

Prince George's County – Transit Oriented Development



Presentation to County Council
January 2018



Jump Starting Transit Oriented Development

- Focus:** Identify 5 Priority Metro Stations.
- Infrastructure:** Commit to support needed public infrastructure for each station.
- Fast Track Approval Process:** Commit to move projects through regulatory approval process with unprecedented speed.
- Financial Incentives:** Tax credits, grants, low cost loans, bond financing, and fee reductions will be made available to reduce private development costs. TIF Districts enacted for each priority Station.
- Vision & Marketing:** Identify a unique “brand” suited to each Metro Station and its particular market strengths.
- Leadership & Collaboration:** The County commits to taking a leading role in working with local, state, regional and federal partners.

Adopted March 2014



TOD Prioritized

- County Strategy for Economic Development advocates TOD to support targeted industry sectors – May 2013
- GSA – Executive Order 13514 – Oct. 2009
- PILOTs – Development within .5 miles of Metro Station
- Developer participation agreements –public infrastructure
- EDIF – Priority given to TOD
- Plan 2035 – Prioritizes TOD locations and establishes Strategic Investment Areas where County should focus capital budget, investment, and incentives.
- WMATA – Supports TOD at all it's Stations
- MDOT – Mission Statement endorses



Importance of TOD

- In the metropolitan area, land near Metro Stations representing 4% of land delivers 28% of property taxes.
- 84% of office space under development in metropolitan area has occurred within $\frac{1}{4}$ mile of a Metro Station.
- Washington D.C. Economic Partnership predicts that over the next 15 years, 78 percent of everything that gets built in the city — offices, apartments, condos, shopping centers and more — will be within a half-mile of a Metro station.



5 Priority Metro Stations

New Carrollton Metro Station

- New Carrollton Station –\$165 million mixed-use project, with 2 to 4 million SF of office, retail and residential space, including the first State cabinet agency, the Maryland Department of Housing & Community Development.
- The Remy –Phase I of the project is 278 apartment units and phase II will include 225 apartment units. The Remy opened late 2017.
- 2U, Inc. expanded in the Harkins Building, a 300,000 SF office building. The company is projected to grow from 600 to 2,000 jobs.
- Urban Atlantic –\$1 billion mixed-use project includes an apartment building, garage, and the new 176,000 SF Kaiser Permanente office building, and approximately 850 new jobs to the County.
- Amazon HQ2 bid



5 Priority Metro Stations

Prince George's Plaza Metro Station

- The Mall at Prince George's –\$25 million in renovations started Summer 2017.
- University Town Center -\$24 million commercial project, including new Safeway.
- Office building renovation and \$50 million residential conversion submitted for final entitlement review.
- EDC and City of Hyattsville developing rebranding program.



5 Priority Metro Stations

Largo Metro Station

- Regional Medical Center - \$543 million project, including \$208 million in County contributions, broke ground Nov. 2017, open 2021.
- Ascend Apollo - \$180 million mixed-use project consists of 800 apartment units. Phase I of the project (400 units) is open and Phase II is slated to begin construction in late 2017.
- RPAI plans to redevelop Boulevard at the Capital Centre, in Largo, into an urbanized town center adjacent to the new Regional Medical Center.



5 Priority Metro Stations

Suitland Metro Station

- Towne Square at Suitland Federal Center – \$402 million mixed-use investment including the construction of 219 townhouses, 351 residential units, 137 senior multi-family units, 87,000 SF of retail space and 50,000 SF of public space.
- Broke Ground Nov. 2017.
- 1,236 estimated construction jobs.
- Revenue Authority –In April 2016, the Authority closed on a \$28 million special obligation bond to purchase additional parcels in the Suitland community.
- Shops at Iverson - \$30 million renovation of 535,286 SF shopping center



5 Priority Metro Stations

Branch Avenue/Camp Springs

- 3,700 Citizenship and Immigration Services jobs.
- County Financial Support of \$30 million
- Broke Ground Nov. 2017
- Ascend Apollo Phase 2



