



Capital Program, Procurement and Real Estate Committee

Action Item III-A

March 10, 2016

Congress Heights Approval of Sale Price

Washington Metropolitan Area Transit Authority
Board Action/Information Summary

Action Information

MEAD Number:
201703

Resolution:
 Yes No

TITLE:

Congress Heights approval of sale price

PRESENTATION SUMMARY:

WMATA has contracted to sell approximately one acre of land surrounding the southern entrance to the Congress Heights Metro Station for inclusion in a residential, office and retail project surrounding the Station entrance. Closing is subject to the Board's approval of the sale price, which was determined by appraisal at \$3,000,000.

PURPOSE:

Approve a sale price of \$3,000,000 for the sale of the approximately one-acre of land surrounding the southern entrance to the Congress Heights Metrorail Station.

DESCRIPTION:

WMATA and Sanford CityPartners I, LLC are parties to a January 25, 2013 Purchase and Sale Agreement (as amended) pursuant to which WMATA agreed to sell one-acre of property surrounding the southern entrance to the Congress Heights Metrorail Station. The land is to be incorporated into a mixed-use residential, office and retail development that will also include adjacent land. The Board of Directors approved entering into the Purchase and Sale Agreement at its December 20, 2012 meeting.

The Purchase and Sale Agreement provides that it is contingent on the Board's approval of the sale price. The sale price was to be determined by appraisal. The two appraisers each appraised the property and then reconciled their appraisals at a value of \$3,000,000.

Board approval of the sale price of \$3,000,000 is now requested.

Key Highlights:

WMATA and Sanford CityPartners I, LLC are parties to a Purchase and Sale Agreement (as amended) calling for the sale by WMATA to Sanford CityPartners I, LLC of land owned by WMATA surrounding the southern entrance to the Congress Heights Metro Station (Green Line) in Washington, DC.

The Purchase and Sale Agreement calls for the sale price to be set by appraisal, but with a minimum price of \$3,000,000. Each party's appraiser appraised the land. The two appraisers then met to reconcile their appraisals. The two appraisers have agreed that the value is \$3,000,000.

The Purchase and Sale Agreement is expressly subject to the Board's approval of the sale price.

Background and History:

WMATA owns approximately 41,068 square feet (0.94 acres) of land on the south side of Alabama Avenue, S.E. that includes the south entrance to the Congress Heights Metro Station and related facilities. The property is otherwise vacant but not valuable for development on a stand-alone basis because of its size and poor street access. The property was advertised under a Joint Development Solicitation in 2005, but did not generate any interest. The property was appraised at \$530,000 in 2010 on a stand-alone basis.

In 2010, WMATA received an unsolicited proposal from an adjacent land owner. On May 26, 2011, the Board approved staff to negotiate the sale of the property exclusively with Sanford CityPartners I, LLC. On December 20, 2012, the Board provided approval to enter into a Purchase and Sale agreement, which was then executed on January 25, 2013.

The Purchase and Sale Agreement calls for the sale by WMATA to Sanford CityPartners I, LLC of land owned by WMATA surrounding the southern entrance to the Congress Heights Metro Station (Green Line) in Washington, DC. The land is to be incorporated with surrounding parcels into a mixed-use residential, office and retail development.

The Purchase and Sale Agreement calls for the sale price to be set by appraisal, but with a minimum price of \$3,000,000. Each party's appraiser appraised the land in Fall 2015. The two appraisers then met to reconcile their appraisals. The two appraisers agreed in December 2015 that the value is \$3,000,000.

The Purchase and Sale Agreement is expressly subject to the Board's approval of the sale price.

Discussion:

The transaction is not expected to impact transit service in any materially adverse way. The Station entrance currently on the property will remain in place. The development project is to be constructed in a horseshoe shape around the Station entrance with the open end of the horseshoe facing Alabama Avenue.

It is a requirement of the transaction that the project above the Station entrance be developed in a transit-oriented fashion. The "planned unit development" approved by the District of Columbia Zoning Commission for the site complies with that requirement. The project is to be a mixed-use multifamily housing building adjacent to an office building, with ground floor retail facing the street and parking underneath.

