



JUSTIFICATION STATEMENT
9800 Medical Center Drive
Application for Site Plan Amendment No. 81995045G

We are submitting this Site Plan Amendment Application (the “Application”) for consideration by the Montgomery County Planning Board (the “Planning Board”) on behalf of the Applicant, ARE-Maryland No. 24, LLC (“ARE”), the owner of the property located at 9800 Medical Center Drive in the Shady Grove Life Sciences Center (“SGLSC”) in Rockville, Maryland (the “Property”). The proposed Amendment, Site Plan Amendment No. 81995045G (“Amendment G”), is for the development of an additional 93,560 square foot of lab/office building and a 244-car parking deck. This Amendment G is submitted for review under the requirements of the Montgomery County Zoning Ordinance in effect on October 29, 2014 (the “2004 Zoning Ordinance”) for development in the Life Sciences Center.

As background, ARE is an affiliate of Alexandria Real Estate Equities, Inc. (NYSE:ARE), an S&P 500® company (“Alexandria”). Alexandria is an urban office REIT uniquely focused on collaborative life science and technology campuses in industry-leading innovation cluster locations throughout North America. Alexandria has a longstanding and proven track record of developing Class A properties clustered in urban life science and technology campuses that provide its innovative tenants with highly dynamic and collaborative environments that enhance their ability to successfully recruit and retain world-class talent and inspire productivity, efficiency, creativity, and success. With facilities well situated along the I-270 Corridor, Alexandria is a leading life sciences real estate provider in Maryland. A combination of federal agencies, leading academic institutions, and a large cluster of life science companies make this a strategic cluster location for Alexandria.

I. Property Information

a. Site Location and Characteristics

The Property consists of approximately 18.14 acres (790,073 square feet) and is located in the northwest quadrant of the intersection of Darnestown Road and Shady Grove Road in Rockville, Maryland. It is shaped like a triangle and bounded on three sides with public roads: Medical Center Drive to the north, Medical Center Way to the northeast and Shady Grove Road to the east. It has four existing vehicular access points off of Medical Center Drive.

The Property is located in the Life Sciences Center (“LSC”) Zone and is described as Parcel W O/R in the Shady Grove Life Sciences Center on Plat No. 19634. In the 2010 Great Seneca Science Corridor Master Plan (“Master Plan”), the Property is within the “Central District”. Currently, the Property is improved with four research and development (“R&D”) office and laboratory buildings (Buildings A-D and Building F) with a total of 457,219 square

feet and 1,089 garage and surface parking spaces.¹ The buildings range in height from 3-4 stories to approximately 93 feet for Building F.

b. Surrounding Land Uses

Nearby land uses include Shady Grove Medical Center (formerly, the Shady Grove Adventist Hospital) to the north; the Fallsgrove community to the east (a mixed-use development with primarily retail and residential uses); and the Universities at Shady Grove campus and the former Human Genome Sciences properties (located to the south and southwest, respectively). A County fire station was constructed in 2012 on a parcel directly to the south of the Property at the intersection of Darnestown Road and Shady Grove Road. To the west are R&D offices in the SGLSC.

II. Prior Approvals for the Property

The Property is one of twenty-four original lots in the SGLSC created by Montgomery County via Preliminary Plan of Subdivision No. 119882330 (the “Preliminary Plan”). The Planning Board approved the Preliminary Plan on March 15, 1990, and limited development on the twenty-four lots to a total of 1,671,454 square feet. In the subdivision process, Montgomery County apportioned allowable densities among the lots in unequal portions (ranging from 0.06 to 0.45 floor area ratio (FAR) with an overall base density of 0.3 FAR. The Property was assigned an FAR of 0.4 (313,650 square feet).

On September 8, 1995, the Planning Board approved Site Plan No. 819950450 (“Site Plan”) permitting 313,650 square feet of R&D and office uses. Subsequently, three site plan amendments were approved. The first was an administrative approval on March 20, 2002 for Site Plan No. 81995045A for a change in building reconfiguration and R&D use. The second amendment, Site Plan No. 81995045B, approved on March 16, 2010, was an administrative amendment for minor modifications to the architecture, landscape plan and select site features. The third, Site Plan No. 81995045C, was approved as a Director Level approval on September 8, 2011, for the addition of 2,479 square feet of maintenance and workshop area, which is not counted against available density/approved square footage for the Property.

