

**Washington Metropolitan Area Transportation Authority  
Board Action/Information Summary**

Action  
 Information

MEAD Number:  
99709

Resolution:  
 Yes  No

**PURPOSE**

To obtain Board approval to extend the negotiation period for the Silver Spring Master Development Agreement to March 30, 2007 and authorization for staff to continue negotiations with the Selected Developer.

**DESCRIPTION**

Silver Spring Metro, LLC, an entity formed by Foulger Pratt and Mid-City Urban, LLC, is the Selected Developer of this Joint Development project. Pursuant to a revised Term Sheet approved by the Board of Directors on April 21, 2005, WMATA and the Selected Developer have been negotiating the Master Development Agreement and related agreements, (for example, the Purchase and Sale Agreement and the Phase Lease). These agreements, collectively known as the MDA, will govern the construction and operation of a mixed-use Joint Development project adjacent to the proposed Silver Spring Transit Center to be built by Montgomery County, Maryland.

The Joint Development project will consist of three phases: (1) a minimum of 120 condominium units to be built on a portion of the site to be sold; (2) a minimum of 176 condominium or rental apartment units to be built on a portion of the site to be sold (if used for condominiums) or leased (if used for rental apartments); and (3) a hotel consisting of a minimum of 150 rooms to be built on a portion of the site to be leased. In each phase, the purchaser or lessee, as the case may be, will be an entity to be established by the Selected Developer for the purpose of developing that phase. The Selected Developer has agreed to advance certain funds to the Transit Center project so that the Transit Center construction can be integrated with the construction of the Joint Development project.

Since the planning and development of the Joint Development project must be closely coordinated with the Silver Spring Transit Center, all of the terms of

the MDA that govern the Joint Development project could not be fully negotiated until the concept plan for the Transit Center had been developed to the point where the Authority was reasonably sure that the Transit Center and joint development functions could be completely integrated. After working with Montgomery County, the Maryland Department of Transportation, the Selected Developer and their architects and engineers on the design of the Transit Center and the land use plan for the Joint Development, the Authority approved a Concept Plan in March 2006. A Compact Public Hearing was held on April 26, 2006, and the Board approved the ensuing Staff Report on June 15, 2006. In the period since the approval of the Staff Report, the design team has been investigating the feasibility of minor plan revisions recommended in the Staff Report and making those changes as feasible. This activity has allowed the MDA negotiations to go forward to the point where staff anticipates completion of the necessary legal documents by March 30, 2007.

## **FUNDING IMPACT**

WMATA will receive proceeds from the sale and lease components of the Joint Development project in accordance with the MDA. If the extension is not granted and the Selected Developer is terminated, there will be two adverse financial impacts:

First, the joint development site will have to be readvertised and a new developer will have to be selected. The result of this process is that revenues will be considerably delayed.

Second, because the Selected Developer has agreed to advance funds to the Transit Center, if the Selected Developer is terminated, the funds will not be available and the Transit Center would have to be developed as a "stand-alone" facility. Such a facility would neither be able to support the joint development density proposed as part of the integrated Transit Center/joint development project, nor provide the revenue that would flow from a denser development.

## **RECOMMENDATION**

Staff recommends that the Real Estate Committee and the Board approve an extension of the Master Development Agreement negotiation period for the Silver Spring joint development site until March 30, 2007 and authorize staff to continue negotiations with the Selected Developer.