
MEMORANDUM TO: Mayor and City Council
Planning Commission

FROM: Rob Robinson, Long Range Planning Manager

DATE: May 27, 2016

SUBJECT: Staff Analysis: Application Z-7262-2016;

APPLICANT/OWNER

Rockside-700 LLC
1155 Connecticut Ave. Ste 700
Washington DC, 20036

Bank Street Realty Partners LLC
c/o McShea Management Inc.
100 Lakeforest Blvd: Ste 500
Gaithersburg MD, 20877

Capview Income & Value FD IV, LP
5910 N. Central Expressway: Ste 1625
Dallas TX, 75206

TAX MAP REFERENCE:

Tax Sheet: FT21

TAX ACCOUNT NUMBER:

Block C Lot 8 –ID# 09-03353020 (14 Firstfield)
Block C Lot 9 –ID# 09-03353031 (700 Quince Orchard)
Block C Lot 10 –ID# 09-03676310 (1 Bank)
Block C Lot 11 –ID# 09-03676321 (5 Bank)

Joint Hearing - MCC & PC
Z-7262-2016
27

REQUEST

The applicant, Rockside-700 LLC et al, has submitted Zoning Map Amendment application Z-7262-2016, to rezone four properties on 15.38 acres from the C-2 (General Commercial) and E-1 (Urban Employment) zones to the MXD (Mixed Use Development) zone and establish a new sketch plan, in accordance with § 24-160D.9(a) "Application for the MXD Zone and sketch plan approval" of the City Code. The subject properties (the "Property" or "Site") are located at 700 Quince Orchard Road, 1 Bank Street, 5 Bank Street, and 14 Firstfield Road.



GENERAL INFORMATION

LOCATION:

The Property is a rectangular shape bounded by Bank Street to the north, Quince Orchard Road to the east, commercial and industrial uses to the south, and Firstfield Road to the west. The National Institute of Standards and Technology "NIST" borders the Property to the east across Quince Orchard Road. The Quince Orchard Plaza center is located across Bank Street from the Property. Employment (E-1) zoned properties and uses border the Property to the south and to the west across Firstfield Road¹.

Z-7262-2016 SKETCH PLAN PROPOSAL:

As stated, the Applicant has submitted an application seeking to rezone to MXD and establish a sketch plan for the four subject parcels located around 700 Quince Orchard Road. Application Z-7262-2016 has been submitted in accordance with § 24-160.D.9(a) "Application for the MXD Zone and sketch plan approval."

Of note, the Master Plan does not provide a recommendation for the Property to be zoned MXD; however, § 24-160D.2.9.(a) (Minimum location and development requirements) states:

"(a) Master plan. No land shall be classified in the Mixed Use Development Zone unless the land is within an area for which there is an approved and adopted master plan which recommends mixed use development for the land which is the subject of the application, or unless the proposed development otherwise satisfies the purposes and objectives of the MXD Zone. Approval of the MXD Zone for land which is not recommended for this zone in an approved master plan shall require the affirmative vote of four (4) members of the city council."

Application Z-7262-2016 will be reviewed upon the above and will require four affirmative Council votes for approval.

A joint public hearing before the Mayor & City Council and the Planning Commission was held on April 18, 2016². During the course of the hearing the following aspects of the proposed plan were presented:

- The development options' details, including parking, building heights, and uses;
- Identifying a strategy for connectivity and internal circulation;
- The intent to either redevelop or adaptively reuse the existing DRS building; and
- The project's relation and context to the greater surrounding area.

¹ Ex. 21 The Preliminary Background Report provides a complete Zoning, Site Plan, and Hearing Submission Overview.

² Ex. 24

The Applicant, during the public hearing, presented a mixed-use infill redevelopment project including residential, commercial office/lab, and retail uses. The proposed public hearing sketch plan divided the Property into three “Blocks”; 1, 2 and 3³.

- Block 1 proposes up to 400,000 square feet (SF) of non-residential space with a combination and focus of lab/office and retail/restaurant.
- Block 2 will include two sub-blocks, Block 2A and Block 2B. Block 2A will be limited to townhouse units only. Block 2B may be townhouses and/or two-over-twos. A possible commercial component not to exceed 5,000 square feet is proposed for 2B. Together, Blocks 2A and 2B proposed 120 to 175 residential units.
- Block 3 proposes a cap of 200,000 SF of commercial uses include the same uses identified for Block 1, with the addition of medical clinic (requiring a Special Exception) and hotel.

While the proposal was generally well received and it was acknowledged that it was appropriate to re-examine the entire Firstfield corridor by Council and Commission, concern was expressed regarding the following:

- It was noted that the Economic Development Committee and economic staff have expressed issues with the challenges of the current DRS building and the plan to reuse said structure, including the buildout of residential with the possibility of a vacant building.
- While surrounding uses may foster synergy with the proposed plan, there are challenges in creating a mixed-use residential environment in a heretofore commercial area and is the proposed number of residential units enough to effect the desired revitalization?

