



**PETITION TO AMEND THE
ZONING REGULATIONS OF
HOWARD COUNTY**

DPZ Office Use Only:
Case No. ZRA-193
Date Filed: 6-11-20

1. Zoning Regulation Amendment Request

I (we), the undersigned, hereby petition the County Council of Howard County to amend the Zoning Regulations of Howard County as follows: Amend Section 127.5.E.3.d. as pertaining to the CAC (Corridor Activity Center) zone to allow all CAC zoned properties to be able to reduce the required commercial square footage requirement below 20 square feet per dwelling unit if the Department of Planning and Zoning finds, based on a market study submitted by the developer, that the reduction is necessary for the financial viability of the project.

[You must provide a brief statement here. "See Attached Supplement" or similar statements are not acceptable. You may attach a separate document to respond to Section 1 in greater detail. If so, this document shall be titled "Response to Section 1"]

2. Petitioner's Name Blue Stream, LLC

Address 3300 North Ridge Road, Suite 112, Ellicott City, Maryland 21043

Phone No. (W) (410) 465-2020 (H) _____

Email Address northernllc@aol.com

3. Counsel for Petitioner Sang W. Oh, Esquire, Talkin & Oh, LLP

Counsel's Address 5100 Dorsey Hall Drive, Ellicott City, Maryland 21042

Counsel's Phone No. (410) 964-0300

Email Address soh@talkin-oh.com

4. Please provide a brief statement concerning the reason(s) the requested amendment(s) to the Zoning Regulations is (are) being proposed _____

See attached Supplemental Statement.

5. Please provide a detailed justification statement demonstrating how the proposed amendment(s) will be in harmony with current General Plan for Howard County _____

See attached Supplemental Statement.

[You may attach a separate document to respond to Section 5. If so, this document shall be titled "Response to Section 5"]

6. The Legislative Intent of the Zoning Regulations in Section 100.A. expresses that the Zoning Regulations have the purpose of "...preserving and promoting the health, safety and welfare of the community." Please provide a detailed justification statement demonstrating how the proposed amendment(s) will be in harmony with this purpose and the other issues in Section 100.A. _____

See attached Supplemental Statement.

[You may attach a separate document to respond to Section 6. If so, this document shall be titled "Response to Section 6."]

7. Unless your response to Section 6 above already addresses this issue, please provide an explanation of the public benefits to be gained by the adoption of the proposed amendment(s) Same as above

[You may attach a separate document to respond to Section 7. If so, this document shall be titled "Response to Section 7."]

8. Does the amendment, or do the amendments, have the potential of affecting the development of more than one property, yes or no? Yes.

If yes, and the number of properties is less than or equal to 12, explain the impact on all properties affected by providing a detailed analysis of all the properties based upon the nature of the changes proposed in the amendment(s). If the number of properties is greater than 12, explain the impact in general terms.

See Supplemental Statement

[You may attach a separate document to respond to Section 8. If so, this document shall be titled "Response to Section 8."]

9. If there are any other factors you desire the Council to consider in its evaluation of this amendment request, please provide them at this time. Please understand that the Council may request a new or updated Technical Staff Report and/or a new Planning Board Recommendation if there is any new evidence submitted at the time of the public hearing that is not provided with this original petition.

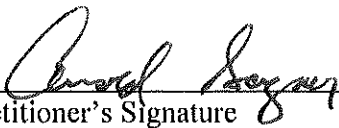
[You may attach a separate document to respond to Section 9. If so, this document shall be titled "Response to Section 9."]

10. You must provide the full proposed text of the amendment(s) as a separate document entitled "Petitioner's Proposed Text" that is to be attached to this form. This document must use this standard format for Zoning Regulation Amendment proposals; any new proposed text must be in CAPITAL LETTERS, and any existing text to be deleted must be in **[[Double Bold Brackets]]**. In addition, you must provide an example of how the text would appear normally if adopted as you propose.

After this petition is accepted for scheduling by the Department of Planning and Zoning, you must provide an electronic file of the "Petitioner's Proposed Text" to the Division of Public Service and Zoning Administration. This file must be in Microsoft Word or a Microsoft Word compatible file format, and may be submitted by email or some other media if prior arrangements are made with the Division of Public Service and Zoning Administration.

11. The Petitioner agrees to furnish additional information as may be required by the Department of Planning and Zoning prior to the petition being accepted for scheduling, by the Planning Board prior to its adoption of a Recommendation, and/or by the County Council prior to its ruling on the case.
12. The undersigned hereby affirms that all of the statements and information contained in, or filed with this petition, are true and correct. The undersigned has read the instructions on this form, filing herewith all of the required accompanying information. If the Petitioner is an entity that is not an individual, information must be provided explaining the relationship of the person(s) signing to the entity.

Blue Stream, LLC
Petitioner's name (Printed or typed)

 05/26/2020
Petitioner's Signature Date
Arnold Sagner
Authorized Person

 6-9-20
Sang W. Oh, Counsel for Petitioner

[If additional signatures are necessary, please provide them on a separate document to be attached to this petition form.]

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Handwritten text, possibly a signature or name, located in the lower-right quadrant of the page.

FEE

The Petitioner agrees to pay all fees as follows:

Filing fee.....\$695.00. If the request is granted, the Petitioner shall pay \$40.00 per 200 words of text or fraction thereof for each separate textually continuous amendment (\$40.00 minimum, \$85.00 maximum)

Each additional hearing night.....\$510.00*

The County Council may refund or waive all or part of the filing fee where the petitioner demonstrates to the satisfaction of the County Council that the payment of the fee would work an extraordinary hardship on the petitioner. The County Council may refund part of the filing fee for withdrawn petitions. The County Council shall waive all fees for petitions filed in the performance of governmental duties by an official, board or agency of the Howard County Government.

APPLICATIONS: One (1) original plus twenty four (24) copies along with attachments.

For DPZ office use only:

Hearing Fee \$ _____

Receipt No. _____

PLEASE CALL 410-313-2395 FOR AN APPOINTMENT TO SUBMIT YOUR APPLICATION

County Website: www.howardcountymd.gov

Revised:07/12

T:\Shared\Public Service and Zoning\Applications\County Council\ZRA Application

INSTRUCTIONS TO THE APPLICANT/PARTY OF RECORD

- As required by State Law, applicants are required to complete the AFFIDAVIT AS TO CONTRIBUTION that is attached, and if you have made a contribution as described in the Affidavit, please complete the DISCLOSURE OF CONTRIBUTION that is attached.
- If you are an applicant, Party of Record (i.e., supporter/protestant) or a family member and have made a contribution as described in the Affidavit, you must complete the DISCLOSURE OF CONTRIBUTION that is attached.
- Filed affidavits and disclosures will be available for review by the public in the office of the Administrative assistant to the Zoning Board during normal business hours.
- Additional forms may be obtained from the Administrative Assistant to the Zoning Board at (410-313-2395) or from the Department of Planning and Zoning.
- Completed form may be mailed to the Administrative Assistant to the Zoning Board at 3430 Courthouse Drive, Ellicott City, MD 21043.
- Pursuant to State Law, violations shall be reported to the Howard County Ethics Commission.

ZONING MATTER: Blue Stream, LLC

AFFIDAVIT AS TO CONTRIBUTION

**As required by the Annotated Code of Maryland
State Government Article, Sections 15-848-15-850**

I, Arnold Sagner, the applicant in the above zoning matter
X, HAVE _____, HAVE NOT
made any contribution or contributions having a cumulative value of \$500 or more to the treasurer of a
candidate or the treasurer of a political committee during the 48-month period before application in or
during the pendency of the above referenced zoning matter.

I understand that any contribution made after the filing of this Affidavit and before final
disposition of the application by the County Council shall be disclosed within five (5) business days of
the contribution.

I solemnly affirm under the penalties of perjury and upon personal knowledge that the contents
of the foregoing paper are true.

Printed Name: ARNOLD SAGNER

Signature: Arnold Sagner

Date: 05/26/2020

ZONING MATTER: Blue Stream, LLC

DISCLOSURE OF CONTRIBUTION

**As required by the Annotated Code of Maryland
State Government Article, Sections 15-848-15-850**

This Disclosure shall be filed by an Applicant upon application or by a Party of Record within 2 weeks after entering a proceeding, if the Applicant or Party of Record or a family member, as defined in Section 15-849 of the State Government Article, has made any contribution or contributions having a cumulative value of \$500 or more to the treasurer of a candidate of the treasurer of a political committee during the 48-month period before the application was file or during the pendency of the application.

Any person who knowingly and willfully violates Sections 15-848-15-850 of the State Government Article is subject to a fine of not more than \$5,000. If the person is not an individual, each officer and partner who knowingly authorized or participated in the violation is subject to the same penalty.

APPLICANT OR
PARTY OF RECORD: Arnold Sagner

RECIPIENTS OF CONTRIBUTIONS:

<u>Name</u>	<u>Date of Contribution</u>	<u>Amount</u>
<u>Friends of Opel Jones</u>	<u>9/25/2018</u>	<u>\$1,000.00</u>
<u>Friends of Deb Jung</u>	<u>9/25/2018</u>	<u>\$200.00</u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>

I understand that any contribution made after the filing of this Disclosure and before final disposition of the application by the County Council shall be disclosed with five (5) business days of the contribution.

Printed Name: ARNOLD SAGNER

Signature: *Arnold Sagner*

Date: 05/26/2020

ZONING MATTER: Blue Stream, LLC

AFFIDAVIT AS TO ENGAGING IN BUSINESS WITH AN ELECTED OFFICIAL

**As required by the Annotated Code of Maryland
State Government Article, Sections 15-848-15-850**

I, Arnold Sagner, the applicant in the above zoning matter
_____, AM X, AM NOT

currently engaging in business with an elected official as those terms are defined by Section 15-848 of the State Government Article of the Annotated Code of Maryland.

I understand that if I begin engaging in business with an elected official between the filing of the application and the disposition of the application, I am required to file an affidavit in this zoning matter at the time of engaging in business with elected official.

I solemnly affirm under the penalties of perjury and upon personal knowledge that the contents of the foregoing paper are true.

Printed Name: ARNOLD SAGNER
Signature: *Arnold Sagner*
Date: 05/26/2020

ZONING MATTER: Blue Stream, LLC

AFFIDAVIT AS TO CONTRIBUTION

**As required by the Annotated Code of Maryland
State Government Article, Sections 15-848-15-850**

I, Herrmann Drive, LLC, the applicant in the above zoning matter
X, HAVE _____, HAVE NOT

made any contribution or contributions having a cumulative value of \$500 or more to the treasurer of a candidate or the treasurer of a political committee during the 48-month period before application in or during the pendency of the above referenced zoning matter.

I understand that any contribution made after the filing of this Affidavit and before final disposition of the application by the County Council shall be disclosed within five (5) business days of the contribution.

I solemnly affirm under the penalties of perjury and upon personal knowledge that the contents of the foregoing paper are true.

By: HERRMANN DRIVE, LLC *Amcor LLC, managing member*

Printed Name: ARNOLD SAGNER, Member

Signature: *Arnold Sagner*

Date: 05/26/2020

ZONING MATTER: Blue Stream, LLC

DISCLOSURE OF CONTRIBUTION

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Any person who knowingly and willfully violates Sections 15-848-15-850 of the State Government Article is subject to a fine of not more than \$5,000. If the person is not an individual, each officer and partner who knowingly authorized or participated in the violation is subject to the same penalty.

APPLICANT OR
PARTY OF RECORD: Herrmann Drive, LLC

RECIPIENTS OF CONTRIBUTIONS:

<u>Name</u>	<u>Date of Contribution</u>	<u>Amount</u>
<u>Friends of Opel Jones</u>	<u>12/5/2019</u>	<u>\$500.00</u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>

I understand that any contribution made after the filing of this Disclosure and before final disposition of the application by the County Council shall be disclosed with five (5) business days of the contribution.

By: HERRMANN DRIVE, LLC *Arnold LLC, managing member*

Printed Name: ARNOLD SAGNER, member

Signature: *Arnold Sagner*

Date: 05/26/2020

ZONING MATTER: Blue Stream, LLC

AFFIDAVIT AS TO CONTRIBUTION

**As required by the Annotated Code of Maryland
State Government Article, Sections 15-848-15-850**

I, Water Associates, Inc., the applicant in the above zoning matter

X, HAVE _____, HAVE NOT

made any contribution or contributions having a cumulative value of \$500 or more to the treasurer of a candidate or the treasurer of a political committee during the 48-month period before application in or during the pendency of the above referenced zoning matter.

I understand that any contribution made after the filing of this Affidavit and before final disposition of the application by the County Council shall be disclosed within five (5) business days of the contribution.

I solemnly affirm under the penalties of perjury and upon personal knowledge that the contents of the foregoing paper are true.

By: WATER ASSOCIATES, INC.

Printed Name: ARNOLD SAGNER - Vice President

Signature: *Arnold Sagner*

Date: 05/26/2020

ZONING MATTER: Blue Stream, LLC

DISCLOSURE OF CONTRIBUTION

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State Government Article, Sections 15-848-15-850**

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APPLICANT OR
PARTY OF RECORD: Water Associates, Inc.

RECIPIENTS OF CONTRIBUTIONS:

<u>Name</u>	<u>Date of Contribution</u>	<u>Amount</u>
<u>Friends of Christiana Rigby</u>	<u>11/13/2019</u>	<u>\$500.00</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

I understand that any contribution made after the filing of this Disclosure and before final disposition of the application by the County Council shall be disclosed with five (5) business days of the contribution.

By: WATER ASSOCIATES, INC.

Printed Name: ARNOLD SAGNER - Vice President

Signature: *Arnold Sagner*

Date: 05/26/2020

ZONING MATTER: Blue Stream, LLC

AFFIDAVIT AS TO ENGAGING IN BUSINESS WITH AN ELECTED OFFICIAL

**As required by the Annotated Code of Maryland
State Government Article, Sections 15-848-15-850**

I, Water Associates, Inc., the applicant in the above zoning matter
_____, AM X, AM NOT

currently engaging in business with an elected official as those terms are defined by Section 15-848 of the State Government Article of the Annotated Code of Maryland.

I understand that if I begin engaging in business with an elected official between the filing of the application and the disposition of the application, I am required to file an affidavit in this zoning matter at the time of engaging in business with elected official.

I solemnly affirm under the penalties of perjury and upon personal knowledge that the contents of the foregoing paper are true.

By: WATER ASSOCIATES, INC.

Printed Name: ARNOLD SAGNER - Vice President

Signature: *Arnold Sagner*

Date: 05/26/2020

ZONING MATTER: Blue Stream, LLC

AFFIDAVIT AS TO CONTRIBUTION

**As required by the Annotated Code of Maryland
State Government Article, Sections 15-848-15-850**

I, Christopher Murn, the applicant in the above zoning matter


X, HAVE _____, HAVE NOT

made any contribution or contributions having a cumulative value of \$500 or more to the treasurer of a candidate or the treasurer of a political committee during the 48-month period before application in or during the pendency of the above referenced zoning matter.

I understand that any contribution made after the filing of this Affidavit and before final disposition of the application by the County Council shall be disclosed within five (5) business days of the contribution.

I solemnly affirm under the penalties of perjury and upon personal knowledge that the contents of the foregoing paper are true.

Printed Name: Christopher Murn

Signature: 

Date: 6/4/20

ZONING MATTER: Blue Stream, LLC

DISCLOSURE OF CONTRIBUTION

**As required by the Annotated Code of Maryland
State Government Article, Sections 15-848-15-850**

This Disclosure shall be filed by an Applicant upon application or by a Party of Record within 2 weeks after entering a proceeding, if the Applicant or Party of Record or a family member, as defined in Section 15-849 of the State Government Article, has made any contribution or contributions having a cumulative value of \$500 or more to the treasurer of a candidate of the treasurer of a political committee during the 48-month period before the application was file or during the pendency of the application.

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APPLICANT OR
PARTY OF RECORD: Christopher Murn

RECIPIENTS OF CONTRIBUTIONS:

<u>Name</u>	<u>Date of Contribution</u>	<u>Amount</u>
<u>The Calvin Ball Team</u>	<u>6/15/2017</u>	<u>\$1,000.00</u>
<u>The Calvin Ball Team</u>	<u>4/25/2018</u>	<u>\$2,000.00</u>
<u>The Calvin Ball Team</u>	<u>8/3/2018</u>	<u>\$4,000.00</u>
<u>The Calvin Ball Team</u>	<u>10/19/2018</u>	<u>\$2,000.00</u>
<u>Friends of Opel Jones</u>	<u>12/12/2019</u>	<u>\$500.00</u>

I understand that any contribution made after the filing of this Disclosure and before final disposition of the application by the County Council shall be disclosed with five (5) business days of the contribution.

Printed Name: Christopher Murn

Signature: 

Date: 6/4/2017

ZONING MATTER: Blue Stream, LLC

AFFIDAVIT AS TO ENGAGING IN BUSINESS WITH AN ELECTED OFFICIAL

**As required by the Annotated Code of Maryland
State Government Article, Sections 15-848-15-850**


I, Christopher Murn, the applicant in the above zoning matter

_____, AM X _____, AM NOT

currently engaging in business with an elected official as those terms are defined by Section 15-848 of the State Government Article of the Annotated Code of Maryland.

I understand that if I begin engaging in business with an elected official between the filing of the application and the disposition of the application, I am required to file an affidavit in this zoning matter at the time of engaging in business with elected official.

I solemnly affirm under the penalties of perjury and upon personal knowledge that the contents of the foregoing paper are true.

Printed Name: Christopher Murn
Signature: 
Date: 6/4/20

**SUPPLEMENT TO PETITION TO AMEND THE
ZONING REGULATIONS OF HOWARD COUNTY**

Blue Stream, LLC, Petitioner

Petitioner, Blue Stream, LLC (“Blue Stream” or “Petitioner”) by and through its attorneys, Talkin & Oh, LLP, submits this Supplement in support of its Petition to Amend the Zoning Regulations of Howard County.

The Petitioner requests an amendment to Section 127.5.E.3.d. of the Howard County Zoning Regulations in the CAC (Corridor Activity Center) zone, which would allow all owners of CAC zoned properties to have the option to pay into a fund administered by the Howard County Economic Development Authority¹ as an alternative to building non-viable commercial space. More specifically, the requested amendment would permit all CAC zoned properties to reduce the required commercial square footage on-site below 20 square feet per dwelling unit if the Department of Planning and Zoning (“DPZ”) finds, based on a market study submitted by the developer, that the reduction is necessary for the financial viability of the project.

A brief statement identifying the policy considerations and benefits of such amendments is provided below.

4. Please provide a brief statement concerning the reason(s) the requested amendment(s) to the Zoning Regulations is (are) being proposed.

