



Capital & Strategic Planning Committee

Item III - A

January 11, 2018

Approval of Joint Development Solicitation at Deanwood Station

Washington Metropolitan Area Transit Authority

Board Action/Information Summary

☒ Action ☐ Information

MEAD Number:
201942

Resolution:
☒ Yes ☐ No

TITLE:

Joint Development of Deanwood Metro Station

PRESENTATION SUMMARY:

Staff will present for Board approval a proposal to issue a Joint Development Solicitation and authorize a Compact Public Hearing for Deanwood Metro Station.

PURPOSE:

To seek Board approval to: (1) issue a Joint Development Solicitation for Deanwood Metro Station, and (2) authorize a Compact Public Hearing to remove the 194-space surface Park & Ride lot required for the Deanwood Metro Station solicitation.

DESCRIPTION:

Deanwood Metro Station has the third lowest ridership of the 91-station Metrorail system with an average of approximately 1,200 riders per weekday. The 194-space surface Park & Ride lot had an average of 70 daily parkers (36% parking utilization) during the first half of FY18. The station also has a high crime compared to other Metrorail stations and is one of the few stations where the Metro Transit Police Department has an officer stationed 24 hours a day. Joint development is an effective strategy to increase ridership, reduce crime, and increase revenue at this Metro station. The District of Columbia supports the same goals, as evidenced by the DC Council's approval of the 2008 Small Area Plan for Deanwood/Great Streets-Nannie Helen Burroughs Ave NE & Minnesota Ave NE Strategic Development Plan (Small Area Plan). Accordingly, staff seeks Board approval to offer the 1.6-acre, 194-space surface Park & Ride lot at Deanwood Metro Station for joint development.

Staff surveyed Metro's parking customers at Deanwood Metro Station to determine what choices they would make if the parking lot were removed in favor of joint development. The survey indicated that a majority of the existing transit customers who currently park at the Deanwood Metro Station would continue to use the system. Further, redevelopment of the Park & Ride lot over the next decade for apartments and neighborhood retail use is estimated to produce 129 new weekday riders. The net benefit to Metro of eliminating parking in favor of joint development is positive; that is, joint development without replacement parking will produce more revenue for Metro than is generated today.

Because staff is proposing to eliminate Park & Ride spaces at Deanwood Metro Station, a Compact Public Hearing is required. The results will be analyzed and presented to the Board for review and approval.

Key Highlights:

A proven effective strategy, joint development of Deanwood Station is estimated to result in 129 new weekday riders and eliminate the mostly vacant surface parking lot in favor of residential and commercial activity, which could prevent crime at the station. Development should be completed within the next ten years.

To maximize the revenue and ridership potential of joint development, staff proposes to eliminate the 194-space surface Park & Ride lot. Survey results found that a majority of Metro's transit customers who currently park at Deanwood Metro Station would choose to park at nearby Metrorail stations and still ride Metro. The proposed removal of the Park & Ride lot requires a Compact Public Hearing.

Background and History:

Metro first issued a Joint Development Solicitation for Deanwood Metro Station in March 1996 and again, in July 1999. Both times, Metro did not receive any bids or responses. Since 1999, the District of Columbia's Office of Planning published the "2008 Small Area Plan for Deanwood/Great Streets-Nannie Helen Burroughs Ave NE & Minnesota Ave NE Strategic Development Plan", which articulates specific goals for Metro's Deanwood Metro Station site. Metro also completed a Joint Development Station Access Improvement Study in June 2013 to determine the size and type of development that could be supported at Deanwood Metro Station.

The study evaluated the entirety of the Deanwood Metro Station, to include the 194-space surface Park & Ride lot, the Kiss & Ride lot, the bus loop, and the pedestrian tunnel that connects the neighborhoods to the north to the station entrance. Four alternative site plans were developed and presented to the local neighborhoods and communities. The local communities responded favorably and commented on their desire to see underutilized parking lots transformed into housing and development. Specifically, the 2013 study proposed a joint development with a 150-space Metro parking garage, a 138-unit residential development with 10,000 square feet of retail. The study proposed only developing the Park & Ride lot and not the bus loop or Kiss & Ride.