TOD – Metro Stations

College Park Metro Station

- University of Maryland, College Park
- Hotel at the University of Maryland –\$115 million luxury four-star hotel and conference center in College Park with 297 rooms, 43,000 SF of meeting space, spa, two full-service restaurants, two pools and 750 parking spaces.
- 650 jobs during construction and 350 permanent jobs.
- Regional Institution Strategic Enterprise (RISE) Zone approved to encourage development and attract high technology companies to the vicinity of the University.
- County owned site: Marriott Hotel will include 150 rooms.
- Proposed Cambria Hotel and Suites will include 150 rooms.
- Corporate Office Properties Trust –\$19 million investment to include 75,000 SF of office space. The project is currently under construction.
- Two apartment projects are in the planning stage –one with 400 residential units and 11,000 SF of retail space. The other with 370 residential units.
- Amazon HQ2 bid

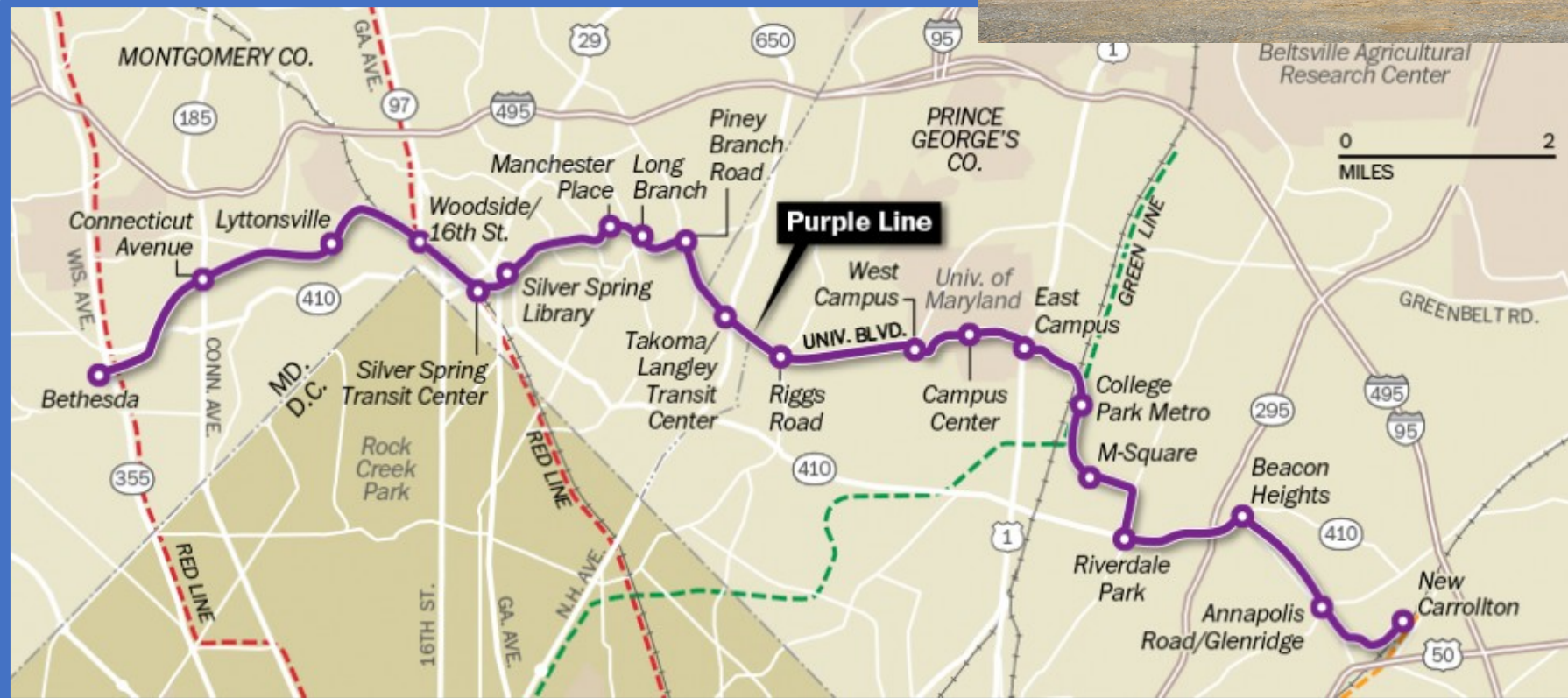


TOD - Metro Stations

- Capitol Heights Metro - 210 on the Park –\$23 million mixed-use project with 166 apartment units, 13 townhouses for sale and 2,000 SF of retail space. The project is scheduled to begin in the Winter 2018.
- Morgan Boulevard Metro Station – Multi-family proposals and mixed use concepts under discussion
- West Hyattsville – Gilbane project: 183 townhomes, 300 unit apartment, 4.5 acre community recreation area.

Purple Line

Metro and MARC connectivity



TOD Prioritization for Major Projects

FBI

- GSA identified two County sites, Greenbelt and Landover.
- Requirements for the project include: 45 acre site, 2.1 million SF for 11,000 employees and a Level V secure campus location to replace decrepit JEH building.
- July 11, 2017, the GSA announced a termination of the federal procurement, but stated that the need to replace J. Edgar Hoover (JEH) building remains paramount.
- By Jan. 29, 2018, GSA must report on specific financing alternatives for a consolidated replacement FBI campus.
- County Executive collaborating with Congressional Delegation on strategy to identify site process, address federal appropriation issues, and establish new procurement and timetable.
- Mass Transit usage estimated between 3,000 and 5,000 employees at each site.



