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Subregion 4 (Central Avenue-Metro Blue Line Corridor) Transit-Oriented Development Implementation Project

Market and Transit-Oriented Development Potential, Priorities, and Strategies Study

PART I: Executive Summary
PART II: Market and TOD Potential
PART III: Financial Analysis
PART IV: Action and Implementation Plan
PART V: Branding Study

TOD

Transit-Oriented Development

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION
PRINCE GEORGE'S COUNTY PLANNING DEPARTMENT
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July 2014

Abstract

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Market and Transit-Oriented Development Potential, Priorities, and Strategies Study

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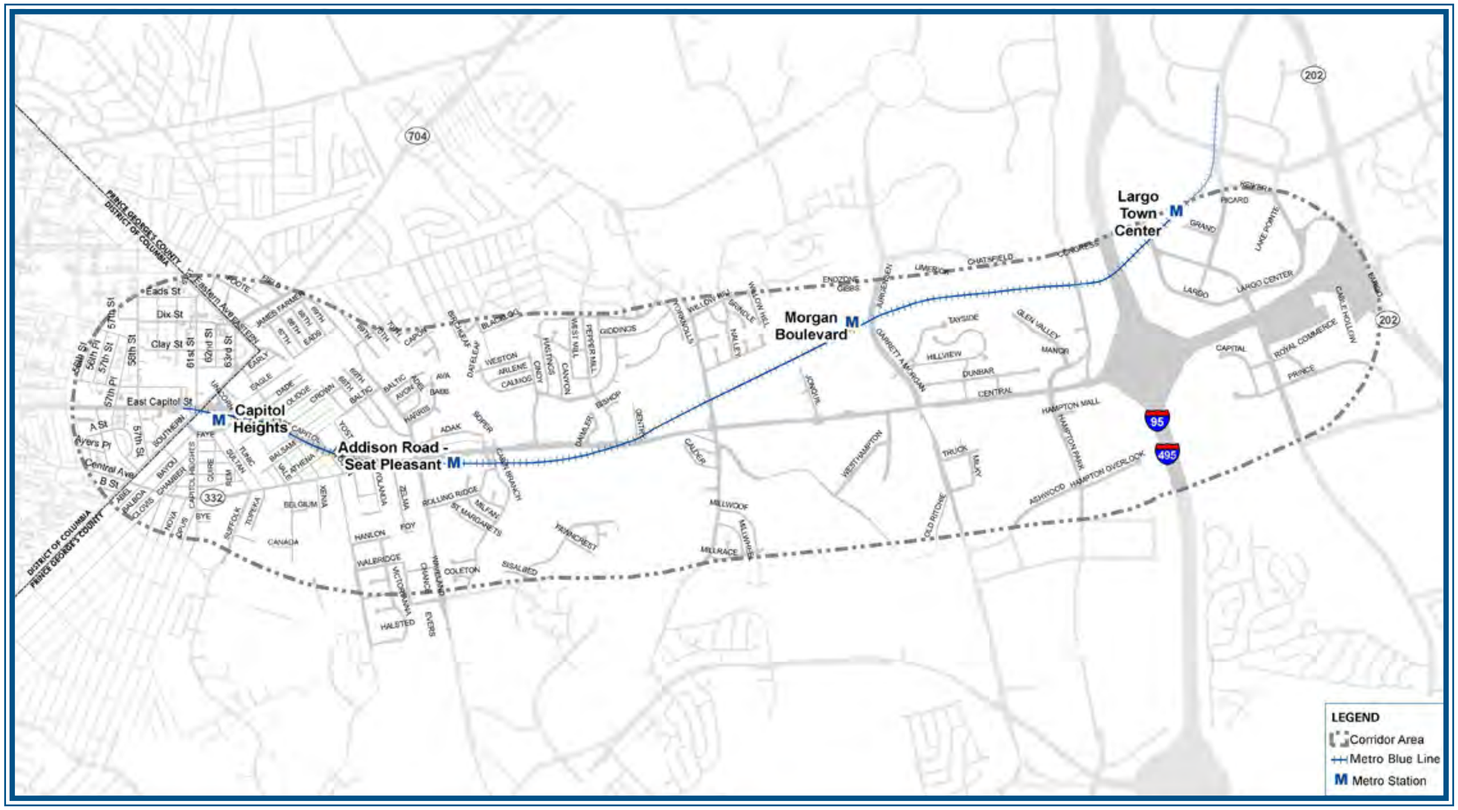
Introduction

The Maryland-National Capital Park and Planning Commission (M-NCPPC) prepared a Market and Transit-Oriented Development (TOD) Potential, Priorities, and Strategies Study that will support the Subregion 4 Central Avenue-Metro Blue Line Corridor TOD Implementation Project. Planning at the station level will be formed by corridor-level planning and will include an analysis of the development potential at the following Blue Line Metro Stations: Capitol Heights, Addison Road-Seat Pleasant, and Morgan Boulevard. Development opportunities at the Largo Town Center station are further defined in the 2013 *Approved Largo Town Center Sector Plan and Sectional Map Amendment*. The Preliminary Subregion 4 Master Plan and Proposed Sectional Map Amendment encourages "medium to medium-high density, mixed-use, transit and pedestrian-oriented development."

The real estate market assessment, which is presented in this document, builds upon existing documentation and outlines market findings that will inform catalyst projects with a higher likelihood of implementation. The broader corridorwide real estate assessment frames the market opportunities for station-specific TOD strategies and priorities. The following report includes findings with respect to the market support for various land uses (e.g., residential, retail, office, and hospitality). We have also included a preliminary discussion of economic development tools that may be applied to specific TOD development opportunities. These tools represent a range of unique and traditional funding strategies, and will be explored in more detail during Phase II of the study, as actual catalytic projects are identified. A regional reference map is reflected on page 5 and shows the project site relative to the broader region, including Prince George's County and the Washington-Arlington-Alexandria metropolitan statistical area (MSA). The broader context is critical in determining relevant market support.

The Subregion 4 Central Avenue-Metro Blue Line Corridor TOD Implementation Project area is located in Prince George's County, adjacent to the District of Columbia. Central Avenue is a key gateway and major transportation corridor. The corridor is approximately four miles long and includes properties on and near Central Avenue and the four Metro Blue Line stations. From west to east, the stations are Capitol Heights, Addison Road-Seat Pleasant, Morgan Boulevard, and Largo Town Center. Largo Town Center, the final stop on the Blue Line, is the station east of Morgan Boulevard outside of the Capital Beltway. FedEx Field, home of the Washington Redskins National Football League team, is located approximately one mile north of the Morgan Boulevard Metro Station. The land within the corridor is under the purview of several jurisdictions, including Prince George's County, the City of Seat Pleasant, and the Town of Capitol Heights. Central Avenue/East Capitol Street Extended (MD 214) itself is a state road, maintained by the Maryland State Highway Administration.

Figure 1: Blue Line Corridor Study Area



The Central Avenue-Metro Blue Line Corridor

Prince George's County is poised to benefit from the growth and investment potential that can be generated by TOD around the four Metro stations.

The Central Avenue-Metro Blue Line Corridor, a major transportation corridor within the heart of Prince George's County, has played a significant role in the social and economic growth and physical transformation of the county for over one hundred years. Central Avenue opened in the late nineteenth century as an important roadway for trade between rural Maryland and the District of Columbia. Its original streetcar rail line transported workers from their bedroom communities into downtown Washington, D.C. until the mid-twentieth century. Today, the corridor features four Metro Blue Line rail stations, two of which opened within the past ten years. These investments in transportation facilitated the development that exists along the corridor today, which consists of traditional, suburban, and residential neighborhoods; auto-oriented commercial centers; and industrial development.

At this moment, Prince George's County is poised to benefit from the growth and investment potential that can be generated by transit-oriented development (TOD) around the four Metro rail stations: Capitol Heights, Addison Road-Seat Pleasant, Morgan Boulevard, and Largo Town Center. Given their distinct characteristics and the specific character and needs of the surrounding communities, each station has a unique opportunity to realize the county's TOD goals.

The Importance of TOD Today

Transit-Oriented Development continues to evolve as suburban development patterns and typologies are questioned and planners look to promote and encourage more sustainable development patterns. Regional strategies increasingly favor infill development near sites with transit access, resulting in a reduction in auto use and gas emissions, increased transit utilization, and an improved pedestrian environment. There is also growing evidence regarding the increased value of properties located proximate to transit stops, or "value capture;" in some cases communities use the incremental value capture to help fund necessary infrastructure improvements. Developers have made major changes to the design of projects to take advantage of transit proximity. Projects near transit are viewed as having the potential to achieve faster absorption rates, higher occupancy rates, and in some cases higher sales prices or rents.

The benefits of TOD are well documented and can include:

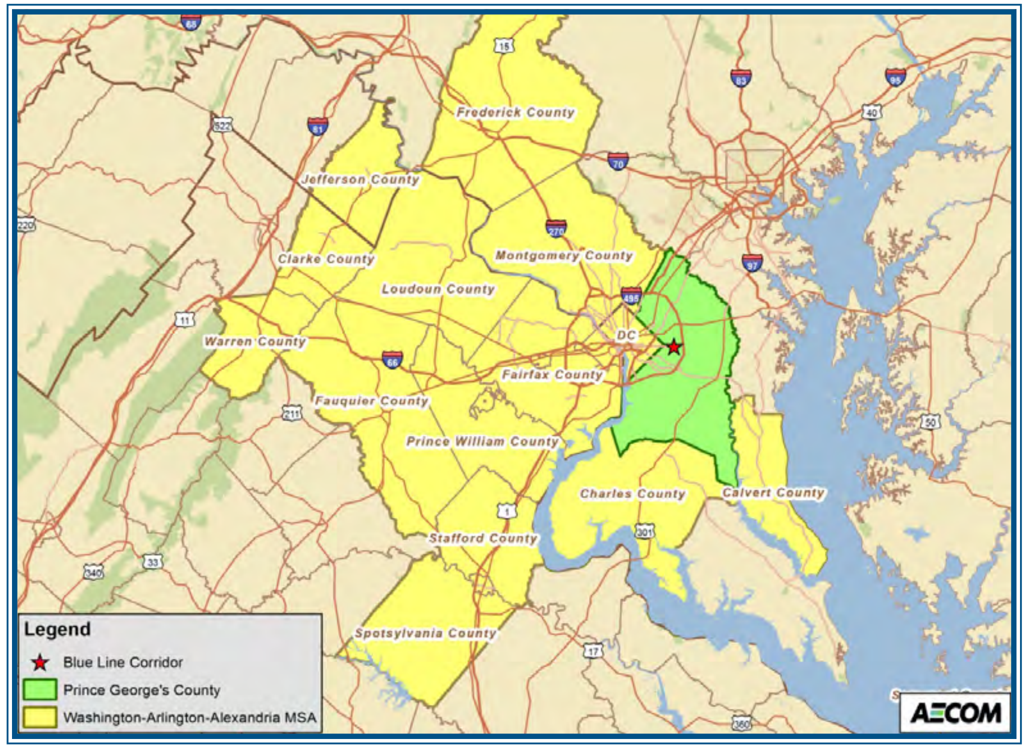
- Increased access by diverse households.
- Improved access to regional amenities.
- Enhanced workforce access to jobs and an improved housing/jobs ratio.
- Less parking than in non-transit locations. In some cases parking is shared among users with different peak demand.
- Placemaking, or creation of a sense of place, with a mix of synergistic places that do not shut down at 6 p.m.
- Increased efficiencies across the full range of infrastructure investments.
- Improved walkability and pedestrian activity.

Transportation is an indispensable driver of human settlement patterns and economic development. However, in the United States, surface transportation generates some 30 percent of all man-made greenhouse gas emissions–an impact that will rise in both absolute and relative terms if transportation and land use are not brought into a more sustainable relationship.

Studies show that the average family spends approximately 19 percent of household income on transportation, with the percent allocation increasing to 25 percent for auto-dependent households and decreasing to just nine percent for those households located in areas with good transit access and a mix of housing, jobs, and commercial areas. This allocation differential is particularly important to those households earning less than the median income level.

The potential economic impact of TOD is also documented. Employers value access to transit and this is often reflected in the growth of jobs near transit areas. There may be an opportunity for policymakers to leverage this demand and encourage specific types of businesses to locate and/or expand near transit. Research also shows that access to transit increases the value of nearby property; while there is no consensus on the incremental increase in all cases, most studies agree that despite differences in location and regional conditions, the presence of transit produces a measurable impact on property value. As an example, a study done in San Diego, California revealed that condominium sales prices increased 2 percent to 18 percent within 2,600 feet of a transit station, while a similar study showed that office rents increased about 10 percent within 1,300 feet of a Dallas, Texas DART station. Transit can also increase the marketability of new residential and commercial space, making higher density development, which typically has a higher construction cost, more feasible.

Figure 2: Regional Reference Map



Top Left: Morgan Boulevard Metro Station

Top Right: Addison Road-Seat Pleasant Metro Station

Bottom Left: Capitol Heights Metro Station

Bottom Right: Largo Metro Station

Key Findings – Market Analysis

Corridor Profile

The Subregion 4 Central Avenue-Metro Blue Line Corridor TOD Implementation Project area is located in Prince George's County and is approximately four miles in length, encompassing four Metro stations (Capitol Heights, Addison Road-Seat Pleasant, Morgan Boulevard, and Largo Town Center).

- The Central Avenue corridor offers established, stable neighborhoods providing affordable housing located in close proximity to local and regional employment, and cultural and entertainment centers.
- The corridor experienced an active residential development cycle prior to the recent economic downturn:
  - ❖ Based on data provided by The Maryland-National Capital Park and Planning Commission (as derived from detailed site plan applications), there are a total of 1,266 for-sale housing units proposed near Addison Road and Largo Town Center. The recent economic downturn contributed to the delay or postponement in constructing many of the proposed units.
  - ❖ An additional 761 total units are to be built in the District of Columbia as part of the Capitol Gateway Project, including a mix of multifamily, condominium, townhome, and single-family detached units for mixed-income households.
  - ❖ An additional 96 townhomes are proposed and currently selling at Villages at Peppermill and 115 units are proposed and currently selling at Park at Addison Metro.
- The Central Avenue Corridor, and particularly the Largo Town Center and Morgan Boulevard stations, offer close proximity to FedEx Field, the home of the Washington Redskins National Football League team, and significant game day markets.

- The Central Avenue Corridor is an important gateway to Prince George's County from the District of Columbia.
- The corridor offers easy and efficient transportation access to the District and the Beltway.
- Commercial development located near the four transit stops can leverage average weekday ridership of over 12,000.
- The corridor has a rich history, with important historic landmarks located throughout the area, including Old Saint Margaret's Catholic Church, the Arthur Jr. & Louise Ridgley Methodist Church, and Ridgley School.
- The Metro station areas have Transit District Overlay and Development District Overlay Zones in place that facilitate the unique characteristics of transit-oriented development (e.g., higher density, reduced parking, etc.)
- The corridor is characterized by unique neighborhoods and communities as it runs from west to east, with the Capitol Heights and Addison Road areas offering older and more stabilized neighborhoods and newer development occurring to the east, with Largo Town Center being constructed in 1991, FedEx Field opening in 1997, and the Boulevard at the Capital Centre opening in 2003.
- A new Walmart will be opening at the Capitol Gateway Marketplace at East Capitol Street and Southern Avenue NE in the District of Columbia. This Walmart will purportedly include a full grocery store. While the store will be located in the District of Columbia, there will be potential benefits from the synergy offered by proximity to a significant retail center.
- Summerfield Military Housing has transitioned from military housing to market-rate rental housing and offers a location adjacent to the Morgan Boulevard Metro Station. The property currently includes 1,242 housing units and a 36-acre park.
- The Sanctuary at Kingdom Square development is to be a destination similar to downtown Silver Spring ("Live, Work, Play, Pray"). A total of 700 residential units, 200,000 square feet of retail, and an upscale hotel with 150 rooms are proposed:
    - ❖ Four phase project with a 10- to 12-year timeline.

- ❖ Phase 1 includes 180 units of multifamily workforce housing, 85,000 square feet of retail, and a 1,000-space garage.
- ❖ Phase 2 includes 150 active adult units.
- ❖ Phase 3 includes market rate apartments.
- ❖ Phase 4 includes 240 condos.

- The Largo Metro Station is recognized by Prince George's County as a priority TOD site.
- The District Department of Transportation (DDOT) plans to transform Central Avenue as a complete street, ensuring that "the District's transportation network as a whole shall accommodate the safety and convenience of all users, recognizing that certain individual corridors have modal priorities."
- New rental and for-sale housing developed near the Morgan Boulevard Metro stop has proven successful, including Camden Summerfield and Victory Promenade.
- Importantly, there are several large, publicly owned parcels of land located proximate to all four Metro stations, potentially allowing the various public agencies to leverage private development of the land.
- TGIFriday's recently opened a new restaurant location at the Boulevard at the Capital Centre, indicating that the tide may be turning with respect to the ability to attract new sit-down restaurants to the corridor. While the Boulevard at the Capital Centre has lost several anchor tenants due, in part, to the recent recession, the restaurant/entertainment retailers are still performing well:
  - ❖ The Magic Johnson Theater is the top performing theater in their portfolio (five theaters).
  - ❖ Shoppers World and HH Gregg are relatively new tenants at the center.