The Petitioner is the owner and developer of Blue Stream, a CAC residential project under development in Elkridge on US Route 1, southwest of Kit Kat Road. The proposed amendment is a follow-up on, and further means to address, the practical difficulties presented by the CAC

¹ This fund, which was established in 2016, is utilized to promote commercial development in targeted locations along the US Route 1 Corridor where commercial space is most desirable.

regulations that were discussed during the 2013 Comprehensive Zoning (CB 32-2013) and a subsequent amendment to the CAC regulations adopted under CB 2-2016. The central consideration in both instances has been how to best ensure that CAC developments along Route 1 become viable communities that offer services appropriate to serve the needs of the surrounding community. Implicit in that discussion is the avoidance of blight and vacant commercial storefronts, which will be caused by mandated commercial that is not reflective of market demand. The proposed Amendment allows all properties the option to weigh market demand or “buy-down” the required commercial space to an amount that can be absorbed. This regulation amendment is intended to address a sustained and increasingly hostile market for “bricks and mortar” commercial and to prevent further waste and blight caused by failed, vacant commercial space.

5. Please provide a detailed justification statement demonstrating how the proposed amendment(s) will be in harmony with the current General Plan for Howard County.

PlanHoward 2030 Policy 5.4 states in part “Enhance the Route 1 Corridor revitalization strategy to recognize the distinct character and market potential of diverse corridor segments, and the potential at various intersections, crossing, and nodes...”. The proposed amendment is in harmony with the Implementation Action for Zoning Review, which recommends the Council “[e]valuate the efficacy of existing Route 1 zoning districts (CE, CAC, TOD); consider more flexibility, especially regarding commercial uses.” For at least the last two decades, Route 1 zoning districts have been “works in progress” that have required reexamination and revision to ensure that the policy goals of the individual zones are being met. PlanHoward 2030 anticipated that these zoning districts, including CAC, would require adjustment, particularly with regard to commercial uses. As demonstrated during the Council’s deliberations on CB 2-2016, the original scheme of commercial coupled to residential has not worked. As indicated below, two separate economic analysis of the CAC commercial requirement have recommended decoupling the commercial from

residential. PlanHoward 2030 anticipated fluctuations in market demand and recommended that these mandates be reexamined for additional flexibility over time.

PlanHoward 2030 also projected that that the demand for commercial development and office space would be significantly lower than supply. "Through 2030, the demand for office space is expected to peak at just over three million square feet. This demand is low when compared to the 14.1 million square feet of approved office space in the pipeline in Howard and Anne Arundel Counties." PlanHoward 2030, p. 58. The low demand for commercial development has been particularly noticeable within the Route 1 Corridor. Two developments in the CAC district, Ashbury Courts and Howard Square, have successfully petitioned for zoning regulation changes to allow for increased residential density and the possibility, with approval from the Director of DPZ, of a lower square footage requirement for commercial development. These regulation amendments were premised upon the fact that market demand for residential units was strong, while commercial space suffered from an extraordinarily high vacancy rate.

The attached Exhibit 1, "Route 1/Washington Boulevard Retail Analysis", was prepared by Retail & Development Strategies, LLC ("RDS Study") to evaluate the effect of mandated commercial on the Route 1 corridor. The study concludes that there is no market for additional retail and that the existing retail environment is better situated to fulfill existing demand. The RDS Study further explains that mandated retail will attract substandard tenants and hurt the existing commercial leasing market. This is consistent with a Market Analysis and Strategic Implementation Analysis of the Route 1 Corridor by Robert Charles Lesser & Co. (the "RCLCO Study") prepared on behalf of DPZ in 2011, which found that:

The coupling of commercial square footage to residential units in the CAC zone has proven to be highly problematic with much of this commercial space remaining vacant after construction or having great difficulty in securing financing for

prospective projects. The significant yields in commercial space assumed in future CAC development, all of it in small increments because of its strict tie-in to concurrent onsite residential development (300 square feet per dwelling unit), will continue to be problematic.

RCLCO Study, attached hereto as Exhibit 2, at 16. The RCLCO study recommended replacing the CAC district entirely, partly so that “there will be no automatic coupling of residential and non-residential uses.” *Id.*

As demonstrated by the attached reports, the amount of required commercial space imposed by the Zoning Regulations between Rt. 100 and Rt. 175 grossly exceeds the amount of commercial that is required for the entire anticipated population. The Blue Stream development will have approximately 1,200 units. Howard Square will have approximately 1,000 units. Other CAC or TOD properties create the potential for a few hundred more residences. Even with prior reductions in the required commercial square footage, the total commercial space required for Blue Stream and Howard Square developments is more than 40,000 square feet. If there were a leasing demand for such space, the developers of these properties would be incentivized to build it, but in the absence of such demand mandated commercial will create a glut of unwanted space that will hurt existing commercial in the area. The flexibility to allow developments to be designed in accordance with existing demand and market conditions is consistent with all of the available market analyses that have been performed up to this point. More importantly, it will result in better-planned communities based on conditions existing at the time the property is developed.

Notwithstanding the recommendations of the RCLCO study, the proposed amendment would not decouple the residential and non-residential entirely. Rather, this amendment would require Petitioner, and other developers in the CAC, to demonstrate by market analysis that commercial space would not be viable at the proposed location and, if this predicate were established, pay into a fund managed by the EDA that is dedicated to Route 1 revitalization. This

zoning scheme requires viable commercial to be built, but prevents the construction of non-viable commercial.

6. The Legislative Intent of the Zoning Regulations in Section 100.A. expresses that the Zoning Regulations have the purpose of "...preserving and promoting the health, safety and welfare of the community." Please provide a detailed justification statement demonstrating how the proposed amendment(s) will be in harmony with this purpose and the other issues in Section 100.A.

The proposed amendment will preserve and promote the health, safety and welfare of the community. This is more fully addressed in the attached RDS study.

7. Do the amendments have the potential of affecting the development of more than one property, yes or no? If yes, and the number of properties is less than or equal to 12, explain the impact on all properties affected by providing a detailed analysis of all the properties based upon the nature of the changes proposed in the amendments.

The proposed amendment has the potential of affecting the development of more than 12 properties; therefore, a detailed analysis of each is not possible. Nevertheless, the policy considerations set forth above apply equally to any property in the CAC. Mandated commercial space is not good land use policy, particularly when market studies have now repeatedly shown that there is no market for such space. The proposed amendment allows all future development in the CAC to develop commercial space in accordance with market demand or pay into a fund dedicated to improving the region's commercial sector. This will not only benefit existing commercial in the CAC zone, but also other commercial zones in the vicinity of the Route One corridor.

CAC RETAIL VIABILITY ANALYSIS

EXECUTIVE SUMMARY

The purpose of this report is to provide an overview and analysis of the retail market and sustainability of retail along the Route 1 Corridor in Howard County, Maryland; and to determine if the retail space mandated by the Howard County Zoning Regulations for phase 3 of the Blue Stream site is viable. This report summarizes an analysis of retail conditions along the Route 1 Corridor, as well as the market and retail characteristics in the immediately surrounding area. The analysis indicates that the statutorily mandated retail would (1) generate vacancy; (2) be inconsistent with quality urban design; (3) detract from better located or existing commercial in surrounding zones; and (4) impair the County's ability to provide affordable housing.

Issue 1: Generates Vacancy.

Projects that have included the mandated retail have not been easily leased, nor have they attracted grocery tenants. Most of the spaces are small, focused on consumer services such as hair and nail salons and limited retail or food & beverage tenants. Indeed, recent residential developments have high levels of vacancy which create as much of an eye sore as they do community benefit.

Issue 2: Does Not Lead to Quality Urban Design.

There is wide variance in the design and locational characteristics of the existing mandated retail due to building design (and incompatible retail design standards), off-street placement with suburban style head-in parking in front of stores, weak relationships to pedestrian areas and sidewalks, and distance from Route 1. There is also little evidence that the retail requirements under Section 127.5 have generated market-sustainable shopping activity centers at recent multi-family residential development projects. If walkable environments were the original goal, the results have not created good urban design examples.

Issue 3: Creates A Spread-Out, Over-Supply of Retail Instead of Clusters in Strategic Locations.

The square footage requirements are not consistent with proven market-based parameters or with demonstrated demand, either on-site or induced. **There is insufficient population density on-site in any of the examples to fully support the amount of square footage required by Howard County, and there is too much competition nearby to create the needed critical mass.** As such, the CAC retail requirement no longer aligns with community needs and policy objectives.

Issue 4: Hinders the County's Ability to Provide Affordable Housing.

The minimum retail mandate impacts development feasibility by forcing the construction of unprofitable space. This is a disincentive to residential development – a product type for which Howard County is in need of more supply. Furthermore, by cutting into a project's value creation, it leaves less profit that could otherwise be allocated towards the construction of low-income housing units.

BACKGROUND

The Route 1 Corridor in Howard County is part of U.S. Highway 1, a highway link running from Maine to Florida along the east coast of the United States. This segment of Route 1 in Howard County is approximately 11 miles long, between Baltimore County (and the southern reaches of Baltimore City) to the north, and ending at the Patapsco River boundary with Montgomery County at the south. As shown on the map below, the existing Route 1 corridor is also bounded by the Baltimore-Washington Parkway on the east and Interstate 95 on the west. The area is generally suburban in character, although redevelopment of downtown Columbia (approximately 5 miles away to the west) and parts of Ann Arundel County have seen increasing densities in residential and office development over the past fifteen years. Housing growth has continued between Baltimore and Washington's Maryland suburbs, with significant demand for housing in all price levels.

Figure 1: Blue Stream 3 Study Area



THE U.S. RETAIL INDUSTRY

The Shift from Downtown Areas to Suburban Shopping Malls

Once focused in large and small city downtown areas and anchored by locally-owned department stores, retail shifted to the shopping mall model after World War II, resulting in the over 9,000 open-air 'strip centers' across the country. Often anchored by a grocery store, these smaller strip malls grew along major roadways and intersections and provided necessary consumer goods and services for the sprawling suburbs that grew around them. The Rouse Company, originally based in Baltimore, built dozens of malls to serve the suburban residential developments and became a leader in the shopping center industry.

The Shift from Locally Owned Stores to National Chains

As the Baby Boomer generation grew into its generation's years of household formation, increasing incomes and greater consumption, the retail industry grew along with it, but not without changes. Local department stores gradually closed or were acquired by national chains, and former free-standing department stores consolidated into major malls and "Big Box" stores evolved to provide products at reduced prices.

Rise and Fall of Retail Spending

Retail became a major economic driver: **in 2019, over 70% of the U.S. Gross Domestic Product (GDP) was based on retail spending.** Suburban development overtook downtown development because it was more easily managed (through central ownership and leasing) and financed (because the capital markets favored projects including national chain stores considered more credit-worthy, also called "credit tenants"). The shopping mall industry grew from a total of 3.3 billion square feet in 1980 to 7.2 billion square feet in 2010. Because retail sales and property taxes from these retail projects support local government, **the U.S. retail industry grew to a level of supply/total space that is far greater in size than any other industrialized country.** While there is no definitive total of how much retail space exists in the United States, the metrics of shopping centers alone indicate that the mall industry has created approximately 55 square feet of retail space per capita. In gross square footage, the U.S. has about four times the amount of retail space as Canada, about five times the amount as the UK, and ten times the retail space in Germany.

Between 2015 and 2019, over 30,000 retail stores closed in the U.S. (2015: 5,077; 2016: 2,056; 2017: 7,795; 2018: 5,864; 2019: 9,302). According to the U.S. Census in 2015, there were just over one million retail stores in the country (1,070,209 total stores by NAICS codes). The five year total represents just under 1% of all retail stores. The trend toward closing has continued to accelerate since 2017, increasing by 2/3 between 2018 and 2019 alone. The trend shows no signs of decreasing, and none of reversing.

While the reasons for the recent decline of ‘sticks and bricks’ retail are varied, there can be no doubt that the profitability of operating physical stores in the retail industry is drastically changing. The most frequently cited reason for the decline in the number of physical stores is “The Amazon Effect”, a catch-all description meant to represent the impact of all on-line retail sales.

Although online sales continue to grow significantly as a percentage of total retail sales in the U. S. on an annual basis, it is not the internet that has crushed the retail stores industry. **The larger problem is the massive oversupply of existing retail space combined with the rapidly declining number of retail operators.**

THE CAC STUDY AREA

The CAC study area comprises approximately 33 square miles in the eastern end of the County. It comprises the area between I-95 on the west and Baltimore-Washington Parkway/Route 295 on the east; I-695 and I-195 on the north; and the Patuxent River on the south. The U.S. Route 1 corridor traverses the center of the study area from north to south.

Population- Solid Growth Rate

The study area’s population increased—from 57,400 residents in 2000 to almost 80,700 residents in 2019, reflecting solid population growth of 23,300 new residents and a sustained annual growth of 1.8% per year since 2000. Notably, the study area’s growth rate exceeded that of the County during this period. ESRI forecasts suggest that the study area’s growth rate will moderate over the next five years—with 6,570 new residents in 2,200 new households—which reflects an expected annual growth rate of 1.58% per year between 2019 and 2024. Again, growth rates in the study area are forecast to exceed that of Howard County.

Over the next five years, those ages 25—34 and 65—74 are forecast to have the largest absolute gains in population. The 25—34 age cohort could be expected to fuel demand for first-time homeownership as well as demand for consumer retail and food & beverage. **Conversely, gains in older cohorts could be expected to limit (or reduce) demand for consumer retail goods, as the elderly spend less on retail.**

Employment – Strong Population-To-Jobs Ratio

With 80,694 residents living in the study area, the jobs-to-population ratio is 0.85. That is, there are 85 jobs for every 100 residents, which is an extraordinarily strong ratio and reflects the significant amount of “workplace” real estate (office and industrial space) located in the 33 square mile study area. Moreover, 34% of the County’s total jobs are located in the study area. Jobs are concentrated in three key industry sectors—Trade, Services and Government—which account for almost 77% of all jobs.

Spending- Study Area Households Spend 20% Less on Retail than County Counterparts

Study area households spend approximately \$25,850 annually on consumer retail and food & beverage. This is roughly 20% less than their counterparts across the County. Food & Beverage and Household Furnishings capture the largest share of total household retail spending—48% and 15%, respectively. Study area households are slightly less affluent than their counterparts elsewhere in Howard County. Nonetheless, study area households still have solid disposable spending power—with average household incomes of almost \$117,000. Household incomes are forecast to increase at a compound annual rate of 2.5% per year—higher than the County as a whole—to \$132,700 per year by 2024.

As illustrated in Appendix Table 4, study area households spend more than \$898 million annually across a range of retail categories. By comparison, data from Claritas, Inc. and ESRI Business Analyst suggest that annual store sales in these same categories exceed \$1.24 billion per year. The difference—\$350.6 million per year—is known as retail inflow. That is, retail sales performance among the study area’s retail inventory attracts spending beyond area households; this includes area employees, pass-through traffic on various highways and/or sales from households that live outside of the CAC study area. However, the \$350 million in sales inflow also includes revenues generated by Wholesale Retail establishments.

Given the large amount of warehouse and distribution facilities in the study area—including the wholesale food distributors in Jessup—sales generated by pure retail establishments is significantly lower. For example, there are over \$224 million in annual sales among “Specialty Food Stores” (reflecting the wholesale food distributors such as the Giant Supermarket, Sysco and G. Cefalu & Bro. in Jessup) and \$129.8 million in “Building Materials & Supplies” (reflecting multiple contractors and tenants in this category that occupy warehouse space). Removing sales from just these two merchandise categories suggests that there is actually retail leakage—that is, household spending that occurs outside of the study area. In fact, retail leakage occurs in multiple categories, including Health & Personal Care (Drug) Stores, Apparel & Accessories Stores, Book/Periodical & Music Stores and Department Stores.

Retail - Performance is Weaker and Vacancy Rates are Higher in the Study Area

Howard County contains 12.5 million sq. ft. of retail space in 765 properties/centers, which equates to 38 sq. ft. of retail space per capita. Since 2006, more than 2.1 million sq. ft. of new retail space has been constructed. CoStar data suggest that the Blue Stream 3 study area contains 1.2 million sq. ft. of retail space in 27 properties/centers, which equates to 15 sq. ft. of retail space per study area resident. The study area’s retail inventory comprises 10% of the countywide inventory. Retail market performance is significantly weaker in the study area than the County. While vacancy rates county-wide are between 2% and 6%, the vacancy rate in the study area is between 10% and 11%.

ANALYSIS OF EXISTING RETAIL CONDITIONS

To accurately understand the existing retail conditions along the corridor, RDS completed a detailed building-by-building inventory of commercial spaces for each property with frontage on Route 1, from Laurel in the south to the I-95 intersection at the north. Based on RDS LLC’s experience in other locations, it is possible that the summary retail square footage provided by CoStar, the leading source for real estate data, can vary in its accuracy, as the information is provided by local brokers.

For purposes of the analysis, it is the aggregated estimates and mix of uses that should be considered most relevant to the discussion of additional retail at Blue Stream 3.

Retail SF totals in the inventory are divided into the following subcategories and retail uses:

- **Specialty Retail:** Retail goods and apparel, Pet stores, electronics,
- **Discount Retail:** Discount and re-used goods stores, multi-tenant/sporadically open marketplaces
- **Food & Beverage:** Fast food, restaurants, bars, food trucks, liquor stores
- **Grocery:** Full service and specialty food stores with no on-site consumption
- **Gas/Convenience:** Gas stations, convenience stores at gas stations, and free-standing convenience stores such as Seven-11
- **Consumer Services/Drug Stores:** Banks, hair salons and barber shops, nail salons and spa's, dry cleaners and laundromats, financial services, etc.
- **Professional Services/Office:** General and corporate office buildings, medical and dental offices, insurance
- **Automotive Sales, Parts & Svc.:** Auto sales, auto repair and servicing, auto parts retailers
- **Commercial Education:** Specialty schools (Hair training), private daycare and after school programs, commercial academies and schools
- **Self-Storage Facilities:** Rental storage unit complexes
- **Recreation/Entertainment:** Skating rinks, events venues for parties and weddings, paint ball studios, theaters
- **Lodging:** Motels, hotels, inns and commercial lodging
- **Industrial/Warehousing:** Warehouses, industrial manufacturing facilities, storage and production, food and product distribution, etc.
- **Truck/Logistics:** *Trucking services, logistics/transfer and shipping facilities*
- **Vacant:** *Unoccupied retail/commercial spaces available for lease*
- **Other:** *Nursing Homes; Public facilities (Volunteer Fire Station, Transit offices); Mobile home sales offices*

Retail only Represents 15% of the Total Square Footage of Frontage Properties

According to the December 2019 inventory, there are almost 400 businesses along the corridor's frontage properties. Of that total, over 50% of the businesses are considered retail uses, but retail only represents about 15% of total square footage. In all, the retail uses (Specialty Retail, Discount Retail, Food & Beverage, Grocery stores, Convenience stores/gas stations and Consumer Service stores/Drug Stores) account for 729,845 SF of space in 205 businesses.

