

Racial Equity and Social Justice (RESJ) Impact Statement

Office of Legislative Oversight

ZTA 26-02: Overlay Zones - Regional Shopping Center (RSC)

SUMMARY

The Office of Legislative Oversight (OLO) finds the anticipated racial equity and social justice (RESJ) impact of ZTA 26-02 is indeterminate. Several factors are unknown to determine how eliminating the cap on housing in RSC overlay zones will impact RESJ in the County.

PURPOSE OF RESJ STATEMENTS

RESJ impact statements (RESJIS) for zoning text amendments (ZTAs) evaluate the anticipated impact of ZTAs on racial equity and social justice in the County. RESJ is a **process** that focuses on centering the needs, leadership, and power of Black, Indigenous, and other People of Color (BIPOC) and communities with low incomes. RESJ is also a **goal** of eliminating racial and social inequities. Applying a RESJ lens is essential to achieve RESJ.¹ This involves seeing, thinking, and working differently to address the racial and social inequities that cause racial and social disparities.²

PURPOSE OF ZTA 26-02

The purpose of ZTA 26-02 is to update the standards for the Regional Shopping Center (RSC) overlay zone.³ Right now, no more than 30 percent of a site's floor area in certain employment zones can be developed for housing. This update would remove this cap and allow for more housing in the RSC zone. Of note, a RSC must maintain at least 600,000 square feet of retail within the zone.⁴

As of February 2026, there are only two RSC Overlay Zones in Montgomery County: Westfield Montgomery (Montgomery Mall) and Westfield Wheaton (Wheaton Mall). According to the introductory staff report, ZTA 26-02 is intended to give developers more flexibility to include housing within the mall sites.⁵

The Council introduced ZTA 26-02 on January 27, 2026.

ANTICIPATED RESJ IMPACTS

To determine the anticipated impact of ZTA 26-02 on RESJ in the County, OLO considers two related questions:

- Who would primarily benefit or be burdened by this ZTA?
- What racial and social inequities could passage of this ZTA weaken or strengthen?

OLO identified the following groups who could be impacted by ZTA 26-02:

- **Unibail-Rodamco-Westfield Corporation and Other Potential Developers.** The two Westfield shopping malls in the RSC zones are owned by Unibail-Rodamco-Westfield (URW), a publicly traded corporation based in Paris. This ZTA could help URW by letting it add more housing to its mall sites, which may offset losses from COVID-19 and increases in online shopping.⁶ Whether new housing will occur as a result of this ZTA remains unknown. OLO, however, expects URW and other developers to benefit from the extra growth opportunities ZTA 26-02 will allow if enacted.

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Data on URW ownership is not available by race and ethnicity. However, national polling suggests stock ownership varies significantly by race and ethnicity, with an estimated 70 percent of White adults owning stock, compared with 53 percent of Black adults and 38 percent of Hispanic adults.⁷ Therefore if URW's stock value goes up, most of the benefit will likely go to White shareholders.

- **Community Members Who Demand Affordable Housing.** ZTA 26-02 makes it possible for developers to build more housing within RSC zones in the County. Any new housing built in these zones would be subject to the County's Moderately Priced Dwelling Unit (MPDU) law.⁸ In the Westfield Wheaton site, at least 12.5 percent of new units would need to be affordable for households earning up to 65% of Area Median Income (AMI) for garden-style apartments and up to 70% of AMI for high-rise apartments and for-sale units. In the Westfield Montgomery site, 15 percent of newly constructed units would need to be affordable for households earning up to 65% of AMI for garden-style apartments and up to 70% of AMI for high-rise apartments and for-sale units.

Table 1 in the Appendix shows that Latinx and Black households experience higher rates of renting and levels of housing cost burden than White households. As such, Latinx and Black households would benefit disproportionately if ZTA 26-02 resulted in the production of additional income-restricted affordable housing units. While the details are still being finalized, URW does plan to build 127 Moderately Priced Dwelling Units as part of an 800-unit development on the Westfield Montgomery site.⁹ Yet, OLO cannot determine whether eliminating the 30 percent cap on household living uses would, in and of itself, result in a substantial increase in affordable housing units in the RSC zones. Nor can OLO assess what impact these changes would have on community members overall or by race and ethnicity.