On January 23, 2012, the Planning Board approved Preliminary Plan Amendment, No. 120110080 (“Preliminary Plan Amendment”), under the LSC Zone, to allow 544,579 square feet of R&D (including the initial assignment of 313,650 square feet) and a total of 1,415 structured and surface parking spaces at a parking rate of 2.5 spaces per 1,000 square feet.

The Planning Board approved Site Plan Amendment No. 81995045D on December 8, 2016, for 117 interim parking spaces, pending the anticipated parking structure approved in the Preliminary Plan Amendment. On December 22, 2017, Site Plan 81995045E was approved for an additional 175,840 square foot lab/office building known as Building F and a 746-car parking garage. The Preliminary Plan Amendment was subsequently amended by Preliminary Plan No. 12011008A on May 1, 2019 to adjust the timing requirements for certain Preliminary Plan

¹ 2,479 square feet of maintenance and workshop area approved in Site Plan Amendment No. 81995045C has not been calculated as density/approved square footage.

Amendment conditions to facilitate the construction of a new building, Building F, on the Property. Site Plan Amendment 81995045F dated March 5, 2020, was a Director Level approval that reduced the parking garage to 728 spaces, among other minor site changes, to obtain LEED Gold certification.

Since the initial Site Plan, the Property has been developed with 457,219 square feet of density, leaving 87,360 square feet of available density allocated to the Property through the Preliminary Plan Amendment. Pursuant to Section 59-C-5.321 of the 2004 Zoning Ordinance, ARE transferred 23,272 square feet of this density to another property in the SGLSC located at 9950 Medical Center Drive. The transfer was recorded in the Land Records for Montgomery County, Maryland at Liber 57139 and Folio 139. In order to obtain the requisite density to build the proposed 93,560 square foot Project, ARE has obtained 29,472 square feet of density from its SGLSC neighbor, Shady Grove Medical Center, which transfer will be recorded pursuant to Section 59-C-5.321 of the 2004 Zoning Ordinance in coordination with this Amendment G.

III. Overview of the Project

a. Project Description

Through this Application, ARE seeks to improve the Property with a new 3-story, 93,560 square foot R&D building above ground-level parking, along with a free-standing 4-level parking structure, to expand the ARE research center in the SGLSC (the “Project”). The Project will implement the recommendations for the Property included in the Master Plan. As a result, the new facilities will provide first class laboratory, office and potentially manufacturing space to meet the increasing demand of research and development efforts within Montgomery County.

Situated at western boundary of the Property, the new building, Building E, will provide great visibility and pedestrian connections from both Medical Center Drive and Shady Grove Road. The architectural concept is to bridge together the existing campus and the new development by using a combination of articulated brick, metal screens and a high efficiency curtainwall. The floor to ceiling glass provides expansive views and great daylighting into the lab and office space. Approximately 48 parking spaces are provided at grade under Building E, inclusive of two handicap accessible spaces, one of which is van accessible. Bicycle storage and motorcycle parking are also provided under the building. This new branch of architecture is both innovative and sustainable, targeting LEED Gold certification.

The proposed parking structure is a 4-level precast concrete parking structure, containing approximately 244 parking spaces inclusive of the on-grade and elevated spaces within the footprint. Four of these spaces are handicapped accessible. Bicycle storage and motorcycle parking are also provided within the garage. A single elevator and two stairways provide vertical access to all the parking levels. The garage’s articulated metal screen façade complements the proposed research building and existing campus architecture.

The Project is buffered by landscaped green areas along Medical Center Drive and the adjoining property. It is buffered along Shady Grove Road and Darnestown Road by existing trees and undergrowth. Pedestrian friendly sidewalks connect the Project to Medical Center Way, Medical Center Drive and Shady Grove Road. The Project is also located in close

proximity to Montgomery County Ride-On bus stops and a proposed Corridor Cities Transitway (CCT) station on Broschart Road near Blackwell Road in the SGLSC Central District on Adventist HealthCare's property.