TOD Prioritization for Major Projects

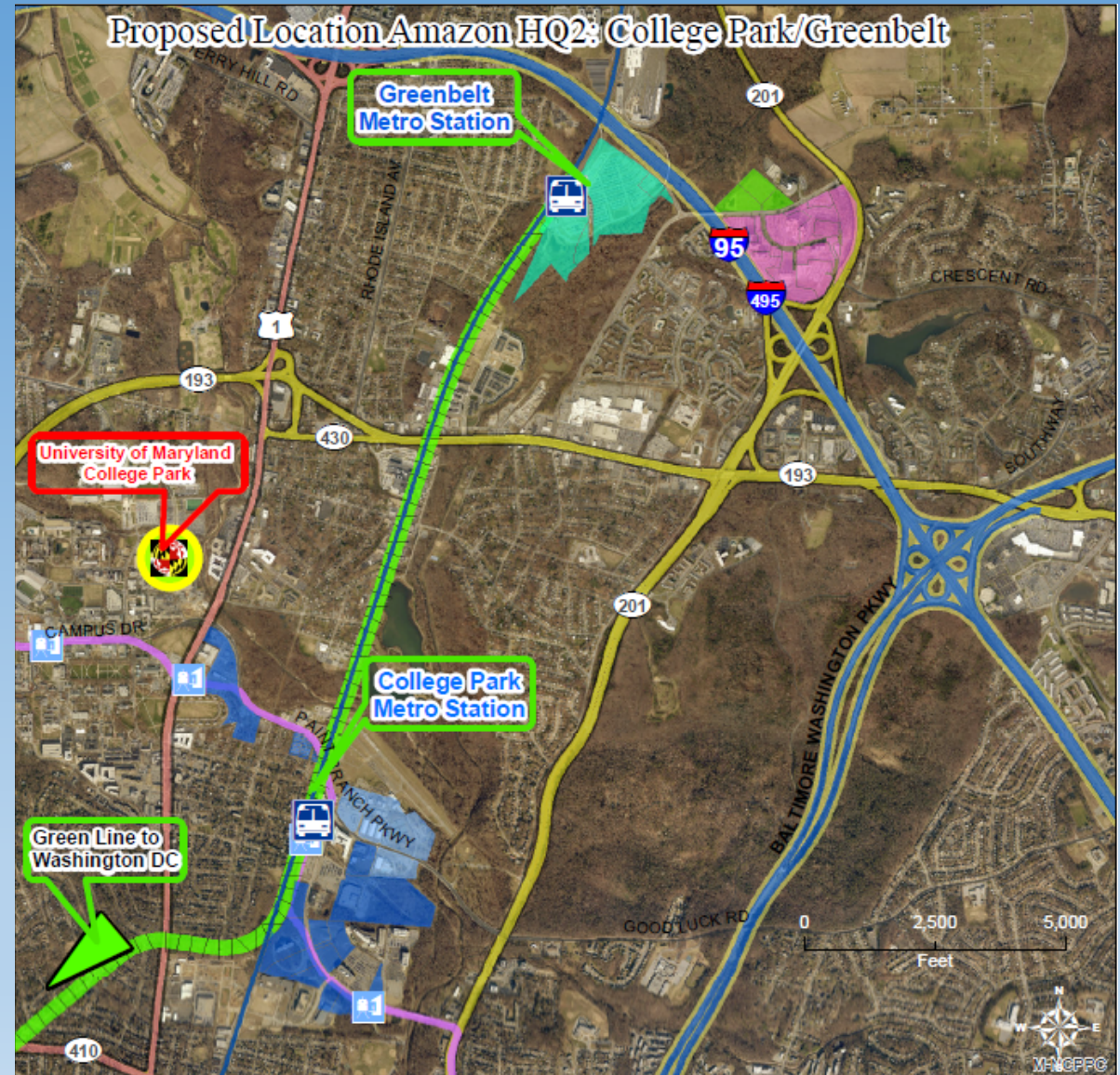
Amazon HQ2

- 238 jurisdictions submitted bids for the 50,000 employee, 8 million SF, \$5 Billion second Amazon headquarters
- Estimated 500 plus sites under review
- Immediate access to mass transit specifically identified in the Amazon RFP
- Indefinite 2018 timetable identified by Amazon for decision
- Prince George's County submitted four sites:
 - New Carrollton
 - College Park
 - Greenbelt
 - Konterra