It was recognized, however, that revitalization done well could be beneficial to the area.

There was no testimony from the public and at the time of the Planning Commission’s record closing, no additional comments were received. In response to comments made during the hearing, the Applicant has submitted a supplementary statement.

³ Ex. 11

CHANGES TO PLAN / STATEMENT RESUBMISSION:

As stated, in response to the comments received during the public hearing and from staff, the Applicant has submitted a revised plan⁴ and Statement⁵.

The only change to the proposed plan involves amending the residential density in Blocks 2A and 2B to read “Up to 175 Units” rather than between 120-175 Units. This affords the final mix to be determined during schematic development plan (SDP) without an arbitrarily defined basement that could possibly skew the mix to include a larger proportion of two-over-two units rather than single-family towns. This change may allow any future SDP to be better reviewed based upon “livability” issues such as visitor parking, usable open space, and mix of town sizes rather than density compliance. Staff is supportive of this change.

STATEMENT:

The Applicant submitted an additional statement⁶ in order to expand upon three topics addressed during the public hearing; Neighborhood Context, Mixed Use Redevelopment Precedents, and Phasing. The “Neighborhood Context” section reiterates the unique location of the proposed development, citing the strong regional employment base; the proximity of existing retail and amenities; and the surrounding residential uses. The Applicant further supports the site being ideally located for higher density and mixed use because the City and State have defined the subject Firstfield/Quince Orchard Corridor as a *Targeted Growth and Revitalization Area* under PlanMD and the site could benefit by its location between the MWCOG Kentlands and Metropolitan Grove Activity Centers, coupled with and linked by the Corridor Cities Transitway (CCT) having two stops planned, one to the north and one to the south of the property.

The Applicant asserts that planning principles support the addition of mixed use zoning and residential uses into aging office parks by leveraging existing infrastructure and addressing land scarcity. Practice and research both suggest that mixed use environments are more attractive to office tenants of any size and that new residents are interested in living near their work. The Statement continues from the hearing to provide in greater detail development precedents that reflect the intent of the subject proposal; developments underway that include residential/office integration. The Applicant then provides specific examples that illustrate that even a relatively small proportion of residential units may successfully enliven such a project.

The last section of the Statement is focused upon phasing, and specifically the strategy to develop the existing DRS building. Understanding the concerns of the Council, Commission, and staff the Applicant intends to proceed with Blocks 1 and 2 simultaneously and be reflected on a single SDP Application. Since the hearing, the Applicant has enlisted a specialized brokerage team focused on attracting R&D tenants and the like. The Applicant is prepared to begin marketing the DRS building for either full redevelopment or

⁴ Ex. 26

⁵ Ex. 25

⁶ Ex. 3 Original Request & Justification Statement

adaptive reuse. However, the Applicant also recognizes that any marketing campaign for the DRS Building as it relates to the overall project cannot begin in earnest until the rezoning is approved.

STAFF FINDINGS ANALYSIS AND RECOMMENDATIONS

Z-7262-2016

FINDINGS:

Approval of Z-7262-2016 and its subject parcels (Property), by the City Council is dependent upon the findings required under § 24-160D.10 of the City Code. The following outlines the required findings and justifications for a City Council approval of application Z-7262-2016:

(a) The City Council shall approve MXD zoning and the accompanying sketch plan only upon finding that:

(1) The application meets or accomplishes the purposes, objectives, and minimum standards and requirements of the zone; and

a) Application Z-7262-2016 provides a mixed-use community development that will allow for multiple uses that ensure design flexibility and afford various architectural styles and designs that are harmonious within the Property and with the surrounding community.

b) Application Z-7262-2016 is designed to integrate the various uses through roads, paths and green space, while still allowing each use or block to create a distinct personality.

c) Application Z-7262-2016 contributes to the mix of land uses including residential with a single-family fee-simple component and diverse commercial uses, with an emphasis on research/office, that work to complement one another both internally and within the greater immediate area composed of the Firstfield Employment Corridor, Quince Orchard Plaza, and NIST.

d) Application Z-7262-2016 contains a minimum of ten (10) acres and is located adjacent to and readily accessible from Quince Orchard Road (MD 124), Firstfield Road, and Bank Street and are all adequate to service the proposed development. It is intended that access will be available both within and to the site so that traffic does not have an adverse impact on the surrounding area or cause internal circulation or safety problems.

e) Application Z-7262-2016, as submitted, encourages the efficient use of land by: locating employment uses convenient to residential areas; reducing reliance upon automobile use with a centralized design and leveraging the proposed future CCT stops; explores internal and external connectivity to connect to the various neighborhoods; and providing new green space.