The Project complies with the relevant provisions of the Master Plan and the Great Seneca Science Corridor Design Guidelines (the "Design Guidelines"). The Project also complies with the LSC Zone development standards set forth in the 2004 Zoning Ordinance as described in Section IV of this Statement, including the requirements for site plans as contained in Division 59-D-3 of the 2004 Zoning Ordinance.

b. Density Transfer

As a result of Site Plan No. 81995045F and the transfer of 23,272 square feet of density to 9950 Medical Center Drive, the Property currently retains 64,088 square feet allocated to in the Preliminary Plan Amendment. In order build the 93,560 square foot Project, ARE has obtained 29,472 square feet of density from the confronting Shady Grove Medical Center.

Section 59-C-5.321 of the 2004 Zoning Ordinance allows density to be averaged over two or more lots that were created by the same subdivision plan by (1) evidencing the density transfer in recorded covenants on all the affected lots and (2) obtaining a site plan for the development where the additional density is transferred. Both the Property and the Shady Grove Medical Center property were created by the Preliminary Plan. The proposed transfer will be effectuated by transferring approximately 29,472 sf of density to the Property by averaging excess density from Shady Grove Medical Center via recorded covenants on both the Property and Shady Grove Medical Center and the approval of this Site Plan Amendment.

Because the Site Plan Amendment proposes a building within the already approved APF density allocations for both the Property and Shady Grove Medical Center, there is no requirement to submit a Local Area Transportation Review Study for this site. The Application contains a Traffic Statement from Wells and Associates confirming this finding. Further, there is no requirement to amend, modify or extend the Preliminary Plan in any way.

IV. Project's Conformance to the 2004 Zoning Ordinance

The Project complies with the purpose and development standards of the LSC Zone as set forth in Section 59-C-5.1 *et seq.* of the 2004 Zoning Ordinance.

1. Section 59-C-5.31 establishes a maximum building height of 200 feet.

Although the 2004 Zoning Ordinance permits a building height of 200 feet for the Property, the Project's building height will not exceed 110 feet because the Master Plan recommends a maximum building height for the Property of 110 feet. The actual size of proposed building will not exceed 80 feet in height as shown on the Site Plan drawing.

2. Section 59-C-5.32 requires that the Project provide a minimum 20% public use space, which can be provided in part or entirely off-site on a separate lot or parcel in the same zone.

The Project will provide over 20% public use space. A Public Use Space Exhibit is included with this Application, which demonstrates the Project's compliance with the public use space requirement.

3. Section 59-C-5.321 permits a density in the LSC Zone above a 0.5 FAR through the purchase of building lot termination (BLT) development rights.

The Project does not require the purchase of BLT easements. While the proposed development for the Property is 550,779 square feet (0.66 FAR) of R&D uses, it is exempt from the BLT requirements pursuant to Section 59-C-5.473(5). This Section exempts developments comprised of life sciences uses in excess of 50% of the available floor area. Both the Project and existing buildings on the Property are almost exclusively dedicated to life sciences uses and, as a result, the Project is exempt from the requirement to purchase BLT easements.

4. Section 59-C-5.321 also requires that at least 40% of the total proposed non-residential gross floor area must be comprised of life science uses.

The majority of the Project's proposed gross floor area is research and development activities, which is included in the definition of *life sciences* as set forth in Section 59-A-2.1 of the 2004 Zoning Ordinance. Therefore, the Project meets this standard.

5. Section 59-C-5.473 sets forth special regulations for the use of a Building Lot Termination (BLT) Development Right.

As noted above in Item 3, the Project does not require the purchase of BLTs because over 50% of it is dedicated to life sciences uses.

