

Washington Transit Program Includes Joint Development

By Henry W. Cord, SR/WA

A transformation of the Metropolitan Washington region began with the 1969 groundbreaking for a 101-mile rapid transit system, known as Metro. By 1976, the first trains ran along an initial 4.5 mile five station segment in the center of the District of Columbia.

Rapid growth of Metro was continued. Thirty-seven miles and 41 stations were in operation as of early 1981. Twenty-four miles and 16 stations are currently under construction.

The transit connection serves the District of Columbia and adjoining urbanized areas of Maryland and Virginia, which have a combined metropolitan area population exceeding three million persons. Daily average ridership on the Metro system exceeded 274,000 trips by the end of 1980. Metrobus, also owned and operated by the Washington Metropolitan Area Transit Authority (WMATA), provided service to an additional average ridership exceeding 350,000 trips. Metro is planned for phased expansion up to its currently authorized size of 101 miles and 86 stations by 1990.

Regional Impact

The impact of Metro was illustrated in the 1979 Federal City Council study, which identified that more than \$970 million worth of private development had already been completed or placed under construction in the vicinity of present or future Metro stations, and nearly \$5 billion more contemplated at that time. As of March 1981, WMATA had directly provided an additional \$430 million in development investment by its initiation of joint development at seven station areas.

A congressional staff survey completed in early 1981 reported that the value of land around operating Metro stations had increased at least \$2 billion since the first subway trains began serving the public five years earlier. The survey used the most conservative real estate formulas available. It further reported that the cost of housing and office space near these stations continues to rise at a significantly higher rate than at nonstation areas.

Development Policy

WMATA recognizes that a symbiotic re-

lationship exists among the use of mass transit, land use, and energy use. Consequently, WMATA's development efforts are being directed towards a more definable framework of explicit goals, objectives and policies, whose central purpose is to promote a more intensive use of land favorable to transit.

Some basic policies applied in achieving the broader goals and public benefits from the Metro System are:

- Participation in intermediate and long-range planning affecting land use near Metro stations.
- Optimizing development potential through more forceful positions on zoning, capital improvements, and parking requirements at station areas.
- Dissemination of information on benefits accruing from more intensive land use to developers, owners, citizens and local governments.
- WMATA's use of its own land and property rights in a more intensive way, including direct involvement in joint developments, direct access agreements and related business cooperative agreements.

Joint Development

Simply defined, joint development at WMATA is the multiple use of transportation centers for both private real estate development and transit facilities. The public benefits are numerous, e.g., revenue sources to WMATA to apply to operating costs and significant tax benefits. As importantly, it offers the opportunity to: Promote energy conservation; gain high-quality development; allocate local resources in a more optimal fashion; and increase the overall use of public transportation.

WMATA's direct involvement in development related transactions can further act as a catalyst for promotion of economic development on a systemwide basis. It also provides evidence throughout the industry that joint development is both practical and achievable.

Initiation of the joint development process normally occurs through a review and analysis of development issues at station areas as early as possible in the planning process. This permits resolution of public issues in advance of soliciting proposals. Such issues may involve local decisions on land use and applicable zoning, adequate public facilities in support of development, and citizen participation in the process. This effort culminates with the issuance of a prospectus or offering setting forth the minimum requirements to be contained in the private sector's development proposal response. From this point forward is involved the selection process, lease ratification and intense management to assure successful project completion. WMATA must assure timely placement and protection of the Metro facilities while at the same time offering the opportunity to the private sector to receive an adequate return on investment. Any prospectus inviting proposals for joint development must contain incentives necessary to attract quality development. For example, provision for adequate return on investment and design flexibility for commercial space may be necessary incentives. This further insures a reasonable expectation that proposal responses will be received from private developers.

WMATA has been able to successfully integrate public and private sector objectives in a number of projects to date. The following synopses on five projects illustrate our active participation in joint development.

Connecticut Connection

Located at the Farragut North Metro Station in the downtown central business district, this site area of 17,566 square feet resulted from WMATA's purchase of three separate ownerships. The entire site was required to locate a major entrance to the station and a cooling tower facility, as well as to provide a construction staging area. Direct access to Metro both at grade and below grade enhanced the opportunity for successful joint development under a long term lease.

Use of air rights, adjacent excess areas and existing zoning with certain approved variances resulted in a \$14 million office-

retail complex with a gross floor area exceeding 200,000 square feet. The project was completed in late 1978 and is 100 percent occupied. Significant annuity income accrues to WMATA with the opportunity for increase. Provision was made in the lease allowing WMATA to participate on a percentage basis in future value appreciation of the project, particularly as is enhanced by the presence of Metro.