Residential Market

Projections for new residential demand were driven by a quantitative assessment of potential new households moving into the Central Avenue corridor, as well as a review of qualitative factors such as absorption of new residential housing units, new planned residential developments along the corridor, planned and recently constructed housing characteristics and amenities, and potential buyer characteristics.

The demand for new residential units in Prince George's County was assessed from 2013 through 2033; further analysis of the development pipeline and competitive environment informed recommendations for the Blue Line Corridor. Drivers of demand for residential product are in-migration of new households, population growth, and turnover of existing households within the subject counties. IRS Migration Profiles and data from the U.S. Census Bureau regarding household tenure served as the

Drivers of demand for residential product are in-migration of new households, population growth, and turnover of existing households within the subject counties.

primary input for estimating the scale of future residential demand. It should be noted that forecasted growth could increase due to changes in market conditions, the impact of county and state support for TOD, and the potential increase in absorption and developer interest as a result of the influence of TOD.

- We have projected annual housing demand along the corridor, about 2,000 to 2,500 new units projected over the next 20 years, as follows. Housing demand is projected as multifamily TOD oriented development occurring primarily within one-half mile of the four Metro stations.

    - ❖ Townhome demand – 60 to 65+ units per year
    - ❖ Rental multifamily demand – 70 to 80 units per year
    - ❖ Strong potential for workforce housing and/or senior housing as part of mix

The residential market demand was driven by the following key findings:

- While sales at Victory Promenade have slowed somewhat over the past year, the monthly sales rate over the life of the project (opening in May of 2006) has been a relatively healthy 5.6 units per month, with an average price per square foot of $113 to $180. The condominium units of Addison at St. Paul sold at about half that rate, or 2.4 units monthly. This may reflect, in part, a smaller market for smaller units (the largest unit at the Addison at St. Paul is 1,313 square feet versus 2,564 square feet at Victory Promenade).
- The average vacancy rate for the Landover rental submarket is below that for District Heights, currently at 5.2 percent. This is in line with the rate for suburban Maryland, and also reflects the absorption of new units built in 2007 and 2009; the vacancy rate has been decreasing steadily since 2009. Asking rent growth approached 2 percent for 2010, consistent with the national growth rate. The positive absorption of units within the Landover submarket and the relatively stable vacancy rate are all positive indicators for the residential rental market.
- The District Heights rental submarket vacancy rate was recorded at 6.8 percent as of June 2011, which is high relative to the vacancy rate for Suburban Maryland (but only slightly above the nationwide apartment vacancy rate of 6.0 percent). While the vacancy rate increased in 2009 to just over 9 percent, it has since stabilized. As a result of increasing vacancy, asking rent growth has declined.
- The Prince George's County for-sale residential market has suffered from the recent economic decline and has one of the highest foreclosure rates in the nation. In the second quarter of 2011, one out of every three foreclosures occurring within the State of Maryland was in Prince George's County. Nearly 1,500 foreclosures occurred in the county in the second quarter. In order to help, the state created a Homeownership Preservation Task Force and Prince George's County has initiated the Neighborhood Stabilization Program (NSP). The NSP focuses on acquiring, rehabilitating, and selling foreclosed properties to qualified buyers, thus helping to stabilize neighborhoods with high levels of foreclosure.

Office Market

- Demand for new office space is contingent upon employment growth, particularly in industry sectors with a high proportion of office-using employees, such as Finance and Insurance, Professional and Technical Services, and Management of Companies. To determine the potential level of demand for office space within the Blue Line Corridor, an initial analysis of countywide historical employment

data from the Maryland Department of Labor, Licensing and Regulation as well as employment projections from Woods & Poole from 2013 to 2033. Demand forecasts were developed for the period from 2013 to 2033, corresponding to a long-term timeline following implementation of strategies from this study.

- ❖ Projected demand of 180,000 to 280,000 square feet from 2013 to 2033.
- ❖ Look to potential single source users such as public agencies and institutional users.
- ❖ Smaller scale mixed-use offices as part of residential mixed-use development near select stops.

- Class A office space has accounted for the majority of new deliveries in the Baltimore - Washington MSA and the county since 2000 with Class A supply in these areas growing by 79.5 million square feet and 2 million square feet, respectively. Since 2000, office deliveries have averaged 321,846 square feet annually at the county level compared to average absorption of 81,033 square feet. Imbalances between deliveries and absorption have led to rising vacancy rates throughout the county. Since a historically low vacancy rate of 10 percent in 2001, rates rose to a peak of 18 percent in 2009; currently vacancies are 17 percent. Class A space has a higher vacancy rate than average at 24 percent with largely unabsorbed new product in Bowie and Largo. With over 2 million square feet of quality Class A space currently vacant, demand for new space is likely to be constrained in the coming years unless there is a major employer relocation or GSA-related development occurs.

Retail Market

- Demand for retail space in the Blue Line Corridor for a five-year period from 2013 to 2018 was assessed. A relatively short forecast timeframe was followed as retail is a use that changes rapidly in order to respond to trends and customer needs. Projecting retail demand further than this period may be less precise; however, long-term forecasts may be developed using the current trajectory as a target and using this outlook to inform the strategy.
- To determine supportable square footage, an assessment was made of retail expenditures from households living within 10 minutes of the

intersection between Central Avenue and Shady Glen Drive / Hill Road; roughly the center point of the corridor. This market was divided into a primary trade area comprised of households within a five-minute drive and a secondary trade area made up of households within a five- to ten-minute drive. Total retail demand is forecast at approximately 175,000–235,000 square feet.

- Underserved sectors relative to spending include the following (indicating residents spending dollars outside of the area):
    - ❖ Eating and Drinking.
    - ❖ Retail Entertainment (includes electronics, computers, and sporting goods).
    - ❖ New supermarket may be an opportunity, but the market is highly competitive, especially with the proposed development of a new Walmart.
    - ❖ New Walmart proposed at Capitol Gateway Project will have large implications for other retail.
    - ❖ Giant, Shoppers Food Warehouse, Wegman's, and Safeway all within ten-minute drive of the corridor.
    - ❖ While Giant has abandoned previous plans, the fact that they were considering a new location is a positive sign.
- Most retailers will look for potential locations along Central Avenue for visibility and automobile traffic. Morgan Boulevard does not provide the same visibility.
    - ❖ Retail remains challenging near Metro stations – Mosaic at Largo Station has no leased retail and the Branch Avenue Metro Station retail is vacant or underperforming.

Proposed Catalytic Projects

Several priority or catalytic projects were identified at three of the Metro stations – Capitol Heights, Addison Road-Seat Pleasant, and Morgan Boulevard. Since the area around the Largo Town Center Metro is going through a separate sector planning process, specific catalytic projects were not developed near the site. The catalytic projects, by phase, are depicted on the following pages.

Capitol Heights Proposed Development Program

The Capitol Heights sites represent a new gateway for those coming into the county from the District of Columbia. They provide an opportunity for mixed-use development within five distinct areas:

Phase A includes a mix of 33 townhomes and 60 three-story garden style apartment units. The garden style apartments share some of the characteristics of the townhomes, including individual entrances. Unlike townhomes, each apartment occupies only one floor. The townhomes are situated along Southern Avenue, creating a denser street frontage, which is consistent with transit-oriented development. The plan acknowledges the neighboring residential community to the southeast by providing a landscaped buffer and new gateway park. The park takes advantage of the existing drainage corridor and also includes a pedestrian bridge that connects the residential component to Central Avenue, and ultimately to the Capitol Heights Metro Station which is located across the street.

The site is currently owned by the Prince George's County Redevelopment Authority and represents a near- to medium-term since the land is publicly owned by one entity and there is strong market demand for new housing along the corridor. The church entry plaza, which is across the street from the site along Maryland Park Drive, is recognized through an access point to the residential site as well as by the installation of a small park. The opportunity also exists to improve the intersection at Southern Avenue and Maryland Park Drive as development occurs. Apartment units are parked on street or in a surface lot, and townhome parking is available with each individual unit.

Phase B is located at the northeast corner of Southern Avenue and Central Avenue and is expected to include approximately 25,500 square feet of commercial space. The site represents a key location as it is situated at the gateway corner of Prince George's County with frontage along Central Avenue and proximity to the new Walmart. There is a possibility that traffic from the Walmart may be attracted via improved pedestrian access to the site. Surface parking is provided behind the proposed development. Higher density commercial development is indicated across the street near the Metro station. A new road is introduced that provides access to the parking behind and connects to the Metro site across the street. A landscaped median is introduced along Central Avenue in front of the site and new paving signifies the county "gateway."

This site represents a longer term strategy as it is currently under the control of 11 different property owners. Plans for Subareas A and B are consistent with the Subregion 4 Master Plan which calls for a diverse mix of housing and new infill development.

Phase C includes the area surrounding the Metro station with land currently owned by the Washington Metropolitan Area Transit Authority (WMATA). The site takes advantage of its direct proximity to the station and includes higher density commercial as well as parking garages to accommodate Metro users and visitors to the commercial components. Plans call for a mix of about 65,400 square feet of first floor retail space, with frontage along Central Avenue and also on the Metro plaza area. Plans also call for approximately 54,000 square feet of smaller scale office space; a reflection of market demand. This site represents a mid- to long-term strategy and will depend upon the prioritization of TOD initiatives by WMATA.

Phase D is located southwest of Phase C and fronts Southern Avenue. The focus of Phase D is on residential development and reflects strong market demand along the corridor for new residential units. As shown, the plans call for a total of 39 townhomes and 96 apartment units, with the rental units fronting Southern Avenue and a landscaped buffer located along the periphery of the development. Parking is provided within the interior of the development.

The site is currently owned by Prince George's County, WMATA, and Davey Street LLC. It is anticipated that development at this site will occur in the mid- to long-term given the number of land owners.

Phase E is located directly south of the Capitol Heights Metro Station and, as with Phase D, includes new residential development. A pocket park is included as part of the development of 62 townhomes, with access provided off of Capitol Heights Boulevard. Capitol Heights Boulevard terminates at the new commercial development located adjacent to the Metro station. The townhomes are arranged along the street grid introduced as part of the site development.

Site ownership includes the Town of Capitol Heights and multiple private owners. Similar to Phase D, it is anticipated that this catalytic site would be developed in the mid- to long-term.

Figure 3: Capitol Heights Conceptual TOD Opportunity Areas

	PRELIMINARY DEVELOPMENT PROGRAM							PARKING		
	OPPORTUNITY AREA	LAND USE	1ST FLR	2ND FLR	3RD FLR	4TH FLR	TOTAL	Parking Ratio	Parking	Parking Shown
N. OF CENTRAL AVE	A	APARTMENTS	20	20	20		60	1.5/unit	90	90
		TOWNHOMES		33			33	2/unit	SELF PARKS	SELF PARKS
	B	RETAIL	16,500				16,500	4.5/1000 sf	115	120
		OFFICE		9,000			9,000	4.5/1000 sf		
S. OF CENTRAL AVE (METRO BLOCKS)	C	RETAIL	65,400				65,400	4.5/1000 sf	294	690
		OFFICE	28,000	26,400			54,400	4/1000 sf	218	
		RESIDENTIAL		48	56		104	1.5/unit	156	
	D	TOWNHOMES		39			39	2/unit	78	180
		APARTMENTS	24	24	24	24	96	1.5/unit	144	
	E	TOWNHOMES		62			62	2/unit	SELF PARKS	SELF PARKS
								Total	1095	1080

Capitol Heights Conceptual TOD Opportunity Areas

CENTRAL AVENUE-BLUE LINE CORRIDOR
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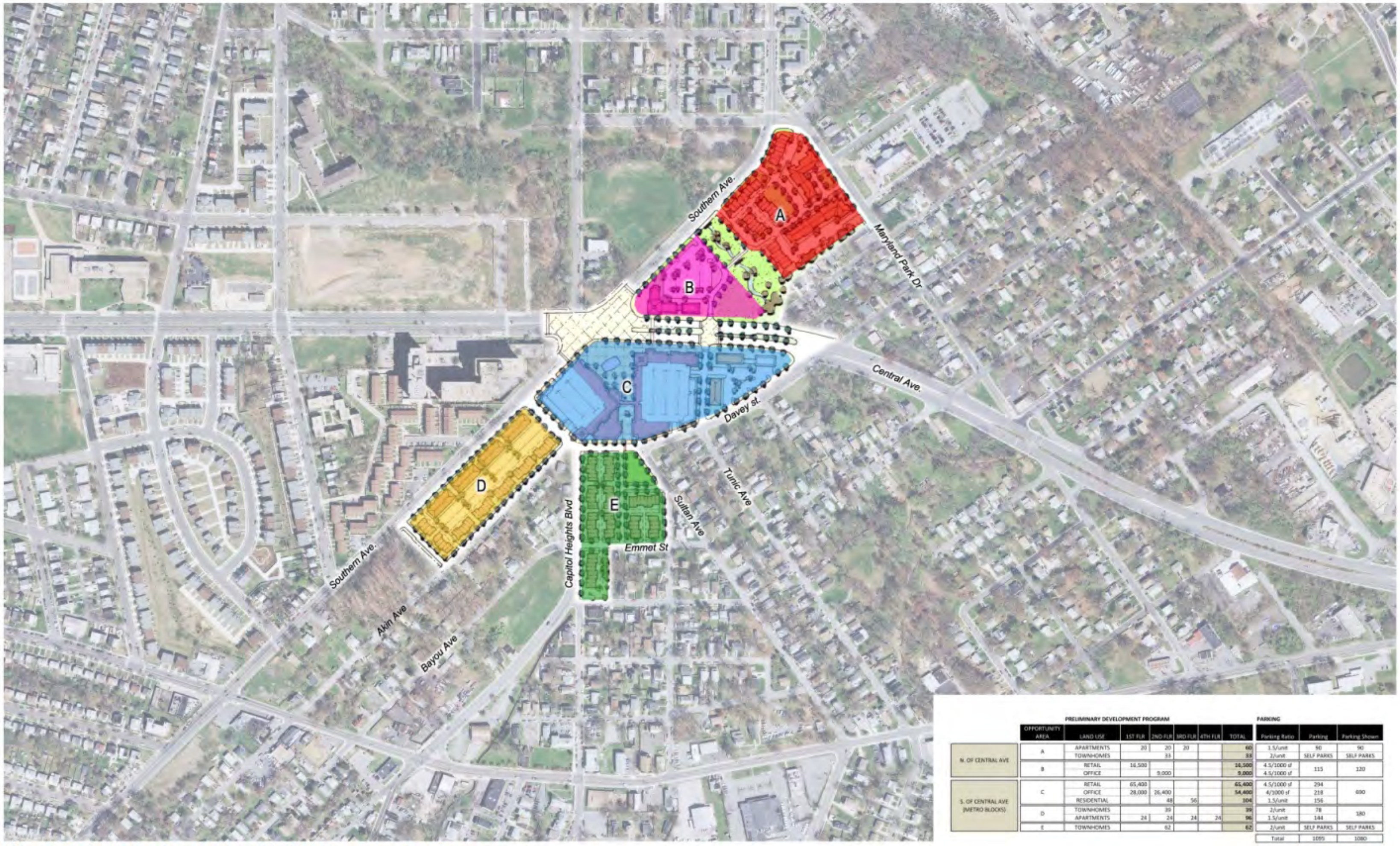
North — Scale in Feet 0 200 400

Figure 4: Capitol Heights Conceptual TOD Opportunity Areas by Phase



PRELIMINARY DEVELOPMENT PROGRAM / PARKING

	OPPORTUNITY AREA	LAND USE	1ST FLR	2ND FLR	3RD FLR	4TH FLR	TOTAL	Parking Ratio	Parking	Parking Shown
N. OF CENTRAL AVE	A	APARTMENTS	20	20	20		60	1.5/unit	90	90
		TOWNHOMES		33			33	2/unit	SELF PARKS	SELF PARKS
	B	RETAIL	16,500				16,500	4.5/1000 sf	115	120
		OFFICE		9,000			9,000	4.5/1000 sf		
S. OF CENTRAL AVE (METRO BLOCKS)	C	RETAIL	65,400				65,400	4.5/1000 sf	294	690
		OFFICE	28,000	26,400			54,400	4/1000 sf	218	
		RESIDENTIAL		48	56		104	1.5/unit	156	
	D	TOWNHOMES		39			39	2/unit	78	180
		APARTMENTS	24	24	24	24	96	1.5/unit	144	
	E	TOWNHOMES		62			62	2/unit	SELF PARKS	SELF PARKS
								Total	1095	1080

Capitol Heights Conceptual TOD Opportunity Areas

CENTRAL AVENUE-BLUE LINE CORRIDOR

The Maryland-National Capital Park and Planning Commission|Prince George's County Planning Department

North

Scale in Feet 0 200 400

Figure 5: Potential Mixed-Use Catalytic Project at Capitol Heights Metro Station

Figure 6: Potential Residential Catalytic Project at Southern Avenue and Maryland Park Drive

Seat Pleasant-Addison Road Opportunity Areas

Phase A includes The Commons at Addison Road ICON site, with the Subregion 4 Master Plan calling for a mixed-use development that includes both commercial and residential components. The current plan includes 376 residential units built over the commercial components (approximately 32,000 square feet of retail and 36,000 square feet of office space). A public plaza is introduced along Central Avenue at Addison Road (buildings may not be placed on top of the vault for the Metro). A 480 space parking garage is situated behind the commercial component, with retail frontage extended along Addison Road. The plan also includes a pocket park that fronts on Addison Road and is surrounded by commercial uses. A landscaped buffer is provided to the west of the site in order to transition to the adjacent existing residential community.

