



Planning, Program Development and Real Estate Committee

Item V- A

January 8, 2015

**Approval of Term Sheet for Brookland
Joint Development**

Washington Metropolitan Area Transit Authority
Board Action/Information Summary

Action Information

MEAD Number:
201199

Resolution:
 Yes No

TITLE:

Approval of Brookland Joint Development Term Sheet

PRESENTATION SUMMARY:

Staff has selected MRP Realty/CAS Riegler as Developer of the Brookland-CUA joint development site in accordance with the November 2013 Joint Development Solicitation. The Developer proposes to build apartments and ground floor retail space and incorporate the existing Kiss & Ride facility into the new project. Staff has negotiated a Term Sheet to lease the site to the Developer and is seeking Board approval to execute the Term Sheet.

PURPOSE:

Approval to execute a Term Sheet for the Brookland-CUA joint development site.

DESCRIPTION:

As shown in the Key Highlights below, the proposed project meets the Board Evaluation Criteria for Joint Development:

Key Highlights:

Metro Joint Development Objectives	How Addressed by Proposed Project
Proposed project integrates regional transit facilities	The building will integrate Metro's existing Kiss & Ride lot.
Proposed project reduces automobile dependency	By providing opportunities for new housing immediately adjacent to the Metrorail station, it is anticipated that future residents will take advantage of transit.
Proposed project increases pedestrian / bicycle oriented transit trips	The improvements to the two lots will also include improvements to the condition of the surrounding sidewalks, including wider sidewalks and improved lighting.
Proposed project fosters safe station areas	Station safety will be enhanced through the physical improvements to the properties along with having addition foot traffic and activity around the station.
Proposed project enhances connections to transit stations	As above, the proposed project will enhance pedestrian access through improved sidewalks and lighting.
Proposed project provides mixed-use development	Project is currently anticipated to provide a mix of 280 residential units and 9,000 square feet of

	retail.
Proposed project offers active public spaces	Through a separate transaction with the District of Columbia, the Brookland Green public space will remain undeveloped. The orientation of the proposed project around this green space will help improve the perceived level of security for the community who uses the space.
Proposed project promotes and enhances ridership	The new residential and retail uses will drive additional ridership at the Brookland station, while enhancing access for those from the surrounding area.
Proposed project achieves Metro financial objectives, including achievement of fair market value for Metro	The developer will pay Metro fair market value for the site through a long-term lease with provisions for rent escalation over time.
Proposed project encourages revitalization and sound growth	The project will bring new residents to the area and community serving retail, both of which will help fulfill the objectives of the DC Council-approved 2009 Brookland Small Area Plan.

Background and History:

On November 4, 2013, Metro issued a Joint Development Solicitation (JDS) offering five Metro-owned parcels, including the Brookland-CUA Metro station joint development site located in Northeast Washington, DC. Prior to issuing the JDS, Metro completed a January 2013 Brookland-CUA Station Area Access Plan that examined the need for changes, improvements and future transit facilities at the site. The report concluded that the parcels offered for joint development were not needed for future transit purposes though any existing facilities should be retained in place or on the site.

The joint development site consists of two parcels a vacant north parcel of approximately 1.1 acres and a south parcel of 0.7 acres that includes Metro's 38-space Kiss & Ride parking facility. Metro evaluated four responses to the JDS that were received in April 2014 and concluded in September 2014 that the proposal from the MidAtlantic Realty Partners, dba MRP Realty / CAS Riegler team (Developer) best meets Metro development objectives. Metro proceeded to negotiate a non-binding Term Sheet with the Developer which both parties will execute upon Metro Board approval.

Remaining areas of the Brookland-CUA station will remain as is, however Metro staff is continuing to examine potential alternatives for the possible on-site relocation of the bus loop to free up land for development and to provide a public plaza at the station entrance.

The Brookland Green, which was originally included as a development site in the JDS, will be preserved as open space in response to community requests. This will be done through an acquisition of the Brookland Green by the District of Columbia. Negotiations of this transaction are ongoing and will be brought to the Board for approval in a future action.

Discussion:

The Term Sheet provides the following as a basis for negotiations of a binding agreement:

- Development of the site through a long term ground lease;

- Proposed development of approximately 280 apartments along with 9,000 square feet of retail
- Replacement of the 38-space Kiss & Ride facility in substantially the same location-- on the ground level of the proposed south parcel development;
- Ground leasing of the site for 98 years with a fixed base rent and future escalation, revaluation and participation by Metro in capital events;
- Developer will seek approval of a planned unit development (PUD) for the site from the DC Zoning Commission before commencement of construction of the project. Developer anticipates that it will take 4 years to obtain PUD approval;
- Development first of the south parcel and then of the north parcel over a three-year period during which the Kiss & Ride facilities will be temporarily relocated from the South Parcel to the North Parcel.