Rosslyn Metro Center

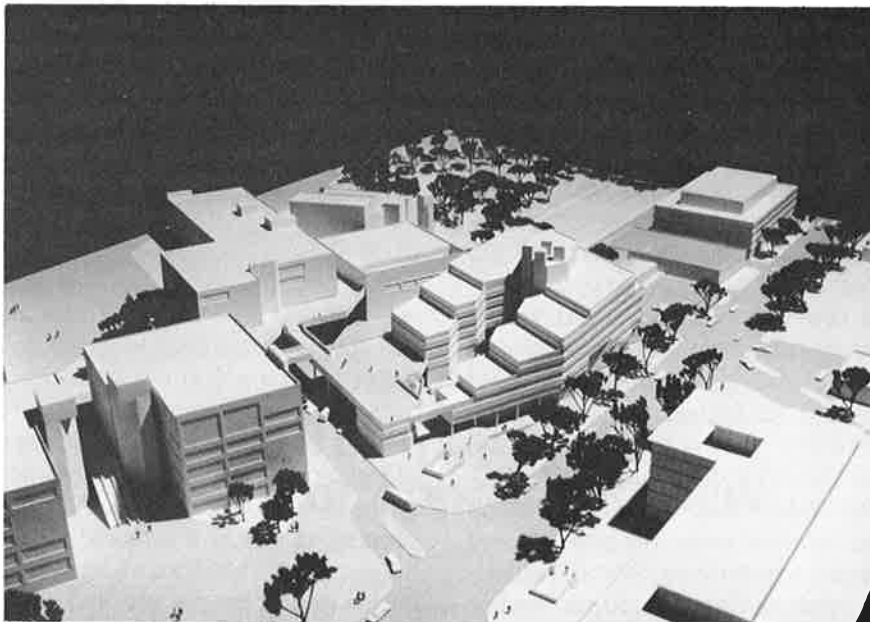
This joint development project in Rosslyn, Virginia involved the transfer of density rights permitting construction of a \$22 million retail-office complex directly above and adjacent to the Rosslyn Metro Station.

WMATA acquired two non-contiguous parcels with a combined area of 31,286 square feet to locate the mezzanine, elevator and escalator passageway to this station. Structural provision was made in the Metro design to permit additional levels above the mezzanine-entrance facility. Reuse studies had concluded that it would be feasible to assemble the WMATA excess rights with an adjacent 37,000 square foot privately-owned parcel. The strategy was to obtain rezoning and ultimate site plan approval by the local zoning body, enabling transfer of density rights to the adjacent parcel.

The evaluation summary of this project offered in a study for U.S. DOT stated: "The results of the purchase agreement, zoning bonus, and development rights transfer appear to be beneficial to all parties. WMATA not only gets cash for its property, but also saves the cost of constructing escalators to the second plaza level (provided by the developer) and gets a direct weather protected connection to its local bus service. These amenities, plus the relatively convenient access to surrounding development via the completed pedestrian bridge system, are likely to enhance the desirability of using Metro. Arlington County gets a small urban park, and, more importantly, is assured that the central elements of the pedestrian bridge system is built. Without these connections, the portions of bridge system elsewhere would have been under-utilized. In short, the bonus zoning and the purchase agreement result in major public improvements which will be paid for by the developer, illustrating the value capture potential of these techniques."

Van Ness-UDC

More recently WMATA selected a proposal by the Prudential Insurance



Van Ness—WMATA accepted a proposal from Prudential Insurance Company for joint development of its Van Ness-UDC Metro Station Site.

Land and Air Rights with Direct Metro Connection For Lease and Joint Development

65,600 square feet of prime commercial property in uptown Washington, D.C.—4200 Block Connecticut Avenue, N.W.; the site includes:

- The west entrance to Metro's Van Ness-UDC Station adjacent to International Center and across from Van Ness Center.
- 400 feet on Connecticut Avenue and 175 feet on Idaho Avenue.
- Preliminary application approved by D.C. Zoning Commission for Planned Unit Development permitting 3.5 FAR.

Site is offered by the Washington Metropolitan Area Transit Authority. For a Prospectus call or write:

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Washington Metropolitan Area Transit Authority
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Company for joint development of its Van Ness-UDC (University of the District of Columbia) Metro Station site containing 65,000 square feet. This \$28 million joint development plan entails the developer's commitment to provide the Metro offstreet service facilities within the development itself. Included is a five-bay Metrobus facility along with an automobile drop-off (25 spaces) for the exclusive use of Metro patrons, both with independent and directly convenient access to the Metro station. In excess of 47,000 square feet of retail space and 165,000 square feet of office space is now under construction adjacent to and above the Metro facilities. This Prudential/Wmata deal was ratified through a long-term land lease. The project is well integrated with the Metro Station, the adjacent University Campus and surrounding neighborhood. It was judged to provide an excellent bus/street level scheme with good vehicular and pedestrian movements, ideal exposure to retail areas and separation of functions. Building design and quality is exceptional with the selection committee's conclusion that "... this particular project will be a distinguished landmark providing a demonstrative example of joint development on a national level."