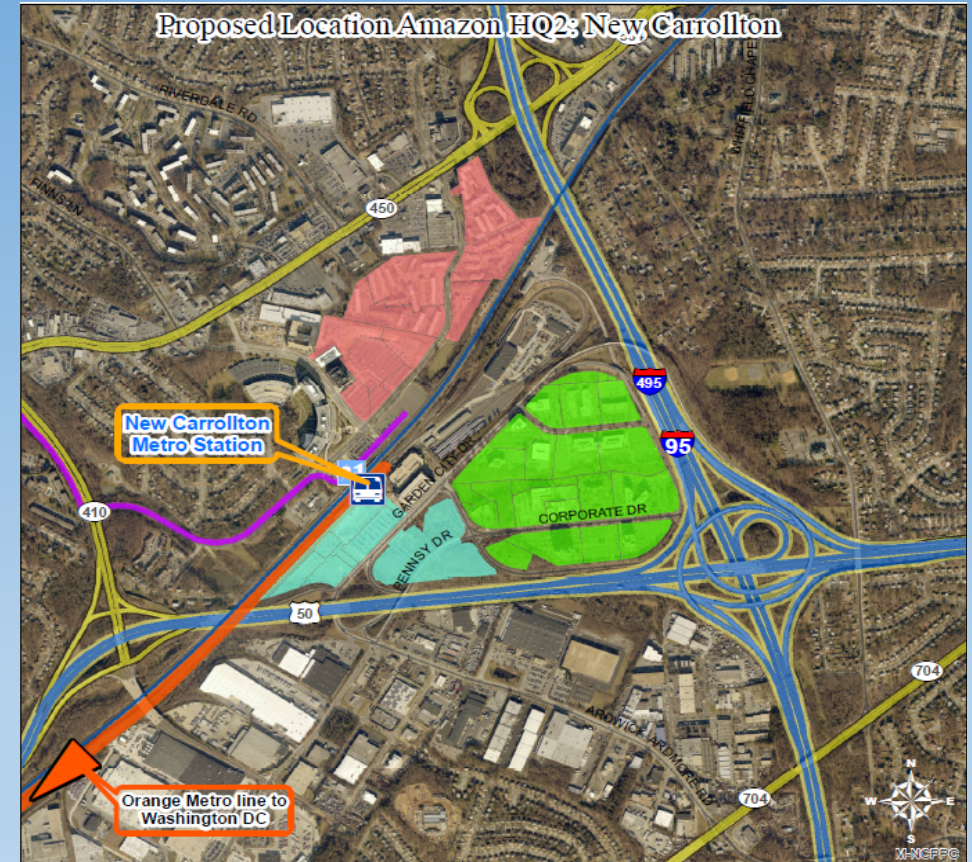
Amazon HQ2: College Park and Greenbelt

- College Park and Greenbelt Sites to be considered separately or combined
- Immediate Access to two Metro Stations, MARC
- Purple Line connectivity



Amazon HQ2: New Carrollton

