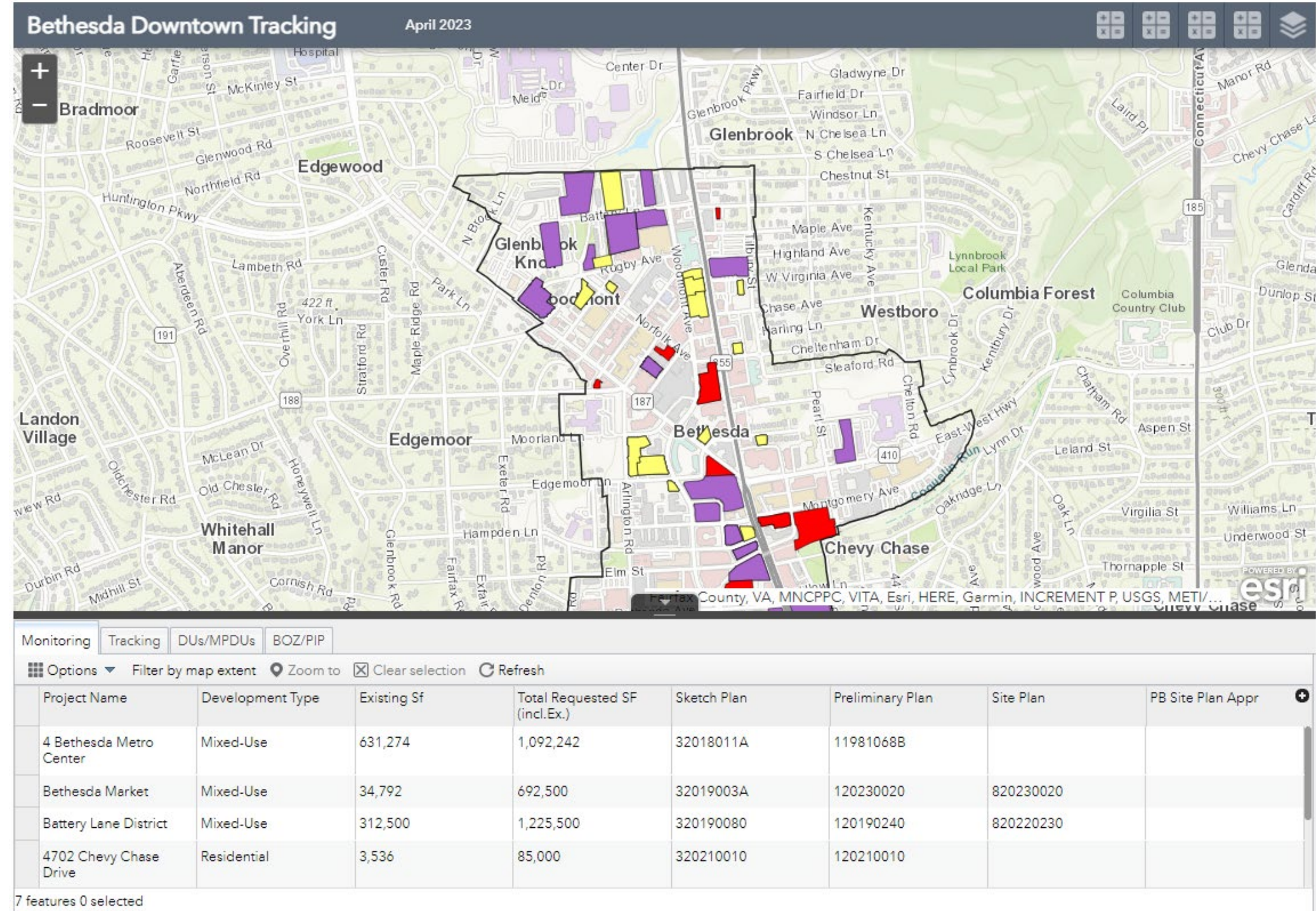
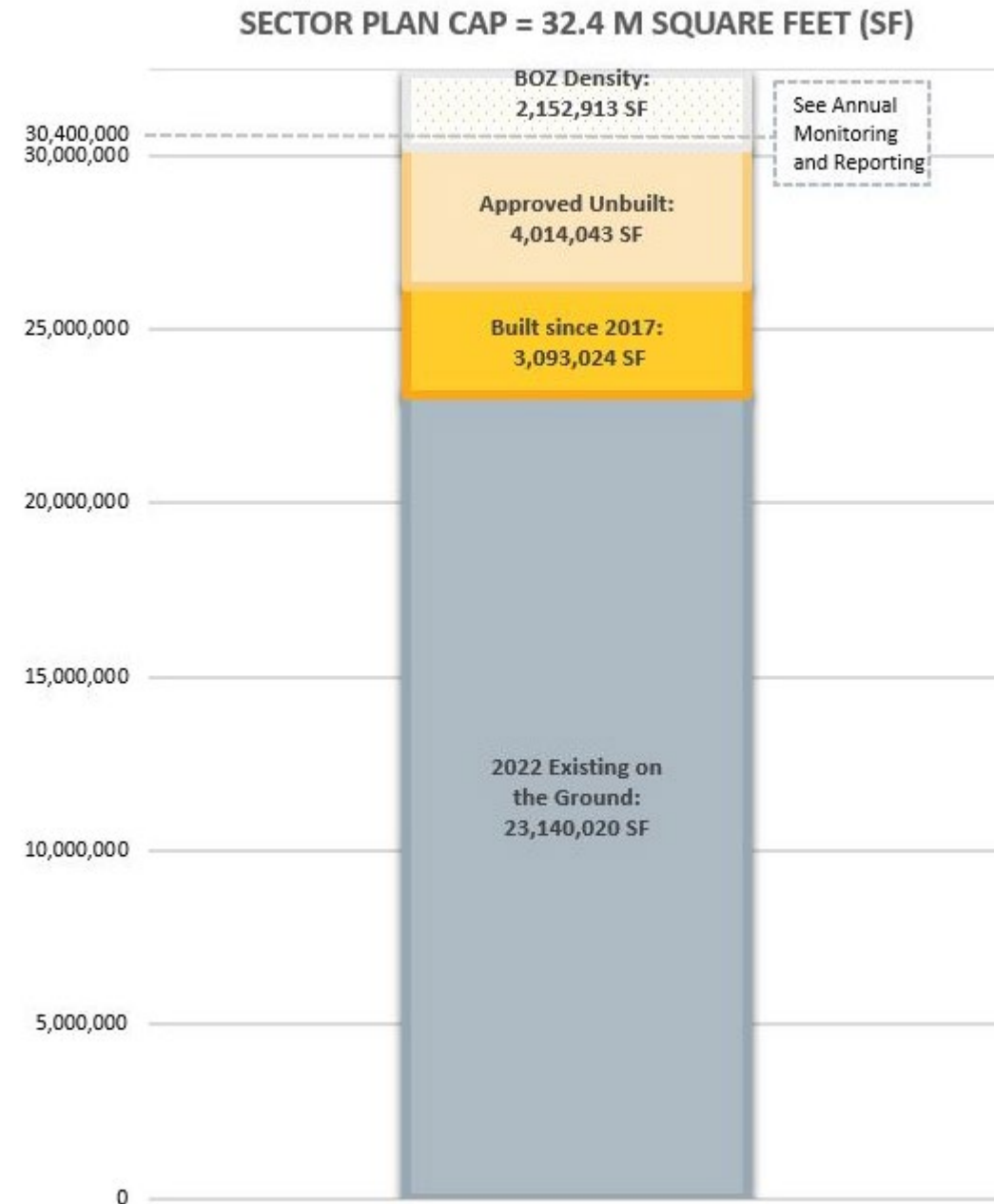
- Bethesda Overlay Zone (BOZ)
- Park Impact Payment (PIP)
- Bethesda Design Advisory Panel (DAP)
- Implementation Advisory Committee (IAC)
- Annual Monitoring Report