Figure 2: Route 1 Retail/Commercial Inventory, Route 1 Howard County

There is No Retail Continuity

ROUTE 1 COMMERCIAL INVENTORY*	Total SF	Spec Retail	Discount Retail	F&B	Grocery	Gas/C- Store	Consumer Svc/ Drug Store	Prof Svcs/Office	Automotive	Educational	Self Storage	Recreation/ Entertainm't	Lodging	Industrial/ Warehouse	Truck/ Logistics	Vacant	Other
Subtotal:																	
Northside of Washington Blvd	1,616,245	160,644	24,462	104,474	98,741	20,413	89,578	91,532	191,697	21,725	96,100		297,968	322,398	66,991	89,523	
Percent of Northside of Washington Blvd	100.00%	9.94%	1.51%	6.46%	6.11%	1.26%	5.54%	1.95%	11.86%	1.34%	5.95%	0.00%	18.44%	19.95%	4.14%	5.54%	0.00%
Subtotal: South Side of Washington Blvd	3,404,689	38,120	52,460	61,682	13,950	9,775	55,547	56,020	271,257	37,824	334,940	103,436	113,987	1,915,517	231,770	53,406	54,999
Grand Total and Totals by Category	5,020,933	198,763	76,922	166,156	112,691	30,188	145,125	87,552	462,954	59,549	431,040	103,436	411,955	2,237,915	298,761	142,929	54,999
Percent of total SF	100.00%	3.96%	1.53%	3.31%	2.24%	0.60%	2.89%	1.74%	9.22%	1.19%	8.58%	2.06%	8.20%	44.57%	5.95%	2.85%	1.10%
Number of businesses by category	393	29	6	72	8	18	72	10	57	6	6	6	19	34	8	37	5
Percent of total businesses/locati ons		7.38%	1.53%	18.32%	2.04%	4.58%	18.32%	2.54%	14.50%	1.53%	1.53%	1.53%	4.83%	8.65%	2.04%	9.41%	1.27%

*Inventory completed in
January, 2020; Source:
RDS LLC

With the exception of a few nodes and commercial centers/strip shopping centers, there is a lack of any retail continuity, either as a concentration of space to draw destination shoppers or as a contiguous land use to create the identity of a retail district.

Specialty Retail is the Largest Group

Within the retail categories, Specialty retail is the largest group with 198,000 SF/in 29 businesses, followed by Food & Beverage with just over 165,000 SF (in 72 businesses) and Consumer services/drug stores at 145,000 SF (in an additional 72 businesses).

Important Note

We note that the Route 1 corridor retail inventory differs from the area/space totals used to analyze sales leakage and supply totals; this is based on two different data characteristics. The first difference is the specific geography of the areas; the Corridor focuses only on retail and commercial properties directly attached to Route 1, while the Sales Leakage analysis considers sales potentials from the overall primary market area (between I-295 and I-96 within County boundaries). The second is the data source difference. This is an important distinction of retail/commercial use, as sales data from ESRI does not distinguish between wholesale and retail trade sales. In the example of the wholesale totals from the Jessup warehouse/food distribution center, total "retail" sales are distorted far beyond more conventional retail sales to consumers. Including wholesale sales totals in this specific geography is a major factor in tabulating 'real' total sales along Route 1 and its immediate environs, and therefore how much additional space is "supportable".

RETAIL VIABILITY

Determination of "supportable" retail square footage is a multi-faceted calculation and should be considered from at least three standpoints.

1. Sufficient Market Density

There must be **sufficient market density** to generate enough sales to be profitable. Consumer market density is also affected by the demographic characteristics of the available consumers. Consumers must also have sufficient average household income to provide spending power to justify retail. Households with higher average income levels can afford to spend both more money and a higher percentage of their gross income levels; **lower income populations**

(especially in an increasingly expensive residential market like Howard County) have less disposable income available because a higher percentage of their gross income must go toward housing costs.

There are three categories of consumers with varying levels of impact on local retail:

- Residents – every new resident supports between 4-7 sf of new retail
- Employees – every new employee supports between 2-5 sf of new retail, but only if close enough to fit within the workers' available time at lunch or during other breaks
- Visitors – every new visitor supports between 0.5 and 1.5 sf of new retail, but only in destination visitor retail settings

2. Sufficient Retail Rental Incomes

Property developers require **sufficient retail rental incomes** to justify the costs of development, construction and ongoing real estate operations. The rent levels they charge retailers must also cover an appropriate share of project costs to justify creation and operation of the retail uses to provide adequate investment returns.

Rents are a function of sales. As a general guideline, retailers pay between 8-12% of their gross sales in rent and occupancy costs. For example, if an average of 10% of gross sales is assumed, then the relationship between sales and rents is clear: \$17-20 per square foot rent would require a minimum of \$170 to \$200 (or more) per square foot in sales per year to meet minimum lease requirements. If achieved rents are below this range, then (in broad economic terms), retailers are not generating enough sales to cover their occupancy costs. Alternatively, higher sales generate higher rents and pay higher returns to the owners.

If sales are too low (due to limited demand from nearby consumers), or rents are set too high to be supported by sufficient sales, the result is vacant or surplus space that is unlikely to lease, and is an ongoing financial loss for the property owner. Vacant spaces do not meet the service needs of nearby residents, and, often, the longer the spaces remain vacant, the more difficult they are to lease because they are perceived as a 'failure location.' This demonstrates that **overbuilding retail space, even for worthy planning goals, is not good business nor good public policy.**

RDS

Retail & Development Strategies

Sustained Profits to Make a Living from the Business

Retailers are caught between these two forces -- the need to generate enough sales to cover their operating costs (including rent and utilities), while also providing enough **sustained profits to make a living from the business**. If sales drop or cannot be sustained at a sufficient level, the business will not be commercially viable.

ADDITIONAL RETAIL IS NOT VIABLE IN THE CAC STUDY AREA

Significant competitive supply and almost 10% vacancy in the area along the corridor will make it more difficult to finance and to lease as most essential goods and services and specialty retail operations are already in place near the corridor. Larger retail concentrations are all around the Route 1 area and are easily accessible to both residents and workers. The CAC zone has significant retail competition already in place, negatively affecting the area's potential both to attract customers and sales, and to attract potential retail tenants.

Figure 3: Ten Grocery Stores within five miles/ten minutes of Blue Stream 3

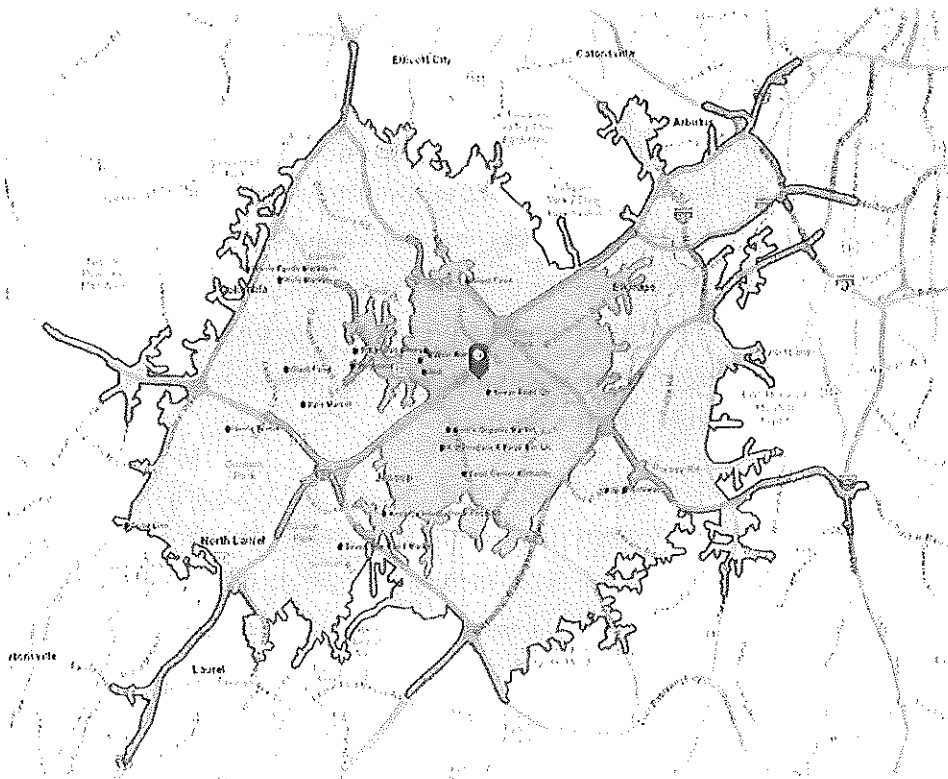


Figure 4: Grocery Stores within 5 miles of Blue Stream 3

Grocery Stores Near Blue Stream	
Grocery Store	Driving Distance from Blue Stream
Mom's Organic Market	0.95 miles
Aldi Gateway Overlook	1.83 miles
Costco	2.13 miles
Trader Joe's	2.16 miles
Wegmans Market	3.0 miles
Walmart	3.14 miles
Green Valley Marketplace	3.16 miles
Weis Market	4.35 miles
Safeway Arundel Mills	4.67 miles
Aldi Arundel Mills	5.09 miles

Figure 5: Major Retail Shopping Locations near Route 1 in Howard County

Major Retail Shopping Locations Near Route 1 Howard County							
No.	Project Name	Location	Miles from Site	GLA/SF	Number of Stores	Year Opened	Anchor Stores
1	Gateway Overlook	Elkridge	1.04	526,000	24	2007	Lowe's, Costco, Best Buy, ALDI
2	Columbia Crossing	Columbia	2.29	477,474	20	1997	Target, Dick's Sporting Goods, Jo-Ann Fabrics
3	Dobbin Center	Columbia	2.58	311,074	23	1983	Walmart, Haverly's Furniture, Ross Dress for Less
4	Arundel Mills	Hanover	3.20	1,561,162	225	2000	Bass Pro Shops, Costco, Walmart, Burlington
5	The Mall in Columbia	Columbia	5.14	1,434,076	215	1971, 2018	Nordstrom, Macy's, JC Penney, vacant (Sears)
6	Long Gate Shopping Center	Ellicott City	5.24	433,467	17	1996	Target, Kohl's, Safeway, Michael's
7	Corridor Marketplace	Laurel	6.21	445,000	26	1996	Target, Kohl's, Hobby Lobby, vacant (Weis Mkts)
8	St. John's Plaza	Ellicott City	7.13	269,717	16		Sprouts Market
9	Laurel Shopping Center	Laurel	7.28	389,000	56	1956	Giant Food, LA Fitness, Marshall's
10	Chatham Station Shopping Ce	Ellicott City	7.37	295,587	16	1975	Home Depot, Dick's Sporting Goods
11	Towne Centre at Laurel	Laurel	7.59	367,811	37	1979	Regal Cinemas, Harris Teeter, Burlington, vacant
12	Westview Center	Baltimore	7.64	610,103	29	1958	Lowe's Sam's Club, Ross, Mashall's
13	Cromwell Field Shopping Cen	Glen Burnie	7.73	233,486	28	1986	vacant (Giant), other vacancies
14	Catonsville Plaza	Baltimore	7.96	277,807	17	1975	Shoppers Food Warehouse (closing), Forman Mills
15	Laurel Lakes Centre	Laurel	8.27	420,000	27	1985	Lowe's, Best Buy, Safeway, Ross
16	Odenton Shopping Center	Odenton	8.44	224,000	27	1956	Giant Food
17	Chesapeake Square	Glen Burnie	8.54	210,483	31	1986	Best Buy, Shop Rite Grocery
18	Arundel Plaza	Glen Burnie	8.61	265,116	19	1960	Lowe's, Giant Food
19	Governor Plaza	Glen Burnie	8.78	243,000	22	1963	Dick's Sporting Goods, Big Lots, AC Moore, K&G
20	Centre at Glen Burnie	Glen Burnie	8.80	413,000	45	1963	Office Depot, Target, Ollie's Bargain Outlet, Cinema
21	Security Square Mall	Baltimore	8.82	1,040,000	142	1972	Macy's, Seoul Plaza, USA Discounters, Sears
22	Harundale Plaza	Glen Burnie	8.83	217,619	19	1999	Burlington, Home Goods, Regency Furniture
23	Ordnance Plaza	Glen Burnie	9.40	375,000	15	1987	Costco, Home Depot, PetsMart, vacant
24	Westside Shopping Center	Baltimore	9.42	200,000	40	1962	Food Depot, Citi Trends
				11,239,982	1,136		

Source: ESRI, Dec. 2019; RDS LLC

ZONING POLICY

Route 1 is not a strong retailing environment that will easily encourage/sustain new specialty and consumer service stores, and is unlikely to evolve into a retail-friendly context, despite the addition of new multi-family. The limited number of sidewalks and pedestrian friendly, walkable areas, width of the adjacent Route 1 roadways and the speed and traffic volumes make a strong retail environment untenable.

Moreover, based on historical performance in the three newer projects in place, the mandated retail spaces created under Howard County zoning requirements have not been a uniform success. Retail spaces in the Verde at Howard Square project have been very slow to lease, with only a nail salon tenant in place at the time of the inventory. At Mission Place, three of the twelve spaces were still vacant at the time of the inventory. Additionally, Ashbury Courts had five of its seven retail spaces vacant. The other two spaces were occupied by a mathematics tutoring service and a dance studio. In all cases, the mandated retail is set back from the street and has limited storefront exposure to drive-by consumers.

As a concluding point, a 2018 study for Howard County entitled “Development Regulations Assessment & Annotated Outline” conducted by Clarion Associates, identified the same disconnects between zoning restrictions and development and economic conditions as found in this study. The following text, in full, is that study’s recommendation to Howard County pertaining to Section 127.5: CAC Corridor Activity Center zoning:

“Almost 400 acres and 1800 parcels along the Route 1 corridor are zoned CAC but (like the other Route 1 corridor districts) it has proved difficult to administer and has had unintended consequences. Among other things, many stakeholders noted that the requirement for 50 percent of the first floor to be retail or service uses was problematic, in light of the retail market along the corridor. We recommend replacing this district with a high intensity mixed use district (with Route-1-specific development standards). The requirements related to the neighborhood preservation density exchange option should be revisited and grouped with other density transfer provisions.”

IMPACTS OF THE 2020 PANDEMIC

While the retail industry was already dealing with bankruptcies caused by overexpansion and excessive debt levels before the global impact of the Coronavirus Pandemic, the long term effects from the current economic slowdown are not fully known, but are likely to be significant and potentially devastating to thousands of retail businesses. The U.S. Census estimates that there are approximately 1,050,000 retail businesses in the United States. In March of 2020, the National Retail Federation estimated that 24% of these businesses will never re-open; if this is accurate, that means a quarter million retailers will disappear. The apparel, food service and hospitality industries are currently the hardest hit, with millions of jobs lost, operations closed, and no clear path to restoring business to its levels prior to the COVID 19 outbreak.

The Route 1 Corridor in Howard County was already in a weaker competitive position to attract new retailers in the mandated retail spaces; these spaces are within the context of over 11 million square feet of existing nearby retail (see Figure 5 above). In the post-pandemic environment, it will be more difficult to recruit new retail operators to fill the mandated spaces for the following reasons:

- There will be fewer retailer chains and individual operators from which to recruit new tenants for some extended period of time
- Capital markets and brokers will favor re-filling vacant and existing sites in order to recapture lost investments; even at lower costs of capital debt, vacant spaces will take priority over new retail development
- Developers will be likely be compelled to lower rental rates to fill vacant retail space in already-built locations
- Underwriting criteria for retail development will make it more difficult to finance development of new space

While the timing of recovery is unknown, the already-stressed retail industry will likely take three to five years (or more) to stabilize. The emerging changes in social behaviors, the complexities of regulating social distancing and operating standards, and the long-term impacts on operating revenues and cash reserves have combined into a tidal wave of negative forces. These forces have fundamentally undermined the re-emergence of the retail industry for the foreseeable, near-term future.

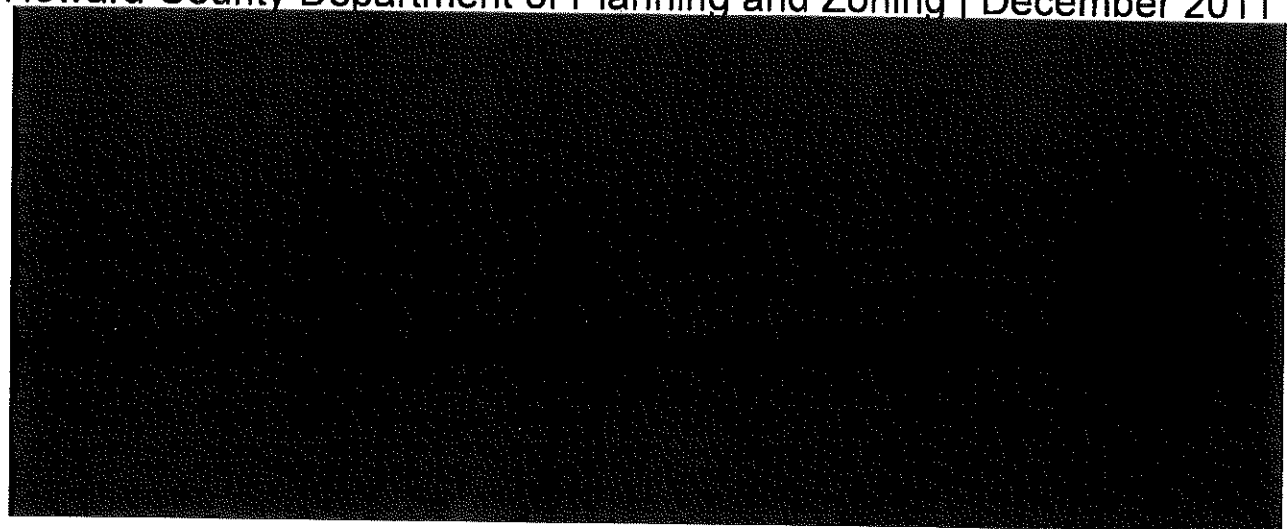
Market Analysis and Strategic Implementation Analysis

US Route 1 and Snowden-River Pkwy / Dobbin Rd Corridors

Presented by:
RCLCO

In association with:
Parsons Brinckerhoff
Sabra-Wang Associates
Mahan Rykiel Associates

Howard County Department of Planning and Zoning | December 2011



RCLCO

ROBERT CHARLES LESSER & CO. REAL ESTATE ADVISORS

HOWARD COUNTY DPZ

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HOWARD COUNTY DPZ

EXECUTIVE SUMMARY

Economic dynamics alone in Howard County's competitive market area suggest that re-investment in the Route 1 Corridor and Snowden River Parkway/Dobbin Road areas are unlikely to force meaningful land use changes in either submarket over the next 20 years. Supply-demand mismatches in the residential and office markets in concert with prevailing and likely future rent/price levels combine to make market conditions unfavorable for land repositioning that supports the County's current goals for Route 1 and potential future goals for the Snowden River Parkway/Dobbin Road areas. Moreover, misperceptions of Route 1 in particular – which is home to almost one-third of the County's employment base and functions as a disorganized linear string of business and industrial parks – will likely result in continued conversion of employment-oriented land uses into residential-oriented land uses, threatening the County's economic base today and stymieing the growth of cyber security and BRAC-related activities that may prefer Route 1 locations in the future.

However, there are a number of actions that County stewards – public and private sector players alike – can undertake to influence the market trajectory of both submarkets and better position them for outcomes more in-line with County objectives. Changes to existing zoning, transportation improvements, and measured aggressiveness in real estate and land use strategies could shape a future for both submarkets that can enhance the overall future of the County. Route 1 has the potential to grow into a corridor that can accommodate higher-density residential (especially at MARC station areas), an aesthetically-improved flex/industrial base that can accommodate high-security users as well as traditional flex users, large-format mini-anchored retail and especially restaurants, and over time, “campus-oriented” office users with roots in the biotechnology and life sciences clusters. The Snowden River Parkway/Dobbin Road areas are logical places to support higher-density and eventually mixed-use development, with a future mix that could include multi-tenant Class A office space, upscale multifamily residential offerings, and boutique/lifestyle retail and restaurant options.