- Immediate Access to New Carrollton Metro Station
- Other transit options include Amtrak, MARC, local and interstate buses
- Future eastern terminus of Purple Line

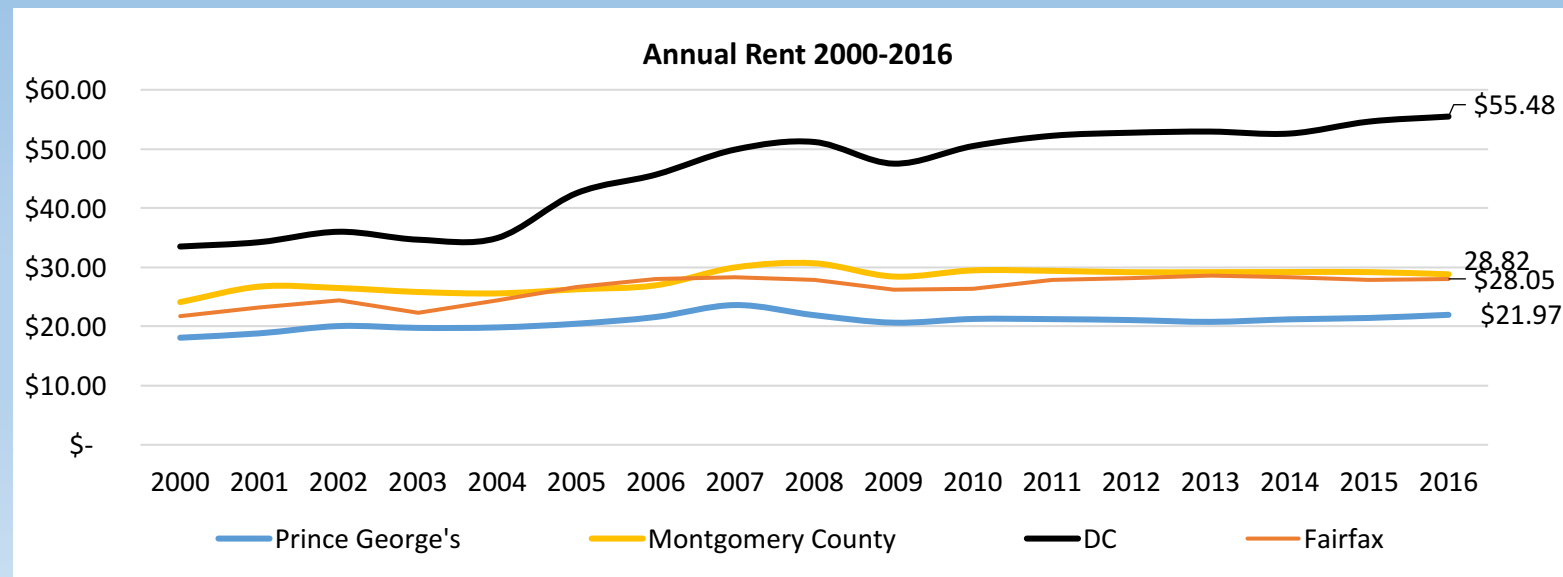
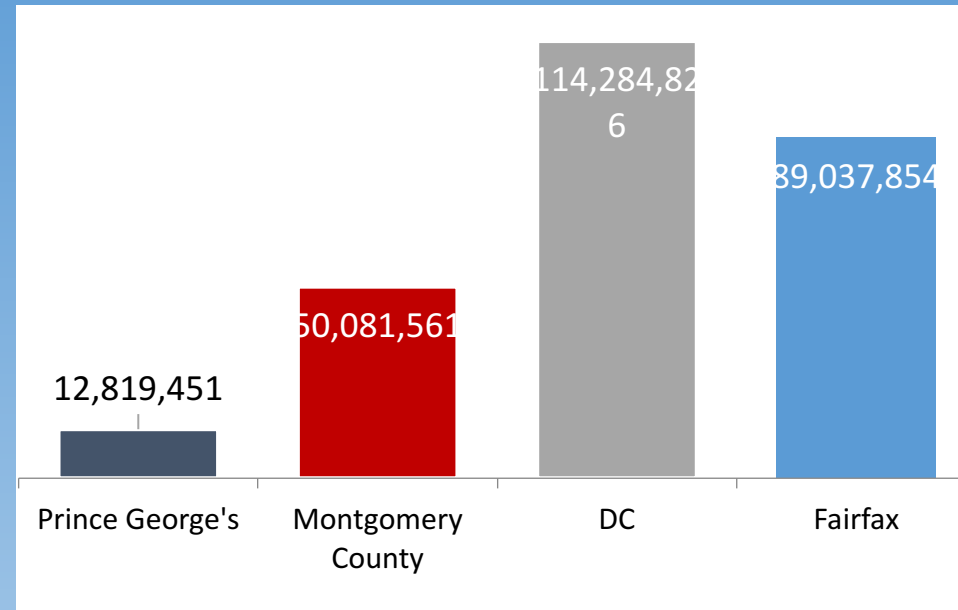