6. Section 59-C-5.475 sets forth the requirements for off-street parking.

The 2004 Zoning Ordinance does not contain a parking rate for R&D uses; however, prior site plans have identified the rate as 1.5 spaces per 1,000 square feet of development. This corresponds to the applicable "Industrial" parking rate. The applicable office parking rate in the 2004 Zoning Ordinance is 2.9 space per 1,000 square feet. As the Property has evolved, there has been an inconsistent application of minimum parking requirements in the Property's site plan approvals, reflecting a shifting focus on/mixture of R&D and offices uses at the Property. Beginning with Site Plan 81995045E, it appears that Planning Staff has resolved the inconsistency by assigning a hybrid parking rate of 2.0 spaces per 1,000 square feet for the Property. Amendment G relies on this ratio as the minimum required parking rate for the Property.

Once the Project is completed, the minimum parking requirement for the Property will be 1,102 parking spaces (550,779 square feet of development at 2.0 spaces/1,000 square feet). The Property will meet this requirement by providing approximately 1,199 parking spaces comprised of the following components: 728 spaces in the existing garage, 179 surface spaces, 244 spaces in the Project's parking deck and 48 spaces under Building E. This results in a Property parking rate of 2.2 spaces/1,000 square feet, which is the minimum required for R&D tenants in the applicable biotech market.

The Project also complies with Section 59-D-3.4(c) of the 2004 Zoning Ordinance regarding the findings that the Planning Board must make to approve a Site Plan application. As described in the following Section, the proposed Project satisfies each of the requirements listed in Section 59-D-3.4(c).

1. *The site plan conforms to all non-illustrative elements of a development plan or diagrammatic plan, and all binding elements of a schematic development plan, certified by the Hearing Examiner under Section 59-D-1.64, or is consistent with an approved project plan for the optional method of development, if required, unless the Planning Board expressly modifies any element of the project plan.*

This subsection does not apply.

2. *The site plan meets all of the requirements of the zone in which it is located, and where applicable conforms to an urban renewal plan approved under Chapter 56.*

The compliance of the Project with the development standards of the LSC Zone is described above. No urban renewal plan applies to the Property.

3. *The location of buildings structures, open spaces, landscaping, recreation facilities, and pedestrian and vehicular circulation systems are adequate, safe, and efficient.*

The new building will be located primarily on a current surface parking lot on the western portion of the Property. This area was contemplated for redevelopment in the applicable Preliminary Plan Amendment. The Project otherwise coordinates well with the existing pedestrian and vehicular circulation systems on the Property. These systems are not changing with this Application. In particular, the proposed new plaza area along Medical Center Drive is a nice enhancement to the pedestrian experience within the Property, as well as a welcome activation of the street. The Project will address the 15% afforestation requirement of the original Site Plan, as well as provide tasteful landscaping supplements to the proposed building and parking structure.

4. *Each structure and use is compatible with other uses and other site plans, and with existing and proposed adjacent development.*

The proposed Project will be compatible with other institutional and commercial uses in the immediate vicinity of the Property.

5. *The site plan meets all applicable requirements of Chapter 22A regarding forest conservation, and Chapter 19, regarding water resource protection, and any other applicable law.*

ARE believes that the Project is exempt from the Forest Conservation Ordinance requirements pursuant to Section 22A-5(t) of the Montgomery County Code. This exemption was requested prior to submission of the Application and is expected to be approved before it is formally accepted. A Simplified Natural Resources Inventory/Forest Stand Delineation ("NRI/FSD") was prepared for the Property and approved by M-NCPPC on July 12, 2017.

The Project will comply with the requirements of Chapter 19 of the Montgomery County Code. Applicable requirements under Chapter 19 are addressed in the Final Water Quality Plan (No. 238926), which was submitted to the Montgomery County Department of Permitting Services ("DPS") in concert with this Application. In connection with the proposed Project, the Applicant will utilize environmental site design ("ESD") through the use of micro-bio-retention facilities to the maximum extent practicable toward meeting the required water quality treatment and water quality control needs. The proposed stormwater management system functions with the existing on-site infiltration trenches and the existing Gudelsky Pond which provide an excess of 1.5 inches of treatment for 3.45 impervious acres with an equivalent ESD volume of 17,845 cubic feet towards the Project area.