The Howard County/Anne Arundel County submarkets are forecasted to add 103,500 new jobs through 2030, resulting in a structural demand for: 3.3 million SF Class A/B+ office; 3.8 million SF of Class B/C/flex office; 4.4 million SF of medical; a limited amount SF of warehouse/logistics; and 1.7M SF of retail space.

- This development will gravitate towards environs that provide compelling locations at low development costs.
- There is currently 14.1million SF of planned/entitled capacity in competitive locations in the two counties to absorb the aforementioned demand, more than the total demand forecasted through 2030.
- Competition for development activity will be fierce over the next 20 years, and low-cost greenfield sites will provide stiff competition for future demand vis-à-vis redevelopment sites

Howard County holds competitive regional advantages in the business and financial services, information technology, and life sciences clusters.

- These three industries represent 30% of the county's existing County employment, but comprised 70% of Howard County employment growth over the past decade. Together, they present the strongest outlook for future employment growth and therefore office-oriented development.

HOWARD COUNTY DPZ

- Business and IT tenants will be the primary demand drivers for approximately 3.3 million SF of multitenant, "Class A"¹ office space in locations close to sophisticated retail amenities, ideally in walkable configurations.
- Market dynamics could support speculative new office development no sooner than 2013, and established locations like Columbia Town Center, Maple Lawn, and Columbia Gateway present site selection advantages for the business services and information technology clusters.
- Life sciences users that prefer build-to-suit environs either in single-occupancy buildings or as anchor tenants may be more willing to consider non-"lifestyle" locations, and their location decisions will be driven more by availability of land, public policy interventions, or existing buildings at reasonable development/redevelopment/occupancy costs.

Future economic growth in Howard County, which has all-but run out of developable land, will depend on leveling the playing field with neighboring jurisdictions that are aggressively offering "greenfield"² sites to attract new office and retail development.

- Developing on greenfield sites is inherently less expensive than redeveloping existing/built sites, especially when the existing sites contain "heavy use" structures.
- Howard County's commercial areas are largely built out, and Maple Lawn and Emerson represent the primary competitive new greenfield space in the County today
- There are 14.1 million SF of greenfield commercial FAR in the pipeline – all of which will likely compete for Class A office demand if possible. This is compared with only 3.3M SF of total Class A space demand through 2030. Developers will therefore likely gravitate to greenfield opportunities in to accommodate new demand.

The Route 1 Corridor and Snowden River Parkway/Dobbin Road areas represent differing sets of economic opportunities for Howard County.

- Route 1, which comprises only eight percent of the County's land area but is home to 30% of the County's jobs, functions as a series of linear business parks
 - There is little data to substantiate the proposition that properties in this corridor are significantly "underutilized" and bringing down the productivity of the corridor.
 - Despite its outward appearance, it has built-in competitive advantages for existing and potential growth users, including those tied to the Cybersecurity economy.
 - It can best be strengthened and/or enhanced through zoning revisions, targeted investments, and appropriate segmentation.
 - Mixed use zoning may not enhance its overall economic competitiveness. On the contrary, carefully programmed zones for residential densification alongside provision of space for retailers and restaurants that may prefer horizontal integration and have individual footprints as large as 40,000 SF – including medium-box home goods and fast casual dining -may be the key to enhancing its prospects of capturing potential future demand.
- Snowden River Parkway/Dobbin Road, which comprises less than 1% of the County's land area but is home to 5% of the County's jobs, represents the County's best chance at cultivating a new Class A office zone that may accommodate a mix of uses or de facto mixed use development in the near term.

¹ "Class A" office refers to...

² While all development in Howard County is essentially infill, this report uses the term "greenfield" to refer to development sites that are relatively or completely undeveloped and for which there exist nominal or zero demolition or underground infrastructure redevelopment costs to be borne.

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- Mixed-use office development – understood here as projects which are wholly or almost wholly non-residential with retail uses on the ground floor and employment uses on upper floors – is likely not market-feasible within the next seven to 10 years. However allowing for mixed-use residential development – understood here as projects with at least 75% of the FAR devoted to residential uses with non-residential and retail sales tax-producing activities on the ground floor - may be the development-feasible alternative land use that allows some areas to reposition and maximize FAR (or at least approach an increase in development intensity).
- Significant attention to the covenants of the GE site, and the willingness to put forth County resources, will be key to maximizing the opportunity in this area.

A fresh look at County-wide housing policies is warranted, especially as these policies directly affect the extent to which property owners and developers can be expected to deliver employment-oriented uses to the study area's redevelopment zones.

- Artificially suppressing housing development may have served the County well through 2000, but now is having the unintended consequence of driving overvaluation of residential land uses
- Landowners have economic incentives to hold out for residential rezoning as opposed to upgrading existing office/flex or developing new office/flex – primarily because the difference in the returns on the land are as high as 30 times higher for residential than non-residential uses.

The CAC and CE zoning districts along Route 1 may actually be counterproductive to its future development and positioning.

- CAC and CE zonings do not readily support the type of business support infrastructure – including large format retail – that may help Route 1 compete for potential future demand.
- These zoning categories also increase the overall level of difficulty for flex/industrial development – precisely the type of development which is central to the economic engine of the corridor.
- The current business rationale along Route 1 will likely continue to be a "hold" in current configurations awaiting residential rezoning, absent market interventions or policy changes.

Summary of Recommendations

1. Segmentation of the Route 1 Corridor is necessary, both to understand existing conditions and to plan for future land use opportunities.
2. Changes to County-wide housing policies, especially in ways that alleviate the pressure on all commercial land in the County to seek residential zoning, would greatly increase the overall likelihood of future commercial development along both the Route 1 and Snowden River Parkway/Dobbin Road areas.
3. Commitment of financial and policy resources by the County resources to both near term and long term employment-oriented land development strategies.
4. Revisiting the existing zoning classes, especially along Route 1, is in order, especially if the County is to successfully capture future demand from Cybersecurity and BRAC.

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ECONOMIC AND DEMOGRAPHIC CONTEXT

REGIONAL POSITIONING

Historically a strong player within suburban Baltimore-Washington corridor, Howard County established itself some forty years ago as an attractive location for both households and non-entrepreneurial white collar employment. However, the County is now facing stiff competition for capture of employment growth from its neighbors, notably Anne Arundel County, which has ample room for new development and a pro-growth development and tax regime.

To wit, before 2000, among all jobs added to Howard and Anne Arundel Counties, Howard County captured upwards of 60% of the annual growth. This pattern may have continued had Howard County not run out of land at precisely the same time that Anne Arundel County began to aggressively develop their airport and I-295 adjacent lands. After 2000, these roles were reversed, and Anne Arundel County began to capture 60% of the annual employment growth. This broader shift illustrates that many commercial occupants are agnostic as to their specific location – other factors such as type of space available, lease rates, speed to market, and cost-competitiveness supersede a preference for a County affiliation.

Howard County now faces an economic scenario which will require a more deliberate strategy to capture potential future growth. Future development and employment growth in Howard and Anne Arundel Counties combined could in fact be agnostic as to place, suggesting that whichever county can most readily meet the needs of developers and employers will establish a competitive advantage for capturing that growth. Within that context, it is time for Howard County to revisit its policies towards commercial and housing development to ensure that it has leveled the playing field with competitive regional rivals for both.

EMPLOYMENT DYNAMICS

Analysis of employment growth in the Baltimore region prior to the recent recession reveals that Howard County exhibits a competitive advantage in the following industry clusters: financial services, information technology, and life sciences. These three industries comprise only 30% of Howard County's total employment today but comprised 70% of Howard County's growth from 2001 to 2006, the last "normal" economic growth cycle. Moreover, shift-share analysis suggests that these industries grew in Howard County in quantities and at rates in excess of national and regional economic trends as well as in excess proportion to regional rivals including Anne Arundel County. This competitive advantage is one that accrues to Howard County above and beyond general employment growth or shifting composition of the regional economy, and will define at least in part the County's capacity to out-compete its neighbors through and after the economic recovery for future growth. Other industries for which Howard County exhibits a competitive advantage are agribusiness and forest and wood products, though these industries have not and will not be large contributors to future employment growth.

The Baltimore MSA is projected to add just over 250,000 jobs over the next 20 years, including BRAC-related growth. Notably, while BRAC employment associated with Ft Meade will have a significant impact on the region as a whole, the actual number of jobs projected to locate in Howard County through 2015 is

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only 2,259, compared with 10,049 in Anne Arundel County³. Current forecasts through 2030, which do not take into account the recommendations of this study, suggest that 49,000 (20%) are forecasted to be added to Howard County, and 54,000 (22%) are forecasted to be added to Anne Arundel County. However, approximately 30% of the future growth jobs within these two counties are clustered in industries with a robust "Howard County effect": business services, IT, and life sciences – indicating that Howard County has a strong competitive position to capture greater than its projected fair share of these industries assuming appropriate policy and execution.

Examination of historical development activity data in concert with developer interviews suggests that this future growth is equally likely to be captured by either County, and that actual capture will be driven by a combination of cost competitiveness (for new development and redevelopment) and location incentives more so than any inherent location-driven competitive advantage. In that respect, future office and commercial growth may be thought of as a "jump ball" at this point, with either jurisdiction theoretically capable of providing the underlying market conditions for market-driven development in order to capture growth.

Current forecasts suggest that the two counties will add a combined total of 41,000 jobs to their jurisdictions between 2012 and 2018 – a full 40% of their total projected job growth through 2030. The forecasted timing of the influx of job growth into the region aligns with the general economic recovery projected to take place during 2013-2015, and will intensify the overall real estate market recovery in the short term.

Current employment projections translate into demand for specific real estate products: Class A, Class B and Medical Office; Laboratory/R&D; and Flex, Warehouse, and Manufacturing⁴. See Table 1 for the cumulative demand projections and development forecasts for each product type from 2011-2030. Class A Office demand will be driven by business and financial services and IT, with 400,000 SF of annual demand in 2013 tapering to an average of 130,000 SF annually by 2016. Life sciences and general health services demonstrate intensifying demand for specialized medical office space, with 164,000 SF of annual demand in the near term increasing to 288,000 SF annually by 2030. Class B/C and Flex office is a product preferred by many service industry tenants such as education, social services, and defense-support industries and is projected to demand a consistent 200,000 – 240,000 SF annually through 2030.

RCLCO forecasts that this influx of Class A/Class B demand will eat into existing vacancies – which comprise 15.4% of the existing Class A stock and 14.1% of the existing Class B/C stock - and begin to drive rent increases beginning in 2013.⁵ This means that owners or potential owners of multitenant buildings – which typically absorb smaller private sector companies, may experience upticks in occupancy and rent levels beginning in 2012-2013 and through 2015. These tenants in general are gravitating to retail-adjacent areas that offer a sophisticated dining experience, and in an ideal world, are adjacent to new residential development – Columbia Town Center, Maple Lawn and a repositioned Snowden River Parkway/Dobbin Road are logical matches for their site selection preferences.

Though defense and cybersecurity tenants will drive some additional Class A development through 2015, some of these tenants likely require specialized office and flex space in secure locations and will not fit

³ This includes both "direct" (on-base), indirect and induced jobs.

⁴ Commercial product demand was calculated by assigning typical types of space and SF/employee to each 4-digit NAICS industry code included in the employment analysis. Please note that total demand is not equivalent to forecasted development potential for all product types, as forecasts incorporate existing market conditions to project new construction of space.

⁵ Vacancy rate is a weighted average of Howard County and Anne Arundel County.

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neatly into a denser, more urbanized office environment preferred by many Class A tenants. Of the 500,000 SF of Class A Office demand derived from BRAC, the majority will be realized in specialized defense campus environments like National Business Park or Annapolis Junction. Not only do these locations provide existing secure data connections and immediate access to Ft Meade and associated agencies, but they also result in a cluster effect which incubates and integrates primary and secondary government contractors with the government entities with which they contract. Spinoff from BRAC-employment will also drive demand for 267,000 SF of Class B office, 278,000 SF of flex space, 85,000 SF of laboratory space and 350,000 SF of warehouse/manufacturing space. See Table 2 for the BRAC-driven commercial demand by product type.

DEMOGRAPHIC DYNAMICS

According to Moody's, a nationally-recognized demographic and economic forecasting firm, Howard County is projected to add 21,000 households through 2030, a figure which is likely far lower than market demand for housing county-wide. Prior to the Adequate Public Facilities Ordinance (APFO) in 1990, the county permitted an average of approximately 3,300 units per year. Since the APFO, permits have maxed out at 2,000 per year in the mid-1990s with recent years closer to 1,500 permits annually. Current and projected permits in the county are only about 1,100 units per year.⁶

RCLCO forecasts that the County has a structural demand for 1,860 housing units per year, of which 75% would be single-family and 25% would be multifamily units based on historical permitting alone. RCLCO modeling does suggest that the true demand for multifamily units is indeed much higher than historical permitting trends and that there is likely 2X or more demand for multifamily units in the County overall based on the increase in 1- and 2-person households as the primary drivers of housing demand in addition to increased acceptance of and desire for high density housing product types. Notably, the structural housing demand as calculated by RCLCO does suggest a supply-demand mismatch in the County; policy decisions made at the County level about residential allocations do not line up with the market-driven demand for housing, which outstrips supply by at least 2:1 and possibly more.

Importantly, from 2000 to 2007, Howard County added only an average of 1,000 new households per year in comparison with approximately 3,300 new jobs on average annually during the same time period. This imbalance in the jobs-household growth ratios has had an impact on the real estate development economics of residential and commercial properties county-wide. Mismatch between actual new households and housing demand from potential new households given job growth has placed significant pressure on all land in Howard County to seek residential development. Current development economics indicate that land positioned for residential of all types is in excess of values attainable for commercial development, which in cases except for flex office, is in fact negative in value on a \$/FAR basis as of 3Q 2011.

Truly, Howard County must find an appropriate way to correct this artificially-induced market imbalance if it wants to succeed in catalyzing redevelopment of existing commercial assets.

⁶ Permits data from HUD SOCDS database, as reported by the US Census.

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MARKET CONDITIONS

CLASS A OFFICE

Howard County is home to 15M SF of office space of which 13.7% is currently vacant. 800,000 SF of this office is in the Route 1 corridor and 964,000 SF is in the Snowden River Parkway/Dobbin Road area. Approximately 6.7M SF of the County's stock is considered "Class A", and much of it is outdated and lacks the services and amenities that future Class A tenants will desire.⁷ Meanwhile, there are only a handful of Class A locations for brand sustenance and delivery of new product within the County. Increasingly, Class A users – including the growth segments of Business Services and IT - prefer locations closer to existing retail amenities and in proximity to other office and residential development, a shift away from the planning and site selection paradigms of the 70s and 80s. This means that in order to capture potential future employment growth within the County emanating from these segments, the County will need to provide additional, modern, Class A buildings and amenity-rich environs suitable for these buildings.

RCLCO modeling and experience in real estate markets nationwide and in the region suggests that Howard County could support additional deliveries when the existing vacancy rate reaches 8% - a figure we forecast is likely in 2013. Scarcity will help drive some level of rent growth, which will also be necessary to support new construction or encourage repositioning of existing properties. Top of market rents are currently around \$30/SF for Class A office (located primarily in multiple use environs like Columbia Town Center and Maple Lawn), while typical rents for Class A/B+ properties in Howard County range from \$22 - \$26/SF (more typical in single-use districts like Route 1 and Snowden River Parkway/Dobbin Road). When rents reach \$35/SF, which may be realistic in 2014-2018, greenfield development becomes development-feasible. Redevelopment of existing assets is a more expensive proposition, and will require additional rent growth to become feasible without significant subsidy or market intervention.

Notably, the office market in the Baltimore region, and Howard and Anne Arundel County in particular, exhibits an oversaturation of existing and planned supply relative to demand for office product. Total development forecast for Class A office space in both Anne Arundel and Howard Counties through 2030 is 2.8M SF. As noted earlier, there is an existing pipeline of 14M SF of potential commercial space in these jurisdictions, much if not all of it in low-cost "greenfield" sites, that initially will compete for this small pool of Class A-level development. Though all of the 14M SF is envisioned as Class A office, developers eager to put a shovel in the ground may re-envision their land for other types of commercial uses more aligned with market dynamics at that time. Existing office environments with remaining capacity are the most logical locations for future Class A development, as they have both higher typical lease rates as well as large parcels available and already positioned to accommodate development.

Given progress of entitled greenfield sites, securing market share for office employment and directing the corresponding office development to additional sites in Howard County will be a competitive situation unlike one that the County has historically experienced.

- Route 1 does not exhibit a competitive advantage for new Class A office development today and its future as an "office location" is unclear. The landowner rationale along Route 1 will likely continue to be to "hold" in current configurations or await residential rezoning, as the going rates of \$26-\$34 per GSF (FAR of land entitlements) are far above and beyond that which office or

⁷ Market statistics from NAI market reports.

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retail development can fetch today and absent changes to housing policy will be likely to fetch in the foreseeable future.

- Though it also faces residential pressure, the Snowden-Dobbin study area more closely approximates the environment that future office users will prefer. The primary limitation on its commercial development potential is a lack of development-ready sites that can easily be brought online during the height of forecasted development in 2013-2015.

FLEX/INDUSTRIAL MARKETS

Howard County is home to 37M SF of industrial space, of which 32M SF is warehouse/bulk and 5.4M SF is flex office. The former exhibits a 16% vacancy rate, while the latter shows a healthy 10.7% vacancy rate. The Route 1 corridor contains 18M SF of the county's industrial space and the Snowden River Parkway/Dobbin Road area contains 1.3M SF of the county's industrial space. An underserved market sector today, flex office presents a stronger near term development opportunity than Class A office. New flex office in prime locations achieves rents of \$13/SF – a rent level that would make this product type development-feasible today excepting capital market constraints and residential land pressure. Speculative construction may be supportable as soon as a slight pricing pressure returns rents to 2006/2007 levels of \$15/SF, significantly narrowing the relative land value trade-off between building flex office today and holding out in hopes of converting the land to residential. While new development is feasible at these rent levels, repositioning of existing flex assets or site redevelopment into new flex product is highly unlikely. A \$13-15/SF rent will not produce enough of a revenue increase above the existing site use to justify redevelopment costs. Note that this dynamic affects not only Route 1, but also Dobbin Road, which is replete with flex/industrial buildings and non-industrial tenants who pay prevailing low rent levels and enjoy affordable space, but do not drive rent levels commensurate with redevelopment.

The existing aesthetic of Route 1 that diminishes its appeal as a Class A office location actually enhances its desirability as a flex and industrial environment. Flex tenants include many high tech companies that need only a small portion of their space as actual office and require the remainder for research, development, light manufacturing, warehousing, distribution, etc. Given the short supply of industrially-zoned land in the Baltimore-Washington region, there are few remaining locations in Howard County outside of Route 1 that accommodate new flex and light industrial tenants. Anne Arundel has 4,338 acres of land zoned industrially, only 4% of its total land area, of which 39% is undeveloped. Most of this land will continue to serve logistics and other transportation and distribution needs due to its proximity to BWI airport and major freight terminals.