The site represents a short- to medium-term opportunity since it is directly across the street from the Metro station and plans have previously been proposed for the site. The plan is consistent with other aspects of the Subregion 4 Master Plan, which call for viable, quality commercial development and denser housing options along Central Avenue.

Phase B consists of the site just south of the ICON property and fronting Addison Road. As a result, the proposed development is integrated with potential development at the ICON site and includes 104 townhomes. As with the ICON site, there is a vegetated residential buffer in order to transition to the neighboring residents. This site represents a medium- to long-term opportunity after development occurs at the adjacent ICON site.

Phases C and D represent two options for an area situated just south of Phase B along Addison Road. In Phase C, Holy Cross Church directly addresses Addison Road with a mixed-use development proposed to the north of the church site and also fronting Addison Road. In this first option, to the west of the mixed-use development, a residential component is added that includes a mix of 40 townhomes, a linear park, and 15 small single-family lots. This site represents a mid- to long-term strategy, following potential development in closer proximity to the Metro station at the ICON site.

Phase D represents an alternative plan, with mixed-use development fronting Addison Road and Holy Cross Church set back behind the new commercial development. A new infill park buffers the church from the mixed-use development. Plans call for small scale retail and office space (approximately 41,000 square feet), as well as 48 new townhome units. Parking is not visible from Addison Road and is tucked behind the commercial development and adjacent to the church.

This phase also includes the Walker Mill Health Center facility located directly to the south of Phase C/D. The plan reflects an expansion of the health care center and about 22,000 square feet of two-story office space fronting Addison Road. Surface parking is situated behind the office space and in front of the landscaped health center. A landscaped buffer is also provided to the south and west of the site.

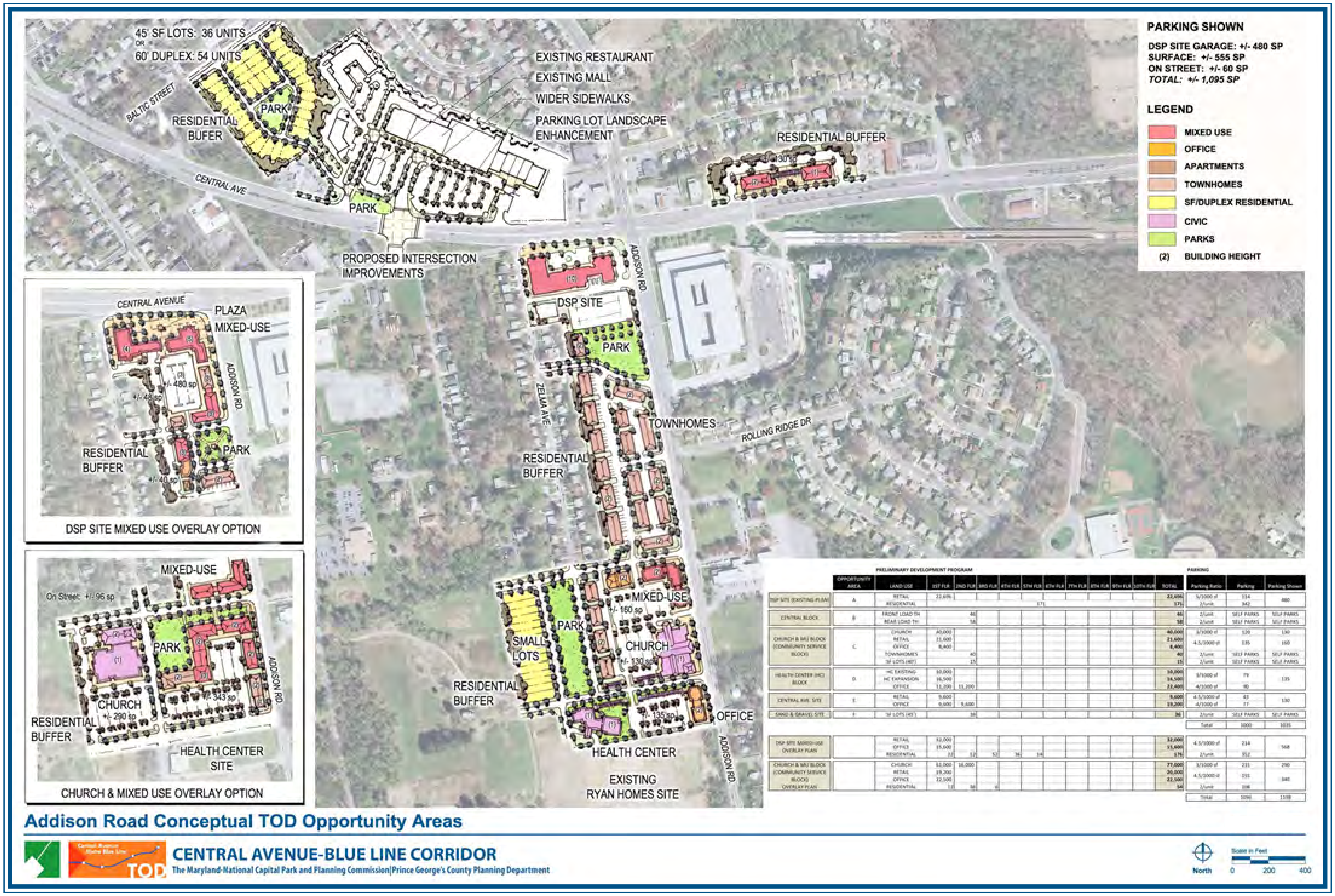
Phase E is located along the north side of Central Avenue, directly across the street from the Metro station. Small scale retail and office space is proposed (about 27,000 square feet of one and two-story space), with a vegetated buffer introduced to the north of the site in order to protect the existing residential development. The site represents a mid- to long-term strategy given multiple property owners. High visibility along Central Avenue is a key site criteria for retailers looking to move into the area.

Phase F includes Addison Road Plaza and the gravel plant located on Yost Street. In order to increase the competitive positioning of the mall in light of the new Walmart development, the plan proposes enhancements to the building façade as well as new parking lot enhancements and wider sidewalks for pedestrians. A proposed intersection improvement from Addison Road Plaza to the south side of Central Avenue would also improve pedestrian access for Metro users, local residents, and employees. The proposed improvements could potentially occur in the short-term given relatively low cost interventions.

The gravel plant site reflects a new residential development with 36 single-family lots situated around an inner pocket park. A buffer protects the new residential development from Addison Road Plaza to the east.

Figure 7: Proposed Mixed-Use Catalytic Project at Southwest Corner of Central Avenue and Addison Road

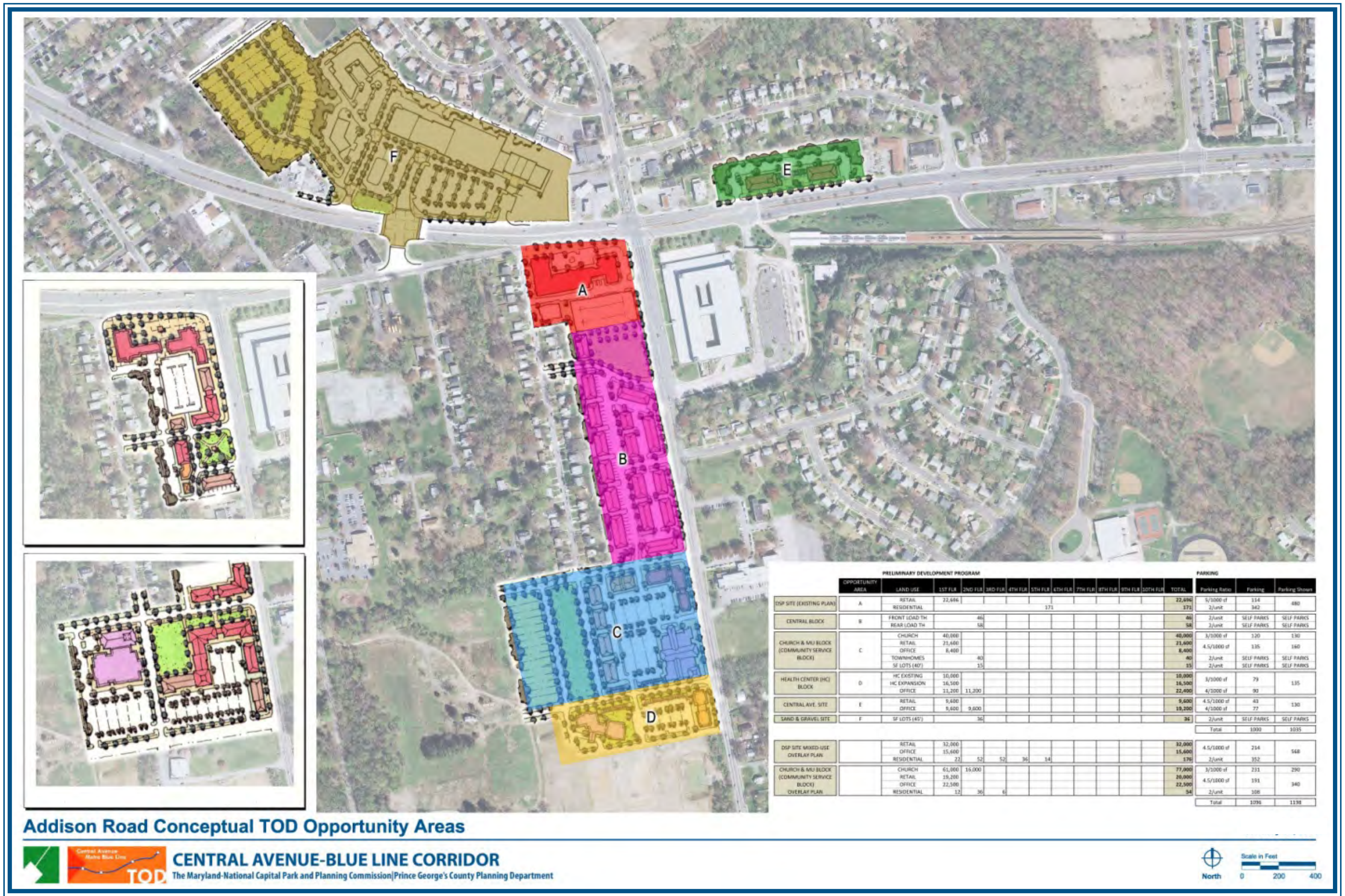
Figure 8: Addison Road Conceptual TOD Opportunity Areas



PRELIMINARY DEVELOPMENT PROGRAM / PARKING

	OPPORTUNITY AREA	LAND USE	1ST FLR	2ND FLR	3RD FLR	4TH FLR	5TH FLR	6TH FLR	7TH FLR	8TH FLR	9TH FLR	10TH FLR	TOTAL	Parking Ratio	Parking	Parking Shown
DSP SITE (EXISTING PLAN)	A	RETAIL	22,606										22,606	5/1000 sf	114	480
		RESIDENTIAL					171						171	2/unit	342	
CENTRAL BLOCK	B	FRONT LOAD TH		46									46	2/unit	SELF PARKS	SELF PARKS
		REAR LOAD TH		58									58	2/unit	SELF PARKS	SELF PARKS
CHURCH & MU BLOCK (COMMUNITY SERVICE BLOCK)	C	CHURCH	40,000										40,000	3/1000 sf	120	130
		RETAIL	11,600										21,600	4.5/1000 sf	135	160
		OFFICE	8,400										8,400			
		TOWNHOMES		40									40	2/unit	SELF PARKS	SELF PARKS
		SF LOTS (40')		15									15	2/unit	SELF PARKS	SELF PARKS
HEALTH CENTER (HC) BLOCK	D	HC EXISTING	10,000										10,000	3/1000 sf	79	135
		HC EXPANSION	16,500										16,500			
		OFFICE	11,200	11,200									22,400	4/1000 sf	90	
CENTRAL AVE. SITE	E	RETAIL	9,600										9,600	4.5/1000 sf	43	130
		OFFICE	9,600	9,600									19,200	4/1000 sf	77	
SAND & GRAVEL SITE	F	SF LOTS (45')		36									36	2/unit	SELF PARKS	SELF PARKS
														Total	1000	1035
DSP SITE MIXED-USE OVERLAY PLAN		RETAIL	32,000										32,000	4.5/1000 sf	214	568
		OFFICE	15,600										15,600			
		RESIDENTIAL	22	32	52	36	34						176	2/unit	352	
CHURCH & MU BLOCK (COMMUNITY SERVICE BLOCK) OVERLAY PLAN		CHURCH	61,000	16,000									77,000	3/1000 sf	231	290
		RETAIL	19,200										20,000	4.5/1000 sf	233	340
		OFFICE	22,500										22,500			
		RESIDENTIAL	12	36	6								54	2/unit	108	
														Total	1096	1138

Figure 9: Addison Road Conceptual TOD Opportunity Areas by Phase



	OPPORTUNITY AREA	LAND USE	1ST FLR	2ND FLR	3RD FLR	4TH FLR	5TH FLR	6TH FLR	7TH FLR	8TH FLR	9TH FLR	10TH FLR	TOTAL	Parking Ratio	Parking	Parking Shown
DSP SITE (EXISTING PLAN)	A	RETAIL	22,696										22,696	5/1000 sf	114	480
		RESIDENTIAL					171						171	2/unit	342	
CENTRAL BLOCK	B	FRONT LOAD TH		46									46	2/unit	SELF PARKS	SELF PARKS
		REAR LOAD TH		58									58	2/unit	SELF PARKS	SELF PARKS
CHURCH & MU BLOCK (COMMUNITY SERVICE BLOCK)	C	CHURCH	40,000										40,000	3/1000 sf	120	130
		RETAIL	21,600										21,600	4.5/1000 sf	135	160
		OFFICE	8,400										8,400			
		TOWNHOMES		40									40	2/unit	SELF PARKS	SELF PARKS
		SF LOTS (40')		15									15	2/unit	SELF PARKS	SELF PARKS
HEALTH CENTER (HC) BLOCK	D	HC EXISTING	10,000										10,000	3/1000 sf	79	135
		HC EXPANSION	16,500										16,500			
		OFFICE	11,200	11,200									22,400	4/1000 sf	90	
CENTRAL AVE. SITE	E	RETAIL	9,600										9,600	4.5/1000 sf	43	130
		OFFICE	9,600	9,600									19,200	4/1000 sf	77	
SAND & GRAVEL SITE	F	SF LOTS (45')		36									36	2/unit	SELF PARKS	SELF PARKS
														Total	1000	1035
DSP SITE MIXED-USE OVERLAY PLAN		RETAIL	32,000										32,000	4.5/1000 sf	214	568
		OFFICE	15,600										15,600			
		RESIDENTIAL	22	52	52	36	14						176	2/unit	352	
CHURCH & MU BLOCK (COMMUNITY SERVICE BLOCK) OVERLAY PLAN		CHURCH	61,000	16,000									77,000	3/1000 sf	231	290
		RETAIL	19,200										20,000	4.5/1000 sf	191	340
		OFFICE	22,500										22,500			
		RESIDENTIAL	12	36	6								54	2/unit	108	
														Total	1096	1198

Morgan Boulevard Opportunity Areas

The Morgan Boulevard station plan reflects the site's proximity to FedEx Field and also the availability of large tracts of publicly owned land. The Maryland-National Capital Park and Planning Commission owns the large parcel of land to the north of the Metro line and WMATA owns the majority of the land located to the south of the Metro line and fronting Central Avenue (with the exception of a large parcel of land that is controlled by the Mildred Gray Charitable Trust).

Phase A includes the northern portion of the site, as well as a strip of land that runs along the Metro line to Hill Road. The plan includes higher density development closer to the Metro station and a wide buffer that protects the existing single-family residential development that is adjacent to the development site. Plans include 446 three-story flats with an interior linear park running through the site. Seventeen single-family homes are included along the Metro line as it extends to Hill Road. The north side plan also includes 74,000 square feet of new office space near the Metro Station.

Phase B includes the site located south of the Metro line and includes higher density TOD. The plan is consistent with the objectives of the Subregion 4 Master Plan, which calls for capitalizing on this advantageous location for commercial use in the growth center and also for finding ways to connect commercial development along Central Avenue with residential development occurring along Morgan Boulevard.

The proposed development for Phase B includes a "main street" that connects Central Avenue to the Morgan Boulevard Metro Station, is lined with commercial development, and with parking located behind the buildings. A new green space is located along Central Avenue (the Heritage Commemorative Area which includes land owned by the Mildred Gray Charitable Trust), with new commercial buildings directly fronting onto Central Avenue. The corner of Central Avenue and Morgan Boulevard, with high visibility, is proposed as a key commercial development with interior parking. Two-story townhomes (134 units), three-story flats (272 units), and 92 live/work units are proposed along the western edge of the site. A Metro parking garage with wrap-around commercial space is located adjacent to the Metro station. Finally, a linear trail along the Metro line connects the commercial development to a potential future development site along Central Avenue to the west.