- **Businesses Located in the Regional Shopping Centers.** This ZTA could cause the displacement of some businesses due to redevelopment or commercial rent increases stemming from housing production on the RSC sites. However, most of the businesses that may be affected by such redevelopment are large corporate chains¹⁰ and not neighborhood-serving businesses (for example, grocery stores, pharmacies, or laundromats). As such, OLO anticipates this ZTA will not significantly impact racial and social inequities related to community members' access to neighborhood-serving businesses in the County's RSC sites.
- **Community Members and Business Owners Near Regional Shopping Centers.** This ZTA could contribute to increases in commercial and residential rents around the RSC sites due to redevelopment, which has the potential to displace smaller local businesses and lower-income renters who live near the two Westfield malls. According to the 2020 Census, the census tract surrounding Westfield Wheaton includes a population of around 10,000 people who on average have slightly lower incomes and significantly lower homeownership rates compared to the County as a whole.¹¹ Table 2 in the Appendix shows the racial and ethnic breakdown of the area within a half mile walk of the Westfield Wheaton site, which has a higher share of Latinx and Black community members than the County as a whole. However, OLO is unable to anticipate the potential impacts to BIPOC community members from increased housing development on RSC sites.

Taken together, OLO finds the anticipated racial equity and social justice (RESJ) impact of ZTA 26-02 is indeterminate.

RECOMMENDED AMENDMENTS

The County's RESJ Act requires OLO to consider whether to recommend amendments to ZTAs that could reduce racial and social inequities and advance RESJ.¹² OLO finds the RESJ impact of ZTA 26-02 is indeterminate. As such, OLO does not offer recommended amendments.

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CAVEATS

Two caveats to this RESJIS should be noted. First, predicting the impact of ZTAs on RESJ is challenging due to data limitations, uncertainty, and other factors. Second, this RESJIS is intended to inform the Council’s decision-making process rather than determine it. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the ZTA under consideration.

APPENDIX

Table 1. Homeownership Rate and Cost Burden Rates of Homeowners and Renters. Montgomery County, 2024

Race and Ethnicity	Homeownership Rate	Homeowner Cost Burden Rate	Renter Cost Burden Rate
White	77%	23%	37%
Asian	71%	26%	37%
Hispanic or Latino origin (of any race)	54%	27%	56%
Black	40%	33%	54%

Source: [Table S0201](#), 2024 American Community Survey 1-Year Estimates, Census Bureau.

Table 2. Race and Ethnicity of Community Members Living Within a Half Mile of Westfield Wheaton RSC Zone

Race and Ethnicity	Westfield Wheaton Area	County as a Whole
White alone	28%	38%
Asian alone	12%	16%
Hispanic or Latino origin (of any race)	32%	22%
Black or African American alone	23%	18%

Wheaton Area Source: Montgomery Planning, [MC ATLAS](#) data for census tract 703800. County: 2024 American Community Survey.

¹ Definition of racial equity and social justice adopted from [Marlysa Gamblin et.al., “Applying a Racial Equity Lens into Federal Nutrition Programs,” Bread for the World](#) and from [Racial Equity Tools](#).

² Ibid.

³ Overlay zones establish requirements and standards in addition to those of the underlying zone that are necessary to achieve the planning goals and objectives for development or redevelopment of an area. Overlay zones are created in areas of critical public interest and provide uniform comprehensive development regulations for an area.

[Planning Glossary - Terms Explained | Montgomery Planning](#)

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⁴ [Introduction Staff Report for ZTA 26-02](#), Montgomery County Council, Introduced January 27, 2026.

⁵ Ibid.

⁶ A. Halpern, [What's happening at Westfield Montgomery mall?](#) Bethesda Magazine, June 4, 2025.

⁷ [What Percentage of Americans Own Stock?](#) Based on combined data from April 1-22, 2024, and April 1-14, 2025, Gallup polls.

⁸ See [Moderately Priced Dwelling Unit \(MPDU\) Program - Montgomery Planning](#).

⁹ A. Halpern, [What's happening at Westfield Montgomery mall?](#) Bethesda Magazine, June 4, 2025.

¹⁰ See directories for [Westfield Wheaton](#) and [Westfield Montgomery](#). Montgomery Planning does not believe the Costco and Target in Westfield Wheaton will be impacted by any redevelopment (OLO conversation with Montgomery Planning staff January 29, 2026).

¹¹ Montgomery Planning, [MC ATLAS](#) data for census tract 703800.

¹² [Bill 44-20, Racial Equity and Social Justice – Impact Statements – Advisory Committee – Amendments, Montgomery County Council](#).