Parking utilization has historically been low at Deanwood Metro Station and averaged 36% utilization in the first half of FY18. In June 2017, staff surveyed registered SmarTrip parkers for a week to determine how eliminating the 194 Park & Ride spaces would impact their choice to ride Metrorail. The results were positive. Since most of the parking customers at Deanwood Metro Station are Prince George's County residents, 55.5% of respondents stated they would park at a different Metrorail station (i.e. Cheverly and Addison Road) and 26% said they would access Metrorail by walking, taking the bus, or by other means. Only 18.5% of respondents (13 people) stated that they may not continue to ride Metrorail. Based on these results, staff concluded that proceeding with joint development without requiring replacement parking would generate the greatest ridership and revenue benefits to Metro.

Discussion:

Prior to issuing a Joint Development Solicitation, staff identifies the jurisdiction's and community's goals for the joint development site, as well as articulates Metro's goals for the project. In the case of Deanwood Metro Station, the three interests are highly

aligned. The District of Columbia's 2008 Small Area Plan summarizes the top goals for development at Deanwood Metro Station as follows:

- Expanded neighborhood-serving commercial uses;
- Redevelopment of vacant and abandoned properties into residential households to support retail and walkability to the station; and,
- Prioritize attractive, pedestrian-friendly design and de-emphasize auto-oriented uses and surface parking lots.

The surrounding communities are also supportive of development at Deanwood Metro Station and specifically would like to see senior housing, mixed-income housing, both rental and home-ownership opportunities, as well as new commercial uses. The community believes, as does Metro staff, that development will activate the street and reduce crime in the station area. The community further articulated a desire to see Minnesota Avenue connect through from the Minnesota Avenue Metro Station to the Deanwood Metro Station.

The 2040 ridership goal staff has established for the Deanwood Metro Station is 425 to 600 new weekday riders, which would produce an additional \$750,000 to \$1 million in annual ridership revenue. The joint development proposed at Deanwood Metro Station is estimated to increase ridership by 129 new weekday riders (21% to 30% of the 2040 goal) as a result of 160 new residential units and 10,000 square feet of neighborhood-serving retail. Metro's other goals for joint development include improving pedestrian and bicycle connections to the station, reducing crime at the station, maximizing real estate revenue by eliminating any requirement for replacement parking, and reducing some nominal Metro operating expenses by eliminating the Park & Ride and reducing crime.

The proposal to eliminate the 194-space Park & Ride surface lot is justified by the low parking utilization (36%) at Deanwood Metro Station, the June 2017 parking customer survey responses, and the community's vision to eliminate or reduce vacant parking lots in the neighborhood. The customer survey responses indicated that a majority (55.5%) of the existing parking customers would choose an alternate parking location to take Metro. Since most of the parkers at Deanwood Metro Station are Prince George's County residents, the two stations that were cited most frequently where people would park instead are Cheverly and Addison Rd Metro Stations. Of parking customers surveyed, 26% stated they would get to Deanwood Metro Station by other means (bus, taxi, walk, shuttle, or park elsewhere), and 18.5% of existing parking customers stated they may choose not to ride Metrorail altogether. Given that Metro would potentially lose 13 parking customers, but gain 129 transit riders through joint development, the net gain in ridership justifies proceeding with a maximum build out of the joint development site.

The fiscal impact analysis of joint development without replacing Park & Ride parking is positive. The lost ridership and parking revenue from parkers at Deanwood is calculated to equal \$112,246 annually. However, with current parking customers choosing to park elsewhere in Metro-owned parking facilities, or arrive at Metro station by other transportation modes, Metro would continue to receive \$89,790 annually in revenue from parkers. Metro would also generate \$199,500 new revenue from new riders coming from the joint development. This is a net positive

impact of \$177,044 annually to Metro, once development is complete. The real estate revenues from joint development would be determined by through the Joint Development Solicitation competition and a complete fiscal impact of the joint development will be presented to the Board after selection of a developer.

Lastly, because staff is proposing to eliminate the Park & Ride surface lot, Metro must conduct a Compact Public Hearing on the proposed changes to the Mass Transit Plan. Staff proposes to hold the Compact Public Hearing prior to bringing a Joint Development Agreement for Board approval.

