

MEMORANDUM

TO: Mayor & City Council
Planning Commission

VIA: Kirk Eby, Planner III

CC: Tom Lonergan-Seeger, Assistant City Manager

FROM: Sharon Disque, Economic Development Manager

DATE: October 10, 2024

RE: ASK-9892-2024 - The Spectrum at Watkins Mill Sketch Plan Amendment

With the above application, BPTC Thirteen LLC asks for the following changes related to the proposed multifamily building “Magnolia:”

1. Increase the height from six (6) to seven (7) stories;
2. Increase the unit count from 158 to 244;
3. Convert the project “from the limited ‘senior only’ building to one that is multi-generational.”

Economic Development staff reviewed the application, initial and revised statements, presentation, and supporting documentation.

- Staff finds sufficient justification to support the increase in height and unit count.
- Staff does not find sufficient justification for conversion of the project from its current age-restricted limitation to “multigenerational” housing, and that the change conflicts with the *Housing Element of the Master Plan* (2023).

Verification and discussion of validity follows on the primary arguments made by the application:

- “multi-generational housing” and consistency with the *Housing Element of the Master Plan* (adopted 2023);
 - workforce and business expansion, including life sciences and technology companies relative to housing;
 - senior housing market and development trends.
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MULTI-GENERATIONAL HOUSING & GAITHERSBURG’S HOUSING ELEMENT

The *Statement of Support* (Exhibit #03) makes numerous references to multi-generational housing, but little information is provided which describes how the project would change to meet the characteristics of this particular housing typology.

Multi-generational housing:

- Designed to provide space for multiple generations to live under one roof. (SOURCE: K Hovnanian Companies)
- Including two or more adult generations (with adults mainly ages 25 or older) or a “skipped generation,” which consists of grandparents and their grandchildren younger than 25. (SOURCE: Pew Charitable Trust)
- More than one adult generation of family members in the same home. (SOURCE: Rocket Mortgage)

The applicant’s *Statement* makes no reference to the most basic characteristic necessary for a multi-generational apartment, an increased number of bedrooms per unit. Rather, the *Statement* describes the Magnolia with the following:

“It is anticipated that the unit mix at the Magnolia will be a mix of studios, one-bedroom, one-bedroom dens, and two-bedroom units.”

Perhaps the use of “multi-generational housing” in the context of the *Statement* was inadvertent (“I do not think it means what you think it means,” to use a cinematic reference¹). However, based on the information provided, the applicant desires to replace senior housing with the existing product built at Spectrum, market rate apartments. This conflicts with Goal 4 of the City’s *Housing Element of the Master Plan*, “Preserve existing and approved age- and ability- restricted housing projects.”

The conversion of age-restricted multifamily units to multi-generational units – individual units which can accommodate households as described above – would achieve a public objective consistent with the original age-restriction if that were the applicant’s proven intent, and if conditions of approval guaranteed the preservation of units for households meeting a definition of “multi-generational.” Alternatively, dedicating 158 units as age-restricted (the current, approved sketch plan), and applying no age-restriction to the increased 86 units would create a facility that adheres to the original intent and *Housing Element*.

WORKFORCE & BUSINESS EXPANSION

The applicant’s *Statement* tries to draw an economic development connection between housing and employer priorities with unsupported declarations:

“Understandably, at the top of the mind for Life Science executives considering expansion are the questions: ‘Where will my employees live?’ and ‘Is the project located in the area and community they want?’”

“These companies are seeking mixed-use, walkable communities that include a mix of restaurants and other uses.”

However, the priorities of corporate executives are well-documented and do not include the above. *Area Development*, a leading trade publication covering corporate site selection and relocation, conducts an annual survey of executives. See *Attachment 1* for more detail.

¹ *The Princess Bride*, Rob Reiner. 20th Century Fox, 1987.

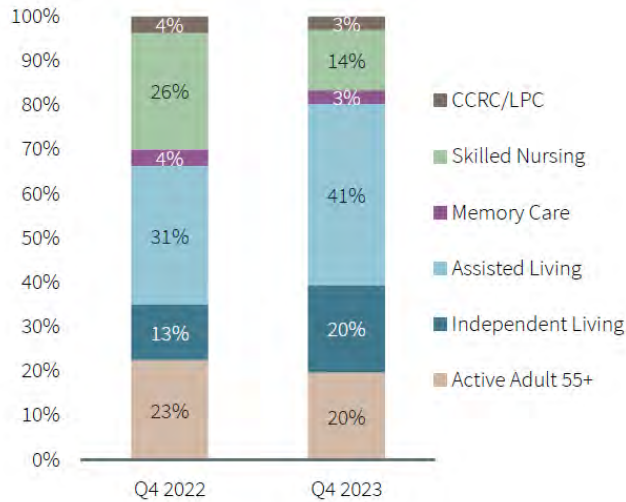
SENIOR HOUSING MARKET & DEVELOPMENT TRENDS

