

Report by Finance and Capital Committee (A) 12-10-2020

Washington Metropolitan Area Transit Authority Board Action/Information Summary

☒ Action ☐ Information

MEAD Number:
202227

Resolution:
☒ Yes ☐ No

TITLE:

West Falls Church Joint Development Agreement

PRESENTATION SUMMARY:

Staff issued a joint development solicitation (JDS), selected a real estate developer for the development at West Falls Church Metro Station, and is now seeking Board approval to execute a joint development agreement (JDA). The joint development will deliver approximately one million square feet of mixed-use development.

PURPOSE:

Request Board approval to:

- Execute a Joint Development Agreement
- Hold a Compact Public Hearing

DESCRIPTION:

In January 2019, Metro issued a JDS for 24 acres at the West Falls Church Metro Station in response to two adjacent redevelopment offerings made by the City of Falls Church (The City), Virginia Polytechnic Institute and State University (Virginia Tech). The City and Virginia Tech had each selected development teams for their respective sites, which together would total approximately 2.3 million square feet of mixed-use development. Metro's property was the last of the three publicly owned sites not under contract for redevelopment, which, if the three were planned together, could total 3.3 million square feet of mixed-use development.

Staff has selected the development team of EYA, Rushmark Properties, and Hoffman & Associates and has negotiated a Joint Development Agreement (JDA) and now seeks Board approval to execute the JDA and hold a Compact Public Hearing on the necessary changes to the station's transit facilities to accommodate the project.

The parties with an interest in this matter are **Falls Church Gateway Partners-Metro – a joint venture among EYA, LLC; Rushmark Properties, LLC; and Hoffman & Associates.**

Key Highlights:

- West Falls Church Metro Station, a station on the Orange Line, has experienced a 74 percent drop in ridership since the Silver Line Phase I opened in 2014, making the opportunity for joint development more likely and feasible.
- Two adjoining public entities (City of Falls Church and Virginia Tech) have each entered into development agreements with private real estate developers, which will result in a total of 2.3 million square feet of mixed-use development adjacent to the West Falls Church Metro Station.
- This prompted staff to seek a real estate developer for joint development of Metro's property and achieve the full transit-oriented development potential of the three sites

combined. One million square feet of residential, retail, and office is proposed to be developed on Metro-owned land at the West Falls Church Metro Station, in addition to the creation of public open space, construction of a new road network, and replacement transit facilities.

Background and History:

Located within the median of I-66, the West Falls Church Metro Station is connected via a pedestrian bridge to a 24-acre site, where Metro has 2,009 Park & Ride spaces, 64 Kiss & Ride spaces, 68 on-street metered spaces, and eight bus bays. Following the opening of Phase 1 of the Silver Line in 2014, daily boardings at West Falls Church Metro Station declined by 74 percent, while parking utilization declined 35 percent as a significant number of commuters preferred to access Metrorail from the new Silver Line stations.

In 2015, the City issued a request for proposals (RFP) for the redevelopment of 10.3 acres on the City's George Mason High School campus, which would result in 1.5 million square feet of retail, office, residential, and hotel, as well as a replacement middle school and high school complex. In 2018, the City selected a development team comprised of PN Hoffman, EYA, and Regency Centers Corporation.

In 2018, Virginia Tech received an unsolicited offer from a team comprised of HITT Contracting (HITT) and Rushmark Properties under Virginia's Public-Private Education Facilities and Infrastructure Act, which was selected in 2019 to redevelop Virginia Tech's eight-acre site, adjacent to Metro's station site. HITT plans to relocate its national headquarters to the site, and Virginia Tech plans to create a first-of-its-kind center of construction technology on their West Falls Church property.

In 2018, as part of Fairfax County's (County) regular five-year review of its Comprehensive Plan, the County accepted Metro's application to amend the Comprehensive Plan for the West Falls Church Metro Station site and Virginia Tech property. Since then, the County has established a citizen task force to review the amendment, which has been meeting regularly.

In January 2019, the Board approved the issuance of a JDS, limited to the development teams that were selected by the City and Virginia Tech. Members of the development teams teamed up to respond to Metro's joint development solicitation and created a new joint venture entity comprised of EYA, Hoffman & Associates, and Rushmark Properties (Developer).

Since that time, staff has been negotiating a JDA with the Developer, while the Developer has been engaged with the County's Comprehensive Plan Task Force and with County staff. The Comprehensive Plan amendment process has not yet concluded, but the Developer has advanced site design to a point that the development program and order of magnitude of the cost of public and transit infrastructure are now understood.

Discussion:

Staff has negotiated a JDA to allow the Developer to obtain entitlements, construct a street grid, replace transit facilities, and to ground lease and acquire fee simple portions of the site for private development. The Developer's plans for Metro's joint development site call for one million square feet of mixed-use development, with 657 multi-family units, 75 townhomes, 125,000 square feet of office, and 10,000 square feet of retail, to be

constructed in three phases.

This project will have a positive fiscal impact for Metro. First, the joint development project itself is estimated to generate 600 daily boardings upon full buildout (this assumes non-pandemic ridership conditions), which equals approximately \$1.3 million per year in fare revenue. When all three public-private projects are evaluated, the combined 3.3 million square feet of transit-oriented development is estimated to generate 1,600 daily boardings, which equals approximately \$4.4 million per year in fare revenue.