Flex office is a less visible form of cybersecurity and defense-related demand but arguably has a greater impact. Most major defense contractors have as great of a need for flex office as Class A. Route 1 currently exhibits a strong advantage in competing for these tenants, due to its relative anonymity and inconspicuous spaces. Existing flex environs may in fact provide a competitive advantage for the capturable Meade-related/cybersecurity growth, especially as they already mimic Level 3 and 4 security environs.

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REDEVELOPMENT ECONOMICS

Existing land uses and recent developments reflect both market constraints and developers' desire to achieve the most profitable use of their land. Based on financial analyses of land development potential in Howard County, for-sale and rental residential, as well as retail, hotel and flex space all show signs of relative development-feasibility as of 3Q 2011 – meaning that a private developer would theoretically spend money on land in order to develop it as one of the aforementioned asset classes. Townhomes, stacked townhomes and freestanding anchored retail are the most valuable uses in the market, with residual land values (RLV) of \$56, \$36, and \$52 per gross SF of FAR respectively.⁸ With an RLV of \$12 - \$15 /GSF of FAR, wrap-style and wood-frame midrise rental apartments are also feasible, but not as valuable as the previously mentioned products.

For products which are not considered investment-grade today, significant rent growth and/or lower cap rates provide the greatest potential for moving toward feasibility, absent market intervention or subsidy. Moderate rent growth provides a line of sight to achieving construction feasibility for product types like midrise, light gauge steel office. However, some product types have such negative RLVs that future rent growth alone will not provide an avenue to market feasibility and construction.

This is the current challenge with vertically-integrated, mixed-use development. Though developers have built a limited number of mixed-use rental residential and inline retail projects along Route 1 in the CAC districts, and the overall RLV on this type of development indicates construction feasibility, the retail component of these developments sits empty. This is because the developers did not need revenue from the retail – which contributes zero to the overall RLV in RCLCO modeling – in order to create a deal that would pencil from a land investment standpoint. While developers got away with this during the halcyon years of 2005-2008, today's lenders have picked up on this risk and pipeline mixed-use projects of this type are not receiving financing due to the negative value of the retail, despite how profitable the apartments are. Mixed-use office and retail projects have not been considered, as the negative RLVs of both land uses compounded makes the overall development even less feasible than they would have been separately. The retail provides little value to either dense residential or midrise office products, as tenants and users seem to value these more as adjacent, horizontally-integrated product types rather than building them as a vertically-integrated, building amenity.

⁸ Residual Land Value is a real estate term that refers to the value of the underlying land portion of any built or yet-to-be built asset. It represents the value that a developer would be willing to pay for the land to develop a particular asset class.

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ZONING AND POLICY IMPLICATIONS

The general findings and recommendations of the market study need to be applied to the specifics of the study area. This section of the report provides the bridge to further focus the market study by identifying specific issues and opportunities in the study areas. While the two study areas – Route 1 and Snowden/Dobbin - are separated geographically and differ in character, we believe it is important to view them together in thinking about the future. For that reason our overall zoning map (Figure 2) shows the overall context and fills in the gap west of I-95 between the study areas so that the two can be thought of more holistically. The patterns of existing land uses are shown in Figure 1.

We do this also because we believe that a key planning goal, emerging from the opportunities analysis in this study, is to better connect the two areas for their mutual synergy in terms of employment, housing and transportation opportunities.

The ensuing discussion presents a summary profile of the two study areas and then identifies and describes development or redevelopment opportunities in both areas. This is followed by a discussion of the current zoning pattern and districts and recommendations for modifications to these.

ROUTE 1 CORRIDOR

This corridor comprises eight percent of the County's land area but contains 30% of its employment base. The 21 square miles of the corridor are zoned about equally for industrial/commercial uses and residential uses. The hodgepodge of many longstanding commercial uses and the visual blight along stretches of Route 1 frontage give way to more substantial and homogeneous housing and employment areas behind it. Industrial/commercial zoning and uses are mostly concentrated between Routes 32 and 100 while residential development is mostly concentrated at either end, in North Laurel/Savage west of Route 1 and in Elkridge on either side of Route 1.

The corridor is 90% built out and the remaining 10% (about 1,300 acres) is already mostly committed to future residential development (about 7,000 units are in the pipeline) and commercial development (about 4.7 million square feet). Figure 3 and Table 3 show the current projects in the pipeline. Over 60% of this residential pipeline and half of the commercial pipeline are in just four large projects on CAC- or TOD-zoned land.

The uncommitted, undeveloped land amounts to just over 500 acres (or 840 acres if quarries and junkyards are included). These figures exclude "underdeveloped" land where the existing uses appear marginal or of very low intensity. The land uses at the interchanges with I-95 and Route 1 and the East-West highways are all committed, stable (e.g. cemeteries or protected open space or stable residential communities) or in the process of being developed. These would-be targets for future land use change are thus off the table in the short and medium term.

SNOWDEN RIVER PARKWAY/DOBBIN ROAD AREA

Unlike the Route 1 corridor, this 1,000 acre planning area has been selected out of a much larger context because of its particular redevelopment opportunities, most especially the GE area and environs, currently zoned M-1 and B-2 (Area 1). See Figure 2, the study area zoning map, for segmentation of the

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Snowden-River Pkwy/Dobbin Road Area. This area abuts Columbia Gateway, a major employment center fronting on I-95. Areas 2 and 3 are zoned as part of the New Town category (Columbia) and comprise older flexspace/industrial parks, some of whose buildings are in transition to more employment-oriented/retail uses. Because of the New Town zoning designation of areas 2 and 3 the redevelopment process for these areas will be more complex than for Area 1.

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STRATEGIC IMPLEMENTATION

SEGMENTATION AND KEY OPPORTUNITY SITES

As previously noted, the recommended segmentation and opportunities jointly address both study areas. As the study areas present a complex mix of uses and places, neither should not be thought of as a single entity. Moving forward, planning for the ROUTE 1 corridor should therefore address its very different segments, both east and west of ROUTE 1 and north and south along its length. Future planning and policy recommendations should be tuned to logical planning areas rather than be applied throughout.

Figures 4 and 5 show a recommended division of the ROUTE 1 corridor into logical segments (overlaid on the current zoning and land use base maps respectively) for analysis. Figure 2 (zoning map) also shows the division of the Snowden River Pkwy – Dobbin Rd corridor into three primary areas.

Area 1 – *Greater Elkridge* spans both sides of Route 1 and is a relatively homogenous, mostly residential area

Area 2 – *West and South CSX Elkridge* is a mostly industrial-commercial area with a few residential enclaves

Area 3 – *Dorsey* is an older residential enclave and a TOD - zoned area around the Dorsey MARC station

Area 4 – *Industrial Central* runs from Route 100 to near the Corridor's western boundary, mostly south of Route 1 to the CSX line (except near Route 100 where it includes both sides of Route 1) and is largely used for light and heavy industry and flexspace and has several significant institutional uses.

Area 5 – *Residential Central* is north of Route 1 and east of Route 32 and west of Route 100; it includes newer residential development and significant areas designated for future residential and mixed use.

Area 6 – *Savage/North Laurel* is an older residential community north of Route 1 except for the large TOD –designated area near the MARC station at the Laurel race track.

Area 7 – *Emerson* is a planned and partially developed Class A office and residential enclave related to direct access to and from I-95

Figure 6 identifies five types of land use opportunities, and summarizes the ideas and recommendations of this section of the Report. In relation to the study area segments introduced earlier the bulk of the opportunities identified are in segments 3, 4 and 5 - the central parts of the US 1 Corridor - and they extend along up a proposed connection into the Snowden/Dobbin area.

The five land use opportunities and their key sites are detailed as follows. Note that the acreages given are approximate (rounded to the nearest ten) and just reflect the "blob" shape, not parcel boundaries, without distinguishing between existing development, current plan build-out and so forth. Further work would be needed to identify actual buildable areas and yields.

1. Redevelopment for Class A office space with retail/residential and supporting amenities. This category applies in the Snowden/Dobbin area only.
 - o The key anchor in this category is the greater GE area - Area A (approximately 280 acres) with its enhanced access via the proposed east-west connection. The office space developed

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- here should be complemented by mid-rise condos and retail/restaurants and entertainment opportunities to match. A satellite college campus would be a desirable use here also.
- Area A must be planned in concert with Area B (approximately 110 acres) west of the proposed arterial that also enjoys a potential BRT connection. The road network shown in these areas is diagrammatic only but its targeted connections must be built into the planning for these areas.
 - Area C (approximately 40 acres) includes a portion of Guilford Industrial Park that fronts onto Snowden River Pkwy (the former Lincoln Building and associated lands) that will now have access to the future BRT line.
2. Redevelopment of high-visibility employment areas. This category applies in both study areas and exploits the potential for some edges of existing industrial areas to upgrade their product because of very high visibility to Rtes 32, 100 and I-95.
- Route 32 will only grow in importance as a regional freeway between Westminster and Annapolis and the potential for signature buildings along it (as has occurred along parts of Rte 100) can be realized over time.
 - Area D (approximately 60 acres, zoned NT), the edge of Guilford Industrial Park, has high visibility to Rte 32.
 - Similarly, areas E (approximately 120 acres) and F (approximately 100 acres), either side of Rte 32 east of Route 1, enjoy high visibility and excellent access to frontage roads which are accessed close to the Rte 32/ROUTE 1 interchange. This is as close as the US 1 corridor can get to interchange-related redevelopment in the medium term.
 - The stretches of industrial development on both sides of Rte 100 between ROUTE 1 and the railroad – Areas G (approximately 40 acres) and H (approximately 50 acres) - are in a comparable situation to Areas E and F. Area G1 approximates the portion of Area G which is part of a currently designated TOD zone.
 - Area I (approximately 60 acres) will have additional visibility to the potential BRT route and the proposed arterial. Its current single-story flex structures could transition to office uses like those fronting I-95.
3. Greenfield development of high-visibility employment areas. This applies to three areas fronting onto I-95. Some of these parcels may be environmentally-contaminated and this may impact or constrain their potential future uses.
- Area J (approximately 60 acres) is the southern part of a large parcel owned by the FCC that is currently (and inappropriately) zoned for low density residential uses at R-20. Its frontage area along I-95 suggests rezoning to allow for a significant future employment opportunity, depending on timing, since this high-security underutilized property is unlikely to be vacated soon.
 - Area K (approximately 180 acres) is the I-95 frontage of the large MXD-zoned property that stretches between I-95 and ROUTE 1, all under single ownership.
 - Area L (approximately 150 acres) includes the undeveloped parts of the Gateway Industrial Park, which have been phased to develop at the end of the Park's buildout. Parts of it now support signature mid-rise office buildings fronting on I-95. Though technically outside the study area, it is included here just for completeness and because it complements Area K.

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4. Major Industrial Park development. These would occupy areas largely utilized for auto storage in their current configurations. The economics, timing and incentives for their re-use in ways which would benefit the County needs further study but they represent the last significant opportunities for Howard to capitalize on the potential for BRAC and other security-related employment opportunities in the ROUTE 1 corridor that require large and secure campuses⁹.
 - o Area M (approximately 180 acres) is owned by CSX with rail access and frontage on Dorsey Run Road, soon to connect as the only major industrial arterial parallel to ROUTE 1, and with direct access to the proposed BRT line.
 - o Area N (approximately 260 acres) is another auto storage area on parcels under single ownership and with access to Dorsey Run Road and Montevideo Road.
 - o Area O (approximately 90 acres) is the vacant, western end of a large State owned parcel whose other portions house several state corrections and police facilities.

5. PUD Opportunity sites. The Areas in this category include a range of opportunities in various zoning districts and cover greenfield sites and ones in the pipeline and planned. They include areas now zoned CAC and TOD recommended for conversion to a new PUD zone in the following section of this report. Only a select number of these are described below.
 - o Area P (approximately 160 acres) is the remainder of Area J discussed above that is owned by the FCC and zoned R-20. Fronting the proposed BRT line, it should support higher density residential uses when developed and is appropriate for PUD designation.
 - o Area Q1 (approximately 160 acres) is the remainder of Area K discussed above and, when its sand and gravel operation is completed, will be reclaimed into a development parcel surrounding a lake and with frontage on ROUTE 1, the BRT line and the proposed new arterial. Area Q2 is on the south side of the BRT line and is approximately 270 acres.
 - o Areas R through W, (totaling about 290 acres) currently zoned CAC and in different stages of development and approvals, are recommended for transition to PUDs.
 - o Areas X through Z, (totaling about 420 acres) the four TOD sites in different stages of development and approvals, are also recommended for transition to PUDs.

- **Recommendation:**

As modified by further study, adopt the above Areas as part of the Comprehensive Plan update and for consideration in the Comprehensive Zoning activities to implement them.

ZONING

Beyond the opportunities noted in the previous section, the current zoning categories as applied in the study area have been evaluated.

The CE Zone

⁹ The M-1 and M-2 zoning regulations, (the zones most prevalent in the southern portion of the study area), do not appear to contain any requirements that would preclude or limit secure government buildings or contractors from locating in them. In general, the permitted uses in the current M-1 and M-2 zones are not very restrictive and government structures, facilities and uses are uses permitted as a matter of right. The setback requirements are minimums not maximums. Maximum building height is 100 feet with deeper setbacks (1 additional foot for every 2 additional feet above the minimum).

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The CE zoning district was created and applied in 2004 along many stretches of the ROUTE 1 frontage (see Figure 2 for zoning map). It was designed to encourage the transition over time to a new aesthetic along the corridor of planned office, service and retail uses rather than the industrial warehouse and auto-oriented uses now fronting much of the corridor. Given the very limited market for Class A office and for additional small-scale retail uses on the corridor (especially with the very large commercial component for small scale retail inherent in the current CAC district) and the built-in disincentives for the continuation of industrial uses in the CE district Overlay, revisiting the CE zoning district appears warranted.¹⁰ To the degree that the CE district (and the CAC district) were designed to address aesthetic concerns along the ROUTE 1 frontage, the *separation* of visual/aesthetic considerations from land use considerations should be an objective in revisiting these districts.

- **Recommendation:**

Remove the CE and CE-CLI districts but apply measures to reduce the unsightly image problem along parts of the corridor. This can be achieved in several different ways:

- *A program of targeted and proactive zoning enforcement by the County along the corridor will help achieve the goal of reducing visual/aesthetic blight*
- *A corridor overlay zone which addresses landscaping, signage and access/curb cut management issues only*
- *The incorporation of measures in the overlay zone into a modified M-1A District along the Corridor frontages that incorporates some standards now absent in the M-1 zone but that is more tolerant of industrial uses than the CE zone. In all these cases, the conversion of flexspace to office-type usages and its impact on parking provision will need to be addressed.*

The CAC zone

The coupling of commercial square footage to residential units in the CAC zone has proven to be highly problematic with much of this commercial space remaining vacant after construction or having great difficulty in securing financing for prospective projects. The significant yields in commercial space assumed in future CAC development, all of it in small increments because of its strict tie-in to concurrent onsite residential development (300 square feet per dwelling unit), will continue to be problematic. The application of this concept to all CAC zone development is likewise problematic. The lack of continuous residential development along the corridor (and this study's recommendations to limit further residential conversions of employment-zoned lands and to target residential growth very selectively and explicitly) suggests that the County should apply any desired commercial yields in specific places, as part of subarea planning, rather than on an automatic CAC zoning district basis.

- **Recommendation:**

Replace the CAC zoning district with a new PUD district. In this district, flexibility in uses shall be paramount, and there will no automatic coupling of residential and non-residential uses.

¹⁰ The CE with the CLI Overlay district is directed at limiting long term continuation of industrial/warehouse uses per the following provisions:

Only M-1 uses are permitted

Industrial/warehousing uses can continue if they existed in 2004 and have not been unused for one year; no new ind/whse uses allowed

Ind/whse uses can expand by only 25% by right

Retail goods sold onsite cannot be stored onsite

Service and repair of products onsite cannot be of products stored onsite

No more than 5% of site can be in screened storage

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- o *Approved and pipeline project should be allowed some leeway to renegotiate their development programs under the new zone.*

The TOD zone

This district, applied to the four MARC stations in the corridor on the Camden line (see Figure 2 for zoning map), allows of high densities and intensities and a mix of uses. It has, however, some problems as constructed. The district allows no more than 50% of its land area to be used for residential purposes including for associated parking. This means that a very high proportion of land uses in the TODs will be non-residential, primarily office in nature, since only 25% of it is allowed to be commercial. Given the limited market for Class A office in Howard County and the competing greenfields opportunities just a mile away in Anne Arundel County, these sites, which have poor automobile access (except for the Savage site), are a severe disadvantage for capturing office development in the future. In addition, the Camden line, operated by CSX, which also runs freight trains along it, is nowhere near as strong a development magnet as the Penn line, operated by Amtrak. Daily ridership on the limited-schedule Camden line is just above 5,000 commuters per day compared with over 21,000 on the frequent Penn line. The imminent advent of the Intermodal Center in Howard County along the Camden line will reduce the prospects for more commuter rail service along this line. All this does not bode well for successful, employment-oriented, mixed use TODs at the stations.

Inspection of the development densities proposed within the TOD zones vis-à-vis development feasibility and market demand potentials – especially for residential – suggest that the County is not currently maximizing the potential of its TOD zones. In particular, it is receiving and accepting entitlement requests for residential densities that solve for the highest and best use – townhome products – at the expense and opportunity cost of holding out for higher-density multifamily products, which are also development-feasible but slightly less profit-generating. The County may consider enhancing the power of its TOD zones by establishing minimum density requirements in its TOD zones so that it can maximize the impact of these scarce resources.

- **Recommendation:**
Replace the TOD zoning with a PUD zone which will have a stronger residential focus than the TOD zone.
- **Recommendation:**
Strengthen the TOD zoning by establishing minimum residential densities that better conform to stick-built multifamily and multi-story product types.

Residential Zoning and Housing Pressures

As the market analysis has pointed out, the industrial/commercial land in the corridor is under pressure for conversion to residential use, which in many cases is more profitable and viable than industrial/commercial uses. For the County to retain its employment capacity on this corridor, particularly on the very few larger parcels remaining, it should limit and focus residential opportunities in this corridor. The effect of the previous two recommendations will be to significantly increase the potential residential yield in the corridor and act as a "release valve". The further erosion of employment redevelopment opportunities by residential rezoning in the corridor should be resisted.

- **Recommendation:**
The Comprehensive Plan should firmly state a position that residential rezonings in the corridor should produce a net zero fiscal impact.

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A broader, County-wide solution, however, is needed to relieve the inevitable, ongoing pressure for more housing in the corridor.

- **Recommendation:**

Intensify the Route 1 capacity to absorb housing demand in a select set of key residential nodes – ideally the TOD zones – that are geared towards high-density and high-intensity residential development.

- **Recommendation:**

Encourage infill high-density residential development in accessible parcels – new and redevelopment – in the Snowden River Parkway and Dobbin Road areas.

- **Recommendation:**

Where feasible, in areas west of I-95, and to further serve the market now being served in the ROUTE 1 corridor, the County should seek opportunities for more housing, especially multifamily housing.