FUNDING IMPACT:

Joint development is a revenue-producing activity for Metro, which results in new ridership revenue and real estate revenue.	
Project Manager:	Rosalyn Doggett, Senior Real Estate Advisor
Project Department/Office:	CFO/LAND

TIMELINE:

Previous Actions	<p>March/1996 - Joint Development Solicitation issued; no responses</p> <p>July/1999 - Joint Development Solicitation issued; no responses</p> <p>June/2013 - Deanwood Metro Station Access Improvement Study completed</p> <p>June/2017 - Deanwood Metro Station Parking Customer Survey completed</p>
Anticipated actions after presentation	<p>March/2018 - Compact Public Hearing</p> <p>April/2018 - Issuance of a Joint Development Solicitation</p> <p>June/2018 - Staff to present to Board results of the Compact Public Hearing</p>

RECOMMENDATION:

Board approval to: (1) issue a Joint Development Solicitation for Deanwood Metro Station, and (2) hold a Compact Public Hearing to remove the 194-space surface Park & Ride lot at Deanwood Metro Station.



Washington Metropolitan Area Transit Authority

Deanwood Metro Station Joint Development

Capital & Strategic Planning Committee

January 11, 2018



Purpose

Seek Board approval to:

- Issue a Joint Development Solicitation at Deanwood Metro Station
- Hold a Compact Public Hearing to remove a 194-space surface parking lot



Background

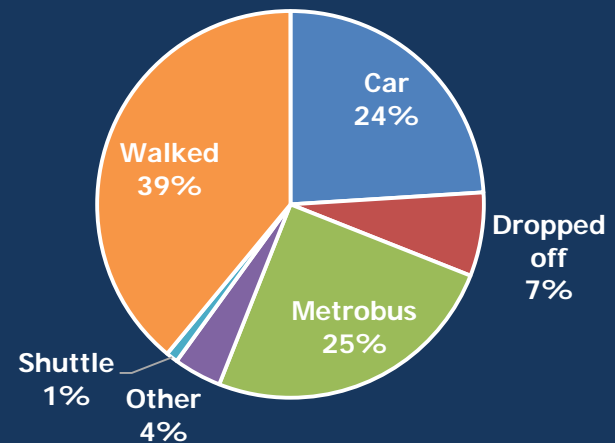
March 1996	Metro issued a Joint Development Solicitation; no responses received
July 1999	Metro issued a Joint Development Solicitation; no responses received
June 2013	Deanwood Metro Station Access Improvement Study completed
June 2017	Parking customer survey conducted

Proposed Joint Development Site



- 6 bus bays
- Kiss & Ride facility
- 194-space Park & Ride (1.6 acres)
- Average 1,242 weekday rail entries
- 3rd lowest ridership of 91 stations

Access Mode Share





DC's Goals for Redevelopment of Deanwood Metro Station

- Small Area Plan goals Metro station site:
 - Expanded neighborhood-serving commercial uses
 - Redevelopment of vacant and abandoned properties into residential households to support retail and walkability to the station
 - Prioritize attractive, pedestrian-friendly design and de-emphasize auto-oriented uses and surface parking lots
- Community Support of Development
 - Supportive of senior housing, mixed-income housing, both rental and home-ownership opportunities, also commercial uses
 - Believe development will activate the street and reduce crime
 - Desire Minnesota Avenue connection from the Minnesota Avenue Metro Station to the Deanwood Metro Station