In order to better understand the following graphics, we have further broken down the north and south subareas, as noted.

Figure 10: Morgan Boulevard Conceptual TOD Opportunity Areas

PRELIMINARY DEVELOPMENT PROGRAM / PARKING

	OPPORTUNITY AREA	LAND USE	1ST FLR	2ND FLR	3RD FLR	4TH FLR	TOTAL	Parking Ratio	Parking	Parking Shown
S. OF METRO LINE	A	RETAIL	28,200				28,200	4.5 / 1000 sf	130	594
		OFFICE	44,500	26,000	20,500		91,000	4 / 1000 sf	365	
		RESIDENTIAL		30	30		60	1.5 sp / unit	90	
	B	RETAIL	76,100				76,100	4.5 / 1000 sf	345	755
		OFFICE	19,000	12,000	12,000		43,000	4 / 1000 sf	175	
		RESIDENTIAL		35	35	35	105	1.5 SP / unit	160	
		LIVE / WORK		46			46	2 sp / unit	SELF PARKS	SELF PARKS
	C	RETAIL	36,400				36,400	4.5 / 1000 sf	165	640
		OFFICE	57,100	38,100	19,800		115,000	4 / 1000 sf	460	
		RESIDENTIAL			7		7	1.5 sp / unit	11	
	D	RESIDENTIAL (3 STORY FLAT)	43	43	43		129	1.5 SP / unit	195	140
		2 STORY TOWNHOUSE	67				67	2 sp / unit	SELF PARKS	SELF PARKS
								Total	2096	2129
N. OF METRO LINE	E	3 STORY FLAT	138	154	154		446	1.5 sp / unit	669	955
		OFFICE	56,000	18,000			74,000	4 /1000 sf	296	
	F	SINGLE FAMILY RESIDENTIAL		17			17	2 sp / unit	SELF PARKS	SELF PARKS
								Total	965	955

PARKING SHOWN

METRO GARAGE: +/- 640 SP
GARAGE: +/- 1,950 SP
SURFACE: +/- 1134 SP
ON STREET: +/- 350 SP
TOTAL: +/- 4,074 SP

LEGEND

- COMMERCIAL
- MIXED USE
- OFFICE
- 3 STORY FLAT
- SINGLE FAMILY VILLAS
- PARKS
- RETENTION
- (2) BUILDING HEIGHT

Morgan Boulevard Conceptual TOD Opportunity Areas

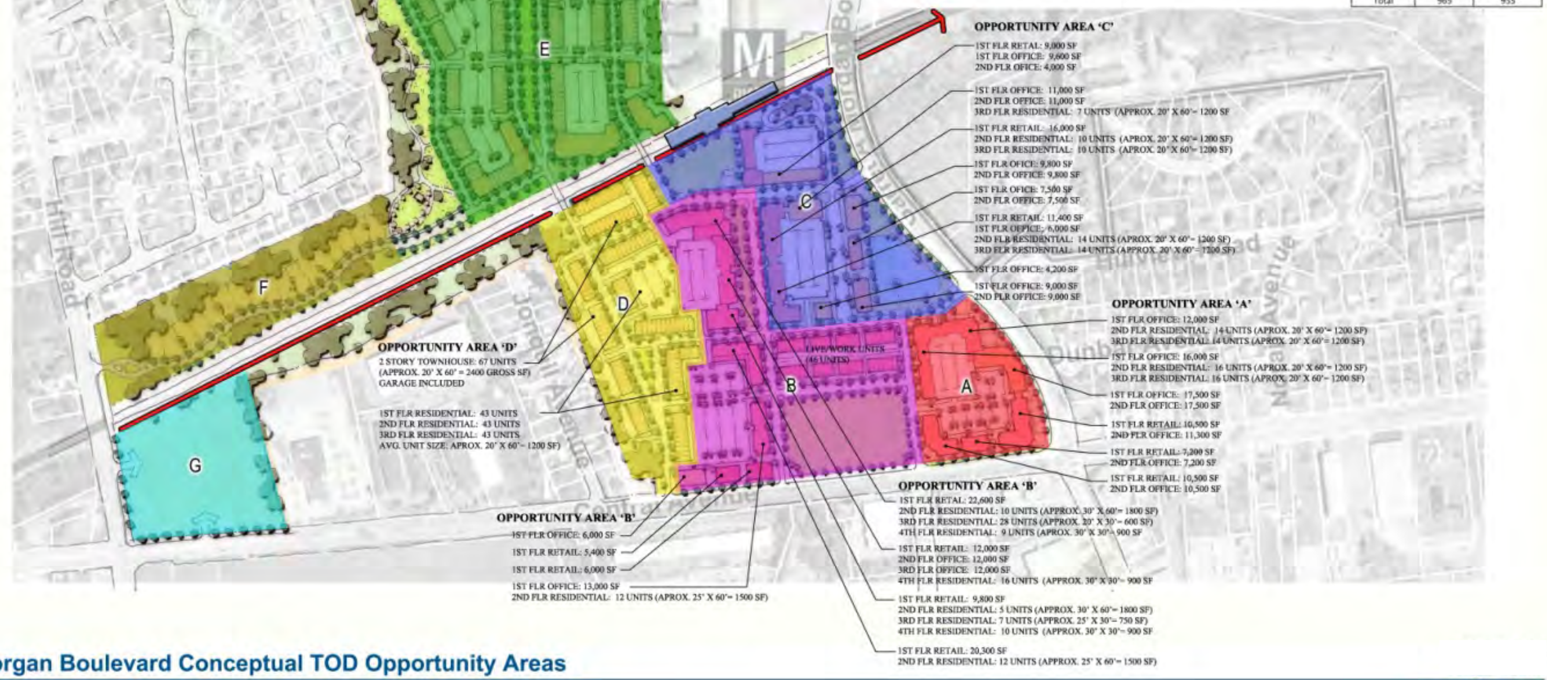
CENTRAL AVENUE-BLUE LINE CORRIDOR
The Maryland-National Capital Park and Planning Commission|Prince George's County Planning Department

North — Scale in Feet 0 200 400

Figure 11: Morgan Boulevard Conceptual TOD Opportunity Areas by Phase

PRELIMINARY DEVELOPMENT PROGRAM / **PARKING**

	OPPORTUNITY AREA	LAND USE	1ST FLR	2ND FLR	3RD FLR	4TH FLR	TOTAL	Parking Ratio	Parking	Parking Shown
S. OF METRO LINE	A	RETAIL	28,200				28,200	4.5 / 1000 sf	130	594
		OFFICE	44,500	46,500			91,000	4 / 1000 sf	365	
		RESIDENTIAL		30	30		60	1.5 sp / unit	90	
	B	RETAIL	76,100				76,100	4.5 / 1000 sf	345	755
		OFFICE	19,000	12,000	12,000		43,000	4 / 1000 sf	175	
		RESIDENTIAL		35	35	35	105	1.5 SP / unit	160	
		LIVE / WORK		46			46	2 sp / unit	SELF PARKS	SELF PARKS
	C	RETAIL	36,400				36,400	4.5 / 1000 sf	164	640
		OFFICE	57,100	41,300			98,400	4 / 1000 sf	394	
		RESIDENTIAL		24	31		55	1.5 sp / unit	82	
	D	RESIDENTIAL (3 STORY FLAT)	43	43	43		129	1.5 SP / unit	195	140
		2 STORY TOWNHOUSE	67				67	2 sp / unit	SELF PARKS	SELF PARKS
								Total	2096	2129
N. OF METRO LINE	E	3 STORY FLAT	138	154	154		446	1.5 sp / unit	669	955
		OFFICE	56,000	18,000			74,000	4 /1000 sf	296	
	F	SINGLE FAMILY RESIDENTIAL		17			17	2 sp / unit	SELF PARKS	SELF PARKS
								Total	965	955



Morgan Boulevard Conceptual TOD Opportunity Areas

CENTRAL AVENUE-BLUE LINE CORRIDOR
The Maryland-National Capital Park and Planning Commission|Prince George's County Planning Department

Figure 12: Proposed Mixed-Use Catalytic Project at Northwest Corner of Central Avenue and Morgan Boulevard

Catalytic Project Development Economics

In order to better understand the overall feasibility of each project, a stabilized year pro forma was developed for each of the proposed phases of development. The analysis shows the relationship of project costs and revenues to overall development costs and is based on our understanding of current market conditions. The analysis ultimately shows a residual value, which is the capitalized value of net revenues (or net operating income) minus development costs. Costs, in this case, exclude land, so the residual value represents the amount that the project could afford to pay for land.

The results of the financial analysis of each project by phase and by station are reflected below. The larger scale mixed-use projects proposed at all three of the stations resulted in a notable financing gap. Without including parking in the analysis, the residual value is positive, but would not cover the additional cost of site preparation and infrastructure. The site acquisition costs could be written down given public ownership of the site, similar to the site in Phase A. Given the relatively high cost of garage parking, the public sector could also consider financing and constructing parking associated with the new development, as well as a public contribution toward other infrastructure and site amenity costs.

Table 1: Capitol Heights Metro Station

Phase A	
Residual Value by Project	$3,576,751
Residual Value per FAR Square Foot	$28
Assumed land cost @ $275,000 per acre (3.9 acres)	$1,072,500
Infrastructure @ 15% of total cost	$2,546,550
Total Land and Infrastructure	$3,619,050
Potential Surplus/Deficit	-$42,299
Phase B	
Residual Value	$382,023
Residual Value per FAR Square Foot	$382,023
Assumed land cost @ $275,000 per acre (1.8 acres)	$495,000
Infrastructure @ 15% of total cost	$664,084
Total Land and Infrastructure	$1,159,084
Potential Surplus/Deficit	-$777,061

Potential Funding Sources/Actions to Address Significant Gap:

Charge premium rents
Write-down land costs if land acquired/assembled by puclic entity
CIP funding for infrastructure
Streamline approval process
Reduced development fees

Table 1: Capitol Heights Metro Station (Continued)

Phase C	
Residual Value	$(9,722,441)
Residual Value per FAR Square Foot	$(36)
Assumed land cost @ $275,000 per acre (6.1 acres)	$1,677,500
Infrastructure @ 15% of total cost	$8,828,818
Total Land and Infrastructure	$10,506,318
Potential Surplus/Deficit	-$20,228,759

Potential Funding Sources/Actions to Address Significant Gaps:

- Write-down land costs
- CIP funding for infrastructure, streamline approval process
- Consider project TIF
- Consider state/federal grants for infrastructure (FTA)
- Consider tax exemption program, reduced development fees
- Low income housing tax credits for workforce housing
- Federal Home Loan Bank Affordable Housing Program for workforce housing
- HOME program for workforce housing

Phase D	
Residual Value	$5,357,373
Residual Value per FAR Square Foot	$31
Assumed land cost @ $275,000 per acre (2.8 acres)	$770,000
Infrastructure @ 15% of total cost	$3,460,981
Total Land and Infrastructure	$4,230,981
Potential Surplus/Deficit	$1,126,391

Phase E	
Residual Value by Project	$2,763,458
Residual Value per FAR Square Foot	$25
Assumed land cost @ $275,000 per acre (2.9 acres)	$797,500
Infrastructure @ 15% of total cost	$2,558,355
Total Land and Infrastructure	$3,355,855
Potential Surplus/Deficit	-$592,397

Potential Funding Sources/Actions to Address Significant Gap:

- Write-down land costs
- CIP funding for infrastructure
- Streamline approval process
- Reduced development fees
- Low Income Housing Tax Credits for workforce housing
- Federal Home Loan Bank Affordable Housing Program for workforce housing
- HOME program for workforce housing

Moving Forward: Sequence and Timing of Priority Projects/Economic Development Strategies

Another viable short-term project at the Capitol Heights Metro Station is the development of an entryway treatment signaling the "gateway" to Prince George's County.

Capitol Heights

The residential project located at the southeast corner of Maryland Park Drive and Southern Avenue near the Capitol Heights site would appear to be the strongest short-term opportunity (zero to two years). The site is vacant, ownership is clear, the Redevelopment Authority supports the proposal, and housing represents the strongest market along the corridor.

Another viable short-term intervention at the Capitol Heights Metro Station is the development of an entryway treatment signaling the "gateway" to Prince George's County. The county should work with the Town of Capitol Heights to develop a design scheme and identify potential funding sources.

The mixed-use development strategy directly adjacent to the Capitol Heights Metro Station represents a longer term opportunity (three to ten years) and will require a collaborative effort led by WMATA and the county. Since WMATA also owns a key parcel adjacent to the Morgan Boulevard Station, it will be important for the county and WMATA to prioritize TOD efforts.

A longer term strategy (three to ten years), but one that is important because of the site, is development at the northeast corner of Southern Avenue and Central Avenue. This site is important because it is located at the gateway to the county and directly proximate to the station. However, it is considered long-term because of the multiple property owners involved at the site. The county may want to consider assembling the parcels for future development. A viable alternative at the site may be a small cluster of dining establishments given the shortage of dining opportunities for residents in the area and excellent visibility along Central Avenue.

It is likely that proposed housing development to the south of the Metro site represents a mid-to long-term (two to ten years) strategy. The Town of Capitol Heights has assembled key parcels and may want to consider pursuing a housing developer for the site. As stated in the Market Report, it is not likely that new retail development can be supported both near the Metro station and along Old Central Avenue given the proximity of the two sites.

Addison Road

A potential near-term opportunity (zero to two years) at Addison Road is the former ICON site located at the southwest corner of Addison Road and Central Avenue, near the Addison Road Metro stop. Previous plans called for a mixed-use development at the site, including 171 residential units and a library (The Commons at Addison Road). In addition to its proximity to the Metro stop, the site offers ideal exposure along Central Avenue. This study offers an alternative mixed-use development option that includes attributes more frequently associated with TOD, including a pedestrian plaza fronting Central Avenue, building frontage along Addison Road, and parking tucked behind the mixed-use buildings. The county should continue to work with the development community to refine the concept and secure development approvals. The county should stipulate requirements for workforce housing as part of the overall project design, encourage incorporation of open space/plaza elements, and require connectivity to the Metro station located across Addison Road. The county may also want to look at potential ways to leverage new development at the site by considering contributing toward some of the costs of site related infrastructure (for example, through TIF or CIP funds).

Another near-term opportunity (zero to two years), and one that is all the more urgent given the proposed construction of a new Walmart across the border within the District of Columbia, is the enhancement of streetscape, the parking lot, connections across Central Avenue, and building façade improvements at Addison Road Plaza. County staff should work with the property owner to ensure that improvements are made as soon as possible. For those improvements that occur within the public right-of-way, the county should prioritize streetscape improvements (such as an improved intersection across Central Avenue) within the Capital Improvement Plan for the county. The county may want to negotiate an agreement with the owner of the shopping center in order to implement the revitalization plan. In this way, the owner could commit to some façade improvements and the county could contribute to infrastructure and/or parking lot upgrades.

Morgan Boulevard

The Morgan Boulevard site represents a strategic opportunity for TOD given public land ownership by The Maryland-National Capital Park and Planning Commission (to the north of the Metro line) and WMATA (to the south of the Metro line). Given the large scale of public land holdings, the county (together with WMATA) should continue to monitor potential large scale land uses such as a General Services Administration (GSA) office development or institutional use. A large-scale, mixed-use development is likely a longer-term option (five to ten years). Again, WMATA owns a key parcel near the Metro station and discussions need to continue with WMATA in order to move potential projects forward.

Another option would be for the county to actively pursue other institutional uses at the Morgan Boulevard

The Morgan Boulevard site represents a strategic opportunity for TOD given public land ownership by The Maryland-National Capital Park and Planning Commission (to the north of the Metro line) and WMATA (to the south of the Metro line).

Metro site, rather than waiting for large-scale development to occur. Hospitals, in particular, are increasingly developing satellite facilities for continuing care and out-patient services closer to where people live and work. County officials should contact local and regional hospitals regarding the availability of a potential site near the Morgan Boulevard Metro Station.

Given the relative success of nearby housing developments such as Victory Promenade, a possible option might include issuing an RFP for new housing development on the county-owned site as the first phase of a mixed-use strategy. This site could also potentially include some smaller scale service-oriented retail to serve the residents and Metro users, as well as some smaller scale office space, as envisioned in the conceptual plans.

The county should also consider interim uses for the county/publicly owned property located near the Morgan Boulevard Metro, including the introduction of a farmers market (zero to two years). This strategy is aligned with the Branding Plan, which recommends a farmers market to both reinforce the history of the area and also to highlight the brand and its message. Interim uses also help to create interest in areas before development occurs since the development process can take several years to implement.

A public market would help to create interest in the area around the Metro sites before development occurs. Since several sites are publicly owned, an interim use is a viable option. Moreover, it may be possible to continue operation of the public market at the site after development occurs since TOD encourages the incorporation of public meeting space into the overall design.

A significant number of public markets are publicly owned and operated by a separate authority or nonprofit organization. It is worth noting that many public markets are subsidized to some extent. However, this is not always the case. The Milwaukee Public Market, which is smaller in scale, became profitable after it turned over ownership of the market to the local BID.

Many markets supplement their income with event rentals, cooking classes, demonstration kitchens, and parking revenues. The Milwaukee Public Market supplements their revenue stream with event rentals, cooking classes, and special events (e.g., speakers, music concerts).

