

STATUS OF GREENBELT JOINT DEVELOPMENT PROJECT

BACKGROUND

- WMATA's joint development site at the Greenbelt station is comprised of 78 acres within the City of Greenbelt, Maryland. The majority of the site is improved with rail and bus facilities and long and short term surface parking lots.
- WMATA selected Metroland Developers, LLC ("Metroland"), a newly formed company based in College Park, Maryland, owned primarily by Alfred H. Smith, Jr., an adjacent property owner, to develop the site on September 24, 1998.
- A Joint Development Agreement was executed between WMATA and the Developer on December 21, 2000. Under the Agreement, the Developer would purchase the WMATA site and assemble it with 45 adjacent acres, owned by the Developer, for a large mixed-use project, comprised of a minimum of 270 residential units, 800,000 square feet of retail space, 1,000,000 square feet of office space, a 195,000 square foot conference center, a replacement parking structure for the 3,595 WMATA surface parking spaces and the required parking for the project.
- The Developer was expected to purchase the site within 5 years of the date of execution of the Agreement, conditioned upon meeting certain pre-development milestones. If the project were delayed for reasons beyond the developer's control, the Developer had the option of exercising up to 5 1-year extensions for a total agreement term of 10 years. This schedule was later amended to require the purchase within 6 years of agreement execution with the option of 4 1-year extensions.
- One of the major milestones required that the Developer succeed in getting funding for the design and construction of a new Capital Beltway interchange included in the Maryland CTP within the initial period of the Agreement. Funding through Final Engineering has been included in the CTP and MDSHA has selected a Preferred Alternative alignment. Funding for right-of-way acquisition and construction has not yet been committed. Cost is projected to be approximately \$60 million.

ISSUES

- The City of Greenbelt has consistently opposed this project. The Developer's Conceptual Site Plan and Preliminary Plan were approved by the Prince George's County Council and the Planning Board in May 2002. Subsequently, the City and the owners of the Beltway Shopping Mall near the site sued the County Council, the Prince George's County Planning Board and the Developer, challenging these approvals. The City and the adjacent property owner lost at every level but its appeals to higher courts kept the Developer's approvals in limbo until September 2004. At that time, the Court of Special Appeals ruled in favor of the City and reversed the plan approvals, thereby requiring the Developer to go back to the Planning Board for reconsideration. On March 17, 2005, the Planning Board agreed to reconsider the plans and a hearing will be scheduled as soon as the Developer determines how it will address the issues raised in the Court's decision.

- The Developer has been in negotiation with the City of Greenbelt for the past several months in an effort to reach an agreement that would end the City's opposition to the project. WMATA staff was aware of, but not included in these negotiations. The Developer recently transmitted the so-called "final version" of the proposed settlement agreement. WMATA's written consent will be required, according to counsel for the City. The agreement includes a number of terms that WMATA staff considered unacceptable, including granting the City formal approval rights over the development on the site and limiting the commercial densities achievable to the minimums in the Joint Development Agreement. After consultation with the two Prince George's County Board members, staff has informed the City and the Developer that the terms of the settlement agreement are unacceptable.
- The Developer has applied to the County to approve a Tax Incremental Financing and Special Taxing District financing program for the property to fund infrastructure and structured parking costs. Two financing programs with two bond issuances are proposed, one for the north core (WMATA property) and one for the south core (Developer's property). County staff is reviewing the application and, if it is approved, the Developer anticipates that the legislation will be before the County Council in May 2005. County staff wants assurance that the project uses and densities will generate sufficient taxes to justify creation of the program.
- The Developer has agreed to contribute \$10,000,000 toward the construction of the Capital Beltway interchange with the expectation that the remainder will be publicly funded.