Bethesda Overlay Zone (BOZ)

- Set a development cap of 32.4 million square feet
- Allows increase in density over mapped FAR (BOZ density)
- Sets time limits for projects utilizing BOZ density

Bethesda Overlay Zone-Tracking Tool

BOZ Density Tracking Tool



[BETHESDA DOWNTOWN MONITORING AND TRACKING WEBSITE](#)

Park Impact Payment (PIP)

- Based on the amount of BOZ density requested
- PIP amount is determined at Site Plan approval
- PIP paid prior to release of the first above grade building permit
- Funds are controlled by the Parks Department and used to purchase and construct new parkland recommended by the Bethesda Downtown Sector Plan

Design Advisory Panel (DAP)

- The DAP is a multidisciplinary review panel set up to review projects at the sketch plan and site plan level for conformance to the Bethesda Downtown Plan Design Guidelines and design excellence
- The DAP meets monthly and is live-streamed
- Public comment welcomed if time permits

Implementation Advisory Committee (IAC)

- The role of the Committee is to coordinate and monitor the progress of development and address implementation of the recommendations in the Sector Plan
- The IAC is made up of representatives from the business community and residents of downtown Bethesda
- The IAC meets monthly
- Planning staff attends the monthly meetings

Bethesda Downtown Plan is a Success

- Since 2017, Planning Board has approved over 7M sf of development, over 3M sf built
- 1.6M sf of Office, 1.25M sf built
- 410,000 sf of Retail, 320,000 sf built
- Over 4,800 multi-family units, over 2,800 built/under construction
- Over 750 MPDUs, over 400 built/under construction

Bethesda Downtown Plan is a Success

- Capital Crescent Civic Green
- Farm Women's Market Civic Green
- Eastern Greenway
- New bikeways and pedestrian improvements
- Traffic and schools operating within standards