Implementation Strategies – Financing and Marketing, Corridorwide Strategies

According to the Center for Transit-Oriented Development, more than ten percent of low-income workers living near rail stations use transit as their primary commuter mode, or more than twice the rate of any other income group.

TOD Fund

As a first step to addressing transit-oriented development funding along the entire corridor, the county should consider the establishment of a TOD fund modeled after the Denver TOD fund. The program in Denver targeted the preservation and formation of affordable housing near transit locations and was financed, in part, by a MacArthur Foundation grant that was matched by the city. In the case of the Denver TOD fund, the Enterprise Community Partners is the financial manager of the fund. Based in Columbia, Maryland, Enterprise is a nonprofit that provides expertise for affordable housing by facilitating public-private partnerships with banks, governments, community organizations, and other appropriate partners. According to the Center for Transit-Oriented Development, more than ten percent of low-income workers living near rail stations use transit as their primary commuter mode, or more than twice the rate of any other income group (National TOD Database, Analysis of U.S. Census 2000).

Similarly, the Bay Area Transit-Oriented Affordable Housing (TOAH) Fund was established in the San Francisco area to provide financing for the development of affordable housing and community services near transit lines in the Bay Area. The fund allows developers to secure affordable capital to purchase or improve land near transit stations for housing, retail, and other community services (e.g., child care).

The county should look into initiating and managing a similar TOD fund, potentially partnering with other local jurisdictions. A first step could include meeting with the Enterprise Community Partners to discuss the potential for establishing a similar fund in the county. In Denver, Enterprise provided grant funding and also invested through the Enterprise Community Loan Fund.

Developer Roundtable

As soon as possible, the county should convene a developer roundtable to discuss the viability of the catalytic projects outlined in this study. The projects outlined thus far are conceptual in nature and should be tested in more detail regarding overall development programming, site planning options, financial feasibility, and timetables. A developer roundtable would also help to increase awareness of the county's interest in moving forward with development at the selected sites. It will also help to make the RFQ/RFP process more efficient by vetting the proposed plans.

As part of the vetting process, the county could also identify key public resources (e.g., libraries, educational centers, and community centers) that might anchor the proposed mixed-use developments at Capitol Heights and Morgan Boulevard. Conversations with potential developers can also generate useful ideas on how to build value into proposed transit development projects (e.g., shared parking).

Ongoing Sessions with WMATA

M-NCPPC should continue to meet regularly with WMATA regarding potential development opportunities at both the Capitol Heights and Morgan Boulevard sites on land currently owned and controlled by WMATA. This could potentially include working with WMATA to streamline the RFQ/RFP process and also to advocate and promote TOD at the two sites. For example, in selecting private developers, WMATA has formal guidelines to evaluate projects; they want to increase ridership for stations and buses, increase revenue for the Authority, implement local master plans, and promote economic development. Like all transit agencies, WMATA has a vested interest in supporting TOD because it provides an opportunity to increase revenues through additional ridership and can also bolster their own property values. There needs to be a close working relationship between the county and WMATA so that roles are clearly defined and the process is transparent to the public and to potential joint partners, such as developers.

The Maryland-National Capital Park and Planning Commission continues to work closely with the Town of Capitol Heights and the City of Seat Pleasant on planning strategies relevant to TOD, including moving ahead with a gateway at the Central Avenue gateway to Prince George's County and moving forward with plans for a mixed-use development adjacent to the Capitol Heights Metro Station. There needs to be a working relationship between the local municipalities and the county so that the process can continue to gain momentum and so that all interests are considered in negotiations moving forward.

Discussions with the Enterprise Community Partners:

As mentioned in the Phase I report, there may be an opportunity to work with Enterprise Community Partners to help secure gap financing for the proposed housing project located along Maryland Drive. The county could help facilitate discussions between a potential developer at the site and Enterprise Community Partners with respect to, for example, their Loan Fund, which provides interim financing for affordable housing developers. The Loan Fund includes programs that provide loans for financing pre-construction costs, acquisition loans, and equity bridge loans for low-income housing tax credit and historic tax credit projects.

Enterprise also works with developers to help finance new construction with the use of Low Income Housing Tax Credits. Enterprise also facilitates the construction of low income housing through New Market Tax Credits (a program that is currently awaiting congressional renewal) as well as through equity investment.

Consider formation of an Urban District:

The county should consider formation of an Urban District as part of the branding plan and as a way to increase the overall competitiveness of the area. Although Maryland does not authorize Business Improvement Districts (BIDs), several jurisdictions have formed Urban Districts (such as Silver Spring and the Bethesda Urban Partnership), which are subject to an Urban District Tax, similar to a BID assessment. The Downtown Partnership of Baltimore oversees the Downtown Management Authority (DMA) and the delivery of programs for an 106-block DMA district. Commercial property owners in the DMA fund these services through an annual surcharge of 21.39 cents per $100 of assessed property value. Similar to most BIDs, the Downtown Partnership of Baltimore works to enhance the public realm and streets, assist in business retention and attraction, and ensure the economic vitality of the area.

Typical services include marketing and promotional events (which could be tied in with branding efforts), capital improvements, security, management, and maintenance. Care must be taken when working to establish the boundaries of the organization, ensuring that everyone is educated regarding the advantages and role of the Urban District/BID. It may be desirable to establish a corridorwide BID, or establish one for portions of the corridor (e.g., initial focus on the west end, encompassing Capitol Heights and Addison Road).

BIDs or Urban Districts are typically set up as 501(c)(3) nonprofit organizations. Board members typically include a mix of property owners, tenants, residents, and government representatives. As mentioned, funding is usually generated from a tax levied on local properties located within the BID/Urban District area, and can be supplemented with earned income (e.g., special event programming), foundation grants, and other programs. The Bethesda Urban Partnership receives a portion of their revenues from parking (meters, tickets, and a parking tax on developers that do not provide parking).

The planning stages of establishing a BID/Urban District include the following:

- Form a steering committee to guide the process
- Develop a preliminary database of property owners and commercial tenants
- Define the needs and goals for the various stakeholders so that these are reflected in the BID/Urban District initiatives.
- Estimate the potential program costs for the initiative by clarifying the relevant services to be covered (removing litter and graffiti, repairing fixtures and furniture, hiring supplementary street guides or security, business recruitment, etc.).
- Define the appropriate local operating organization and define how stakeholders should be represented in the process.
- Generate preliminary alternative assessment formulas, including alternatives based upon front footage along arterial streets, built floor space, or assessed value.

Adjust Parking Standards to Take Transit Usage into Account

The TOD areas should include adequate, preferably structured, parking facilities that do not dominate the transit station area or consume large amounts of land.

- Reduce or eliminate off-street parking requirements for developments within easy walking distance of transit stations. Many TOD ordinances have reduced parking by 25 percent or more, depending on how high the “standard” requirements are.

The TODs should include adequate, preferably structured, parking facilities that do not dominate the transit station area or consume large amounts of land.

- Place a maximum limit (cap) on the amount of surface parking that may be developed. Some ordinances have established caps of 125 percent above the required minimum, or have even set the typical minimum as a maximum, while permitting a reduction in parking.
- Encourage shared parking between businesses when peak times or hours of operation differ.
- Limit all-day parking in transit station core areas. Encourage the use of short-term, on-street parking.
- Place surface parking at the rear of buildings or in the interior of blocks. Parking access and parking areas should not occupy more than one-third of the street frontage per block.
- Screen surface parking from view with low decorative fences, walls, or hedges. Require internal landscaping and recognizable, well-lit pedestrian paths within large parking lots.

Proposed Mixed-Use Projects at Morgan Boulevard Metro Station, Addison Road Metro Station and Capitol Heights Metro Station

The following funding mechanisms are potential tools that can be used at all three of the mixed-use projects proposed at Morgan Boulevard, Addison Road, and Capitol Heights. All three projects have assumed a mix of market rate and affordable housing. Therefore, the affordable housing programs are applicable at all three stations. Since it is assumed that the proposed mixed-use projects at each station will occur as some form of public/private development, the exact tools that will be applied are not known until a developer has been selected and pre-development begins at each of the stations. As reflected in the Market Report case studies, most TOD projects require some mix of private equity, state and local grants and loan programs, tax credits, and public contributions.

Large-scale, mixed-use development is complex and can take years to come to fruition. It is not yet clear which station may see new mixed-use development first. Since the former ICON site has experienced the most activity to-date from the private sector, the Addison Road site may be the most likely first candidate. As highlighted above, the county should also continue to work with WMATA to establish which Metro site is a priority for TOD development. It is assumed that, among the three stations, Morgan Boulevard is the most likely candidate for priority designation by WMATA, especially if outside interest by the GSA or a large institution emerges. Even if it becomes clear that a single use is not likely at Morgan Boulevard, the county and WMATA should move ahead by securing private developer interest in the site.

The county can use the master plans vetted through the current planning process to open discussions with developers and also as part of the RFP process described below. It is critical to stress the importance of engaging the development community as soon as possible regarding potential opportunities at the three stations. As discussed in the Market Findings Report, we currently see an undersupply of eating establishments throughout the corridor; restaurants and dining facilities represent a likely candidate for developers as the development process evolves. Also mentioned in the Market Findings Report, social and community-oriented space can be critical in generating pedestrian activity at TOD sites. Therefore, the county and local jurisdictions should determine the need/feasibility of developing new public/community facilities as part of TOD at any of the proposed mixed-use sites. A new school, library, or jobs training center, just to name a few, could be important anchors at any one of the proposed mixed-use sites.

Funding Mechanisms and Financial Incentives

1. Consider the formation of station TIFs (tax increment financing) or special-improvement district, allocating incremental tax revenues

TIF has been widely used throughout the country and is a tool that allows local governments to publicly finance needed public improvements within a defined area.

or special assessments to the funding of targeted capital improvements. TIF has been widely used throughout the country and is a tool that allows local governments to publicly finance needed public improvements within a defined area. The initial capital costs for improvements are repaid by the collection of future property and/ or sales tax revenues by each of the taxing units that levy taxes against the future developments.

In the State of Maryland, the typical TIF process is as follows:

- Define TIF District. It is normally most beneficial to establish a separate TIF district for each proposed mixed-use development at each Metro station. Typically a "finding of necessity" for establishing the TIF district is also required.
- Establish base assessed value. This step locks in the current tax base when calculating the TIF revenues.
- Specify funded improvements. In this step, the administering agency defines exactly which improvements will be funded through the TIF.
- Issue non-recourse bonds. These bonds are secured by collateral, which limits liability to value of debt. Non-recourse debt is typically used to finance commercial real estate ventures that involve long loan and development periods. Revenue bonds are sold so that funds are available for "front-end" expenses; typically on infrastructure improvements.
- Make public purpose improvements as specified in Step 3.
- TIF revenues to special fund. Bonds are retired with the revenues deposited into the special fund in the form of incremental increases in property tax revenues.
- Bonds repaid. The process is initiated by the local jurisdiction.

The State of Maryland allows tax increment financing for infrastructure improvements such as roads, utilities, lighting, and parks; government buildings; public parking garages; land acquisition; convention and conference centers (Prince George's County only); and capital and operating costs of infrastructure supporting TOD. TIF financing was used at the National Harbor to help finance public infrastructure. The total project cost was $2 billion, including 7.3 million square feet of development. TIF revenues are pledged to fund improvements specified at the beginning of the process and the bonds are not backed by government full faith and credit. After the bonds are repaid, the TIF revenues revert back to the local jurisdictions.

2. Based on a survey of joint development projects that have produced affordable housing units (FRESC – formerly Front Range Economic Strategy Center, Enterprise Community Partners), the majority used low-income housing tax credits (LIHTC) to finance a portion of the project. Tax credits are issued through the Maryland Department of Housing and Community Development on a competitive basis to nonprofit and for-profit sponsors. All low-income projects must meet stated requirements regarding tenant income and the percent of units allocated to low income tenants. The local government is required to formally approve the development and also make a contribution that "materially reduces the project's development or operating costs."

3. Look into the Federal Home Loan Banks' Affordable Housing Program (AHP) as a source of grant funding for affordable housing. The program is funded with ten percent of the banks net income annually and the funds can be used in conjunction with the low-income housing tax credits.

4. The Maryland Department of Housing and Community Development offers several programs that assist with the financing development of low-income housing, including the HOME program. The program, which was established by the federal National Affordable Housing Act of 1990, finances construction, acquisition, and rehabilitation of rental and owner-occupied housing. Projects funded through the HOME program must meet federal HOME regulations. The Multifamily Bond Program offers below-market rate construction and permanent financing for developments that set aside a portion of the housing units developed for limited-income households.

5. Other ways to fill the funding gap and improve overall project feasibility include reducing development costs, reducing operating costs, or reducing risk.

   Development costs can be reduced through the use of development subsidies, or grants. Project funding grants typically originate at the state or federal level under the auspices of various programs for infrastructure development, targeted economic development funds, etc. Grants are often used to fund a part of the project that is likely to produce public benefits, such as parking facilities and infrastructure. It may be possible to apply Federal Transit Administration (FTA) grants to help fund needed infrastructure improvements (e.g., parking structures) at Morgan Boulevard and Capitol Heights.

   Site assembly and acquisition is a key up-front cost of development projects, and since most of the catalytic projects are located on public property, the write-down of land costs is a viable option for attracting mixed-use development to the Morgan Boulevard Metro Station site as well as the Capitol Heights site.

   Infrastructure is a key development hurdle and one of the most effective forms of increasing project feasibility is through public–sector financing and the construction of new infrastructure. Capital Improvement Program (CIP) funding is a traditional

Capital Improvement Program funding is a traditional source of financing for infrastructure associated with TOD...

source of financing for infrastructure associated with TOD, including improvements to the existing transportation network. The county would have to make transit-related improvements a priority among other necessary infrastructure improvements. This will ensure that the necessary improvements are made in order to facilitate private sector development.

Property taxes form one of the most important operating cost categories. Although it can be politically difficult to implement, tax abatement or tax exemption programs can be used to help defray operating costs. In many cases, property taxes will be phased in over time as the project becomes more successful. An Urban District, as described earlier, would also help to lower some of the operating costs typically covered by a project's operating budget (e.g., marketing, advertising, and special events programming). At the local level, Community Development Block Grant (CDBG) funds are common sources of targeted grants for development projects.

Risk reduction techniques include streamlining the development process. This is discussed in greater detail later.

Developer Recruitment at the Three Mixed-Use Sites

Since the county has already completed a thorough planning process for the Blue Line Metro sites, we recommend a two-step developer recruitment process, as described below.

Request for Qualifications

A request for qualifications (RFQ) is, in part, a sales tool, which is designed to convey a sense of the project's potential as both an investment and as a contribution to the quality of the neighborhoods and county. The obvious objective is to generate responses from the best qualified development teams, but also to test the validity of the work completed to date and to generate additional insights and ideas regarding the project.

The specific components of an RFQ should include the following:

- A personal invitation from the County Executive to respond.
- A summary overview of the project initiative and its physical, social, and economic context.
- A clear description of the site.
- A summary of the site development strategy.
- Development objectives: programmatic, design, and financial.
- Development program options.
- Selection criteria and selection process.
- Schedule.
- Submittal requirements.

Importantly, respondents should be able to prepare a competitive response to the RFP in a reasonable time frame and at reasonable cost. The two greatest potential pitfalls of an RFQ are either requiring too extensive an effort on the part of respondents, or failing to sufficiently describe the requirements of the county. Developers have choices, and recent experience shows that remaining competitive in public-private proposals will ultimately require significant cost and time. The county must put forth a well-documented, well organized, attractive package to draw high-quality responses. In our view, these sites are capable of generating a national response. An expected timeframe for the completion of an RFQ process, through development of a short-list of perhaps five qualified respondents, is about two months.

Request for Proposals

The request for proposals (RFP) process should be designed to convince short-listed firms that a serious, sustained effort to produce a compelling proposal is in their best interest. The county needs to send the message that the public partners in the project recognize the imperatives of private investment.

At the same time, of course, prospective developer partners are being asked in this process to conform to the county's vision of the project. The county should initiate this process by sharing their prior analytical and planning work with the short-listed teams.

The RFP should also include an affordable housing goal, or it should be stated that developers responding with affordable housing components will be given preference during selection of the project developer.

The RFP must also convince short-listed teams that the county is organized to deliver on their obligations: delivery of an unencumbered property interest, timely development approvals, constructive mechanisms for managing community input, and some sense of the categories and rough magnitude of expected financial incentives.

Developers should be asked in this stage to develop a fairly detailed development concept and financing plan. This typically requires them to engage the services of a professional planning team. Proposal submissions should outline the qualifications of any team members not already identified in the RFQ response.

In addition, responses should include the following components:

- A detailed description, and visual depiction, of the developer's project concept, including the development program, schematic site and building plans, sections, elevations, phasing plans, and a preliminary sense of building materials.
- A project budget, including all hard and soft costs by category.
- A marketing and leasing plan that includes evidence of any tenant commitments.
- A proposed financing plan, including a statement of sources and uses of funds that clearly outlines the form, magnitude, and timing of any expected public resources, a multi-year cash flow analysis, and a statement of expected developer returns. Developers should demonstrate clear evidence of the capability of attracting sufficient equity and debt financing for the project.
- A project management plan, including a full description of the proposed development process, through final delivery of the completed project. This should include a detailed timeline and project schedule that clearly identifies the critical actions required by the county.