If the project is successfully developed it could increase transit ridership by bringing more people to the Capital Heights Metro Station area.

FUNDING IMPACT:

The only funding impact is positive, i.e. WMATA would receive the sale price if the transaction closes.

Project Manager:	Steven A. Teitelbaum, Senior Real Estate Advisor
Project Department/Office:	CFO/Office of Real Estate and Station Planning

TIMELINE:

<p>Previous Actions</p>	<p>May 26, 2011 -- Board authorizes direct negotiations with Sanford CityPartners for sale of this property.</p> <p>July 21, 2011 -- Board approves sale of property to Sanford CityPartners I, LLC.</p> <p>2011-2012 -- Negotiate for the sale of the land.</p> <p>December 20, 2012 -- Board approves entering into purchase and sale agreement for this parcel.</p> <p>January 25, 2013 -- Purchase and Sale Agreement signed with Sanford CityPartners I, LLC for the sale of the land.</p> <p>Summer 2015 -- District of Columbia Zoning Commission approves "planned unit development" rezoning to allow development to proceed.</p> <p>Fall 2015 -- Two appraisers engaged to determine fair market value of land.</p> <p>December 2015 -- Appraisers reconcile their appraisals with an agreed-upon value of \$3,000,000.</p>
<p>Anticipated actions after presentation</p>	<p>Winter 2016 -- WMATA Board of Directors approves sale price of \$3,000,000.</p> <p>Winter/Spring 2016 -- Federal Transit Administration approves sale price of \$3,000,000.</p> <p>Spring/Summer 2016 -- Closing of sale unless the purchaser continues to pay for extensions of the closing date.</p>

RECOMMENDATION:

Approve a sale price of \$3,000,000 for the sale of the approximately one-acre of land surrounding the southern entrance to the Congress Heights Metrorail Station.



Washington Metropolitan Area Transit Authority

Congress Heights (South) Approval of Sale Price for Sale of Land

Capital Program, Procurement and Real Estate Committee
March 10, 2016



Purpose

- Request Board approval to sell 41,068 square feet (0.94 acres) of land around Congress Heights Metro Station for \$3,000,000





Background – Site Location





Background – Business Terms

- Metro entered into Purchase and Sale Agreement on January 25, 2013 with Sanford City Partners I, LLC
- Parcel appraisal validates \$3,000,000 sales price
- Metro station facilities to be maintained and protected



Recommendation

- Board approval of the sale price of \$3,000,000 for approximately one acre of land around Congress Heights Metro Station

SUBJECT: APPROVAL OF SALE PRICE FOR LAND AT CONGRESS HEIGHTS METRORAIL STATION

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

WHEREAS, The Washington Metropolitan Area Transit Authority (WMATA) and Sanford City Partners I, LLC, are parties to a Purchase and Sale Agreement dated January 25, 2013, as amended, pursuant to which WMATA is to sell approximately one-acre of land at the southern entrance to the Congress Heights Metrorail Station; and

WHEREAS, The negotiation and execution of the Purchase and Sale Agreement was authorized by the Board of Directors at its meeting on December 20, 2012; and

WHEREAS, The Purchase and Sale Agreement calls for the sale price to be established by independent appraisal with a minimum price of \$3,000,000; and

WHEREAS, The parties implemented the appraisal process set forth in the Purchase and Sale Agreement and the two appraisers reconciled their differing appraisals at a price of \$3,000,000; and

WHEREAS, The Purchase and Sale Agreement makes the sale price subject to the approval of the Board of Directors; now, therefore be it

RESOLVED, That the Board of Directors approves a sale price of \$3,000,000 for the land located at the Congress Heights Metrorail Station pursuant to the Purchase and Sale Agreement referenced above; and be it finally

RESOLVED, That this Resolution shall be effective 30 days after adoption in accordance with § 8(b) of the WMATA Compact.

Reviewed as to form and legal sufficiency,



Mark R. Pohl
Acting General Counsel