(2) The application is in accord with recommendations in the applicable master plan for the area and is consistent with any special conditions or requirements contained in said master plan; and

While the Land Use Element does not specifically recommend for Z-7262-2016 properties to be zoned MXD, the Z-7262-2016 proposal is in accord with and fulfills recommendations from other elements of the Master Plan and the City's Annual Strategic Plan:

a) The City's Visions defined in the annual Strategic Plan state the City, "Has safe, livable neighborhoods with a variety of housing types and styles served by diverse transportation options." Z-7262-2016 introduces fee-simple single family homes into an immediate area dominated by multi-family housing and will be served by both new bicycle facilities and two future CCT stations.

b) The draft FY 17 Strategic Plan has as a City objective: Promote rezoning of parcels that exhibit strong development and redevelopment potential in accordance with the Master Plan. Z-7262-2016 includes both undeveloped and vacant parcels and aging office buildings in an area identified as a *Targeted Growth & Revitalization* area under PlanMD. Application Z-7262-2016 is seeking to rezone to provide a mix of uses that maximize its positional context.

c) The draft FY 17 Strategic Plan has as a City objective: Provide opportunities to redevelop or improve underutilized properties. Z-7262-2016 includes both undeveloped and vacant parcels and aging office buildings in an area identified as a Targeted Growth & Revitalization area under PlanMD. Z-7262-2016 will develop both by densifying all parcels with a mix of residential, commercial, and employment uses.

d) The Process and Overview Element encourages placing employment and commercial uses in close proximity to residential areas. Z-7262-2016 will introduce residential uses within the Firstfield Employment Corridor and in close proximity to retail hubs.

e) The Process and Overview Element encourages addressing the future housing mix and affordability and demographic makeup of the City. Z-7262-2016 proposes fee simple ownership housing in an area that is predominantly rental in nature. More importantly, it provides affordable housing options in an area that lacks such options.

(3) The application and sketch plan will be internally and externally compatible and harmonious with existing and planned land uses in the MXD zoned areas and adjacent areas.

Application Z-7262-2016 is compatible and harmonious with the adjacent area. This broad mix of uses and users allows multiple opportunities for the Property to develop and integrate into the greater community. A variety of uses and zones are found in the proximate vicinity of the Property, including two MWCOC Activity Centers. The implementation of the MXD Zone will afford uses that will complement the surrounding vicinity and may be a catalyst for future growth on other sites within the aging Firstfield Corridor.

Z-7262-2016 focuses on maximizing employment opportunities at the Property and creating a neighborhood for residents to live, work and play. With respect to the employment uses, currently, the Property supports commercial uses totaling 201,186 square feet. Z-7262-2016 proposes to potentially more than double the existing non-residential square footage at full build-out, at the same time as it provides ownership opportunities for City residents that desire to live near their jobs.

STAFF RECOMMENDATION

Planning Staff, in reviewing the Z-7262-2016 application made note of some fundamental details:

- Greenfield development is exhausted within the City and opportunities for sustainable infill redevelopment should be considered;
- Expansion of retail uses in a redevelopment project should not be done at the expense of other existing retail centers;
- The Property was originally rezoned from the C-P (Commercial Office Park) to the E-1 (Urban Employment) zone with the intent of creating a node of professional/technical jobs in the Firstfield corridor;
- The Firstfield Corridor, while current market conditions may be favorable for certain business sectors, has not achieved in 50 years the vision when rezoned to E-1 and parcels originally designed as office parks are now churches and other non-employment uses or “high” employment uses;
- The Firstfield Corridor can retain its worth as an employment hub without Euclidean zoning and in a mixed-use context;
- The entire Firstfield Corridor was identified and approved as a *Targeted Growth & Revitalization* area by both the Planning Commission, the Council and the State under Plan MD;
- The Firstfield Corridor is one of the specified areas identified in the Planning Commission’s *Master Plan 5-year Report* as being a geographic area of focus in the 2016 Land Use update
- Review rezonings as to their long term benefits and not as a reaction to current short term market conditions.

Given the base understandings listed above, staff further reviewed all the items entered into the Z-7262-2016 record including the discussions conducted during the public hearing and offers the following:

- Planning staff is very cognizant of and shares the concerns raised regarding the potential reuse of the DRS building as it relates to developing residential units. Staff is of the opinion that while the apprehensions of a potential vacant building next to occupied residential units, thus diminishing the overall project, are a valid concern; any plan conditions tying residential phasing to the (re)development of the DRS site is more appropriate to be established during schematic development plan and not at sketch approval. Staff supports the Applicant having the time to implement their new marketing and brokering campaign following a rezoning approval. Any initial SDP

application should reflect the success (or failure) of the Applicant's strategy and include both Blocks 1 and 2 concurrently. A residential-only initial SDP application would not be supported.