The Surfing Process: Right Time + Right Tools



Keys to success: Right Time

- Unmet market demand downtown for new housing and office space
- Developers seek more height and density to offset rising construction costs
- Purple Line moving forward
- Key sites and tenants were in play
 - Wilson & Elm, Capital Crescent Civic Green, CCT tunnel
 - Marriott & JBG looking for new urban metro-accessible headquarters
 - Battery Lane apartments reaching end of useful life

Keys to success: Right Tools

- The plan provides additional height and flexible BOZ density
- Park Impact Payments capture value created to help pay for new parks
- In addition to PIP, new development provides parks, open space, and connectivity improvements
- Development cap addressed community concern about infrastructure improvements keeping pace with development
- BOZ density use-or-lose requirements raised the bar for potential development applications
 - Sketch Plan allows longer-term planning (w/in APF & BOZ cap horizon)

Keys to success: Right Tools

- Bethesda Design Advisory Panel raises market profile of Bethesda development
- Bethesda Implementation Advisory Committee keeps the community involved in the implementation process beyond the sector plan

A Measure of Success: the “Soft Cap”

- Opportunity to take stock
- “Once total development-including approvals reaches 30.4 million square feet, the County Council may require certain actions before additional development is permitted.
- “Depending on the Planning Board’s recommendations, such actions would address needed infrastructure and/or achieving of certain NADMS goals as outlined in 2.3.5 Transportation Demand Management and progress toward the acquisition of half of the recommended new urban parks as discussed in 2.7 Parks and Open Space.” (p. 151, emphasis added)

Needed infrastructure and NADMS Goals

- Needed infrastructure being implemented by developers as frontage improvements and through CIP
- NADMS trends toward 55% combined residential/employee goal
 - Residential increased from 56.9% in 2019 to 64.9% in 2021
 - Employee increased from 36.4% to 36.7% during the same period
 - 2023 numbers forthcoming
- Continued private investment from development is key to advancing these

Parks Progress

- Beyond PIP and other funds, Parks Department leverages private development to help realize new parks
 - Capital Crescent Civic Green
 - Farm Women's Market Civic Green
 - Eastern Greenway
 - Elm Street Park improvements
- Continued private investment from development is key to advancing these parks

School Capacity

- Not listed under the Soft Cap discussion items
- Bethesda-Chevy Chase High School and Westland Middle School have operated under capacity since 2017
- Bethesda Elementary School
 - 2017-2019 Open
 - 2020 Conditionally open pending a small addition planned in the MCPS CIP
 - 2021 Tier 2 Utilization Premium Payment (UPP)
 - 2022 -2023 Open

Keys to Continued Success: New Time

- A very different market
- Pandemic has had a significant and still evolving impact on development, land use, and individual commuting and shopping habits
- High interest rates have made development more expensive, often prohibitively
- Economic competitiveness requires flexibility so that potential development projects can be ready for the next market wave

Keys to Continued Success: New Tools

- Move away from building moratorium as an effective tool to build capacity
- 2020-2024 Growth and Infrastructure Policy
 - development-related impact taxes
 - UPPs for over-utilized schools
 - Policy Area Test for master plan land use/transportation balance

Keys to Continued Success: Still the Right Tools?

- The BOZ and the PIP have been phenomenally successful generators of economic growth, jobs, affordable and market-rate housing, progress toward spectacular new parks, and improved transit, bicycle, and pedestrian facilities.
- The DAP and the IAC have functioned well to ensure projects meet the high standards of the plan

Keys to Continued Success: Still the Right Tools?

- BOZ development cap creates uncertainty
 - As development approached the 30.4M sf mark, developers began to worry about the viability of new development in Bethesda
 - Would their early investment of time and money to secure entitlement approvals run up against the 32.4M sf cap on development, preventing them from moving forward?

Bringing Success Forward: How

- The Sector Plan recommends a maximum of 32.4M sf total development
- There remain almost 2M sf left under the cap
- Staff considered several strategies to determine an alternative development capacity number, and also if the cap itself is necessary
- Staff has a recommendation, but thinks a different number or approach should be addressed as a public conversation as a minor amendment to the sector plan
 - Clarksburg Limited Master Plan

Bringing Success Forward: How

- Developers need flexibility to be market-ready
- The cap in the Zoning Ordinance acts like a moratorium and reduces flexibility
- Private development pays for the parks and transportation improvements
- Community also needs certainty that parks, transportation, and schools infrastructure are keeping pace with development

Staff Recommends a Multi-Prong Strategy

- As total development approaches the cap, begin a minor master plan amendment limited in scope to the address that provision, perhaps in coordination with the 2024-2028 GIP
- ZTA to remove from the overlay zone only the 32.4M sf. cap and use-or-lose provisions in favor of master plan conformance finding
- Continue to evaluate each project against the Growth and Infrastructure Policy standards for transportation and schools
- Continue to track progress toward implementation of plan recommendations by project with website and Annual Monitoring Report

Next Steps

- Briefing today, no action taken
- October 12: Public testimony, Planning Board recommendation to County Council
- Fall: County Council and Committee discussion