

Consent Item (B) 02-24-2022

Washington Metropolitan Area Transit Authority

Board Action/Information Summary

☒ Action ☐ Information

MEAD Number:
202335

Resolution:
☒ Yes ☐ No

TITLE:

300 7th Street SW Office Lease

PRESENTATION SUMMARY:

Staff will seek authorization to execute a lease with the District of Columbia Housing Authority (DCHA) at WMATA's new DC headquarter building at 300 7th Street SW.

PURPOSE:

To request Board authorization to execute a lease with the District of Columbia Housing Authority (DCHA) for office space at Metro's new DC headquarters located at 300 7th Street SW.

DESCRIPTION:

DCHA will lease office space on the 10th and 11th floors, a mutually agreeable portion of the 9th floor, retail space on the ground floor and share access with WMATA to the ground floor and rooftop amenities.

Key Highlights:

- DCHA will lease a minimum of 41,300 and a maximum of 51,000 square feet of office space on 10th and 11th floors, mutually agreeable portion on the 9th floor, 1,300 - 2,000 square feet of retail space on the ground floor for a customer service center
- Access to ground floor conference rooms, gym and locker rooms and rooftop will be shared with WMATA
- Lease term is twelve years and commences in February 2023

Background and History:

WMATA is implementing an office consolidation strategy that reduces costs and improves efficiencies by consolidating operations in three new buildings in DC, MD and VA. WMATA purchased 300 7th Street SW in 2018 for its new DC headquarters. Renovations added three additional floors to the building to be leased to a third party creating new revenue opportunities. Jones Lang Lasalle

(JLL) served as the leasing broker and pursued 23 leasing opportunities over 24 months including providing formal proposals to three prospective tenants.

DCHA, an independent agency funded by the U.S. Department of Housing and Urban Development, provides affordable housing to low-income residents and is relocating from its current headquarters at 1133 North Capitol Street NE. WMATA responded to DCHA's headquarter prospectus in November 2021. DCHA selected seven buildings to tour in December 2021, and shortlisted to three in January. WMATA was recently notified that 300 7th Street SW had been selected.

Discussion:

DCHA will lease a minimum of 41,300 and a maximum of 51,000 square feet of office space on the 10th and 11th floors and mutually agreeable portion of the 9th floor. In addition, DCHA will also lease 1,300 - 2,000 sf of retail space on the ground floor for customer service center and will share access with WMATA to ground floor conference room facilities, gym and locker room, and rooftop amenity space.

The lease term is twelve years and will commence in February 2023.

FUNDING IMPACT:

WMATA capital funds have already been allocated for the build out of tenant improvements (TI) which will be repaid via amortization over the course of the lease. The lease will generate significant net new annual revenue to Metro.	
Project Manager:	Nia Rubin
Project Department/Office:	LAND, Office Consolidation Project

TIMELINE:

Previous Actions	<ul style="list-style-type: none">- WMATA bought 300 7th Street SW in 2018- WMATA responded to DCHA lease prospectus in November 2021- 300 7th St SW selected for DCHA's headquarters in January 2022
Anticipated actions after presentation	Lease execution anticipated in March/April 2022

RECOMMENDATION:

To request Board authorization to execute lease with District of Columbia Housing Authority (DCHA) for office space at Metro's new DC headquarters located at 300 7th Street SW.

PRESENTED AND ADOPTED: February 24, 2022

SUBJECT: APPROVAL OF LEASE FOR CERTAIN SPACE AT 300 7TH STREET SW

2022-04

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

WHEREAS, Resolutions 2011-30 and 2018-22 require approval of the Board of Directors to lease property when the annual rent is greater than \$1 million; and

WHEREAS, WMATA staff has negotiated terms of an office lease agreement wherein WMATA intends to lease up to approximately 51,000 square feet of office space and 2,000 square feet of retail space in its building located at 300 7th Street, SW, in the District of Columbia to a prospective tenant; and


WHEREAS, The annual rent for the lease exceeds \$1 million;

NOW, THEREFORE, be it

RESOLVED, That the Board of Directors authorizes the General Manager and Chief Executive Officer to execute the office lease for up to approximately 51,000 square feet of office space and 2,000 square feet of retail space in its building located at 300 7th Street, SW, in the District of Columbia; and be it finally

RESOLVED, That this Resolution shall be effective immediately to allow staff to proceed to closing on the lease transaction as contemplated by the office lease agreement.

Reviewed as to form and legal sufficiency,



Patricia Y. Lee
General Counsel

WMATA File Structure No.:

21.3.3 Disposal of Less-Than-Fee Temporary Interest (leases, licenses, most permits)

Motioned by Mr. Smedberg, seconded by Ms. Babers

Ayes: 8- Mr. Smedberg, Ms. Babers, Mr. Zappi, Ms. Kline, Mr. Letourneau, Dr. Hadden Loh, Mr. Drummer and Ms. Martin-Proctor