- Planning staff would prefer the Applicant to pursue a full redevelopment of the DRS building (Block 1); however, market realities may make adaptive reuse a more realistic option. Given this understanding, and by the Applicant's own statement that reuse would create first floor parking and the upper two floors yielding approximately 110,000 square feet of lab/office space, staff does not support a community theater in this scenario. Upon research a typical community theater⁷ would occupy almost 10% of the total gross floor area cited. The Applicant has expressed to staff, the Economic Development Committee, and during the hearing the intent to pursue R&D/ Lab office uses for this building; in keeping with the desired vision for this corridor. A community theater or, by the same token, predominately retail uses are not appropriate for an adaptive reuse and should only be considered related to a full redevelopment of Block 1.
- Planning staff is of the opinion that the concerns voiced during the public hearing regarding contextual issues and the project's "design environment" will be vetted through any approved Design Guidelines submitted in conjunction with the initial SDP application. The Applicant will be expected in these Guidelines to address more than residential architecture. Issues such as parking, relationship of uses/blocks, internal and external connectivity, programming of open space, both community and commercial signage, and contextual responses to phasing over time must be included. In short, the Applicant must provide definitive measures to create the successful project proffered.

Staff is supportive of the subject Z-7262-2016 application with conditions. The Z-7262-2016 smart growth infill strategies make sense from a planning perspective and this project could be a catalytic, City-asset. If proven successful, Z-7262-2016, to the Planning Commission's point, will provide a springboard in re-reviewing the entire Firstfield Corridor under the future Land Use Element.

⁷ Typically a sustainable community theater is 10,000 square feet

Staff recommends that the Planning Commission, upon the findings presented herein, recommend approval of Z-7262-2016 to the Mayor & City Council with the following conditions:

1. The Applicant is to amend the Sketch Plan to note that total non-residential development for Blocks 1, 2B, and 3 is not to exceed 502,000 square feet; and
2. The Applicant is to amend the Sketch Plan to define a cap of 10% of the total allowable non-residential use square footage in Block 1 for retail uses, excluding professional services for an adaptive reuse of the existing DRS building; and
3. The Applicant is to amend the Sketch Plan to reflect that a Community Theater use is an allowed use related only to a full redevelopment of Block 1 and not an adaptive reuse of the existing DRS building; and
4. The initial schematic development plan (SDP) application related to Sketch Plan Z-7262-2016 may not be Blocks 2A and 2B solely. The initial SDP application must include Block 1 and clearly define how parking for said block will be accommodated. Further, any initial SDP application must include a phasing plan that defines the relationship between Blocks 2A, 2B, and 1. Lastly, any initial SDP application must include comprehensive Design Guidelines that will include residential and commercial architectural standards, parking strategies, street cross sections, relationship of uses/blocks, internal/external connectivity, programming of open space, and both community and commercial signage standards.

COMMUNICATION: PLANNING COMMISSION

MEMORANDUM TO: Mayor and City Council

FROM: Planning Commission

DATE: June 2, 2016

SUBJECT: Z-7262-2016 - Request to rezone four properties on 15.38 acres from the C-2 (General Commercial) and E-1 (Urban Employment) Zones to the MXD (Mixed Use Development) Zone and establish a new sketch plan

At its regular meeting on June 1, 2016, the Planning Commission made the following motion:

Commissioner Hopkins moved, seconded by Commissioner Wessell, to recommend Zoning Map Amendment Z-7262-2016, for APPROVAL to the Mayor and City Council, based on the findings listed in the Staff Analysis, subject to the following conditions:

1. The Applicant is to amend the Sketch Plan to note that total non-residential development for Blocks 1, 2B, and 3 is not to exceed 502,000 square feet; and
2. The Applicant is to amend the Sketch Plan to define a cap of 10 percent of the total allowable non-residential use square footage in Block 1 for retail uses, excluding professional services for an adaptive reuse of the existing DRS Building; and
3. The Applicant is to amend the Sketch Plan to reflect that a Community Theater use is an allowed use related only to a full redevelopment of Block 1 and not an adaptive reuse of the existing DRS Building; and
4. The initial schematic development plan (SDP) application related to Sketch Plan Z-7262-2016 may not be Blocks 2A and 2B solely. The initial SDP application must include Block 1 and clearly define how parking for said block will be accommodated. Further, any initial SDP application must include a phasing plan that defines the relationship between Blocks 2A, 2B, and 1. Lastly, any initial SDP application must include comprehensive Design Guidelines that will include residential and commercial architectural standards, parking strategies, street cross sections, relationship of uses/blocks, internal/external connectivity, programming of open space, and both community and commercial signage standards.

Vote: 5-0

The Commission stressed the importance of Condition 4, noting that without said condition, the Commission would not have recommended approval of the subject rezoning and sketch plan.

P&C Director John Schlichting.....