A complicating factor in the above recommendation will be the reality of most of this land being in New Town zoning which will complicate densification and approval processes including the role of the Columbia Association and various Villages. For this reason, beyond examining this immediate area north of I-95 for housing opportunities, the County should also look to increasing the overall potential for executive-level housing County-wide. This imperative goes to the well-known link between such housing and the creation of more Class A office space over time.

- **Recommendation:**

The County should examine opportunities to create more R-20 type housing opportunities up against the rurally-zoned West.

- *This need will be even sharper if the State's drive to severely restrict homes on private septic and well systems succeeds in the next legislative calendar. If it does not, the County could also examine the potential for modestly increasing the housing yield in the western, rurally-zoned areas as part of fine-tuning the current Density Exchange Options.*

Snowden-Dobbin

Per the market study, Area 1, comprising about 320 acres (see Figure 2), presents one of the few opportunities in the County for creating new, viable Class A office space and the amenities needed for its success. Covenants governing the current use of the GE site will expire in 2017. Given, therefore, the long term nature of the transition to other land uses in this area over the next 10 - 15 years, the B-2 retail power center is also assumed to be included in the transition to more intense, "higher and better" uses. The small number of parcels and ownerships in this area suggest that such an endeavor has much promise.

- **Recommendation:**

Howard County must take a proactive leadership role in the collaborative redevelopment of the greater GE area and should elaborate on this in the Comprehensive Plan.

Area 3 is undergoing an evolution towards more service and retail uses and it is not yet clear whether or what policy interventions may be needed. Area 2 has seen less market-driven conversion of uses and, per the market study, does not appear poised for redevelopment, absent changes in its relative market positioning (See the Opportunities section for more on this Area).

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- **Recommendation:**

Focus on the greater GE area and assume rezoning to better and higher uses and focus on improved highway and transit service that will complement such intensification.

PUD Zoning

Howard County now has a plethora of zoning districts in the employment through Mixed Use categories. To the original B, M and SC zoning districts have been added the PEC, POR, MXD-3 and MXD-6 districts (plus a number of more specific, smaller districts) and, as of 2004, the CE (CE-CLI), CAC and TOD districts. These later districts have been specialized, with numerous metrics and parameters, much augmented by the Route 1 Manual. There may be an opportunity to introduce a PUD zone, a flexible zone designed to be customized to the projects proposed. As with many jurisdictions that grow very rapidly from boomburg to buildout, Howard is in danger of being saddled with an overabundance of zoning districts, most oriented to greenfields, some of which may have outlived their utility and relevance.

Planning and zoning for redevelopment and for public/private collaboration requires different tools and approaches, and while a PUD zone seems like an entirely appropriate tool for this period in the County's evolution, it should be considered against the value of other existing districts. This Report recommends removing the CE, CAC and TOD zoning districts and folding the CAC and TOD areas into the proposed PUD district. It also recommends folding the remaining MXD districts into the PUD category. Obviously, more careful study is needed around this idea.

The process for approving PUDs is even more important than the substance of their regulations. The key to any successful PUD district is the right balance between flexibility and predictability. Heavily specifying the standards and details of a family of PUD districts and then requiring multiple public hearings before elected bodies with the authority to apply additional restrictions will have the inverse of the intended effect. Zoning codes across the country are littered with such deadweight. Developers will balk at the double jeopardy of both meeting detailed criteria and then being subject to an unpredictable approval process. Substantial regulatory flexibility plus a detailed public review works (witness the 35 year success of Columbia in this regard) or substantial detail plus an administrative review works. This said, there are several options for a PUD process. These range from treating PUDs as a Special Exception in various districts which are decided by a Hearing Examiner with appeal to the Zoning Board of Appeals to treating PUDs as a County-wide floating zone. An intermediate approach is to treat PUDs as an overlay zone in certain districts.

The creation of a flexible PUD zone will require that the County have some ultimate targets in mind for the amounts of residential and non-residential land use in mind as projects come in for approval and negotiation over time. Establishing a market-based range of ultimate land uses in the PUDs, that are revisited as the market evolves, is one way of keeping an eye on the target while allowing for flexibility along the way. This accounting process is like that used to govern the land use splits in Columbia over many decades.

- **Recommendation:**

The Comprehensive Plan update should set up the framework for the PUD district that incorporates the conversion of the various study area zoning districts into PUDs as recommended and emphasizes their flexibility and case-by-case review as well as their anticipated review process.

While the PUD can address a range of residential and mixed-use products, it is not set up to address the development or redevelopment of industrial uses (e.g. the high visibility edges of exiting industrial parks)

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into other employment uses, a scenario which includes three of the six planning opportunities defined in the study areas. For these transitions to succeed, additional zoning and development incentives are likely necessary. The real estate tools section provides additional detail on potential incentives.

- Use type and/or approval process incentives that reward the aggregation of smaller parcels into larger ones so that a unified plan can be produced.
- Economic incentives (like tax abatements and other taxing schemes) or relief from Impact Fees or Development Excise taxes or APFOs are all part of this family of policy options.
- Proactive land banking and acquisition by the County
- Tools like TIFs or Benefit Assessment Districts also play into the incentives options.
- Public sector investments in landscaping or the provision of fiber optic cable or telecommunications facilities or capital projects (e.g. shared parking facilities or structures) are all candidates for a redevelopment-oriented future.
- Where major public investments are made in transportation facilities, like a BRT system, establishing *minimum* densities or intensities in adjacent development may be a reasonable approach

Nurturing successful redevelopment will require leadership in planning and implementation by the County.

- **Recommendation:**

The County's approach to incentive-driven options for the redevelopment of non-residential land uses should be incorporated into the Comprehensive plan update and the County's role in collaborative actions should be specified.

TRANSPORTATION

As part of this study, the potential for enhanced transit and roadway capacity was considered in light of the increase in development intensity in the study areas discussed. Figure 6 also shows a concept for a new regional transit corridor that would connect and "activate" several large, key parcels in both the ROUTE 1 and Snowden/Dobbin areas.

The proposed transit line is envisioned as a Bus Rapid Transit (BRT) line that extends from Columbia to Annapolis. Within the study area, the proposed route, starting from the south, uses the Route 32 ROW, with a spur to serve the Savage MARC station, up to the Dorsey Run Road interchange where it runs along Dorsey Run Road until it reaches the CSX tracks (that serve some of the industrial properties in the ROUTE 1 and SRP area) and then shares the CSX ROW all the way north until it moves onto Snowden River Parkway and then onto Broken Land Parkway terminating in downtown Columbia.

Figure 7 shows this concept on an aerial map of the study area. This ambitious proposal would require immediate proactive acquisition by the County of railroad ROW now being abandoned by CSX along portions north of I-95, which may otherwise revert to abutting land owners.

- **Recommendation:**

Howard County should take immediate action to acquire and secure CSX ROW being abandoned along the freight spur of the proposed BRT.

The regional logic of this BRT line is presented in Figure 8 which inserts the Columbia-to-Annapolis line into the Baltimore-Washington region's major transit systems. The proposed BRT line would provide an

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East-West transit connection now missing in the North-South oriented transit systems currently in place. The connections provided by the BRT line to the Camden line MARC station at Savage and to the key MARC hub station at Odenton add to the good ridership prospects of the BRT proposal.

Furthermore, there is the prospect of significant time savings on highway connections via BRT on the 30 miles between Columbia and Annapolis, some of it in mixed traffic where traffic is light and some of it in future HOV/HOT lanes. The BRT would also serve Ft. Meade (along the old Interurban railroad ROW marked by a utility pole line) and could serve Crownsville off of Route 97 and Parole off of Route 50. In both places it could interface with local bus distributor lines.

- **Recommendation:**

Study the alignment and feasibility of the BRT concept further and incorporate it into the Comprehensive Plan update.¹¹

Beyond the BRT concept, Figure 6 also shows a new roadway connection between Snowden River Parkway and Route 1, bridging over I-95. As redevelopment occurs along US 1, within the Gateway area and along the Snowden River corridor, generating increased traffic volumes in the next 10 to 20 years, improving local east-west intra-County traffic circulation across the I-95 corridor through improved local roadway connectivity is a critical means to reduce traffic congestion on existing roadways such as MD 32, Snowden River Parkway, MD 175, I-95 and US 1.

Recent SHA and County studies have shown that potential improvements to existing east-west roadways (MD 32, MD 175) would be prohibitively expensive and lengthy due to impacts on the I-95 interchanges and required FHWA coordination. Providing a new arterial between Snowden River Parkway and US 1 would create more of a grid network to better distribute traffic volumes, as well as creating direct access to multiple parcels which may redevelop. The proposed alignment would not have any direct connection with I-95. The new roadway is envisioned as a 4-lane arterial roadway, connecting to Robert Fulton Drive south of SRP, and with the potential to also provide right-of-way for a portion of a future east-west Bus Rapid Transit route described above should sharing the CSX ROW prove too problematic.

- **Recommendation:**

It is recommended that this new roadway link be studied further and evaluated as to its potential incorporation into the transportation element of the Comprehensive Plan update.¹²

REAL ESTATE AND ECONOMIC DEVELOPMENT STRATEGIES

Development Incentives

Howard County continues to enjoy a prominent role in the regional economy and has the opportunity to reassert its prominence vis-à-vis capture of regional growth. One aspect of the County's competitive environment that may warrant some inspection in order to enhance the prospects of the above is the County's commercial tax rate, which is currently higher than nearby neighbors. With an effective real

¹¹ Obviously, much coordination would be needed with multiple agencies to realize this concept. Immediate coordination with Anne Arundel County, which is planning a TOD at Odenton, is needed since it does not contemplate the BRT connection proposed here.

¹² The arterial should be tested in the County's travel demand model, along with rezoned/upzoned land use, and ancillary road network connections as shown in Figure 6 schematically, to predict future daily traffic volumes, and impacts on surrounding roadway daily traffic volumes to better understand the overall attractiveness and characteristics of the proposed new link.

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property tax rate of \$1.014/\$100 AV, its tax rate is higher than that of Anne Arundel County, whose rate is only \$.91/\$100 AV. While the history as such is rooted in its role as a more dynamic economy, Howard County stewards should be aware that going forward, property owners have greater flexibility in choosing a location in either county and may be swayed by more favorable tax conditions. For Howard County to continue to compete effectively for new businesses, it may want to consider the competitive impact of its commercial tax rate.

Macroeconomic conditions that are in-place today and expected to persist through 2015 suggest that a reduction in tax rates alone may have some effect on property ownership, but may require some additional assistance to truly bear fruit. As such, the County should be prepared to invest capital into the attraction of businesses in key growth sectors, including those in biotechnology and defense. This is because despite the County's attractiveness to a wide variety of businesses, commercial property developers are unlikely to be able to finance new development in the current environment without government assistance and new development is clearly necessary.

The above assistance should be considered one additional amenity that the County can add to its arsenal of attractive site selection factors, and could enhance its overall competitive position in the region. To this end, capital grants, the provision of low-interest loans, TIF financing, or land donation, should all be on the table for exploration, but only to the extent that a fiscal impact analysis shows that the investment meets the County's return targets. In addition, the development of incentive programs, such as matching grants for tenant improvements, and relocation assistance to defray the moving costs of businesses coming to Howard County should be explored for their potential impact on capture of certain tenant types. Finally, small businesses and retailers may benefit from the provision of financial assistance via low-cost loans fronted by a revolving fund.

- **Recommendations:**

A reduction of this tax rate on new development through tax abatement (that could be limited to 10 years in duration) would make the Howard County tax rate more competitive, sending a powerful signal to the market. Moreover, by restricting the application of the abatement to new development or the added value resulting from a renovation, contingent on the number of new jobs added within key sectors.

The use of the incentive programs described above should be both judicious and flexible. The list of criteria in play when the County decides whether to invest in a particular tenant or project should not only include the return target, but also the location and the business segment of the tenant or project. Incentives should be targeted to generate economic activity in the places most well-suited for commercial development by their zoning, transportation access, and surrounding land use. In addition, incentives will be most effective if they are focused on the key growing business segments identified by this report. These segments are the most likely to expand in the future and generate the most positive returns for the County. Finally, the County needs to preserve flexibility in leveraging these incentives. The County may at times wish to combine incentives to create customized assistance packages, or reserve the right to deploy incentives based upon a developer or potential business' proposed or actual actions.

- **Application:**

Because of the delicate nature of any tax rate change and its role in enhancing competitiveness vis-à-vis Anne Arundel County specifically, RCLCO recommends that this tool be used in

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employment-oriented areas east of I-95. This includes opportunity sites E, F, G, H, M, N, O and W.

Tiered Development Incentive Programs

The development community should know that proposals that meet Howard County's strategic goals will be more than just shepherded quickly through the approvals process. Frequently called "green-taping", local government can implement policies and appoint agencies to expedite permitting for strategic projects. Beyond expediting approvals, a green taping program introduces transparency and predictability into the development process, and could give Howard County a powerful tool that promotes corridor development that conform to the County's goals.

Cities and regions around the country are turning to tiered incentive programs that offer stepped-up incentives that are commensurate with the development program's benefit to local jurisdictions. Metrics for measuring benefit vary, and varying concepts are frequently used to evaluate development proposals. Howard County currently has the technical expertise within DPZ to manage such a program, especially in concert with the EDA.

- **Recommendations:**

RCLCO has provided an example of a tiered incentive program for Howard County below. This model combines elements that have been successful in other communities, including Austin, Texas; Durham, North Carolina, and certain cities in Ohio. The example, given in Figure 1, is designed as follows:

- 1. There are four tiers of incentive, each geared towards differing, and greater, levels of private investment in the policy goals*
- 2. The incentives are cumulative, meaning that developers that achieve Level 2 also achieve the benefits of Level 1, and so on.*
- 3. Financial incentives are given in the form of NTEs (New Tax Equivalentents) and granted as either an upfront cash contribution to development costs or offsets in other fees or burdens. New Taxes are measured as the potential contribution of the project to the overall fiscal base of the County.*

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Tier	Metric	Incentive
1	Within an Activity Center Supports Land Development Code	Development Review Specialist
2	Two uses on site Supports Transit Revitalizes Existing Neighborhood	By-right zoning Waived permitting fees Density bonus
3	Three or more uses on site Uses existing infrastructure LEED Certification (ND, NC) Housing Diversity	5-year NTE Incentive 180-day permit process
4	Four or more uses on site Structured Parking Parking Ratios lower than code Tax base enhancement LEED-ND or equivalent	10-year NTE Incentive

The above schematic is for illustration purposes only, and RCLCO recommends that Howard County DPZ explore the appropriate tiers of incentives that would sufficiently guide the private development community to meet the goals of Route 1 and Snowden River/Dobbin Road.

- **Application:**

This tool is best used to accelerate and/or enhance development prospects in areas that have employment-friendly locations but otherwise may trend non-employment. It may also enhance the prospects of potential PUD formation. AT this point, RCLCO recommends primary application in the following subareas: A, Q, U and AA.

Servicing Districts

Successful development corridors often have at their core successful place management organizations, such as BIDs, CIDs, or other Catalytic Development Entities (CDEs), that help brand, market, govern, and invest in distinct areas. In fact, cities across the country that are experiencing revival and reinvestment in many ways owe their BIDs and CIDs a great deal of thanks for doing this important work – which cities are often not well-poised to take on and which ultimately can make or break a region's overall attractiveness. Howard County could seek to divest marketing, branding, and place-making governance to existing or newly-created BIDs, CIDs, and CDEs, especially as these entities can take on the yeoman's work of rebranding the region.

- **Recommendations:**

RCLCO has provided the basic contribution structures of a variety of servicing district for Howard County below. The particular structure which will most effectively balance the needs of the county and the development community varies based upon the local developer climate and the specific local conditions which the district addresses.

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1. **Special assessment district—set cash contribution** (“SAD-Set Cash Contribution”) *In this case a set cash contribution from private property owners is negotiated. This payment need not be an upfront cash payment for example, it could be a partial payment upfront and a set amount paid for the next 2-3 years during the construction period.*
 2. **Special assessment district—set supplemental tax rate** (“SAD-Set Supplemental Tax Rate – Assessed Value”). *In this case a set supplemental tax rate based on the assessed value of income-producing property is applied to private property owners is negotiated, in essence an increase in property taxes.*
 3. **Special assessment district—set supplemental floor area assessment** (“SAD-Set Supplemental Floor Area Assessment”). *In this case a set district payment divisible by the total floor area of income-producing property is applied to private property owners is negotiated. In this approach, there is no risk of the projected cash flows falling short of the required debt service as the special assessment tax is a leinable real property tax that over time is shared by more and more parties as the district adds floor area. The county does retain the obligation of making the required debt payments. There may be a risk that the projected annual cash flow from the private property owners will not meet the debt service requirements, which is presumably guaranteed by the county.*
 4. **Permitting Fee District—** (“Permitting Fees”). *In this case a permitting fee is levied upon new residential development on a per-unit basis. The fee could vary over time and would be payable as a lump sum to the county by the property developer upon issuance of a building permit or upon certificate of occupancy.*
- **Application:**
Establishment of servicing districts is a combination of art and science and is largely dependent on political processes and property owners’ participation. The delineation of SAD boundaries and/or the specified use of funds generated is beyond the scope of this study and RCLCO recommends that the EDA commence a process of special assessment feasibility testing.

Land Acquisition and Land Banking

Because of the challenging redevelopment economics of developed areas with heavy parcelization and limited near-term upside potential, public entities must often engage in long-term real estate activities that private sector players find cost prohibitive. Activities such as providing amnesty from contamination lawsuits in exchange for good-faith cleanup efforts have long been considered productive public interventions in land redevelopment economics. Increasingly, public sector stewards are engaging in land banking and land acquisition in order to aggregate parcels together in groupings and amounts that justify private sector speculative investment at some point, but which the private sector would not have sufficient resources to accomplish on its own for redevelopment purposes.

Certainly the above is the case in Howard County, where land values as measured by potential redevelopment into employment-oriented spaces do not measure well against the cost of redevelopment. The County can move the market closer to its objectives by doing the heavy lifting of aggregating parcels into amounts that are suitable for redevelopment and in the meantime eliminating the dilemma of sourcing long-term, low-return capital, which would be necessary to source on the private side for such a venture. The County can then engage in a land transaction with an interested entity as opportunities arise and in fact exercise significant control over the future uses – including driving towards employment-oriented uses – given its position as a landowner.

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- **Recommendation:**

Howard County could pursue land banking as a long term strategy within the study areas to both prevent piecemeal redevelopment in the short term and enhance the long term development potential of sites integral to the County's development vision.

- **Application:**

These locations should be investigated as potential areas for a land banking strategy: E, F, M, N and O. There are certainly other areas that may be suitable, and RCLCO understand that the identified areas may be unsuitable in some ways. DPZ may have the resources to investigate and identify parcel aggregations that may eventually create assemblages of 50 acres or more.

County and EDA as Developer

When the private markets alone are unable to drive desired development forward, public entities can engage in direct development and ultimately enter into transactions with fee developers or owners representatives in order to complete a publicly-desired objective. Under this scenario, the public sector players move to acquire land, entitle the land according to a master plan, and ensuring that infrastructure (especially water and sewer trunk lines) are brought to the site. The public sector players will likely have to ensure that zoning and design guidelines for the development sites are defined, as well as create a builder program that would guide building activity during the construction phase.