The following joint developments have expanded our involvement into large scale mixed use projects:

Bethesda Metro Center Complex

This is a \$100 million joint development plan selected by WMATA in late 1980. It will be situated on a 3.5 acre site in Montgomery County, Maryland under a long-term lease between WMATA and R and K Associates.

The project will include an office building, a hotel, an arcade with retail shops, a plaza and underground parking, with the office, hotel and retail space expected to be in excess of 600,000 square feet. The developer also will provide off-street bus and "kiss and ride" facilities for Metro passengers. Bethesda Station, is part of the planned system expansion scheduled to open in late 1983.

WMATA offered the site for joint development in June 1980 through a prospectus which included urban design guidelines prepared by the local planning agency in cooperation with WMATA.

The Bethesda project features atriums in both the office and hotel buildings, a stepped-down building design, an open-air market retail operation, an outdoor,

trellis-covered area suitable for concerts and ice skating, and an energy-saving concept which will convert heat from the Metro trains into heat for the buildings.

White Flint Station

WMATA has recently selected a \$214 million development proposal for its 33 acre White Flint Station site that will include a 350 room hotel, 600,000 square feet of office space, a multi-level galleria with 100,000 square feet of retail areas and 765 residential units. Integrated in this project will be a 500 car Metro parking facility, automobile drop off areas and bus terminal facilities all for the exclusive use of Metro patrons.

The project uses the Metro station as a physical as well as a symbolic focus for the commercial functions linked by a glass enclosed and people oriented Galleria running alongside the Metro platform, it provides weather protected pedestrian travel to and from Metro, employs an effective energy conservation system and creates a new, vital living and working center for Montgomery County. The creative architectural solution for this joint development project maximizes the use of transit, carefully integrating the Metro system.

The master lease will provide for substantial annuity income to WMATA plus recapture of previous land cost through the sale of the residential development rights. Additionally, WMATA saves in excess of

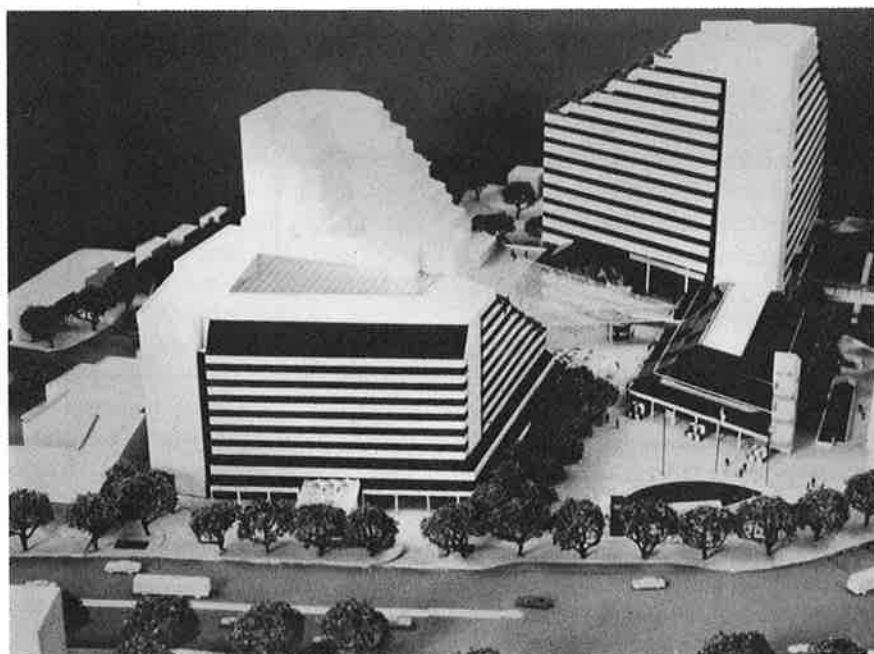
\$2 million by incorporation of transit facilities as part of the approved development plan.

Projects have also been approved at the Metro McPherson and Friendship Heights Stations.

In summary, the seven approved projects will provide a cumulative two million square feet of commercial office space, 280,000 square feet of retail space, 650 hotel units to be operated by nationally known chains and a residential condominium complex with 765 units. The gross development value in 1980 dollars exceeds \$430 million.

Another significant development activity is the encouragement of direct commercial connections (tie-ins) between other private development and the Metro system. This promotes direct pedestrian traffic flow between transit and the commercial developments and can involve system modifications, reconstructions and additional entrances to the Metro stations. The opportunity for such transit connections stimulates development activity and increased transit use.

It is more and more recognized by WMATA, and the eight local jurisdictional governments situated in a tri-state area served by Metro, that the development opportunity need not be incidental to the transit system, but planned as a part of the overall development of the transit network.



Bethesda—This Montgomery County, Maryland, joint development project consists of office, hotel and retail space and will convert heat from the Metro trains into heat for the buildings.