Metro will also receive real estate revenue from the fee simple sale of the property on which townhomes will be developed and annual ground rent revenue over 99-years for the pads to be developed as multi-family buildings, office buildings, and retail.

The joint development project will improve transit facilities and safety by creating a new, more walkable street grid with sidewalks, active pedestrian areas, and bicycle lanes that connect to adjacent developments; all development on the site will be designed consistent with Metro's design criteria, and covenants will be recorded in the land records prohibiting interference with Metro operations.

This project will be consistent with the County's land use and economic development plans, as it will be approved through the County's Comprehensive Plan amendment process. While the joint development site is not within the purview of the City of Falls Church, the project supports the City's economic development priorities and plans.

Compact Public Hearing

Since the JDA involves changes to WMATA's transit facilities, a Compact Public Hearing is required to amend the Mass Transit Plan. Changes to the transit facilities at West Falls Metro Station resulting from joint development include reductions to (1) the total Park & Ride inventory from 2,009 to a minimum of 1,200, (2) the total metered parking count from 64 parking spaces to 20, and (3) the number of bus bays from eight to four. These recommended changes are made after significant evaluation of future demand for these facilities at the West Falls Church Metro Station. Staff and the Developer also identified areas to expand both parking and bus bays in the future in the case that Metro requires more facilities in the future. The north surface parking lot will be maintained as a commuter lot in the interim until phase 3 of the joint development; WMATA will reassess parking needs prior to that phase proceeding to determine if replacement parking is needed and how many spaces are required.

The desired timeframe for conducting a Compact Public Hearing is spring 2021. The Board will subsequently review public comments from the hearing and determine whether or not to approve the proposed changes to the Mass Transit Plan. The JDA provides for the Developer's accommodation of the Board's decision resulting from the Compact Public Hearing process.

FUNDING IMPACT:

Program	Capital Improvement Program
Project	West Falls Church Joint Development
Project Manager	Andy Scott
Project Department/Office	CFO/LAND
Budget	\$22 million

This action	\$22 million
Prior Approval	\$0
Remarks	
Operating Budget Impact	None

TIMELINE:

Previous Actions	<p>January 2019 – Board authorized staff to issue a solicitation to developers of the adjoining public development sites</p> <p>September 2019 – Staff selected the Developer</p> <p>Fall 2019 – Current - The Developer has been working with the County's Comprehensive Plan task force and refined development plans for the Metro site</p>
Anticipated actions after presentation	<p>December 2020 – Execute a Joint Development Agreement</p> <p>January 2021 – Seek FTA concurrence to the JDA</p> <p>Spring 2021 – Hold a Compact Public Hearing</p> <p>Fall 2021 – Seek Board approval of the Compact Public Hearing Staff Report and changes to the Mass Transit Plan</p>

RECOMMENDATION:

Recommend the Board provide approval to:

- Execute a Joint Development Agreement
- Hold a Compact Public Hearing

SUBJECT: APPROVAL TO HOLD A COMPACT PUBLIC HEARING FOR AMENDMENTS TO THE MASS TRANSIT PLAN AND TO EXECUTE A JOINT DEVELOPMENT AGREEMENT WITH FALLS CHURCH GATEWAY PARTNERS-METRO, LLC FOR THE WEST FALLS CHURCH METRO STATION

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

WHEREAS, To amend the Mass Transit Plan, the Board of Directors shall transmit proposed changes to certain enumerated agencies and conduct a public hearing (Compact § 15); and

WHEREAS, Resolution 2018-13 requires Board authorization to execute a joint development agreement; and

WHEREAS, Staff has prepared a plan for proposed changes to the West Falls Church Metrorail Station to (i) reduce the total Park & Ride parking from 2,009 spaces to a minimum of 1,200 spaces; (ii) reduce the total metered Kiss & Ride parking spaces from 64 parking spaces to approximately 20 spaces; and (iii) reduce or eliminate the 68 metered parking spaces located along the Metro Access Road; and

WHEREAS, In March of 2019, staff issued a joint development solicitation for joint development at the West Falls Church Metro Station, and selected Falls Church Gateway Partners-Metro, LLC, as the developer; and

WHEREAS, Staff has negotiated a joint development agreement for the West Falls Church Metrorail Station with Falls Church Gateway Partners-Metro, LLC;

NOW, THEREFORE, be it

RESOLVED, That in accordance with Compact § 15, the Board of Directors authorizes staff to transmit the proposed Mass Transit Plan changes to the enumerated agencies and to hold a public hearing on the proposed changes to the West Falls Church Metrorail Station; and be it further

RESOLVED, That the Board of Directors authorizes the General Manager and Chief Executive Officer to release the Public Hearing Staff Report based on the public hearing to the public for comment prior to Board approval; and be it further

RESOLVED, That the Board of Directors authorizes the General Manager and Chief Executive Officer or his designee to execute a joint development agreement with Falls Church Gateway Partners-Metro, LLC; 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,

/s/ Patricia Y. Lee

Patricia Y. Lee

Executive Vice President and General Counsel

WMATA File Structure Nos.:

12.7.2 Master Plans/Mass Transit Plan (including transit zone modifications)

21.9.4 Joint Development Agreements