Once this process is completed, the public sector would have the option of soliciting builder bids and moving forward with parcel take-downs for land to be developed in accordance with the master plan, or hiring a fee developer to direct and manage this process.¹³

One variation on this scenario involves the public sector conducting the property acquisition and then selling the land to a developer to conduct the entitlement and infrastructure process for them, eventually leading to builder take-downs but acting with strict adherence to the master plan, or engaging a fee developer to act on behalf of the public sector but at a professional services cost with a success fee contingency. In the case of a land sale, the public sector would likely have to entertain an RFP process to secure a land developer and negotiate terms/price with that developer.

In all of the above scenarios, "public sector" could refer either to the County itself, or to the Economic Development Authority, which may have debt issuance and property transaction capacity that may not impinge upon the County's debt ceiling negatively.

This process does require, however, that the public sector be capitalized and funded to conduct the land acquisition. It also suggests that the public sector is well-organized and coordinated in these efforts, and can engage in acquisition negotiations in an efficient manner. Finally, legal questions surrounding these actions – which ultimately involve an upzoning of certain lands and then an acquisition of those lands by a public entity – will have to pass tests of legality to ensure that there are no public givings or takings involved.

¹³ "Parcel take-downs" is a term of art that in this case refers to the process of builders purchasing ("take-down") individual portions ("parcels") of the master-planned areas

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- **Recommendation:**

Howard County will need to carefully consider the costs and benefits of their involvement in land development, a role traditionally filled the private sector. One example of a successful collaboration is underway today on the East Campus of the St. Elizabeths Hospital site in Washington, D.C., where the public sector engaged in the initial execution of their vision by master planning and entitling the land – a platform which minimizes the perceived risk undertaken by any individual developer and is designed to produce an overall higher value and higher intensity of use than would have occurred in a less coordinated scenario.

- **Application:**

Most counties have the capability of successfully running at most two of these processes simultaneously. Howard County may have the opportunity to prove itself through the successful shepherding of the GE site (A) through the development process.

Planned Densification

Higher-intensity development, such as mixed-use or high-rise development, often does not happen because near term development economics do not line up with the near term revenue expectations for asset classes. Were developers capable of underwriting development or redevelopment against revenue projections ten years out, the case might be different, but of course, the above situation is not technically financeable. This situation prevents much of Howard County (beyond its highest rent districts) from even approaching development feasibility of truly high-intensity product types and/or areas.

The challenge then, is that since any near-term development presents an opportunity cost – the foregone possibility of a different and more intense form of development – Howard County is wrestling with the need to balance redevelopment today in sub-optimal configurations against desires for more optimal configurations that would require years of patience and even holding up the development process.

Planners and developers are solving for the above by using tools that allow for planned densification. The term refers to infrastructure investments in low-density developments, especially in surface parking.

- A developer may put forth a project with suburban-style surface parking and low-rise buildings, but prepares the pad for future higher-density development by constructing the appropriate electrical, sewage, potable water, landscape, stormwater, and IT infrastructure underneath the surface parking. The above incurs a marginal construction cost today (appx 1% additional site cost) but preps the land for future density and saves the redevelopment effort significantly higher infrastructure costs (most of the cost is built into digging the trench – once it is dug, adding capacity is marginally more expensive).
- Meanwhile, the properties are governed and managed by covenants that stipulate short-term leases (7-10 years max) even for anchor tenants. This ensures that the property owner can avoid the trap of being satisfied by long-term rent paying leases when the market suggests that redevelopment could be a feasible proposition.

- **Recommendation:**

Howard County could effectively use this tool to prepare the GE site or the entire Snowden River Pkwy – Dobbin Rd area for significantly denser development according to a master plan while allowing intermediate use and development of the site that maximize the current market potential.

HOWARD COUNTY DPZ

- **Application:**

This is a tool that can be generally applied in areas that this report, as well as the comprehensive plan, identifies as development sites that could support more density than is currently market feasible.

Transfer of Development Rights

The market study suggests that current rezoning pressures from industrial to residential present an economic hazard in certain respects. Transfer of Development Rights is at least one real estate tool (in concert with the planning/fiscal metric described elsewhere) to help alleviate the above concern. The concept is that landowners can sell the development rights to their opportunity to a developer who will bring that FAR to market in a different location. It creates "sending" and "receiving" zones for development, and is tangentially a tool that the County could use to help drive densification (especially residential) in areas where planning, zoning, and transportation actually want to see densification.

In acknowledgement of Maryland's strong legal support for zoning and land use regulation, TDR is designed to add market backbone to the regulatory framework. In essence, TDR provides a market tool to ensure private sector compliance and in fact encouragement of the plan.

- **Recommendation:**

Applied to Route 1, there is logic that the portions of Route 1 that have been designated in this study as not suitable for residential conversion be granted the status of potential TDR sending zones – meaning that landowners that can prove via two appraisals that their property has unmet residential value that is constrained by restrictive zoning placed ex post facto can apply for development rights that they can then sell on the open market and which would get applied into a designated receiving zone (ostensibly in Snowden River Parkway or Columbia Town center areas). This not only achieves the objective of constraining residential with market tools, but also drives developer interest (and economic value) for residential in areas that the County wants to densify.

- **Application:**

Parcels currently zoned industrial or commercial with Route 1 frontage or access and that are expected to request a zoning change to residential may be appropriate candidates for this strategy. DPZ should consider identifying the sending zones as well as identifying appropriate receiving zones, ideally in the Snowden River Pkwy and Columbia Town Center.

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NEXT STEPS

Throughout the above discussions, explicit reference has been made to further investigations and studies needed. In addition, further study of some issues is implicit in the discussion to date. All these are collected and listed below:

- Fiscal impact study of the Route 1 corridor and Snowden River/Dobbin Road areas to quantify their overall contribution to the Howard County fiscal base
- Market feasibility and development pro-forma analysis of opportunity areas to confirm overall levels of market-driven and publicly-subsidized development opportunity, and cost/benefit analysis of pursuing these areas
- Property owner charrette, especially for key sites, TOD zones, and "problem sites"
- Strategy planning within Howard County DPZ and EDA to author a delivery mechanism for agreed-upon strategic elements and to build the execution architecture of the delivery mechanism
- Initial feasibility study for the BRT concept
- Testing and detailing of the arterial proposed and related road networks and densification
- Review of the opportunity sites to detail their development potential
- Study of zoning district consolidation for non-residential uses
- Development of a PUD zone and process
- Illustrative site planning and urban design to test and promote the greater GE opportunity area
- Analysis towards overall PUD program targets for the study areas as part of an accounting system
- Further study of opportunities to modestly expand the development opportunities along the PSA and in the rural west
- Targeted study of the auto storage redevelopment opportunity sites
- Testing and application of strategic recommendations to specific market areas and opportunity sites

HOWARD COUNTY DPZ

DATA SOURCES

Employment

Moody's Analytics

BRAC Task #3 Report, prepared by RESI of Towson University in Dec 2006

Building Permits

US Census

Household Forecasts

ESRI

RCLCO interpolation of Moody's and Baltimore COG Round 7C

Spending Power

ESRI

Residential

Reis

Delta Associates

RCLCO

Office

Reis

MacKenzie

Transwestern

Cushman and Wakefield

Flex/Industrial

NAI

Cushman and Wakefield

Demand Forecasting

RCLCO

Case Studies

ESRI

RCLCO

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CRITICAL ASSUMPTIONS

Our conclusions are based on our analysis of the information available from our own sources and from the client as of the date of this report. We assume that the information is correct, complete, and reliable.

We made certain assumptions about the future performance of the global, national, and local economy and real estate market, and on other factors similarly outside either our control or that of the client. We analyzed trends and the information available to us in drawing these conclusions. However, given the fluid and dynamic nature of the economy and real estate markets, as well as the uncertainty surrounding particularly the near-term future, it is critical to monitor the economy and markets continuously and to revisit the aforementioned conclusions periodically to ensure that they stand the test of time.

We assume that the economy and real estate markets are close to bottoming out for the current cycle, and that they will grow at a stable and moderate rate starting in 2010, more or less in a straight line on average for the duration of the analysis period (to 2020 and beyond). However, history tells us that stable and moderate growth patterns are not sustainable over extended periods of time, and that the economy is cyclical and that the real estate markets are typically highly sensitive to business cycles. Further, it is very difficult to predict when the current economic and real estate downturns will end, and what will be the shape and pace of growth once they are recovered.

With the above in mind, we assume that the long term average absorption rates and price changes will be as projected, realizing that most of the time performance will be either above or below said average rates.

Our analysis does not take into account the potential impact of future economic shocks on the national and/or local economy, and does not necessarily account for the potential benefits from major "booms," if and when they occur. Similarly, the analysis does not necessarily reflect the residual impact on the real estate market and the competitive environment of such a shock or boom. Also, it is important to note that it is difficult to predict changing consumer and market psychology.

For all the reasons outlined, we recommend the close monitoring of the economy and the marketplace, and updating this analysis as appropriate.

Further, the project and investment economics should be "stress tested" to ensure that potential fluctuations in revenue and cost assumptions resulting from alternative scenarios regarding the economy and real estate market conditions will not cause failure.

In addition, we assume that once the current cycle is over, the following will occur in accordance with current expectations:

- Economic, employment, and household growth.
- Other forecasts of trends and demographic and economic patterns, including consumer confidence levels.
- The cost of development and construction.
- Tax laws (i.e., property and income tax rates, deductibility of mortgage interest, and so forth).
- The availability and cost of capital and mortgage financing for real estate developers, owners and buyers, at levels present in the market before the most recent run up (i.e., early 2000s levels).
- Competitive projects will be developed as planned (active and future) and that a reasonable stream of supply offerings will satisfy real estate demand.
- Major public works projects occur and are completed as planned.

Should any of the above change, this analysis should probably be updated, with the conclusions reviewed accordingly (and possibly revised).

HOWARD COUNTY DPZ

GENERAL LIMITING CONDITIONS

Reasonable efforts have been made to ensure that the data contained in this study reflect accurate and timely information and are believed to be reliable. This study is based on estimates, assumptions, and other information developed by RCLCO from its independent research effort, general knowledge of the industry, and consultations with the client and its representatives. No responsibility is assumed for inaccuracies in reporting by the client, its agent, and representatives or in any other data source used in preparing or presenting this study. This report is based on information that to our knowledge was current as of the date of this report, and RCLCO has not undertaken any update of its research effort since such date.

Our report may contain prospective financial information, estimates, or opinions that represent our view of reasonable expectations at a particular time, but such information, estimates, or opinions are not offered as predictions or assurances that a particular level of income or profit will be achieved, that particular events will occur, or that a particular price will be offered or accepted. Actual results achieved during the period covered by our prospective financial analysis may vary from those described in our report, and the variations may be material. Therefore, no warranty or representation is made by RCLCO that any of the projected values or results contained in this study will be achieved.

Possession of this study does not carry with it the right of publication thereof or to use the name of "Robert Charles Lesser & Co., LLC" or "RCLCO" in any manner without first obtaining the prior written consent of RCLCO. No abstracting, excerpting, or summarization of this study may be made without first obtaining the prior written consent of RCLCO. This report is not to be used in conjunction with any public or private offering of securities or other similar purpose where it may be relied upon to any degree by any person other than the client without first obtaining the prior written consent of RCLCO. This study may not be used for any purpose other than that for which it is prepared or for which prior written consent has first been obtained from RCLCO.

HOWARD COUNTY DPZ

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HOWARD COUNTY DPZ

REPORT APPENDIX

TABLE 1 - Demand Manifestation by Asset Class Howard and Anne Arundel Counties, MD							
PRODUCT TYPE	2011-2030 CUMULATIVE DEVELOPMENT FORECAST	2011 MODELLED VACANCY RATE	YEAR MARKET PROJECTS NEW DEVELOPMENT	AVERAGE ANNUAL DEMAND			
				2014/2015	2016-2020	2021-2025	2026-2030
Class A/B+ Office	2,849,849	15.2%	2014	570,437	150,087	106,189	85,518
Class B/C and Flex Office	3,867,773	13.7%	2015	248,730	208,632	240,851	274,325
Medical Office	3,680,415	N/A	2014	120,963	222,771	222,771	222,771

Note: 2014/2015 number reflects average annual demand from the year the market projects new development (column 4) through 2015.

TABLE 2 – BRAC-BASED DEMAND Howard and Anne Arundel Counties, MD	
PRODUCT TYPE	CUMULATIVE DEMAND 2011-2015
Class A Office	583,200
Class B Office	268,275
Medical Office	41,875
Flex	278,470
Laboratory/Science	85,000
Manufacturing	182,250
Warehouse	169,425

Note: BRAC Demand forecasting excludes "direct" jobs, which are projected to locate on Ft Meade.



Howard County MARYLAND

Route One Corridor-Dobbin/Snowden Study Area Land Use - January 1, 2011

Legend

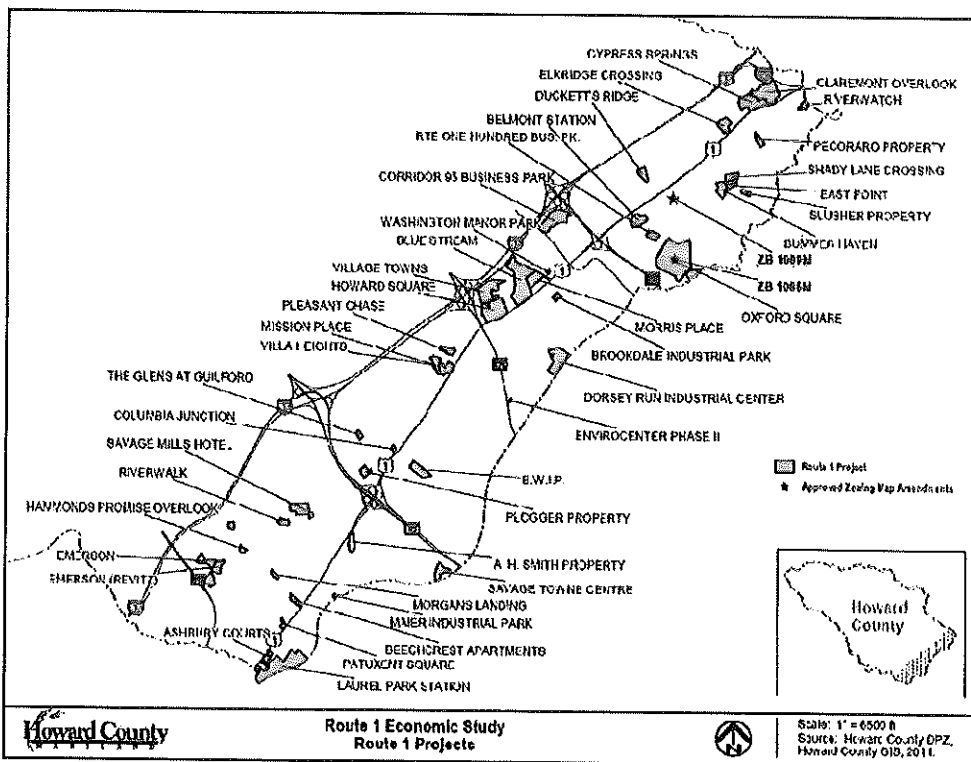
- | | |
|--|--------------------------|
| Residential | |
| Undeveloped Residential | Low Density Residential |
| Medium Density Residential | High Density Residential |
| Mobile Homes | |
| Commercial | |
| Retail | Office/Service |
| Underdeveloped Commercial | |
| Industrial | |
| Undeveloped Industrial | Industrial |
| Institutional | |
| Undeveloped Institutional | Institutional |
| Park, Open Space and Preserved | |
| Park and Open Space | Preservation Easements |
| Other | |
| Transportation Corridor/Allotment Utility Right of Way | |

Source: Howard County Department of Planning and Building
Land Use Database @ January 1, 2011

Scale: 1 inch = 2,500 feet 10-2011

**US Route 1 and Snowden River Parkway/Dobbin Road Corridor
Market Analysis and Research**

Figure 1:
Route 1 Corridor and Dobbin/Snowden Area
Land Use



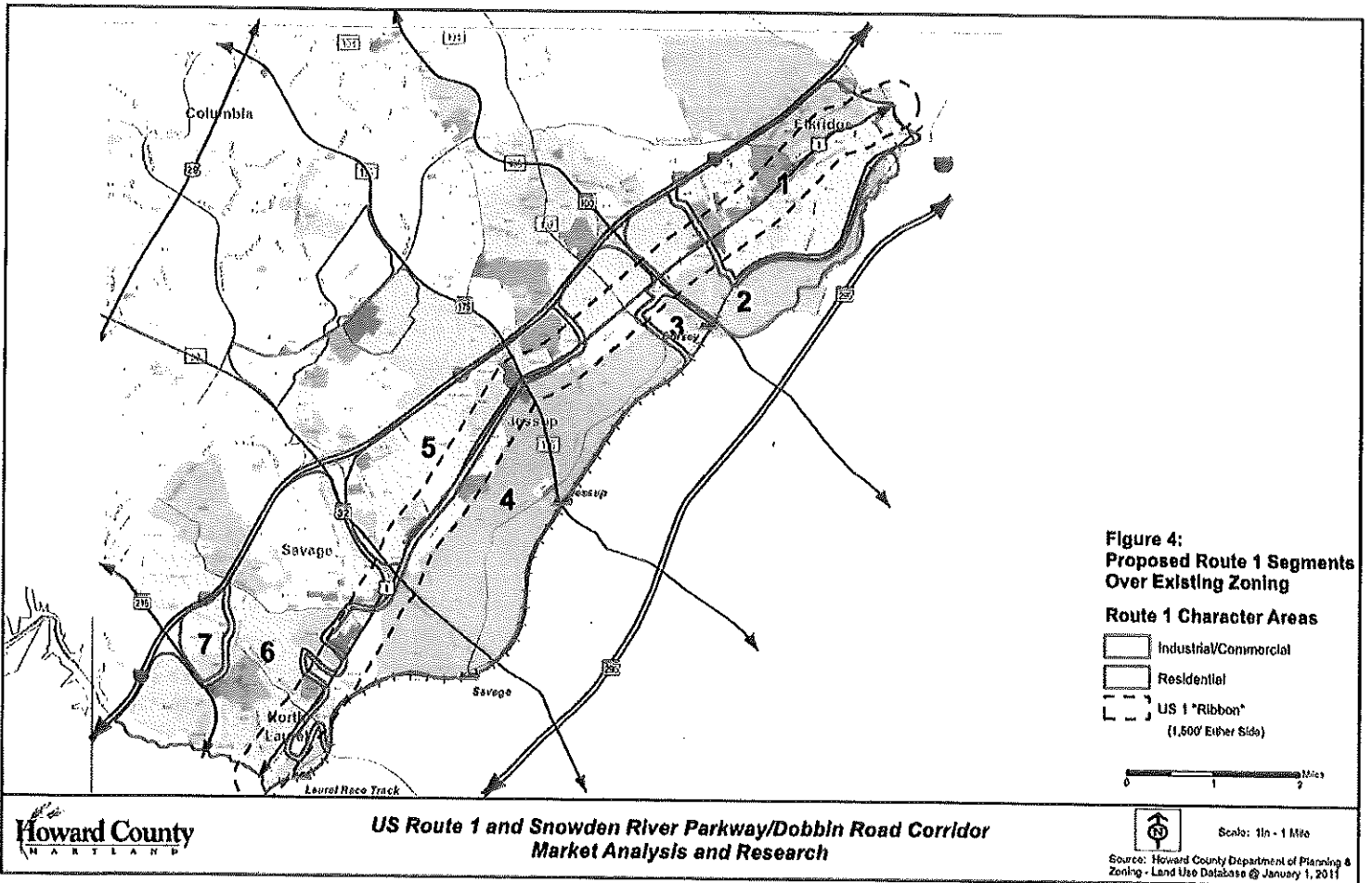
**US Route 1 and Snowden River Parkway/Dobbin Road Corridor
Market Analysis and Research**