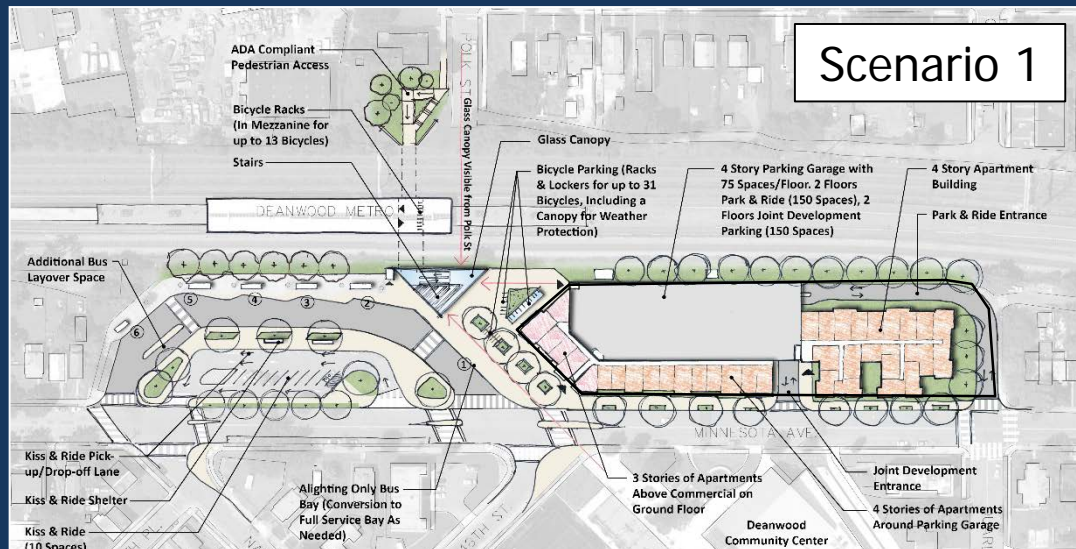
Metro's Joint Development Goals

2040 Ridership Goals

Current Ridership	Current Revenue	Ridership Target	New Revenue Target
1,242 weekday riders	\$3,300/weekday	425 to 600 more weekday riders	\$750,000 - \$1 million/year

- Joint development estimated to create 129 new riders (21% - 30% of 2040 goal)
- Improve pedestrian and bicycle connections
- Reduce crime at/around station area
- Maximize real estate revenue
- Reduce Metro expenses

Joint Development Scenarios



Scenario 1

Less than 1:1 replacement parking

- 150-space replacement
- 138 residential units
- 10,000 SF retail



Scenario 2

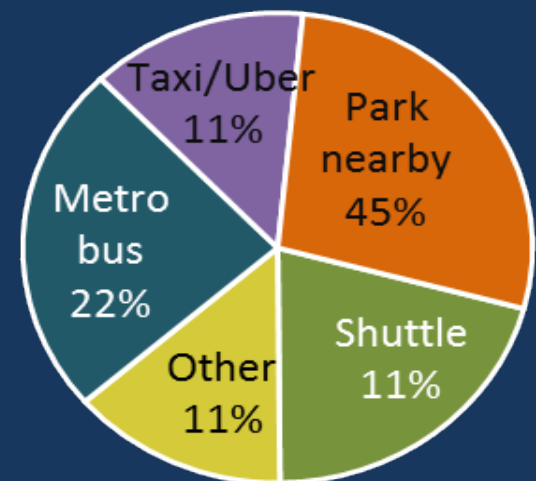
No replacement parking

- 160 residential units
- 10,000 SF retail

Parking Survey Results

- Customer survey in June 2017
 - Majority of parkers are Prince George's County residents
 - 55.5% would park at another station (Cheverly, Minnesota Ave, Addison Rd)
 - 26.0% would arrive by other means (bus, walk)
 - 18.5% may be lost customers

Customers Arriving
by Other Means





Net Fiscal Benefit of Joint Development

- Recommend no replacement parking
- Positive net revenue gain after joint development

Deanwood Joint Development	Projected Annual Revenue
Current net revenue from parkers*	(\$112,246)
Projected net revenue from parkers*	\$89,790
Projected ridership revenue gain from joint development	\$199,500
Net Revenue Subtotal	\$177,044