The Property is located within the Piney Branch Special Protection Area and, as noted above, a Final Water Quality Plan has been submitted as required for development in an SPA by Article V of Chapter 19 of the County Code. The majority of the Project will be implemented on existing impervious surface parking lots resulting in less than three quarters of an acre increase in impervious area on the Property. A Sediment and Erosion Control Plan will be submitted to DPS for their approval prior to commencement of construction.

V. Project's Conformance to the Master Plan and Design Guidelines

A. Project's Conformance to the Master Plan

The Project is subject to the recommendations for the Property set forth in the Master Plan. This Master Plan amends other master plans that affect the Property, including the 1990 Shady Grove Study Area Master Plan and the 1985 Gaithersburg Vicinity Master Plan.

The Master Plan divides the SGLSC into five districts and classifies the Property as part of the 230 acre, mixed-use and transit-oriented SGLSC Central District. The Master Plan describes the SGLSC Central District as a "single-purpose destination for workers, students, and hospital visitors...[which] should continue to focus on medical and biotech uses, [but also] introduce other uses including retail and a limited amount of housing (approximately 30 percent of FAR)." The Project will provide research and development space for knowledge-based workers, which will complement the mixed-use, life sciences destination vision of the SGLSC Central District.

The Master Plan proposes that the Property retain its LSC zoning. Specifically, the Master Plan includes the following recommendations that affect the Property:

- Amend the LSC Zone to allow mixed uses and increased density and height;
- Allow a maximum of 1.0 FAR for properties in the SGLSC Central District;
- A maximum recommended building height for the Property between 50 and 110 feet; and
- Provide at least 15% of the net tract area as public use space.

The Project facilitates the goals for the Property set forth in the Master Plan. The Project increases the total density on the Property from the existing 457,219 square feet (0.58 FAR) to the proposed 0.66 FAR, which is less than the maximum permitted FAR of 1.0. At 80 feet, the Project is also within the designated building height for the Property. The portion of Medical Center Drive that adjoins the northern portion of the Property will maintain direct access to Montgomery County Ride-On buses and the proposed Corridor Cities Transitway (CCT) stop on Adventist HealthCare's property. The Project will also provide over 20% of the net tract area as public use space, in accordance with the 20% public use space requirement contained in the LSC Zone.

B. Project's Conformance to the Design Guidelines

In June, 2010, the Planning Department published the Great Seneca Science Corridor Design Guidelines ("Design Guidelines"). The Design Guidelines are intended to implement the recommendations contained in the Master Plan.

The Design Guidelines contain specific recommendations for the SGLSC Central District and the Property. The Design Guidelines reinforce the 110 foot maximum building height for the Property contained in the Master Plan and suggests that Medical Center Drive become a tree-lined boulevard.

The Project conforms to the recommendations set forth in the Design Guidelines for the Property. The maximum building height for the Project is within 110 feet. The portion of Medical Center Drive that adjoins the Property is well landscaped and tree-lined.

VI. Community Outreach

ARE held the required pre-submission community meeting on November 24, 2020. The meeting was convened virtually because of the COVID-19 pandemic that precluded in-person gatherings. ARE provided notice for the pre-submission community meeting in accordance with the standards set forth in the Development Review Procedures Manual.

Members of ARE's design team also met with Planning Staff on November 20, 2020 to preview the Project. Staff was generally positive about the proposed Amendment and offered

feedback for ARE to consider. Many of Staff's comments have been addressed in this Application.

VII. Conclusion

As demonstrated by the contents of this Application, the Project complies with all of the 2004 Zoning Ordinance requirements governing development in the LSC Zone, and satisfies all of the requirements for Site Plans as contained in Division 59-D-3 of the Zoning Ordinance. In addition, the Application is consistent with the general recommendations of the Master Plan and Design Guidelines. We look forward to working with Technical Staff on this Application and ultimately in presenting the Project to the Planning Board. Thank you in advance for your consideration regarding this matter.