FUNDING IMPACT:

There is no immediate impact on funding, and all replacement of Metro facilities will be done at the Developer's cost. Metro will receive cash payments for the lease of the project and this cash funding will be accounted for in the capital budget. Further, additional riders living, working, or shopping at the proposed development will generate new ridership revenue.	
Project Manager:	Rosalyn Doggett, Senior Real Estate Advisor
Project Department/Office:	Chief Financial Officer / Office of Real Estate and Station Planning

TIMELINE:

Previous Actions	November 2013 - Issuance of Joint Development Solicitation
Anticipated actions after presentation	July 2015 - Presentation of a Joint Development Agreement for Board Approval December 2019 - Closing on a ground lease for the project

RECOMMENDATION:

Approval to execute a Term Sheet for the Brookland-CUA joint development site.



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Purpose

- Approve the negotiation and execution of a Term Sheet with MRP Realty / CAS Riegler as Selected Developer for the Brookland-CUA joint development site





Background

- 1.8 acre site offered in November 2013 Joint Development Solicitation
 - North Parcel: Vacant, approx. 1.1 acres
 - South Parcel: Kiss & Ride lot, approx. 0.7 acres
- Four proposals received
- MRP/ CAS Riegler proposal best meets evaluation criteria



Site Location





Development Program

- 280 residential units
- 9,000 sq. ft. of ground-floor retail
- 245 parking spaces
- WMATA Kiss & Ride lot replaced
- Brookland Green remains undeveloped





Benefits

- Supports Strategic Plan goals of connecting communities and ensuring financial stability
- Proposed project achieves Metro Joint Development program objectives:

Integrate regional transit facilities	Provide mixed-use development, including housing and the opportunity to obtain goods and services near transit stations
Reduce automobile dependency	Offer active public spaces
Increase pedestrian / bicycle originated transit trips	Promote and enhance ridership
Foster safe station areas	Generate long-term revenues for Metro
Enhance surround area connections to transit stations	Encourage revitalization and sound growth in the communities that Metro serves



Recommendation

- Approve the negotiation and execution of a Term Sheet with the MRP Realty/CAS Riegler team as Selected Developer for the Brookland joint development site



SUBJECT: APPROVAL TO EXECUTE A TERM SHEET FOR JOINT DEVELOPMENT AT THE BROOKLAND-CUA METRO STATION

RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

WHEREAS, On March 28, 2013, the Board of Directors approved issuing a Joint Development Solicitation including two development parcels at the Brookland-CUA Metro station in the Northeast quadrant of the District of Columbia; and

WHEREAS, On November 4, 2013, the Washington Metropolitan Area Transit Authority (WMATA) issued a Joint Development Solicitation that included the Brookland-CUA joint development site comprised of a north parcel and a south parcel; and

WHEREAS, On March 19, 2014, WMATA issued Amendment #10 to the Joint Development Solicitation to remove that portion of the south parcel referred to as the Brookland Green from the solicitation offer; and

WHEREAS, On April 4, 2014, WMATA received four proposals for mixed use redevelopment of the site; and

WHEREAS, WMATA staff has determined that the ground lease proposal by the team of MidAtlantic Realty Partners, LLC dba MRP Realty, and CAS Riegler, LLC best meets the evaluation criteria of the Joint Development Solicitation; and

WHEREAS, The existing Kiss & Ride facility has 25 metered parking spaces and 13 parking spaces for drivers with disabilities, driver-attended waiting, and taxis; and

WHEREAS, The proposed developer, at no cost to WMATA, will construct a new Kiss & Ride facility with the same number of spaces to be incorporated in the new development at the same location on the ground level of a proposed building on the south parcel; and

WHEREAS, The proposed developer's project includes approximately 280 residences and 9,000 square feet of ground level retail space and 228 parking spaces; and

WHEREAS, WMATA and the proposed developer have negotiated a non-binding Term Sheet that is acceptable to both parties; and

WHEREAS, The Board of Directors is satisfied that the proposal meets Board Evaluation Criteria for the approval of Term Sheet execution, which the Board adopted pursuant to Resolution 2014-32; and

WHEREAS, Upon the Board of Directors approval of the Term Sheet, the proposed developer shall become the Selected Developer under the Joint Development Solicitation; and

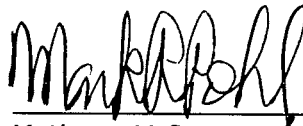
WHEREAS, After execution of a Term Sheet, WMATA and the Selected Developer will negotiate and bring to the Board of Directors for approval a Joint Development Agreement setting forth the terms for the ground lease of the site and construction of the project and continued operation of the WMATA facilities that will remain on the site; now, therefore be it

RESOLVED, That the Board of Directors approves the execution of a Term Sheet for the Brookland-CUA joint development with the team of MRP Realty and CAS Riegler, LLC; and be it further

RESOLVED, That the team of MRP Realty and CAS Riegler, LLC be designated as the Selected Developer under the Joint Development Solicitation for this site; and be it finally

RESOLVED, That this Resolution shall be effective 30 days after the adoption of this Resolution.

Reviewed as to form and legal sufficiency,



for Kathryn H.S. Pett
General Counsel

WMATA File Structure Nos.:
21.9.3 Joint Development Pre-Contract Actions