

Report by Finance and Capital Committee (A) 10-24-2019

Washington Metropolitan Area Transit Authority Board Action/Information Summary

☒ Action ☐ Information

MEAD Number:
202113

Resolution:
☒ Yes ☐ No

TITLE:

Joint Development for Huntington Metro Station

PRESENTATION SUMMARY:

Staff is requesting Board approval of a Joint Development Agreement for the Huntington Metro Station. The agreement engages a master developer to plan, entitle, develop infrastructure and prepare joint development pads for disposition to vertical developers.

PURPOSE:

- Seek Board approval to execute a Huntington Metro Station Joint Development Agreement.

DESCRIPTION:

In accordance with Metro's Joint Development Policies, adopted by the Board in Resolution #2018-13, staff is required to seek Board approval of any joint development agreement. Metro issued a joint development solicitation in May 2019 and has selected a master developer with whom to enter into a joint development agreement. The joint development agreement has been negotiated and is subject to Board approval to become binding.

Key Highlights:

- Several factors are compelling Metro to engage a master developer for joint development of the Huntington Metro Station. Those factors include: private development plans around the Metro station; closure of the south garage, which provides an opportunity to analyze the size of that garage in the future; and the initiation of the Fairfax County Comprehensive Planning process.
- Joint development and an enhanced station area would support reaching the goal of 26 percent increase in ridership for this station.
- The joint development agreement is structured to accelerate development at Huntington Metro Station by engaging a master developer to first prepare the joint development pads, and then subsequently dispose of the joint development pads.

Background and History:

The Huntington Metro Station is the terminus station for the Yellow Line in southern Fairfax County. Metro has already completed one joint development near Huntington Metro Station, which resulted in 470 townhouses and apartments, developed in phases and completed in 2011. A portion of the south end of the site is targeted for 250,000 square feet of office space in Fairfax County's Comprehensive Plan but demand has never materialized. The surrounding area mainly consists of townhouses and single-family homes, rather than higher-density and more transit-oriented uses.

Metro facilities at the site include north and south entrances, bus loops and Kiss & Ride areas. There are also three parking garages: (1) the north garage with 1,281 spaces; (2) the middle garage with 1,451 spaces; and (3) the south garage with 885 spaces. The south garage was closed August 2018 due to unsafe conditions, and will be demolished once a design is decided. The south garage closure provides an opportunity to examine whether replacement of the 885 spaces is needed and to re-examine the location of Metro infrastructure at the south end of the station site with the objective of improving customer access. It also opens the opportunity to see where new development might be accommodated. The north and middle garages achieved only 72 percent average weekday occupancy in fiscal year 2019.

A confluence of factors make it opportune for a new joint development for the 30-acre Metro station site. These include: increased private development surrounding the station, closure of the south garage, the start of the Fairfax County Comprehensive Plan Amendment process, initial funding for the Richmond Highway Bus Rapid Transit ("BRT"), and the promise of Amazon's HQ2, only 15 minutes north on the Yellow Line.

Lower utilization of parking at Huntington Metro Station and the funding that has been allocated to plan and build the first phase of the Richmond Highway BRT route both will influence the decision about how much parking should be built on the south garage site at Huntington Metro Station, which in turn influences the site plan and development potential for joint development. Metro seeks to engage a master developer to examine the amount

of parking, if any at all, as well as to create site plans, infrastructure plans, secure entitlement approvals, and to design and construct the infrastructure to prepare the site for development.

The south Fairfax County Comprehensive Plan Amendment process is, coincidentally, being initiated in December 2019, which allows Metro to submit its plans for consideration in the Comprehensive Planning process. Currently, the property around the station is designated, from a land use perspective, for transit use only (apart from a 250,000 square foot office building), which Metro seeks to have changed to allow residential, retail and office development.

Discussion:

This joint development is unique in that staff is proposing a two-step process. The first step is to engage a master developer to seek Comprehensive Plan Amendment approvals, evaluate future replacement parking needs, prepare site plans and concept development plans, develop funding plans, and design and construct infrastructure at the site for joint development. Afterward, the developers would assist Metro in disposing of joint development pads. Staff has selected and negotiated a joint development agreement for this scope of work with Stout & Teague Management Corp.

Stout & Teague Management Corp. would not be permitted to bid on the future pad site developments. Metro will return to the Board for approval of the lease and/or sale of individual pad sites in the future.

This joint development agreement approach is intended to minimize risk to Metro and a future acquirer of the pad sites, and to maximize revenue to Metro. The physical and infrastructure complexities of the site mandate this approach. Ultimately, the purpose of the joint development is to increase ridership, better connect the Metro Station to neighboring communities, and reduce costs to Metro.

FUNDING IMPACT:

| | | | |
|----------------------------|--|-------------------|-------------|
| Program: | Capital Improvement Program | | |
| Project: | Huntington Parking Garage | | |
| Project Manager: | Rosalyn Doggett | | |
| Project Department/Office: | Chief Financial Officer/Real Estate & Parking | | |
| | Year One | Year Two & Beyond | Total |
| Budget: | \$1,300,000 | \$1,000,000 | \$2,300,000 |
| This Action: | \$1,300,000. | \$1,000,000 | \$2,300,000 |
| Prior Approval: | | | |
| Remaining Budget: | | | |
| Remarks: | Budget and funding beyond FY21 (year two) are subject to Board approval and availability of funds. | | |
| Operating Budget Impact: | None | | |

TIMELINE:

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| Previous Actions | September 2018 - Board approved issuance of Joint Development Solicitation May 2019 - Joint Development Solicitation issued July 2019 - Master developer selected |
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| Anticipated actions after presentation | 2020 - Fairfax County Comprehensive Plan Amendment process 2022 - Design and construction of site infrastructure 2023 - Marketing of joint development pad sites 2023- Seeking Board approval for lease/sale agreements for pad sites |
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RECOMMENDATION:

Approve Huntington Metro Station Joint Development Agreement.

SUBJECT: APPROVAL TO EXECUTE A JOINT DEVELOPMENT AGREEMENT FOR
HUNTINGTON METRO STATION

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

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

WHEREAS, In Resolution 2018-32, the Board approved issuing a joint development solicitation for redevelopment at the Huntington Metro Station; and

WHEREAS, Staff selected Stout & Teague Management Corp. as the master developer; and

WHEREAS, WMATA negotiated a joint development agreement with Stout & Teague Management Corp. to prepare the Huntington Metro Station site for redevelopment and, at WMATA's option, to manage the sale or lease of private development pads to other developers;

NOW, THEREFORE, be it

RESOLVED, That the Board authorizes the General Manager and Chief Executive Officer or his designee to execute a joint development agreement with Stout & Teague Management Corp.; and be it further

RESOLVED, That staff shall seek Board approval as a condition precedent to any obligation to close on the sale or lease any of the private development pads; and be it finally

RESOLVED, That this Resolution shall take effect immediately to allow staff to timely execute the 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