Challenges to TOD Development

- Structured Parking and Infrastructure Costs – Strong likelihood in all TOD scenarios for some type of public support in form of TIF, PILOT, capital budget, or EDIF.
- WMATA financing challenges, environmental restraints.
- Need to coordinate with multiple public entities.
- Regional variances in expected rate of return for private investment
 - Office lease rates range:

• Washington DC	\$55 SF
• Fairfax County	\$29 SF
• Montgomery County	\$28 SF
• Prince George's County	\$22 SF

Regional disparities in Office supply and lease rates



Hypothetical Office Building – DCAO Himler Example

Hypothetical Office Project			
Square Feet	200,000	200,000	200,000
Land Cost	\$4,500,000	\$18,000,000	\$9,000,000
Total Project Cost/SF	\$300.00	\$300.00	\$300.00
Total Project Cost	\$64,500,000	\$78,000,000	\$69,000,000
Equal Land Cost	A	B	C
Rent/SF	\$22.00	\$59.00	\$31.00
Vacancy Rate	21.5%	12.5%	15.0%
Rental Income	\$4,400,000	\$11,800,000	\$6,200,000
Vacancy Loss	(\$946,000)	(\$1,475,000)	(\$930,000)
Operating Expenses	(\$1,208,900)	(\$3,613,750)	(\$1,844,500)
Net Operating Income	\$2,245,100	\$6,711,250	\$3,425,500
Return on Cost	3.5%	10.4%	5.3%
Net Operating Income - 10 years	\$24,583,219	\$73,486,315	\$37,508,269
2% annual growth			
Return Gap - \$		(\$48,903,096)	(\$12,925,051)
Return Gap - %		-66.5%	-34.5%

Conclusion



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Prince George's County

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