

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY'S

JOINT DEVELOPMENT POLICIES

Approved by Board Resolution 2018-13

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The Washington Metropolitan Area Transit Authority ("WMATA" or "Metro") encourages transit-oriented development ("TOD") around its stations (whether on Metro-owned property or property owned by others) to increase transit ridership, thereby furthering Metro's mission, and augment fare revenue. WMATA also manages a Joint Development program that applies transit-oriented development goals to some (but not all) real property that Metro owns and controls and is implemented to increase transit ridership and revenue to WMATA in accordance with the Federal Transit Administration's ("FTA") guidance on Joint Development.

This document outlines the policies that guide Metro's Joint Development program. Together with the companion *Joint Development Program Guidelines* and *Station Area Planning Guide*, the three documents together serve to provide the objectives, policies and processes that govern the Joint Development program.

1.0 JOINT DEVELOPMENT POLICIES

1.1 Definition. "Joint Development" is a project located on Metro-owned property, requires the coordinated development of public transportation facilities with non-transit development, and complies with FTA Guidelines.

1.2 Compliance with FTA Guidelines. The FTA's joint development program provides WMATA with an opportunity to develop its real property acquired with federal funding. The FTA's guidelines and other policies related to joint development, as updated from time to time ("FTA Guidelines"), provide the eligibility requirements for a project to qualify as joint development. WMATA's Joint Development program and *Joint Development Program Guidelines* shall be updated, as needed, to reflect the most current version of the FTA Guidelines.

1.3 Integrity, Business Ethics and Conflicts of Interest. The *Joint Development Program Guidelines* and all Joint Development solicitations shall include WMATA's integrity and business ethics requirements.

1.4 Transit Prioritization. Real property owned or used by WMATA as part of its mission to provide transit services for the metropolitan Washington region shall be preserved for the primary purpose of safely operating and maintaining transit facilities. WMATA may undertake Joint Development to increase transit ridership and generate non-fare revenue for Metro, provided that Joint Development does not compromise Metro's transit mission and related services.

1.5 Maximizing Value. Maximizing value of Joint Development is part of WMATA's asset management goals and responsibilities. As such, staff should aim to: (a) maximize compensation to Metro as a result of the real estate transaction; (b) participate in any/all monetization opportunities which may be afforded by the Joint Development project; (c) maximize ridership generated by the Joint Development project; (d) actively identify and implement value-creation strategies (such as, rezoning of property, site and infrastructure planning and design, development risk reduction strategies, etc.); and (e) build momentum and interest for Joint Development by actively marketing available sites and pursuing interim uses at these sites.

1.6 Manage Financial Risk. Joint Development projects should include aggressive management of financial risk to WMATA. As such, staff and WMATA's selected Joint Development developers should seek creative sources of financing to pay for project infrastructure (e.g. road network, site-serving utilities, replacement WMATA facilities, parks and open space). WMATA should not deduct from a Joint Development project's proceeds or consideration the cost of local jurisdictional public requirements, proffers, or other initiatives by an agency/organization other than WMATA.

1.7 Coordination with Jurisdictions. WMATA should work with the local jurisdictions to maximize the opportunities, mix of uses and densities that promote transit ridership, as well as to increase pedestrian and bicycle connections, around a Metro station and along major bus corridors.

1.8 Community Outreach. Joint Developments, like any private development, are subject to the land use policies and approval processes of the host jurisdiction. After selection, developers involved with WMATA's Joint Development projects are responsible for advancing and representing the project to the local jurisdiction and surrounding community. WMATA will participate in the developer's community meetings and public outreach, as appropriate.

1.9 Replacement of WMATA Facilities. When transit facilities are modified or replaced as part of a Joint Development project, WMATA will seek to right-size, modernize, and improve station access as part of such change. In evaluating the scope and size of replacement of transit facilities affected by Joint Development, the proposed Joint Development plan should take into account:

- The historic number of transit riders served by the station;
- The estimated number of new transit riders resulting from Joint Development;
- New TOD reasonably expected within the half-mile walkshed of a Metro station;
- Cost effective and life-cycle costs of Metro's facilities and its transit operations; and,
- Long-term asset management plan(s) for Metro's facilities.

Replacement transit facilities should reflect a pedestrian-friendly, transit-oriented community. Underutilized facilities may be reduced (e.g., parking) and new facilities provided (e.g., bike stations) based on projected changes in ridership and station access needs. Part of such an analysis must include maintaining appropriate access for buses (including local jurisdictional systems), pedestrians (including the Americans With Disabilities Act and state and local equivalents), bicycles, and parking. WMATA's *Station Area Planning Guide* provides standards and criteria for designing replacement transit facilities.

1.10 Design and Place-making. WMATA's Joint Development projects will pursue high quality design that enhances the surrounding community and creates inviting spaces and places around Metro transit facilities. WMATA's *Station Area Planning Guide* provides a framework for designing Joint Development projects.

1.11 Continuing Control. WMATA desires to use its property primarily to fulfill its transit mission and, consequently, WMATA often needs some level of continuing control and flexibility of use of its property. To satisfy its needs for continuing control, WMATA may choose to ground lease its property, apply conditions on the sale of its property (i.e. such as perpetual easements), or apply other solutions, whichever provides the greatest benefit (operational, financial and/or strategic) to WMATA.