The RFP must also contain a complete description of the developer selection criteria and the process by which developer partners will be selected. It is customary to interview short-listed teams and to visit their previous projects before making a final selection.

The experience of other cities suggests that this two step RFQ/RFP process typically takes from four to six months to complete.

Working with the Development Community

Once a developer is selected, the developer and county (and/or WMATA) might consider establishing a preliminary agreement of the intent to negotiate that defines the process for reaching a final agreement. These agreements can include exclusive dealings agreements (EDAs), letters of intent (LOI) or memoranda of understanding (MOU). The preliminary agreement outlines the roles and responsibilities of the respective parties

A preliminary agreement provides a level of certainty to the developer, while requiring them to meet certain milestones as a precursor to finalizing a development agreement.

while they negotiate a formal development agreement, which can occur during the preliminary site design approval process. A preliminary agreement provides a level of certainty to the developer, while requiring them to meet certain milestones as a precursor to finalizing a development agreement.

Involving necessary stakeholders at appropriate times during this stage should give all participants the opportunity to resolve outstanding issues and improve the odds of garnering support for the development plan and development agreement. In the end, establishing effective partnerships with the appropriate stakeholders should reduce complications and decrease the time necessary to deliver a joint development project.

Another method of working effectively with the development community is based on a program instituted in Austin, Texas. The program is called SMART (Safe, Mixed-Income, Accessible, Reasonably Priced, Transit-Oriented) Housing. The program allows for fee waivers for certain items as well as expedited reviews for developers of housing projects that meet established criteria. As an example, city fees are waived on a sliding scale based on the percent of units that are "reasonably priced." The families being served earn no more than 80 percent of median family income and spend no more than 30 percent of their gross income on housing.

In order to ensure that units remain affordable, city administrators are looking at extending the initial five-year affordability requirement. They are also looking at the potential for setting up a community land trust where the public entity owns the land and partners with a developer. The land is leased to the homeowner for a nominal amount and the long-term lease restricts resale to prequalified buyers.

Expedited development review is a powerful tool because developers often state that the lengthy permitting process can make TOD prohibitive. Developers often cite the length of the review and permitting process as a barrier to implementing transit-oriented development, which makes strategies such as one-stop TOD shops, removal or consolidation of steps in the review process (a "green tape" program), or conducting some of the permitting steps in advance of the development proposal, incentives for TOD. Similarly, team inspections allow the developer an assessment of all major permitting issues before a building plan is submitted for review. Along the same lines, reduced development fees also offer an incentive for developers involved in TOD.

The county should have flexibility when selecting a developer, and should also incorporate potential fiscal and economic impacts into the overall assessment of the proposal. Finally, the county should be prepared to use a range of contractual agreements in formalizing a relationship with the chosen developer.

Other Area Considerations

Gentrification Implications

Gentrification is a concern for some established transit corridors as property values increase and affordability becomes increasingly difficult. This issue becomes increasingly important along transit corridors because lower income households are often dependent on public transportation for access to jobs. One way to address gentrification is through a renter-to-owner program focused on those areas most susceptible to displacement. Rent regulation is also a popular form of support for existing tenants. Other forms of assistance include an exemption from rent increases for senior citizens and property tax caps (which already exist).

Another way to preserve low-cost housing opportunities in transit districts is to give nonprofit affordable housing developers, tenants, or tenant cooperatives the first right to purchase multifamily buildings put up for sale. Such a law helps increase the likelihood that when formerly low-cost housing developments are put up on the market they will be purchased by existing renters or entities that will keep the buildings affordable over the long-term. The legal implications of this alternative would need to be studied further.

Other cities have deferred the property taxes due on the incremental assessed value in appreciating markets until sale, and may also offer low-interest loans and grants for necessary home repairs. This strategy is only effective if the local resident base is educated about the programs. Along these same lines, home-selling workshops can be held to help ensure that lower income homeowners in gentrifying areas are getting the full value for their homes.

In some cases, cities such as Boston have mandated that developers set aside a portion of every new development for affordable housing units. If land costs are prohibitively high in an area, linkage fees to housing trust funds can be required instead of set asides. The affordable units can then be built in other locations in the adjoining areas where land costs may not be as high.

Other ways to protect tenants already living in rental housing includes requiring relocation payments when units are taken out of the rental market. For example, in San Francisco, California, a payment of $500 is required when the eviction notice is given and a $500 move-out fee is also required. In other cases, cities require that subsidized public housing units are replaced on a one-for-one basis when units are displaced or redeveloped.

Public assets, such as school buildings or publicly owned land, can also be targeted for affordable housing and/or community facilities. If these public assets are not immediately sold or turned over to the private sector for development or redevelopment, gentrification pressure can be lessened.

Finally, it is important to create neighborhood forums that convey the community vision to the various stakeholders that are interested in investing in the neighborhood. A forum can represent the interests of older residents that have lived in the area for generations and new residents that will be creating a future vision for the area.

It is important to create neighborhood forums that convey the community vision to the various stakeholders that are interested in investing in the neighborhood.

The work of the Market and Transit-Oriented Development Potential, Priorities, and Strategies Study resulted in the identification of several short-term (0-2 years), medium-term (2-3 years) and long-term (3 plus years) action items or projects. These projects are the product of extensive research and analysis and public input from a series of public meetings held during study development.

The action items should be implemented by the Planning Department in conjunction with other county and state agencies, as well as local governments and private entities. The following tables depict the action plan items by time frame and the agency responsible for implementation.

Table 2: Implementation Plan by Action and Time Frame

Potential Early Catalytic Actions (0-2 years)

		Responsibility
Project:	Residential Development Project at Southeast Corner of Maryland Park Drive and Southern Avenue	
Actions:	Issue Developer RFP/RFQ	County
	Internal Infrastructure Improvements	County/Private
	Stipulate workforce housing requirements	County
Action:	Design Gateway Elements for Central Avenue Entryway at Capitol Heights	County
Project:	Mixed-Use Development Project at ICON Site/Addison Road	
Actions:	Continue to have staff work with Developer at site	County
	Stipulate workforce housing requirements	County
	Internal infrastructure requirements	County/Private
	Parking	County/Private
Action:	Design Streetscape Improvements within Public Right-of-Way at Addison Road Plaza	County
Action:	County Staff work with Addison Road Plaza on Façade and Parking Lot Enhancements	County
Action:	Consider interim uses for publicly owned land at Morgan Boulevard	County
Action:	Consider formation of TOD Fund	County, neighboring jurisdictions, foundations, Enterprise
Action:	Begin process of formulating TIF/Addison Road and Morgan Boulevard	County
Action:	Hold Developer Roundtable	County, private sector
Action:	Ongoing discussions with WMATA regarding mixed-use potential at Capitol Heights/Morgan Boulevard - prioritize efforts	County, WMATA
Action:	Actively pursue other institutional uses at Morgan Boulevard	County
Action:	Hold discussions with Enterprise Community Partners	County
Action:	Consider Formation of an Urban District	County
Consider Workforce Housing Funding at Maryland Park Drive Site		
	Low-income housing tax credits Federal home loan banks affordable housing program Maryland Department of Housing and Community Development HOME Program	County, State, Federal Home Loan

Table 2: Implementation Plan by Action and Time Frame (continued)

Potential Early Catalytic Actions (0-2 years)

	Responsibility
Action: Establish expedited reviews/fee waivers for projects that meet certain criteria (e.g., percent workforce housing)	County
Gentrification Issues	
Renter to Owner Program	
Defer property taxes on incremental assessed value in appreciating markets	County
Home selling workshops	
Nonprofits First Right to Purchase Multifamily Housing	

Medium-term (2-3 years)

	Responsibility
Action: Establish Expedited Reviews/Fee Waivers for TOD projects	County
Action: Pursue rezoning at Maryland Park Drive site	County
Action: Formalize TIF at Addison Road and Morgan Boulevard	County
Action: Develop and issue RFP at Morgan Boulevard pursuant to discussions with WMATA/consider RFP for county owned portion first	County, WMATA
Action: Formalize Urban District	County
Consider Workforce Housing Funding at Morgan Boulevard Site	
Low-income housing tax credits	County, State, Federal Home Loan
Federal Home Loan Banks Affordable Housing Program	
Maryland Department of Housing and Community Development HOME Program	
Action: Reduce off-street parking requirements for TOD	County
Action: Place a cap on the maximum amount of surface parking at TOD sites	County
Action: Developer/County Agreement (e.g., Letter of Intent, Memorandum of Understanding) - Morgan Boulevard	County, Private
Action: Encourage Shared Parking	County
Action: Limit all-day parking in transit core areas	County
Action: Encourage surface parking to rear of TOD sites, decorative fending around surface/garage parking	County
Action: Assist with development entitlements - Morgan Boulevard	County
Action: Consider other tools to help incentivize development at Morgan Boulevard - FTA grants, property tax abatement, CIP funds	County
Action: Begin land assembly at gateway corner - Central Avenue and Southern Avenue	County
Action: Pursue rezoning for Phase E at Morgan Boulevard	County

Table 2: Implementation Plan by Action and Time Frame (continued)

Long-term (3+ years)

	Responsibility
Action: Begin process of developing RFP at Capitol Heights (pending ongoing discussions with WMATA)	County, WMATA
Action: Developer/County agreement (e.g., Letter of intent, memorandum of understanding) - Capitol Heights	County, Private
Action: Assist with development entitlements - Capitol Heights	County
Action: Consider other tools to help incentivize development at Capitol Heights - FTA grants, property tax abatement, CIP funds	County
Action: Recruit developer/retailers for development at gateway corner - Central Avenue and Southern Avenue	County, Private
Action: Pursue development plans for later phases of catalytic projects: Phases E and D at Capitol Heights, Phases C and D at Addison Road, and Phases F and G at Morgan Boulevard	County
Action: Pursue rezoning at Phase B, Capitol Heights	County

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION
PRINCE GEORGE'S COUNTY PLANNING DEPARTMENT
www.pgplanning.org

Subregion 4 (Central Avenue-Metro Blue Line Corridor) Transit-Oriented Development Implementation Project

Market and Transit-Oriented Development Potential, Priorities, and Strategies Study

PART II: Market and TOD Potential

TOD

Transit- Oriented Development

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION
PRINCE GEORGE'S COUNTY PLANNING DEPARTMENT
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July 2014

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Introduction

The Study will support implementation of the Preliminary 2009 Subregion 4 Master Plan.

The Maryland-National Capital Park and Planning Commission (M-NCPPC) prepared a Market and Transit-Oriented Development (TOD) Potential, Priorities, and Strategies Study that will support the Subregion 4 Central Avenue-Metro Blue Line Corridor TOD Implementation Project. Planning at the station level will be formed by corridor-level planning and will include an analysis of the development potential at the following Blue Line Metro Stations: Capitol Heights, Addison Road-Seat Pleasant, and Morgan Boulevard. Development opportunities at the Largo Town Center station are further defined in the 2013 *Approved Largo Town Center Sector Plan and Sectional Map Amendment*. The *Preliminary Subregion 4 Master Plan and Proposed Sectional Map Amendment* encourages "medium to medium-high density, mixed-use, transit and pedestrian-oriented development."

The real estate market assessment, which is presented in this document, builds upon existing documentation and outlines market findings that will inform catalyst projects with a higher likelihood of implementation. The broader corridorwide real estate assessment frames the market opportunities for station-specific TOD strategies and priorities. The following report includes findings with respect to the market support for various land uses (e.g., residential, retail, office, and hospitality). We have also included a preliminary discussion of economic development tools that may be applied to specific TOD development opportunities. These tools represent a range of unique and traditional funding strategies, and will be explored in more detail during Phase II of the study, as actual catalytic projects are identified. A regional reference map is reflected on the facing page and shows the project site relative to the broader region, including Prince George's County and the Washington-Arlington-Alexandria metropolitan statistical area (MSA). The broader context is critical in determining relevant market support.

Figure 1: Blue Line Corridor Study Area

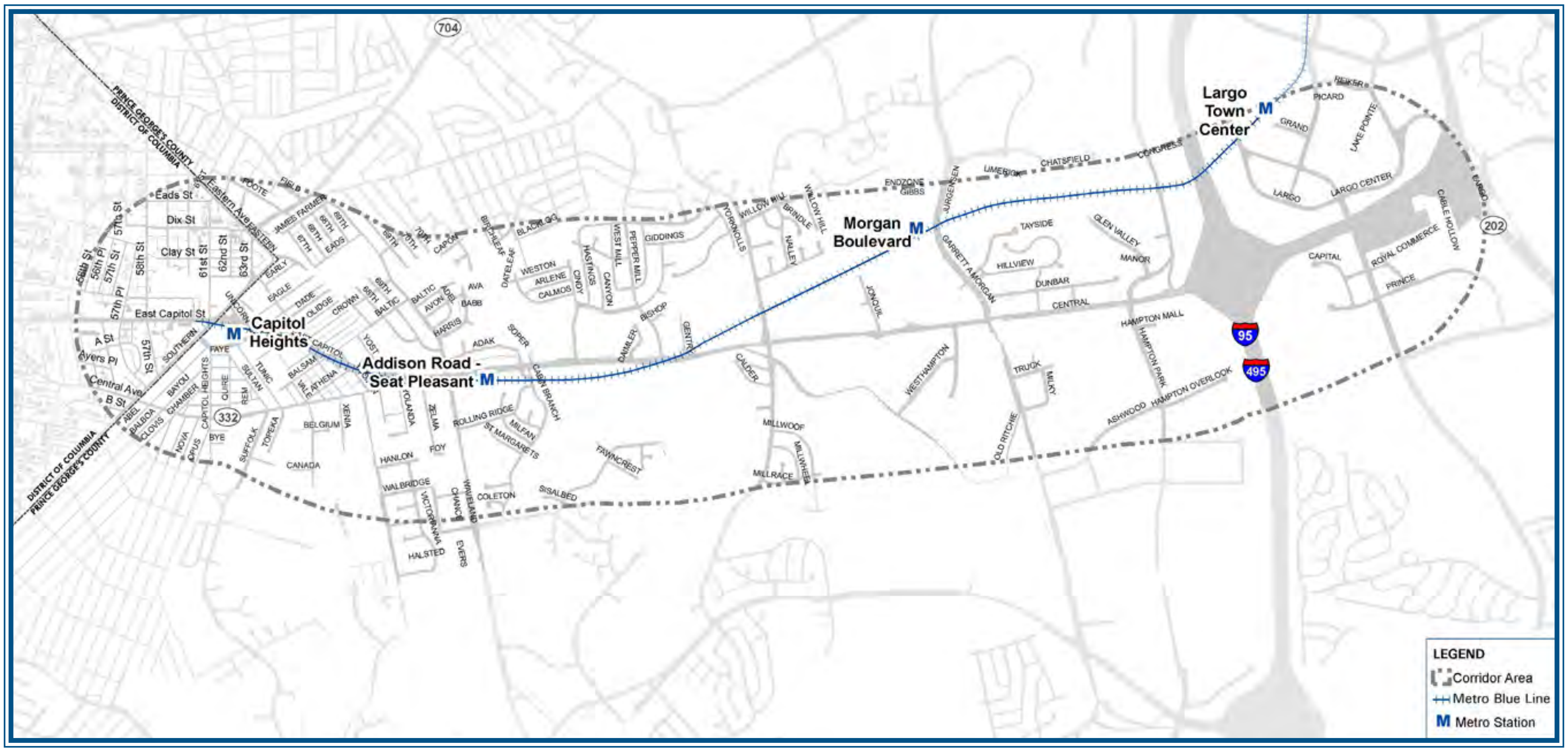
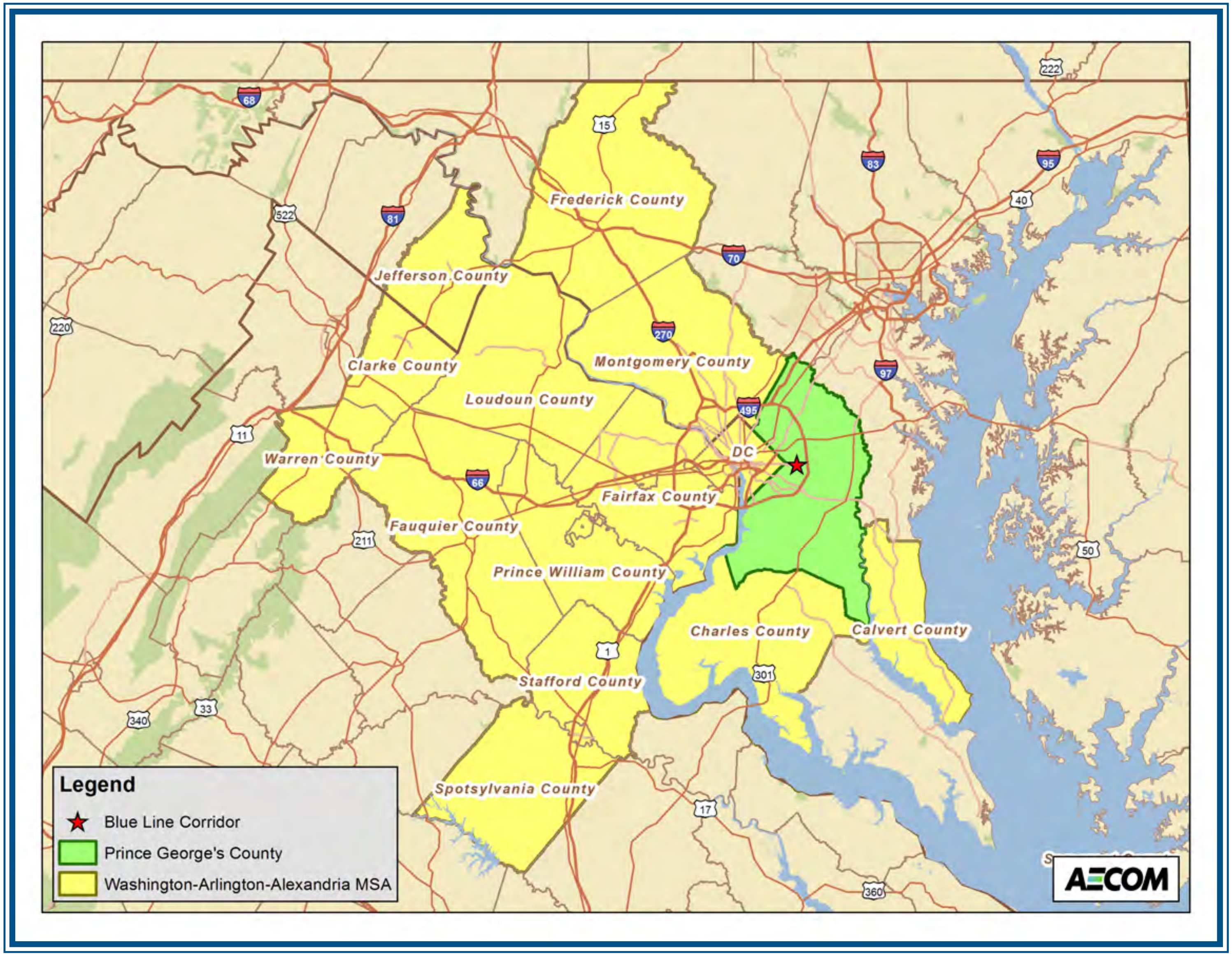


Figure 2: Regional Reference Map



Key Findings

Residential Market

- In order to better understand the rental market in the study area, M-NCPPC looked at market trends for two key submarkets (as defined by Reis, Inc., a data source that collects detailed market data for the rental market in the Washington metropolitan area)–District Heights and Landover.