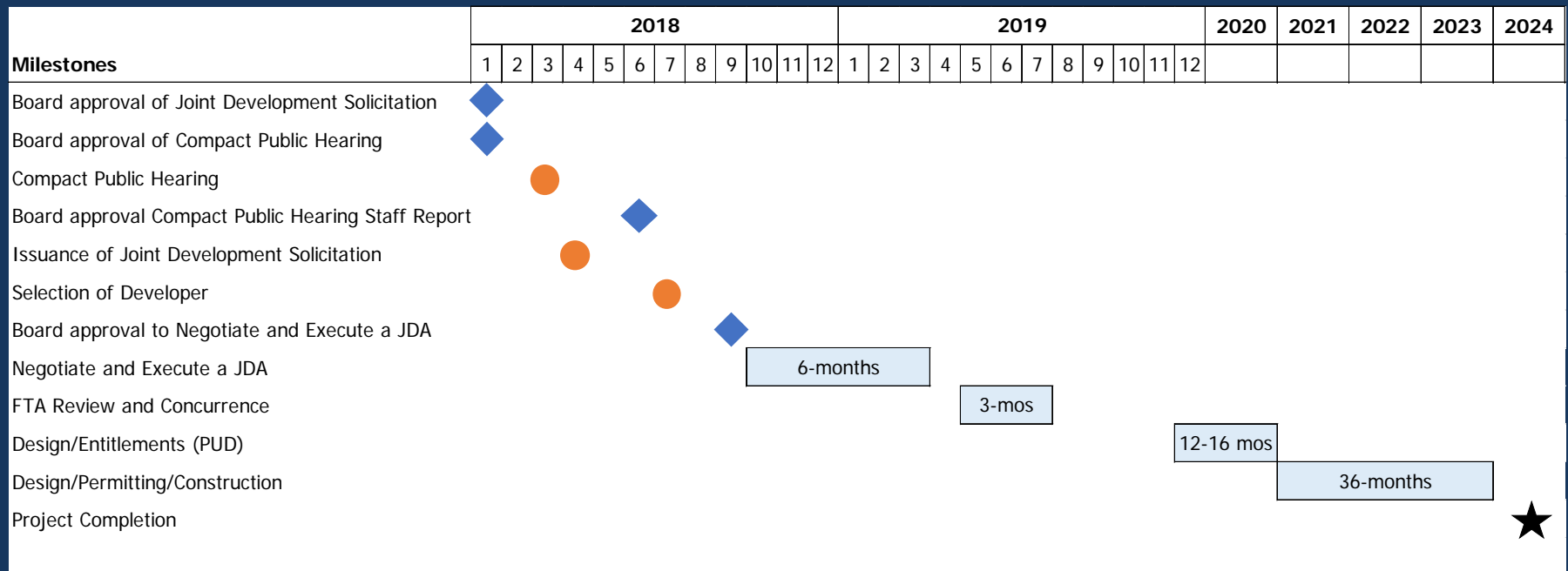
*Net revenue includes fare revenue and parking fees paid, less parking operation and maintenance costs



Estimated Project Timeline

Estimated timeline, without changes in market conditions:

- Metro solicitation and approvals: 20 months
- Private development process: 48+ months





Recommendation

Approval to:

- Issue a Joint Development Solicitation at Deanwood Metro Station
- Hold a Compact Public Hearing to remove a 194-space surface parking lot

SUBJECT: APPROVALS TO ISSUE A JOINT DEVELOPMENT SOLICITATION FOR THE DEANWOOD METRORAIL STATION AND TO HOLD A COMPACT PUBLIC HEARING

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

WHEREAS, Resolution 2014-32 requires approval of the Washington Metropolitan Area Transit Authority (WMATA) Board of Directors to offer sites in a proposed joint development solicitation; and

WHEREAS, WMATA Compact Section 15 requires the Board of Directors to transmit proposed changes to the Mass Transit Plan (MTP) to certain enumerated agencies and to conduct a Public Hearing before a MTP is altered, revised or amended; and

WHEREAS, In June 2013, staff completed a Station Access Improvement Study for Deanwood Metrorail Station which resulted in a recommendation for a joint development concept for residential development and neighborhood-serving retail to replace Metro's surface Park & Ride lot; and

WHEREAS, The recommended joint development concept is consistent with the District of Columbia's approved Small Area Plan, and the surrounding communities are supportive of development at Deanwood Metrorail Station; and

WHEREAS, The elimination of the existing 194-space surface Park & Ride lot located at the Deanwood Metrorail Station will result in changes to the MTP; NOW, THEREFORE, be it

RESOLVED, That the Board of Directors authorizes staff to issue a joint development solicitation for redevelopment of the 194-space surface Park & Ride lot at Deanwood Metro Station; and be it further

RESOLVED, That, in accordance with WMATA Compact Section 15, the Board of Directors authorizes staff to transmit the proposed MTP changes to the enumerated agencies and to hold a public hearing on the proposed changes to the Deanwood Metrorail station as a result of the removal of the Park & Ride lot, and directs staff to bring to the Board for its approval a Public Hearing Staff Report; and be it finally

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

Reviewed as to form and legal sufficiency,



Patricia Y. Lee
General Counsel

WMATA File Structure Nos.:
18.8 Public Hearings and Meetings
21.9.1 Joint Development Solicitations and Request for Proposal

PROPOSED