1.12 Transportation Demand Management. WMATA requires Transportation Demand Management ("TDM") plans as an element of a selected developer's Joint Development project with the goal of encouraging residents and employees tenancing Joint Development projects to ride transit, bicycles and walk. Joint Development projects must meet, at a minimum, TDM requirements of the jurisdiction in which the Joint Development project is implemented. TMD plans may include the use of real-time transit screens and other transit information centers, commuter benefit programs, parking management strategies, additional transit investments, and/or the provision of bicycle parking.

1.13 Sustainability. Joint Development projects shall be designed and constructed to the locally-required green building or sustainability standard, if any, or to a nationally-recognized standard (in the appropriate category as determined by WMATA and the selected developer) if a local jurisdictional standard does not exist.

1.14 Affordable Housing. WMATA recognizes that each jurisdiction in the region has different policies for affordable housing. If the local jurisdiction identifies a specific affordable housing strategy for a Joint Development project, WMATA should work with the jurisdiction in advance of issuing a Joint Development solicitation to identify sources of local funding to accomplish the project's affordable housing goal.

2.0 BOARD OF DIRECTOR APPROVALS

2.1 Role of Board of Directors. The role of the Board of Directors on Joint Development projects is to: (1) establish WMATA's Joint Development policies; (2) review and approve Joint Development projects, as described in Section 2.2; and, (3) approve necessary modifications to WMATA's Mass Transit Plan.

2.2 Approval Criteria for Joint Development. WMATA's Joint Development projects shall be assessed by staff and evaluated by the Board according to the following criteria, which criteria shall serve as the basis for the Board's approvals in Section 2.3:

- A) Maintains or enhances transit ridership, safety and/or access;
- B) Maintains or enhances WMATA's ability to operate transit services and/or maintain the transit system;
- C) Has a positive net fiscal impact for WMATA, which fiscal impact analysis shall include key revenue and expense considerations, such as, but not limited to:
 - a. Estimated ridership revenue;
 - b. Estimated real estate revenue;
 - c. Parking revenue, if applicable;
 - d. Other revenue from Joint Development, if applicable;
 - e. Timing of the Joint Development solicitation;
 - f. Cost of WMATA replacement facilities; and,
 - g. Other costs.
- D) Is consistent with or enhances local land use and economic development plans; and,
- E) Complies with the FTA Guidelines.

Exceptions to the above criteria may be made, provided that those exceptions achieve other WMATA goals and are identified as soon as practicable in the approval process. For example, WMATA may decide to include a major capital investment as part of the Joint Development to satisfy a WMATA safety goal or capital program goal though it may alter the fiscal impacts.

2.3 Board Approvals

In approving a Joint Development project, the Board of Directors shall determine, following reasonable investigation, that the project meets the criteria provided in Section 2.2 and that the terms and conditions of a proposed Joint Development agreement are acceptable to WMATA. Staff is encouraged to streamline project delivery by seeking

concurrent Board approvals when possible. Required Board approvals for Joint Development are as follows:

A) Authorization to Issue a Joint Development Solicitation. For the Board's deliberation of the merits of offering a site for Joint Development, staff shall present information that addresses the criteria provided in Section 2.2, including station area plans (if any), preliminary fiscal impact analyses, and demonstrated consistency with and/or enhancement to local economic activity.

B) Authorization to Hold a Compact Public Hearing. If the Joint Development project is expected to trigger the requirement for a public hearing under the WMATA Compact, staff shall seek Board approval to hold such public hearing, and subsequently seek Board approval of the Compact Public Hearing staff report and proposed changes to WMATA's Mass Transit Plan, if any.

C) Authorization to Execute a Joint Development Agreement. Following the developer solicitation process, staff shall present to the Board the selected developer's proposed project, the project's merits against the criteria provided in Section 2.2 when the solicitation was approved by the Board, and compensation being offered to WMATA. If the project meets the criteria for Joint Development, the compensation is commercially reasonable and fair to WMATA, and the project is consistent with the Board's approval of the Joint Development solicitation, the Board may authorize staff to execute a Joint Development agreement.

D) Approval of Amendments to the Joint Development Agreement. If an amendment to a Joint Development agreement results in a net reduction to the compensation approved or a substantial change to any terms that impact the criteria set forth in Section 2.2, such amendment shall require Board approval prior to staff executing such amendment.

3.0 IMPLEMENTATION

3.1 Joint Development Program Guidelines. To implement these Joint Development policies, WMATA shall publish and maintain *Joint Development Program Guidelines* to be shared with the region's jurisdictions, the general public and real estate development community. While the *Joint Development Program Guidelines* may be updated and published without Board approval, the *Joint Development Program Guidelines* must be consistent with these Joint Development policies, and staff shall deliver to the Board any updates to the *Joint Development Program Guidelines* no later than one month before the date the updated publication is scheduled to be posted.

3.2 Competitive Selection. Staff shall utilize a competitive selection process for Joint Development projects, subject to Section 3.3. The provisions of the WMATA Procurement Procedures Manual do not apply to Joint Development projects. The

competitive process is managed by WMATA's Office of Real Estate and Parking and follows the procurement procedures in the *Real Estate Manual*.

3.3 Unsolicited Offers. WMATA may consider unsolicited offers in limited cases, as set forth in the *Joint Development Program Guidelines*, such as:

- A) Offers from an occupying ground lessee;
- B) Lease or purchase proposal from a jurisdictional partner; and,
- C) Land assemblage opportunities from adjacent property owners that would result in a higher density TOD and, therefore, higher ridership.