- The District Heights vacancy rate was recorded at 6.8 percent as of June 2011–high relative to the vacancy rate for Suburban Maryland (but only slightly above the nationwide apartment vacancy rate of 6 percent). While the vacancy rate increased in 2009 to just over 9 percent, it has since stabilized. As a result of increasing vacancy, asking rent growth has declined.

Figure 3: District Heights Submarket

- The average vacancy rate for the Landover submarket is below that for District Heights, which is currently at 5.2 percent. This is in line with the rate for suburban Maryland, and also reflects the absorption of new units built in 2007/2009; the vacancy rate has been decreasing steadily since 2009. Asking rent growth approached 2 percent for 2010, consistent with the national rent growth rate. The positive absorption of units within the Landover submarket, and the relatively stable vacancy rate, are all positive indicators for the residential rental market.

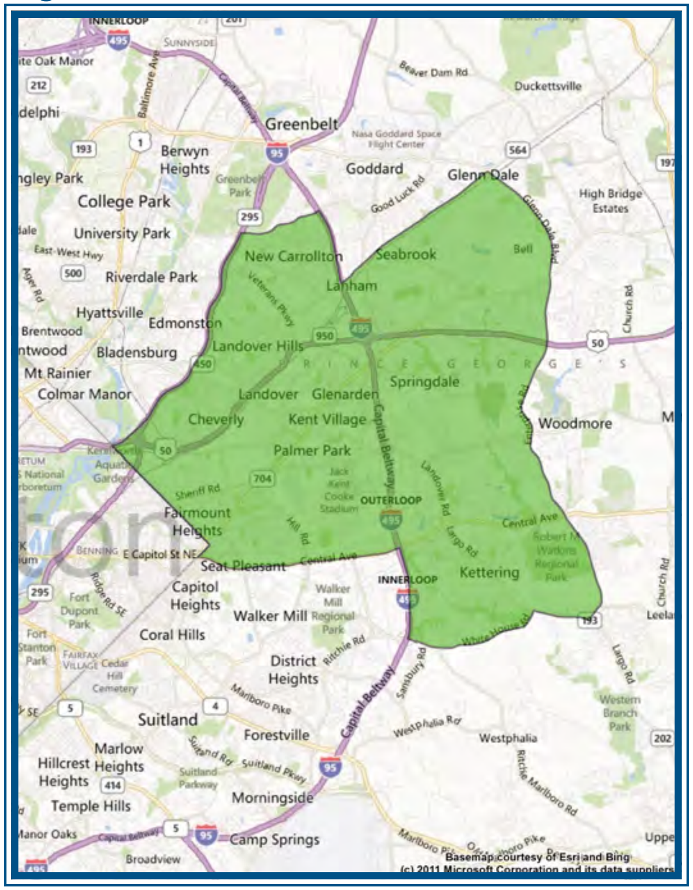
- The Prince George's County for-sale residential market has suffered from the recent economic decline and has one of the highest foreclosure rates in the nation. In the second quarter of 2011, one out of every three foreclosures occurring within the state of Maryland happened in Prince George's County, with nearly 1,500 foreclosures occurring in the county in the second quarter. In order to help curb the impact, the state has created a Homeownership Preservation Task Force.

- While sales at Victory Promenade have slowed somewhat over the past year, the monthly sales rate over the life of the project (opening in May of 2006) has been a relatively healthy 5.6 units per month, with an average price per square foot of $113 to $180. The condominium units of Addison at St. Paul sold at about half that rate, or 2.4 units monthly, perhaps reflecting, in part, a smaller market for smaller units (the largest unit at the Addison at St. Paul is 1,313 square feet versus 2,564 square feet at Victory Promenade).

- Based on data provided by M-NCPPC (as derived from detailed site plan applications), a total of 1,266 for-sale housing units are proposed

The positive absorption of units and the relatively stable vacancy rate are positive indicators.

Figure 4: Landover Rental Market



near Addison Road and Largo Town Center. The recent economic downturn had contributed to the delay or postponement in constructing many of the proposed units.

- M-NCPPC assessed the demand for new residential units in Prince George's County from 2013 to 2033; further analysis of the development pipeline and competitive environment informed recommendations for the Blue Line Corridor. Drivers of demand for residential product are in-migration of new households, population growth, and turnover of existing households within the subject counties. Internal Revenue Service (IRS) migration profiles and data from the U.S. Census Bureau regarding household tenure served as primary inputs for estimating the scale of future residential demand.
- We have projected annual housing demand along the corridor as follows:
  - ❖ Townhome demand–60 to 65+ units per year.
  - ❖ Rental multifamily demand–70 to 80 units per year.
  - ❖ Strong potential for workforce housing as part of the mix.

Office Market

- Class A office space has accounted for the majority of new deliveries in the MSA and county since 2000 with Class A supply in these areas growing by 79.5 million square feet and 2 million square feet, respectively. Since 2000, office deliveries have averaged 321,846 square feet annually at the county level compared to average absorption of 81,033 square feet. Imbalances between deliveries and absorption have led to rising vacancy rates throughout the county. Since a historically low vacancy rate of 10 percent in 2001, rates rose to a peak of 18 percent in 2009; current vacancies are at 17 percent. Class A space has a higher vacancy rate than average at 24 percent with largely unabsorbed new product in Bowie and Largo. With over 2 million square feet of quality space currently vacant, demand for new space is likely to be constrained in the coming years.
- Demand for new office space is contingent upon employment growth, particularly in industry sectors with a high proportion of office-using employees, such as finance and insurance, professional and technical services, and management of companies.

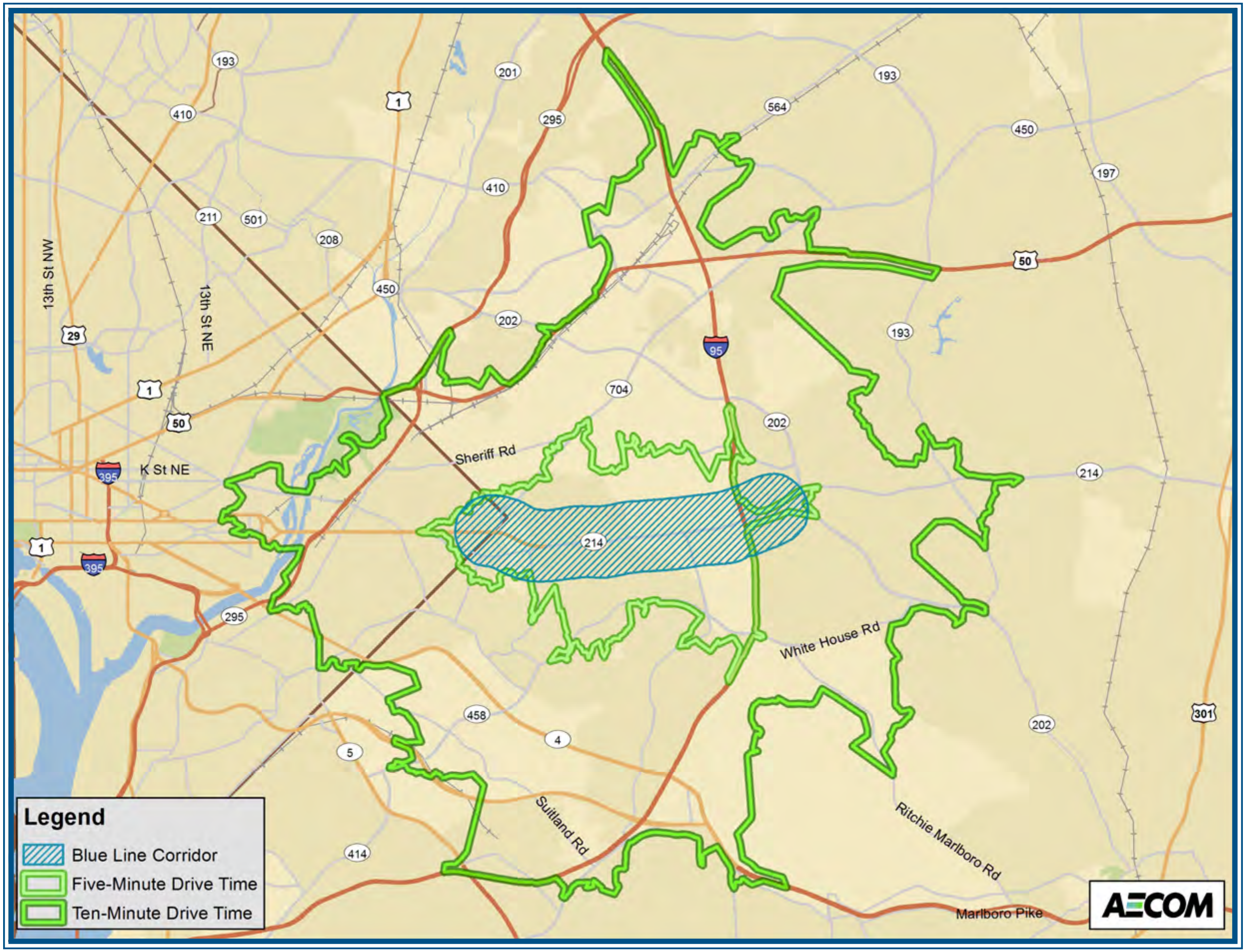
To determine the potential level of demand for office space within the Blue Line Corridor, M-NCPPC first analyzed countywide historical employment data from the Maryland Department of Labor, Licensing and Regulation as well as employment projections from Woods & Poole from 2013 to 2033. Demand forecasts were developed for the period from 2013 to 2033, corresponding to a long-term timeline following implementation of strategies from this study.

- ❖ Projected demand of 180,000 to 280,000 square feet from 2013 to 2033.
- ❖ Look to potential single-source users such as public agencies and institutional users.
- ❖ Smaller scale mixed-use office as part of residential mixed-use development near select stops.

Retail Market

- M-NCPPC assessed demand for retail space in the Blue Line Corridor for a five-year period from 2013 to 2018. A relatively short forecast timeframe was followed as retail is a use that changes rapidly in response to trends and customer needs. Projecting retail demand further than this period may be less precise; long-term forecasts may be developed using the current trajectory as a target, and using this outlook to inform the strategy. To determine supportable square footage, M-NCPPC assessed retail expenditures from households living within 10 minutes of the intersection between Central Avenue and Shady Glen Drive/Hill Road, roughly the center point of the corridor. This market was divided into a primary trade area comprising households within a five-minute drive and a secondary trade area made up of households within a five- to ten-minute drive.
- Underserved sectors relative to spending include the following (indicating residents spending dollars outside the area):
  - ❖ Eating and drinking.
  - ❖ Retail entertainment (includes electronics, computers, and sporting goods).
  - ❖ A new supermarket may be an opportunity, but the market is competitive.
  - ❖ A new Walmart is proposed at the Capitol Gateway Project, which would have large implications for other retail.
  - ❖ Giant, Shoppers Food Warehouse, Wegmans, and Safeway are within a ten-minute drive of the corridor.
  - ❖ While Giant has abandoned previous plans, the fact that it is considering a new location is positive.
- Most retailers will look for potential locations along Central Avenue for visibility and automobile traffic; Morgan Boulevard does not provide the same visibility.
- Retail remains challenging near Metro Stations–Mosaic at Largo Station has no leased retail and Branch Avenue Metro Station retail is performing relatively poorly.
- T.G.I.Friday's just announced a new restaurant location at the Boulevard at the Capital Centre, indicating that the tide may be turning with respect to the ability to attract new sit-down restaurants to the corridor. While the Boulevard at the Capital Centre has lost several anchor tenants due, in part, to the recent recession, the restaurant/entertainment retailers are still performing well.
  - ❖ The Magic Johnson Theater is the top performing theater in their portfolio (five theaters).
  - ❖ Shoppers World and H.H. Gregg are new tenants at the center. restaurant/entertainment retailers are still performing well.

Figure 5: Primary and Secondary Retail Trade Areas



Capitol Heights Metro Station

Addison Road-Seat Pleasant Station Metro Station

Morgan Boulevard Metro Station


Largo Metro Station

Demographic Overview

The Blue Line Corridor includes 247,673 residents within a ten minute drive.

Demographic trends were evaluated for the Washington-Arlington-Alexandria metropolitan statistical area (MSA), Prince George's County, the Blue Line Corridor between Capitol Heights and Largo Town Center Metro Stations, and the 15-minute drive time from the central point of the corridor. Population and household trends at these geographic levels influence demand for potential commercial and residential development in the study area and overall market. ESRI Business Analyst was the primary source of demographic information; this dataset draws on U.S. Census Bureau figures from 1990 and 2000 as well as in-house demographic forecasts through 2015.

Population and Households

The Washington-Arlington-Alexandria MSA has a population of 5.5 million persons and has seen significant population growth since 1990 with a net increase of 1.38 million persons. The majority of this increase was seen in nearby suburbs, such as those of Montgomery County, Prince George's County, Loudoun County, and Fairfax County, which grew by a combined 838,226 persons. Prince George's County population increased by 78,411 from 1990 to 2000. Growth slowed during the last decade, however, increasing by only 29,255 from 2000 to 2010. The Blue Line Corridor, which has a radius of about 0.65 of a mile along the Blue Line, has experienced no growth since 2000.

The 10-minute trade area includes the Blue Line Corridor as well as portions of Washington, D.C., Landover, New Carrollton, and Suitland. The trade area population grew at an annual rate of 0.3 percent from 2000 to 2010, increasing by 23,796 persons.

Figure 6: Population Trends, 1990 to 2010

Area	1990	2000	2010	Change, 1990–2000			Change, 2000–2010		
				Absolute	Percent	CAGR [1]	Absolute	Percent	CAGR [1]
MSA	4,122,914	4,796,183	5,500,613	673,269	16.3	1.5%	704,430	14.7	1.4%
Prince George's County	723,099	801,510	830,765	78,411	10.8	1.0%	29,255	3.6	0.4%
Blue Line Corridor	21,329	23,117	23,079	1,788	8.4	0.8%	(38)	-0.2	-0.0%
10-Minute Trade Area	242,100	246,677	247,673	4,577	1.9	0.2%	996	0.4	0.0%

[1] CAGR=compound annual growth rate.

Source: ESRI; AECOM, October 2011.

Household counts within the Washington-Arlington-Alexandria MSA have grown at a greater rate than population from 1990 to 2010, adding 525,363 households; this represents an increase of 34 percent over 1990. From 2000 to 2010, Prince George's County grew more slowly than the MSA as a whole at a rate of 0.4 percent; household growth was slightly more rapid than population growth in the county.

