# Board Document

| OVERVIEW | | | |
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| **PRESENTATION NAME** | North Bethesda Joint Development Agreement | **DOCUMENT NO.** | 300160 |
| **ACTION OR INFORMATION** | Action | | |
| **STRATEGIC TRANSFORMATION PLAN GOAL** | Financial and Organizational Efficiency; | | |
| **RESOLUTION** | Yes | | |
| **EXECUTIVE OWNER** | | | |
| **EXECUTIVE TEAM OWNER** | Webster, Thomas J.; | | |
| **ORGANIZATION** | Planning and Performance | | |
| **DOCUMENT INITIATOR** | Kathryn P. Angleton | | |
| **OTHER INFORMATION** | | | |
| **COMMITTEE** | Finance and Capital Committee | **COMMITTEE DATE** | 10/8/2026 |
| **PURPOSE/KEY HIGHLIGHTS** | Request Board authorization to enter into a Joint Development Agreement for the North Bethesda Metro station. | | |
| **DISCUSSION** | Joint Development maximizes the value of Metro assets by increasing transit ridership, generating new fare and real estate revenues, and supporting local economic development, housing priorities, and tax revenues.<br>This project is being implemented in partnership with Montgomery County. In 2024, Metro and Montgomery County signed a Memorandum of Understanding (MOU) affirming goals to create a life-science-anchored, mixed-use development on the 13.9-acre Metro site at the North Bethesda Metro Station. Also in 2024, Metro issued a solicitation for a developer to achieve those goals. | | |

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| | In 2025, Metro selected Hines and initiated negotiations. Hines proposes to deliver two million square feet of development. The project is proposed to consist of up to 930,000 square feet of office for life science space, which will include the University of Maryland Institute for Health Computing (IHC). In addition to the office space, approximately 800 residential units of which 15% are to be affordable and 100,000 square feet of retail and other commercial uses.<br>The project contemplates the shared use of the existing Metro garage. A Compact Public Hearing will be held this Fall, to consider removing up to 550 spaces from Metro Mass Transit Plan, which are excess. If the hearing report is approved by the Board, Metro staff would then enter into a long-term lease and/or other agreements with the developer.<br>Montgomery County is also planning to fund and deliver a new north entrance to the North Bethesda Metro Station, under separate agreements. The addition of this entrance is also a subject of the upcoming Compact Public Hearing. The Joint Development will be designed in coordination with the new entrance project. The developer will also construct a pedestrian plaza tying into the entrance improvements, to maximize place-making and pedestrian access to the station.<br>Phase 1 of the Joint Development project includes construction of streets and placemaking around the north Metro entrance, an office building and a residential building. Additional phases will be delivered according to a milestone schedule. Each building will be on a separate ground lease, executed prior to construction. Ground rent will be established for each phase six months prior to take down based on residual land value analysis.<br>The proposed Joint Development agreement meets the Board of Director's joint development approval criteria:<br>1. Maintains or enhances transit ridership, safety and/or access<br>2. Maintains or enhances WMATA's ability to operate transit services and/or maintain the transit system<br>3. Has a positive net fiscal impact for WMATA<br>4. Is consistent with or enhances local land use and economic development plans<br>5. Complies with FTA Guidelines<br>This project will leverage significant state and local investments. To implement this overall vision, the county has identified $69 million in local, state and federal funds for the north entrance, streets, sidewalks and other on-site infrastructure. The county also identified an additional $50 million to support construction of a permanent location for the Institute for Health Computing, serving as an anchor of the first phase. Another MOU outlining commitments to |

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| | implement the first phase is being finalized among WMATA, the county and the University of Maryland. |
| **INTERESTED PARTIES** | Hines<br>Perkins Eastman<br>NBBJ |
| **RECOMMENDATION/NEXT STEPS** | Board authorization to execute a joint development agreement for North Bethesda Metro Station.<br><br>Anticipated next steps include: (1) execution of an MOU between Metro, Montgomery County, University of Maryland, and Hines in Fall 2026; (2) Montgomery County to finalize Better Utilizing Investments to Leverage Development (BUILD) grant agreement with Federal Transit Administration (FTA) and release RFP for progressive design-build contract for new station entrance in Fall 2026; (3) Metro to hold a Compact Public Hearing on the new station entrance and reduction in customer parking in Fall 2026; (4) Montgomery county execution of design-build contract for a new station entrance in Winter 2027; (5) Hines to propose sketch plan and file for subdivision to Montgomery County in Spring 2027; (6) construction of new station entrance; and (7) closing on Phase 1 ground lease and commencement of construction of joint development by 2031. |
| **FUNDING IMPACT** | Proposed mixed-use development is anticipated to have a positive impact on revenue via increased ridership and improved access.<br><br>Ground leases are anticipated to generate revenues. All ground leases will include rental payments for capital events. The base Phase 1 land value is being applied to infrastructure costs, while future phases will include annual base ground rent payments.<br><br>All costs for the associated north entrance project will be covered by the jurisdiction. |

SUBJECT: AUTHORIZATION TO EXECUTE A JOINT DEVELOPMENT AGREEMENT FOR LAND LOCATED AT THE NORTH BETHESDA METRO STATION

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

WHEREAS, Section 2.3 (C) of the Authority's Joint Development Policies, as amended by Resolution 2022-34, requires Board of Directors' approval to execute a joint development agreement; and

WHEREAS, Metro issued a solicitation to develop 13.9 acres of land located at the North Bethesda Metro Station and selected Hines proposal to construct a mixed-use development, including office space for life sciences, residential, and commercial uses; and

WHEREAS, Staff negotiated a joint development agreement with Hines that meets the approval criteria for joint development set forth in Section 2.2 of the Joint Development Policies and is consistent with Metro's 10-year Strategic Plan for Joint Development; and

NOW THEREFORE, be it

*RESOLVED*, That the Board of Directors authorizes the General Manager and Chief Executive Officer or his designee to execute a joint development agreement with Hines, or its affiliate, for Metro's property at the North Bethesda Metro Station; and be it finally

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

Reviewed as to form and legal sufficiency,

/s/
Patricia Y. Lee
Executive Vice President, Chief Legal Officer and General Counsel

WMATA File Structure No.:
21.9.4 Joint Development Agreements

PROPOSED