



Planning, Program Development and Real Estate Committee

Item V – B

May 14, 2015

**Approval of Term Sheet for
Grosvenor-Strathmore Joint Development**

Washington Metropolitan Area Transit Authority
Board Action/Information Summary

Action Information

MEAD Number:
201483

Resolution:
 Yes No

TITLE:

Grosvenor-Strathmore Joint Developmet Term Sheet

PRESENTATION SUMMARY:

WMATA owns approximately 15 acres of land at the Grosvenor-Strathmore Metro Station (Red Line) in Montgomery County, Maryland. In November 2013, WMATA issued a Joint Development Solicitation seeking private sector development on approximately 4.25 acres of the site. WMATA then selected Streetscape Partners as the preferred developer and now wishes to sign a non-bining term sheet with Streetscape Partners.

PURPOSE:

Approve the negotiation of a non-binding term sheet with Streetscape Partners for the private sector development of a portion of WMATA's landholdings at the Grosvenor-Strathmore Metro Station.

DESCRIPTION:

In furtherance of WMATA's joint development program, in November 2013 WMATA issued a Joint Development Solicitation for private sector real estate development on a portion of WMATA's landholdings at the Grosvenor-Strathmore Metro Station (Red Line) in Montgomery County, Maryland. The Solicitation addressed the surface parking lot area and some ancillary areas on the site, somewhat more than one-quarter of the entire site.

Streetscape Partners was one of the developers who submitted proposals in response to the Solicitation. The proposals submitted by Streetscape Partners were similar in concept to the alternative development programs anticipated by the Solicitation. Streetscape also has done a development project north of Strathmore Hall, immediately north of the Metro Station. WMATA staff chose to pursue one of the development proposals made by Streetscape Partners. Negotiations then ensued on a term sheet between WMATA and Streetscape Partners.

Staff now seeks the authorization of the Board of Directors to go forward with negotiating and executing that term sheet.

Key Highlights:

Metro Development Objectives	How Addressed by Proposed Project
Proposed project integrates regional transit facilities	The project will physically integrate the Metro Station into the surrounding community by filling in physical gaps between the community and the Station entrance.
Proposed project reduces automobile dependency	The project will provide the opportunity to live immediately adjacent to rail and bus transit.
Proposed project increases pedestrian/bicycle-originated trips	The proposed project creates a walkable environment from what is currently an auto-centric Station area. Through roadway design, sidewalks, and new pedestrian and bicycle connections, the project will facilitate pedestrian and bicycle access to the Metro Station.
Proposed project fosters safe station areas	Currently, the Metro Station is surrounded by a sea of surface parking lots and parking garages. The proposed project will activate the area with new residents to create a safer environment.
Proposed project enhances connections to transit stations	The proposed project will enhance pedestrian and bicycle connectivity to the Metro Station via new pathways and site grading.
Proposed project provides mixed-use development	The proposed project includes multifamily residential and retail uses and might include some townhouses.
Proposed project offers active public spaces	The project will convert surface parking area into walkable paths through housing. The existing "Arts Walk" alongside the existing parking garage might be upgraded.
Proposed project promotes and enhances ridership	The project will generate new ridership through riders traveling to and from the project itself, while also maintaining access for commuters traveling through the Metro Station.
Proposed project achieves Metro's financial objectives, including fair market value for Metro	The developer will pay fair market value to Metro, validated by appraisals. The value will include the cost of replacing, relocating and generally upgrading impacted Metro facilities.
Proposed project encourages revitalization and sound growth	The project will fill an infill site and the physical and marketplace gap between the downtown Bethesda and NIH/Bethesda National Military Medical Center communities to the south and the White Flint/Pike District area to the north.

Background and History:

This project arises from a Joint Development Solicitation issued by WMATA in November 2013 seeking development at the Grosvenor-Strathmore Metro Station.

The Grosvenor-Strathmore Metro Station lies between the growing National Institutes of Health and the Walter Reed National Medical Center (formerly the Bethesda Naval Hospital) campuses at the Medical Center Metro Station and the already heavily-developed Bethesda Metro Station area farther to the south and the now intensively developing areas around the White Flint and Twinbrook Metro Stations to the north. The Strathmore music center and suburban-style high-rise and mid-rise residential buildings have been developed around the perimeter of WMATA's land at the Grosvenor-Strathmore Metro Station. The goal of the Joint Development Solicitation was to determine if WMATA's own land at the Metro Station could support somewhat more pedestrian-friendly transit-oriented development at a location hammocked between the busier areas to the north and south.

Discussion:

The development proposal is for approximately 550 units of condominium, multifamily rental and townhouse residential units and 5,000-6,000 square feet of convenience retail to be located south and east of the Grosvenor-Strathmore Metro Station, largely on land that is currently a surface parking lot used by commuters. The surface parking lot would be replaced by new garage parking and the land thus freed up would be the development site. The development proposal is similar in concept to the development schemes anticipated by WMATA in the Joint Development Solicitation issued in November 2013, although the specific layout of the buildings and infrastructure has yet to be determined.

Streetscape Partners will either ground lease or buy the surface parking lot area and maybe some ancillary land at the Grosvenor-Strathmore Metro Station.