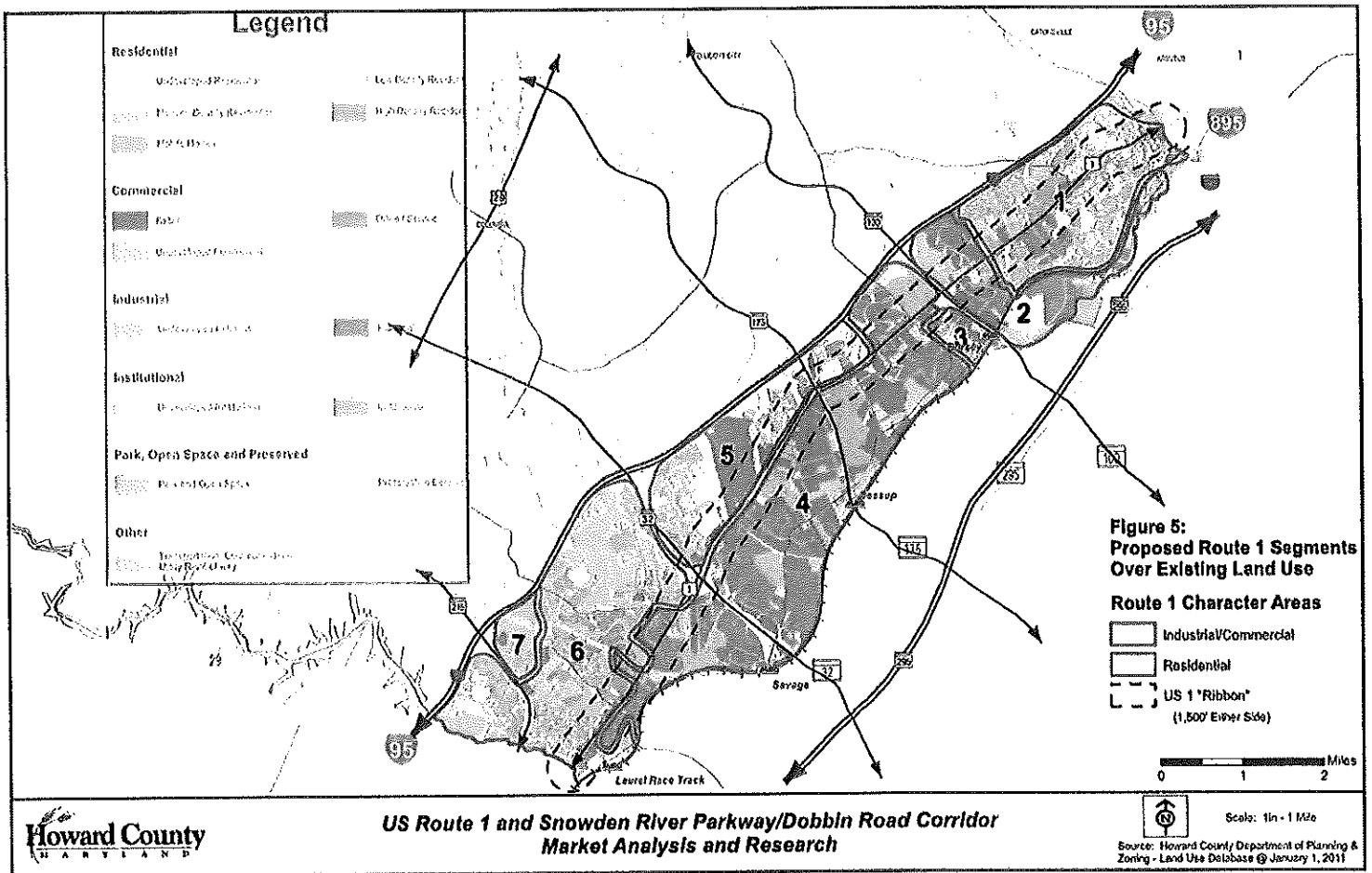
Figure 3:
Pipeline Projects

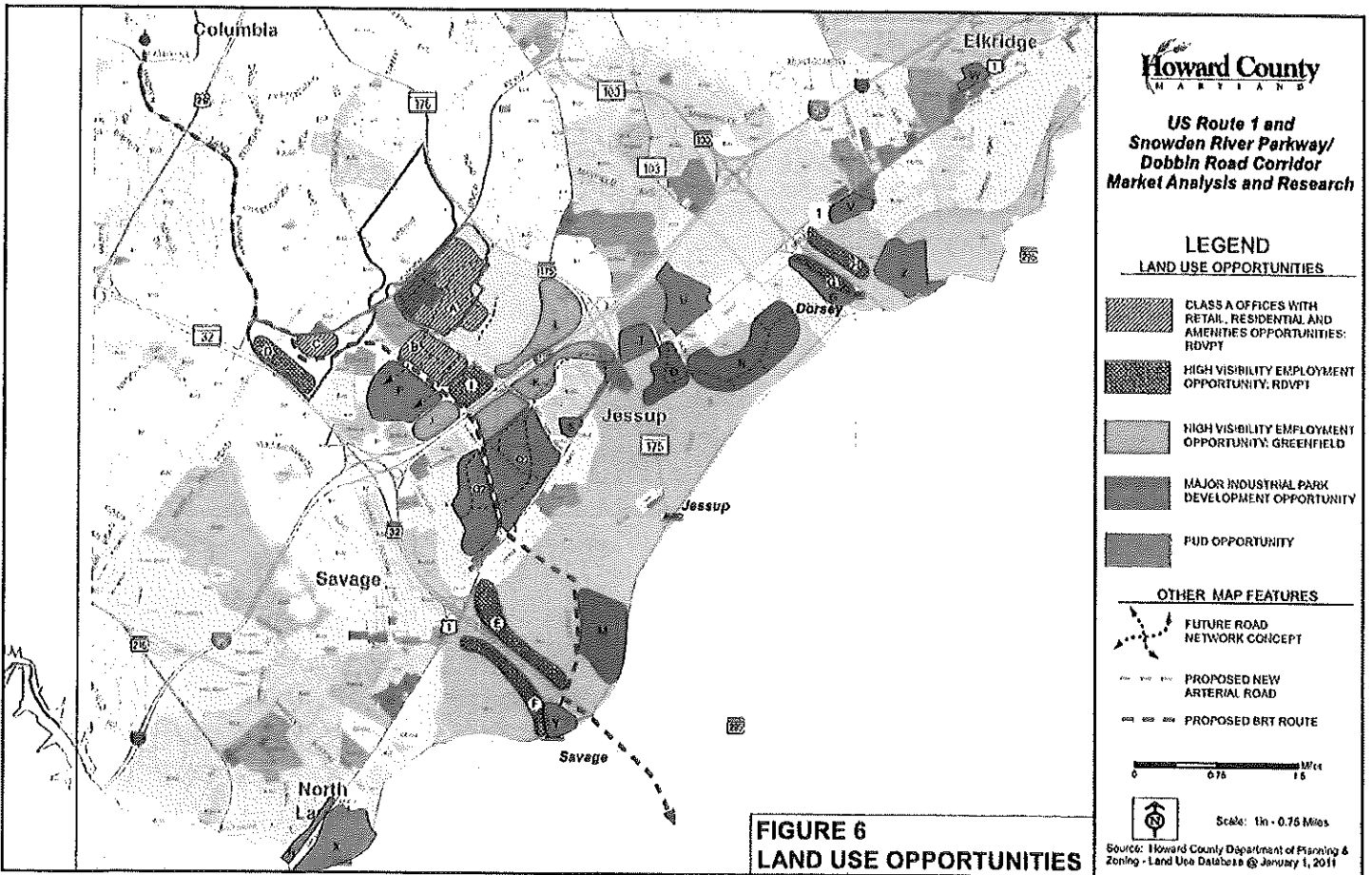
Table 3: Route 1 Projects (greater than 10 units and 10,000 square feet) - October, 2011 *

#	Zoning	Plan Number	Project Name	Units	Commercial Sq. Feet	Acres	Status
1	CAC-CLI	S-06-018	Blue Stream Overlook	1,345	490,000	54.4	signed (phased)
2	CAC-CLI	S-06-010	Howard Square	1,067	320,100	43.2	under construction
3	CAC-CLI	SDP-07-104	Mission Place	366	89,035	16.6	under construction
4	CAC-CLI	SDP-07-055	Elkridge Crossing	362	120,640	26.5	under construction
5	CAC-CLI	SDP-06-034	Belmont Station	318	70,000	27.8	residential built
6	CAC-CLI	S-10-002	Morris Place	184	36,800	17.3	signed
7	CAC-CLI	SDP-06-107	Ashbury Courts	140	28,000	5.6	all built
8	CAC-CLI	SDP-08-109	Riverwatch	77	15,400	4.8	signed
9	CAC-CLI	SDP-06-050	Patuxent Square	80	16,000	3.3	all built
TOTAL CAC-CLI				3,939	1,185,975	199.5	
10	CE-CLI	SDP-06-100	A. H. Smith Property	0	93,640	10.7	signed
11	CE-CLI	SDP-08-031	Brookdale Industrial Park	0	60,000	5.0	signed
12	CE-CLI	SDP-08-070	Washington Manor Park	0	28,744	1.1	tech. complete
13	CE-CLI	SDP-09-028	Maier Industrial Park	0	13,705	1.6	signed
TOTAL CE-CLI				0	196,089	18.5	
14	TOD	S-10-004	Laurel Park Station	1,000	777,000	63.8	signed (phased)
15	TOD	S-11-001	Oxford Square	954	783,200	122.1	signed (phased)
16	TOD	F-08-124	Savage Town Centre	416	204,420	12.7	signed (phased)
TOTAL TOD				2,370	1,764,620	198.6	
17	M-2	SDP-07-130	B.W.I.P.	0	177,840	16.6	signed
18	M-2	SDP-10-016	Rte One Hundred Bus. Pk.	0	166,789	8.9	signed
19	M-2	SDP-08-116	Doresy Run Industrial Center	0	157,800	36.7	tech. complete
20	M-2	SDP-09-059	Envirocenter Phase II	0	24,039	1.2	tech. complete
TOTAL M-2				0	526,468	63.4	
21	M-1	SDP-08-082	Corridor 95 Business Park	0	108,000	39.6	tech. complete
TOTAL M-1				0	108,000	39.6	
22	PEC	SDP-07-109	Emerson One (Rivitz)	0	156,320	10.6	all built
23	PEC	SDP-10-096	Emerson Parcel F	0	149,990	10.4	under construction
24	PEC	SDP-11-025	Emerson Parcel G-1	0	153,454	9.7	tech. complete
TOTAL PEC				0	459,764	30.8	
25	MXD-3	F-10-058	Emerson	32	0	3.7	under construction
26	MXD-3	F-10-020	Emerson	31	0	2.8	under construction
27	MXD-3	SDP-10-042	Emerson - Parcel C	0	155,455	10.8	under construction
28	MXD-3	SDP-12-010	Emerson Parcel B and E-1	0	153,454	11.6	no decision
TOTAL MXD-3				63	308,909	28.9	
29	R-12	SDP-06-070	Duckett's Ridge	52	0	10.0	signed
30	R-12	F-06-008	Summer Haven	33	0	12.8	under construction
31	R-12	S-05-005	Pecoraro Property	20	0	7.2	signed (phased)
32	R-12	F-06-097	Shady Lane Crossing	20	0	8.9	tech. complete
33	R-12	F-11-059	Plogger Property	15	0	7.1	no decision
34	R-12	SP-05-013	East Point I	12	0	4.3	under construction
35	R-12	F-08-180	Slusher Property	12	0	4.1	tech. complete
36	R-12	SDP-10-085	The Glens at Guilford	10	0	3.4	under construction
TOTAL R-12				174	0	58	
37	R-SA-8	SDP-10-060	Riverwalk	58	0	7	signed
TOTAL R-SA-8				58	0	7	
38	R-ED	SP-04-001	Claremont Overlook	49	0	43.3	under construction
39	R-ED	SP-05-006	Cypress Springs	43	0	33.1	signed (phased)
TOTAL R-ED				92	0	76.4	
40	R-MH	S-04-001	Village Towns	146	0	11.9	under construction
41	R-MH	SDP-10-050	Beechcrest Apartments	64	0	5.7	signed
TOTAL R-MH				210	0	17.6	
42	R-SC	SDP-11-024	Villa Heights	39	0	3.0	signed
43	R-SC	SDP-10-086	Pleasant Chase	33	0	5.9	signed
44	R-SC	SDP-06-158	Hammonds Promise Overlook	18	0	3.5	all built
45	R-SC	SDP-06-146	Morgans Landing	14	0	3.5	all built
TOTAL R-SC				104	0	15.9	
46	B-2	SDP-07-076	Savage Mills Hotels	0	156,356	10.1	signed
47	B-2	SDP-08-100	Columbia Junction	0	21,404	3.7	tech. complete
TOTAL B-2				0	177,760	13.7	
GRAND TOTAL				7,010	4,727,585	768	

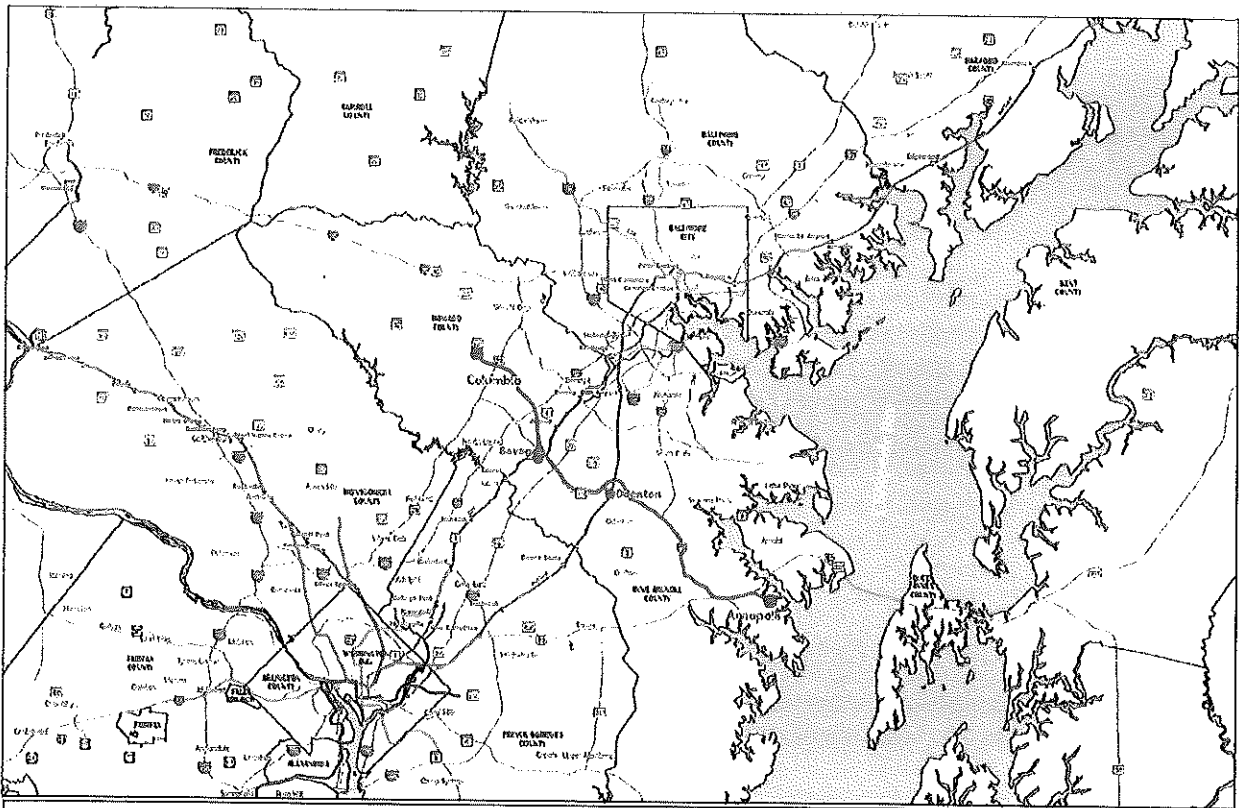
* All projects in the Route 1 Corridor east of US 95











**US Route 1 and Snowden River Parkway/Dobbin Road Corridor
Market Analysis and Research**

Figure 8:
Proposed Columbia to Annapolis
BRT Route

**Proposed Text
CAC ZRA**

Amend Section 127.5.E.2 as follows:

2. Requirements for Nonresidential Uses

Amend Section 127.5.E.3.d as follows:

For parcels that have 800 units or more, the Department of Planning and Zoning shall permit a reduction in the commercial space requirement to not less than 20 square feet per dwelling unit provided that a fee of 50 dollars, or as specified in the fee schedule, for each square foot of the total reduction in commercial space below the baseline 70 square feet per dwelling unit amount is paid into a fund administered by the Howard County Economic Development Authority to promote commercial development in appropriate locations of the US Route 1 corridor, as allowed under Section 26.106 of the Howard County Code.

[[However, for CAC developments with no frontage on US Route 1 and which adjoin a development of 800 units or more,]] This fee may be reduced to 25 dollars, or as specified in the fee schedule, for each square foot of the total reduction in commercial space below the baseline 70 square feet per dwelling unit, including a full reduction of the commercial space requirement if the Department of Planning and Zoning finds based on a market study submitted by the developer that the reduction is necessary for the financial viability of the project.

Example of How Text Would Appear if Adopted:

Section 127.5.E.2:

2. Requirements for Nonresidential Uses (If Applicable)

Section 127.5.E.d:

For parcels that have 800 units or more, the Department of Planning and Zoning shall permit a reduction in the commercial space requirement to not less than 20 square feet per dwelling unit provided that a fee of 50 dollars, or as specified in the fee schedule, for each square foot of the total reduction in commercial space below the baseline 70 square feet per dwelling unit amount is paid into a fund administered by the Howard County Economic Development Authority to promote commercial development in appropriate locations of the US Route 1 corridor, as allowed under Section 26.106 of the Howard County Code.

This fee may be reduced to 25 dollars, or as specified in the fee schedule, for each square foot of the total reduction in commercial space below the baseline 70 square feet per dwelling unit, including a full reduction of the commercial space requirement if the Department of Planning

and Zoning finds based on a market study submitted by the developer that the reduction is necessary for the financial viability of the project.