



Finance and Capital Committee

Action Item III-B

December 12, 2019

**Approval of Joint Development Agreement for
West Hyattsville Metro Station**

Washington Metropolitan Area Transit Authority

Board Action/Information Summary

☒ Action ☐ Information

MEAD Number:
202141

Resolution:
☒ Yes ☐ No

TITLE:

West Hyattsville Joint Development Agreement

PRESENTATION SUMMARY:

Metro staff is seeking board approval of a Joint Development Agreement (JDA) for the sale of approximately 5.3 acres of Metro property at the West Hyattsville Metro Station.

PURPOSE:

Request Board approval to execute a JDA for the sale of 5.3 acres at West Hyattsville Metro Station.

DESCRIPTION:

Key Highlights:

- Metro received an unsolicited offer by an adjacent property owner to purchase 5.3 acres of property
- The property cannot be developed by any other party because it is landlocked
- The proposed transaction is consistent with Metro's Joint Development Policy and required criteria for approval of a JDA
- Staff has negotiated the terms of a JDA, which includes:
 - o compensation above the appraised fair market value
 - o covenants on the property that guarantee a transit-oriented development project with a minimum development density
 - o construction and maintenance of bicycle and pedestrian facilities to the Metro station.

Background and History:

Constructing transit-oriented development at the West Hyattsville Metro Station has been a long-standing local government priority established in local land-use policies. Metro owns 27 acres at the station, which are being planned for joint development.

Metro's 27 acres are physically bisected by the Green Line, which enters the site from the south on a bridge, continues north on a raised berm, then descends into a tunnel portal on the north side. On the southern side, Metro has a surface parking lot, kiss & ride and bus bays. The property on the north side is undeveloped.

There was a previous attempt to develop these Metro properties. In 2005, Metro entered a joint development agreement for the entire station site. The prior agreement called for the north parcel to be sold and assembled into the adjoining property. The prior agreement was terminated in 2009 due to the project failing to move forward.

Metro staff has been planning joint development for the station on the south side. Staff will seek authorization to issue that solicitation, in the future.

Discussion:

Metro received an unsolicited offer from an adjoining property owner to the West Hyattsville Metro Station, **West Hyattsville Property Company, LLC**, which is seeking to acquire the property and incorporate it into its adjacent Riverside Project (defined below). **West Hyattsville Property Company, LLC** is comprised of the **Gilbane Development Company**, which is responsible for the day-to-day management of the project, and **The Hogan Development Group, LLC**.

West Hyattsville Property Company, LLC owns an adjacent 18.5-acre property that it plans to develop into a mixed-use project with 300 apartment units, 183 townhomes, and 9,000 square feet of retail ("Riverside Project"). The adjacent Metro property is not accessible by public street and therefore, landlocked and not developable except by **West Hyattsville Property Company LLC**. By acquiring the Metro site, the company would construct an additional 200 or more residential units and increase ridership at the Station.

Metro's Joint Development Policies allow for Metro to consider unsolicited offers from adjacent property owners for assemblages that would result in a higher density transit-oriented development. In this case, there is no existing public road to Metro's property on the north side of the station. Metro's site is bound by **West Hyattsville Property Company, LLC** property to the north and west, park land and an Anacostia River tributary on the south, and an aerial Metrorail track to the east. Metro's consultants determined there was not another feasible access to the site, other than through the property owned by **West Hyattsville Property Company, LLC**.

Staff has completed the negotiations of the JDA and recommends approval. The transaction is proposed as a fee simple sale, even though ground leases are the preferred disposition method for joint development when practicable. In this case, because the adjacent property owner would assemble the site with its existing property, it would not make sense for the owner to own a

portion of the land under their development project and have a ground lease on another portion of the project. This would make future transactions of the development very difficult. The sale of property under this circumstance is the best approach to a viable transit-oriented development.

FUNDING IMPACT:

This action will generate revenues.	
Project Manager:	Andy Scott, Senior Real Estate Advisor
Project Department/Office:	Office of Real Estate and Parking

TIMELINE:

Previous Actions	<p>2005 – Metro entered into a JDA with a developer who was given rights to develop the entire station property.</p> <p>2009 – The 2005 JDA was terminated.</p>
Anticipated actions after presentation	<p>Winter 2019 – Seek FTA concurrence of the Joint Development Agreement.</p> <p>Spring 2020 – Close on a property sale.</p>

RECOMMENDATION:

Board approval to execute a Joint Development Agreement for the sale of 5.3 acres at West Hyattsville Metro Station.

West Hyattsville Joint Development

Finance and Capital Committee
December 12, 2019



Purpose

Request Board authorization to execute a Joint Development Agreement for the sale of a 5.3-acre parcel at the West Hyattsville Metro Station

Background

- West Hyattsville Station adjacent property owner proposed purchase of 5.3 acres of Metro property for transit-oriented development
- No other party can develop this property
- Joint Development Policies permit entering into a Joint Development Agreement without open competition
- Staff has negotiated the terms for and recommends the sale of property under a Joint Development Agreement

West Hyattsville Station

- 27-acre station area
- 7 bus bays
- 110-space Kiss & Ride lot
- 453-space Park & Ride lot
- Property bisected by aerial tracks
- Station entrance on east parcel
- 3,220 average weekday entries



Owned by Metro



Owned by West Hyattsville Property Company LLC

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Riverfront Development Project

- 25.3-acre Riverfront development owned by West Hyattsville Property Company LLC includes:
 - 183 townhouses
 - 300-400 apartment units
 - 10,000 square feet of commercial
- Metro's North parcel is landlocked, with no public road access



Joint Development Proposal

- Sale of property with covenant on land with minimum density of 200 units
- Construction and maintenance of new pedestrian and bicycle connections
- No impact to Metro transit facilities
- Riverfront development, plus Metro's North parcel, estimated to generate 1,038 additional daily ridership
- Joint development of South parcel will be proposed separately



Recommendation

Authorize execution of a Joint Development Agreement for the sale of a 5.3-acre parcel at the West Hyattsville Metro Station

SUBJECT: APPROVAL TO EXECUTE A JOINT DEVELOPMENT AGREEMENT FOR THE
WEST HYATTSVILLE METRORAIL STATION

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

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

WHEREAS, West Hyattsville Property Company, LLC ("Purchaser"), the owner of property located adjacent to the West Hyattsville Metrorail Station, has submitted to WMATA an unsolicited offer to acquire 5.3 acres of WMATA property located at the West Hyattsville Metrorail Station (the "Property"); and

WHEREAS, WMATA's joint development policies allow WMATA to consider unsolicited offers from adjacent property owners for assemblages that would result in a higher density transit-oriented development; and

WHEREAS, Staff has negotiated a joint development agreement with Purchaser (or its affiliate) that would result in a higher density transit-oriented development than what could be built on the Property as a stand-alone site;


NOW, THEREFORE, be it

RESOLVED, That the Board authorizes the General Manager and Chief Executive Officer (GM/CEO) or his designee to execute a joint development agreement with Purchaser (or its affiliate) for the sale of the Property; and be it further

RESOLVED, That the sale of the Property shall be contingent upon covenants being recorded on the property that guarantee transit-oriented development with a minimum development density (as deemed appropriate by the GM/CEO) and require the Purchaser (or its affiliate) to build bicycle and pedestrian facilities to the Hyattsville Metrorail Station; and be it finally

RESOLVED, That this Resolution shall take effect immediately to allow staff to timely execute this joint development agreement.

Reviewed as to form and legal sufficiency,



Patricia Y. Lee
General Counsel

WMATA File Structure No.:
21.9.4 Joint Development Agreements

PROPOSED