The price to be paid to Metro for the land will be determined by an appraisal evaluating the value of the site if developed for the proposed project of approximately 550 units of condominium, multifamily and townhouse units with approximately 5,000-6,000 square feet of retail.

The joint development site does not include the Metro Station itself, the existing commuter parking garage, or the existing bus loop. Depending on the location of the garage expansion, it is possible that the northern part of the existing Kiss & Ride facility would be temporarily impacted by construction, but any such construction would result in that part of the Kiss & Ride area being covered, an enhancement.

FUNDING IMPACT:

Proposed project will result in new revenue from the sale of the property and from increased ridership at Grosvenor.	
Project Manager:	Steven A. Teitelbaum, Senior Real Estate Advisor
Project Department/Office:	CFO/LAND

TIMELINE:

Previous Actions	November 2013 -- WMATA issued a Joint Development Solicitation seeking development of this site September 2014 -- WMATA staff selected Streetscape Partners as the developer, subject to Board approval (and eventual FTA concurrence)
Anticipated actions after presentation	Spring 2015 -- finalize term sheet Summer/Fall 2015 -- negotiate formal Joint Development Agreement and return to Board for approval Fall/Winter 2015 -- seek FTA concurrence in the the transaction

RECOMMENDATION:

Approve the negotiation of a non-binding term sheet with Streetscape Partners for the private sector development of a portion of WMATA's landholdings at the Grosvenor-Strathmore Metro Station.



Washington Metropolitan Area Transit Authority

Approval of Term Sheet for the Grosvenor Joint Development

Planning, Program Development and Real Estate Committee

May 14, 2015



Purpose

- Seek Board approval of Term Sheet for the Grosvenor-Strathmore development





Background

- Grosvenor offered in November 2013 Joint Development Solicitation
 - Development Parcel: approx. 4.25 acres
- Three proposals received
- Streetscape Partners best achieved evaluation criteria



Site Location





Development Program

- Approx. 550 residential units
- Approx. 6,000 sq. ft. retail
- 330-550 development parking spaces
- Bus loop and kiss-and-ride to be maintained
- Park-and-ride surface parking to be replaced 1-for-1 in an extension to existing parking structure





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



Benefits

- Ridership and revenue impacts:

Project	Projected Ridership (Daily Trips)	Projected Annual Ridership Revenue
Grosvenor Joint Development Site	554	\$633,000



Recommendation

- Approve the negotiation and execution of a Term Sheet with Streetscape Partners as Selected Developer for the Grosvenor-Strathmore joint development site

SUBJECT: APPROVAL TO NEGOTIATE AND EXECUTE A TERM SHEET WITH
STREETSCAPE PARTNERS FOR JOINT DEVELOPMENT AT THE
GROSVENOR-STRATHMORE METRORAIL STATION

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

WHEREAS, The Washington Metropolitan Area Transit Authority (WMATA) issued Joint Development Solicitation 2013-03 requesting proposals for the private development of a portion of the WMATA-owned land at the Grosvenor-Strathmore Metrorail Station (Metro Station) in Montgomery County, Maryland (Grosvenor-Strathmore Joint Development Site); and

WHEREAS, The Grosvenor-Strathmore Joint Development Site includes the surface parking lot at the Metro Station but does not include the Metro Station entrance, the existing bus loop, or the existing Metro commuter parking garage but may, depending on the configuration of new garage parking to replace the spaces in the surface parking lot, affect the Kiss & Ride area; and

WHEREAS, In September 2014, WMATA staff preliminarily designated Streetscape Partners, as the developer with whom WMATA would negotiate for that development project; and

WHEREAS, WMATA staff has been negotiating with Streetscape Partners for the development of the Grosvenor-Strathmore Joint Development Site; and

WHEREAS, The anticipated development of the Grosvenor-Strathmore Joint Development Site includes approximately 550 units of condominiums, multifamily rental and townhouse housing and a few thousand square feet of retail space, with associated parking for residents and the retail use; and

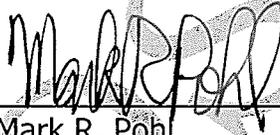
WHEREAS, Negotiations with Streetscape Partners anticipate the sale and/or ground lease of the Grosvenor-Strathmore Joint Development Site to Streetscape Partners in exchange for a payment to be determined by an independent appraisal of the development potential of the Grosvenor-Strathmore Joint Development Site assuming a successful rezoning and obtaining of various other governmental approvals; and

WHEREAS, WMATA staff seeks the authorization of the Board of Directors to negotiate and execute a non-binding term sheet with Streetscape Partners on substantially the terms set forth above, subject to the further approval of the Board to any binding agreement and to the concurrence of the Federal Transit Administration, in accordance with its procedures; now, therefore be it

RESOLVED, That the Board of Directors authorizes staff to negotiate and enter into a non-binding term sheet with Streetscape Partners for the development of the Grosvenor-Strathmore Joint Development Site substantially on the terms set forth above; and be it finally

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

Reviewed as to form and legal sufficiency,



Mark R. Pohl
Acting General Counsel

WMATA File Structure No.:
21.9.3 Joint Development Pre-Contract Actions