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
- 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 ¼ 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.


- 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

### Annual Rent 2000-2016

- **Prince George's**: $21.97 - $28.05
- **Montgomery County**: $28.82 - $30.00
- **DC**: $55.48
- **Fairfax**: $39,037,854

The chart shows the annual rent trends from 2000 to 2016 for different regions.
### Hypothetical Office Project

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<th>A</th>
<th>B</th>
<th>C</th>
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<tbody>
<tr>
<td>Square Feet</td>
<td>200,000</td>
<td>200,000</td>
<td>200,000</td>
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<tr>
<td>Land Cost</td>
<td>$4,500,000</td>
<td>$18,000,000</td>
<td>$9,000,000</td>
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<tr>
<td>Total Project Cost/SF</td>
<td>$300.00</td>
<td>$300.00</td>
<td>$300.00</td>
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<tr>
<td>Total Project Cost</td>
<td>$64,500,000</td>
<td>$78,000,000</td>
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#### Equal Land Cost

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<tbody>
<tr>
<td>Rent/SF</td>
<td>$22.00</td>
<td>$59.00</td>
<td>$31.00</td>
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<tr>
<td>Vacancy Rate</td>
<td>21.5%</td>
<td>12.5%</td>
<td>15.0%</td>
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<tr>
<td>Rental Income</td>
<td>$4,400,000</td>
<td>$11,800,000</td>
<td>$6,200,000</td>
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<tr>
<td>Vacancy Loss</td>
<td>($946,000)</td>
<td>($1,475,000)</td>
<td>($930,000)</td>
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<tr>
<td>Operating Expenses</td>
<td>($1,208,900)</td>
<td>($3,613,750)</td>
<td>($1,844,500)</td>
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<tr>
<td><strong>Net Operating Income</strong></td>
<td><strong>$2,245,100</strong></td>
<td><strong>$6,711,250</strong></td>
<td><strong>$3,425,500</strong></td>
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<tbody>
<tr>
<td>Return on Cost</td>
<td>3.5%</td>
<td>10.4%</td>
<td>5.3%</td>
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<td><strong>Net Operating Income - 10 years</strong></td>
<td><strong>$24,583,219</strong></td>
<td><strong>$73,486,315</strong></td>
<td><strong>$37,508,269</strong></td>
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<td>2% annual growth</td>
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<td><strong>Return Gap - $</strong></td>
<td>($48,903,096)</td>
<td>($12,925,051)</td>
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<tr>
<td><strong>Return Gap - %</strong></td>
<td>-66.5%</td>
<td>-34.5%</td>
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Conclusion

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