The applicant’s *Statement* claims changes to the senior housing market and then references site evaluations by two senior housing developers for forms of senior housing (Continuing Care Retirement Communities, and For-sale housing). Neither of these housing typologies are generally compatible with the single-building Magnolia and accompanying land area.

Note that the age-restricted housing typology associated with the subject property equates to an active-adult community, and potentially an independent living facility.

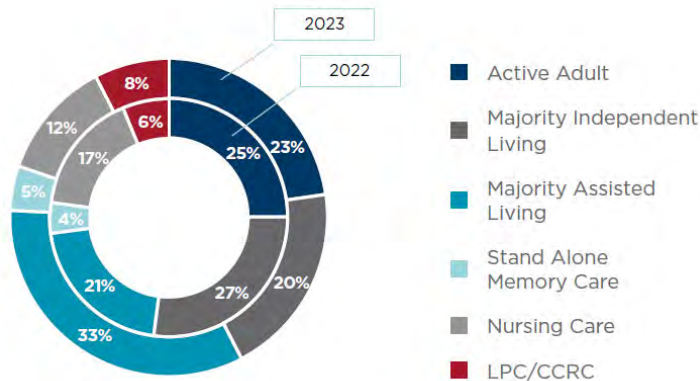
Although the applicant’s *Statement* calls Continuum of Care Retirement Communities (CCRM) “the increasingly dominant and fastest-growing segment” in senior living, Economic Development staff found greater investment opportunity for active-adult and independent living. Per the JLL *Seniors Housing and Care: Investor Survey and Trends Outlook – Spring 2024*, these two categories far exceed CCRM.

Biggest investment opportunity over next 12 months



Other industry reports confirm the opportunity for active-adult projects, including the Cushman Wakefield *Investor Survey and Trends Report – U.S. Senior Living & Care* (November 2023):

“Active adult, one of the fastest growing segments of senior living, has surpassed independent living as having the second-highest opportunity for investment.”



ATTACHMENT 1

AREADEVELOPMENT: Site Selection | [Corporate Exec Survey Results](#)

38th Annual Corporate Survey

COMBINED RATINGS* CORPORATE SURVEY

Site Selection Factors	2023	2022
Ranking		
1. Labor costs	92.5	89.1 (1)**
2. Availability of skilled labor	87.2	85.8 (3)
3. Environmental regulations	81.5	79.0 (9)
4. Tax exemptions	79.5	73.0 (13T)
5. ICT/broadband	79.0	80.7 (6)
6. Right-to-work state	78.4	66.7 (18)
7T. Quality-of-life	78.3	87.1 (2)
7T. Energy costs	78.3	79.4 (8)
9T. Corporate tax rate	76.9	79.7 (7)
9T. Highway accessibility	76.9	77.8 (11)
11. State and local incentives	76.3	73.0 (13T)
12. Low union profile	73.6	66.2 (19)
13. Construction costs	71.1	81.2 (5)
14. Energy availability	69.4	82.3 (4)
15. Responsive state & local government	69.2	N/A
16. Raw materials availability	67.5	61.3 (22)
17. Expedited or "fast-track" permitting	65.8	70.3 (16)
18. Proximity to major market	65.0	74.6 (12)
19. Technical schools	64.8	67.2 (17)
20. Training programs	63.2	63.4 (21)
21. Available land	61.8	78.1 (10)
22. Weather hazards	57.9	54.8 (24)
23. Available buildings	56.7	71.9 (15)
24. Proximity to suppliers	55.6	64.5 (20)
25T. Accessibility to major airport	43.2	54.0 (25)
25T. Water availability	43.2	49.2 (27)
27. ESG initiatives	42.2	42.0 (29)
28. Shovel-ready/certified sites	41.7	55.7 (23)
29. Waterway or ocean port	34.2	27.0 (30)
30. Railroad service	24.3	23.8 (31)

* All figures are percentages and are the total of the "very important" and "important" ratings of the Area Development Corporate Survey and are rounded to the nearest tenth of a percent.

** 2022 ranking