Figure 7: Household Trends, 1990 to 2010

Area	1990	2000	2010	Change, 1990–2000			Change, 2000–2010		
				Absolute	Percent	CAGR [1]	Absolute	Percent	CAGR [1]
MSA	1,529,291	1,800,263	2,054,654	270,972	17.7	1.6%	254,391	14.1	1.3%
Prince George's County	255,508	286,608	298,414	31,100	12.2	1.2%	11,806	4.1	0.4%
Blue Line Corridor	7,603	8,622	8,750	1,019	13.4	1.3%	128	1.5	0.1%
10-Minute Trade Area	87,868	92,581	93,694	4,713	5.4	0.5%	1,113	1.2	0.1%

[1] CAGR = compound annual growth rate

Source: ESRI; AECOM, October 2011.

With household counts growing more rapidly than population, average household size has decreased in each of the selected geographies. Average household size in Prince George's County has declined from 2.77 persons per household in 1990 to 2.72 persons in 2010. Household sizes in the Blue Line Corridor and the 10-minute trade area tend to be less than the county as a whole.

Figure 8: Household Size, 1990 to 2010

Area	1990	2000	2010
MSA	2.63	2.61	2.63
Prince George's County	2.77	2.74	2.72
Blue Line Corridor	2.80	2.67	2.62
10-Minute Trade Area	2.74	2.65	2.63

Source: ESRI; AECOM, October 2011.

Age Distribution

Median age within the Washington-Arlington-Alexandria MSA increased from 32.5 years in 1990 to 36.9 years in 2010; much of this increase is due to aging of existing populations. Population in Prince George's County is younger than the MSA as a whole with a median age of 35.0 years in 2010. Within the immediate study area, population median age ranges from 33.9 years in the Blue Line Corridor to 34.5 years in the 10-minute trade area.

Figure 9: Median Age, 1990 to 2010

Area	1990	2000	2010
MSA	32.5	34.9	36.9
Prince George's County	30.9	33.2	35.0
Blue Line Corridor	30.5	32.5	33.9
10-Minute Trade Area	30.7	33.0	34.5

Source: ESRI; AECOM, October 2011.

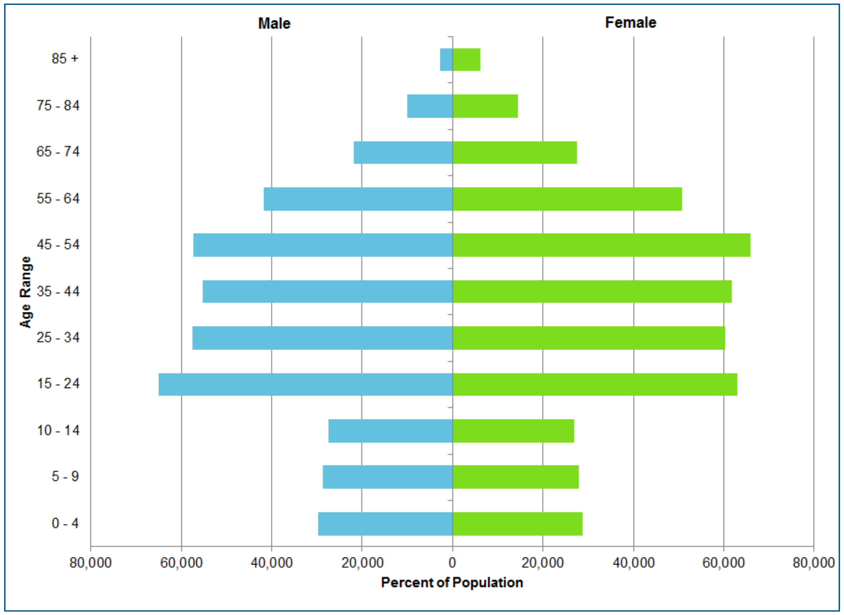
Within the county, 175,395 persons were over 55 years old in 2010, representing an increase of 46,376 persons since 2000. Greatest growth was seen in the 55 to 64 year age cohort, which increased by 38 percent during this period. Age cohorts under 15 years lost 6.8 percent of population, declining by 12,326 persons. In 2010, males accounted for 45 percent of Blue Line Corridor population in comparison with 48 percent in Prince George's County as a whole. Children under 20 years old comprise 34 percent of male population in the corridor and 27 percent of female population. Twenty percent of male population in the corridor is more than 55 years old compared to 24 percent of female population.

Figure 10: Population by Gender, Prince George's County and Blue Line Corridor

Age Cohort	Prince George's County			Blue Line Corridor		
	Male	Female	Total	Male	Female	Total
0–4	29,660	28,685	58,345	906	874	1,780
5–9	28,779	27,970	56,749	908	852	1,760
10–14	27,440	26,908	54,348	809	771	1,580
15–24	65,003	62,965	127,968	1,623	1,757	3,380
25 - 34	57,568	60,232	117,800	1,528	1,865	3,393
35 - 44	55,263	61,758	117,021	1,346	1,679	3,025
45 - 54	57,244	65,895	123,139	1,295	1,794	3,089
55 - 64	41,848	50,683	92,531	1,029	1,468	2,497
65 - 74	21,776	27,525	49,301	660	933	1,593
75 - 84	10,113	14,374	24,487	302	451	753
85 +	2,843	6,233	9,076	74	155	229
Total	397,537	433,228	830,765	10,480	12,599	23,079

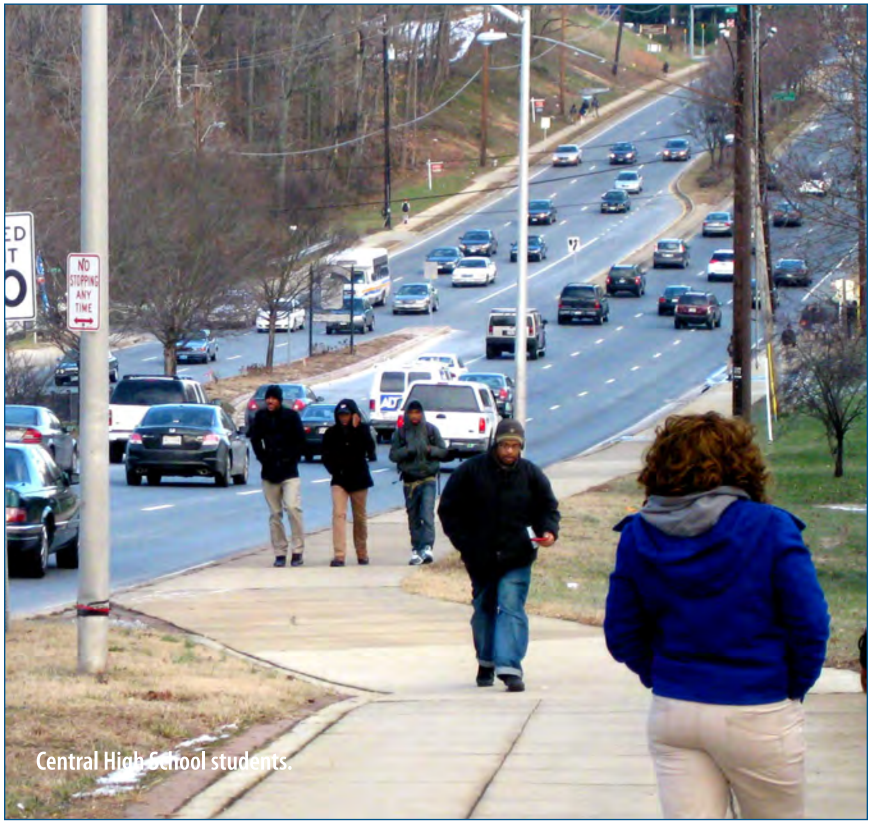
Source: ESRI; AECOM, 2012.

Figure 11: Age and Gender Distribution, Prince George's County, 2010



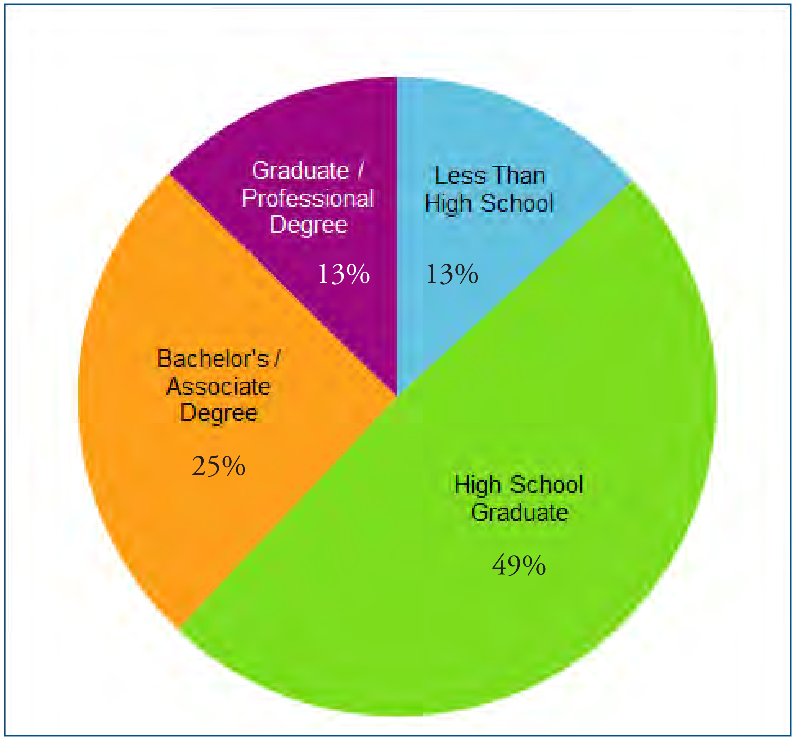
Educational Attainment

The MSA exhibits a high level of educational attainment with over 50 percent of population older than 25 years possessing a bachelor's, associate, or graduate degree. Prince George's County has a lower level of attainment with 38 percent of population with a college degree. Within the Blue Line Corridor, 84 percent of population has graduated high school and 27 percent have a college degree.



Central High School students.

Figure 12: Educational Attainment Prince George's County, 2010



Income Distribution

Median income in the Washington-Arlington-Alexandria MSA is among the highest in the country at $81,213 in 2010; this represents a 29 percent increase over incomes in 2000. Median income in Prince George's County is lower at $68,575. While income levels have grown at a rate greater than the countywide level, median incomes in the Blue Line Corridor and 10-minute trade area remain lower at $56,134 and $54,271, respectively.

Figure 13: Median Household Income, 2000 to 2010

Area	2000	2010	Change, 2000-2010		
			Absolute	Percent	CAGR
MSA	$62,971	$81,213	$18,242	29.0	2.6%
Prince George's County	$55,222	$68,575	$13,353	24.2	2.2%
Blue Line Corridor	$44,070	$56,134	$12,064	27.4	2.4%
10-Minute Trade Area	$43,069	$54,271	$11,202	26.0	2.3%

Source: ESRI; AECOM, October 2011.

The proportion of households in Prince George's County earning over $100,000 per year increased from 17 percent in 2000 to 24 percent in 2010. Incomes in the Blue Line Corridor and 10-minute trade area are generally lower than the county with 14 percent and 16 percent of households earning more than $100,000, respectively.

Between 2000 and 2010, the proportion of Blue Line Corridor households earning more than $100,000 per year increased from 10 percent to 14 percent. While 57 percent of corridor households earned less than $50,000 in 2000, this group only accounted for 43 percent of households in 2010.

Figure 14: Income Distribution, Prince George's County, 2000 to 2010

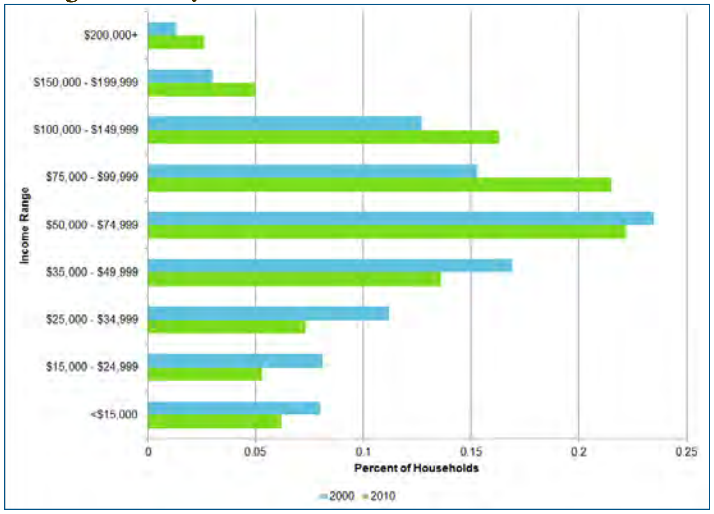
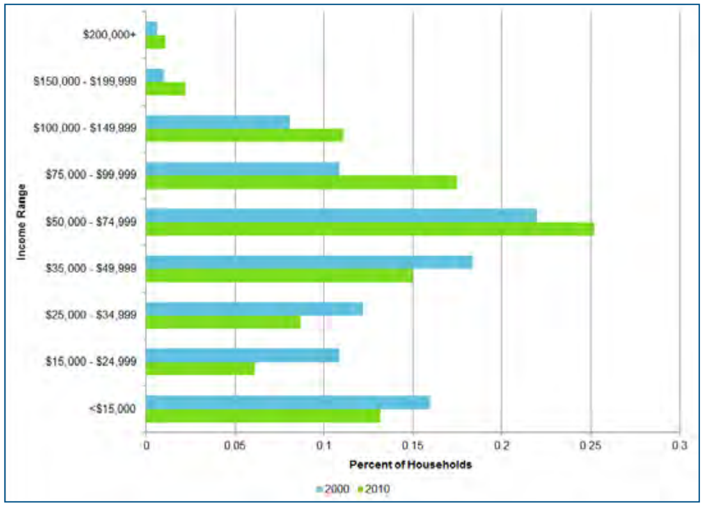


Figure 15: Income Distribution, Blue Line Corridor, 2000 to 2010



Employment Overview

Employment trends were evaluated for the Washington-Arlington-Alexandria metropolitan statistical area (MSA) and Prince George's County. Employment trends at these levels impact demand for office space in the study area and overall market. The U.S. Bureau of Labor Statistics was a source of labor force and unemployment data for this analysis, while Maryland's Quarterly Census of Employment Wages Program data was used for analysis of employment and wages by industry sector.

Labor Force and Unemployment

The labor force in the Washington-Arlington-Alexandria MSA has experienced steady growth in the last two decades, increasing from 2.37 million in 1990 to 3.06 million in 2010. In 2010, Prince George's County had a labor force of 449,371, up from 430,406 in 2000. The Prince George's County labor force has grown at an annual rate of 0.4 percent since 2000 compared to a rate of 1.4 percent for the MSA as a whole.

With the federal government as a primary employer in the region, the Washington-Arlington-Alexandria MSA generally experiences lower levels of unemployment than the United States, particularly during economic downturns. Unemployment was at its highest historical level in the MSA in 2010 at 6.2 percent; the lowest rate of unemployment was reached in 1999 at 2.6 percent. The unemployment rate in Prince George's County is consistently higher than the MSA as a whole, ranging from 3.6 percent in 1999 to 7.4 percent in 2010.

Figure 16: Labor Force Trends, 1990 to 2010

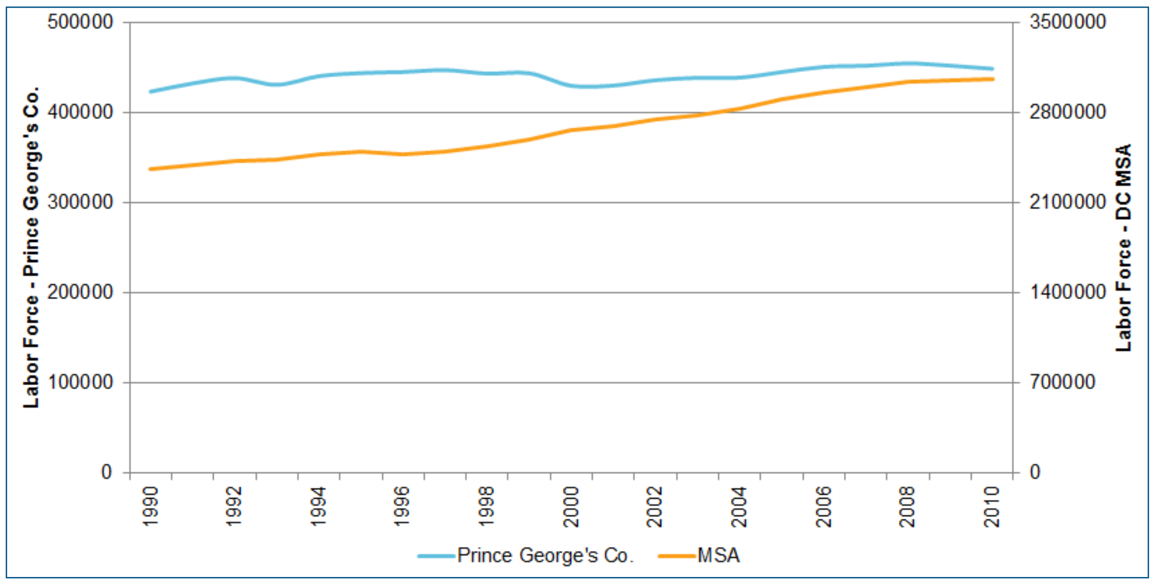
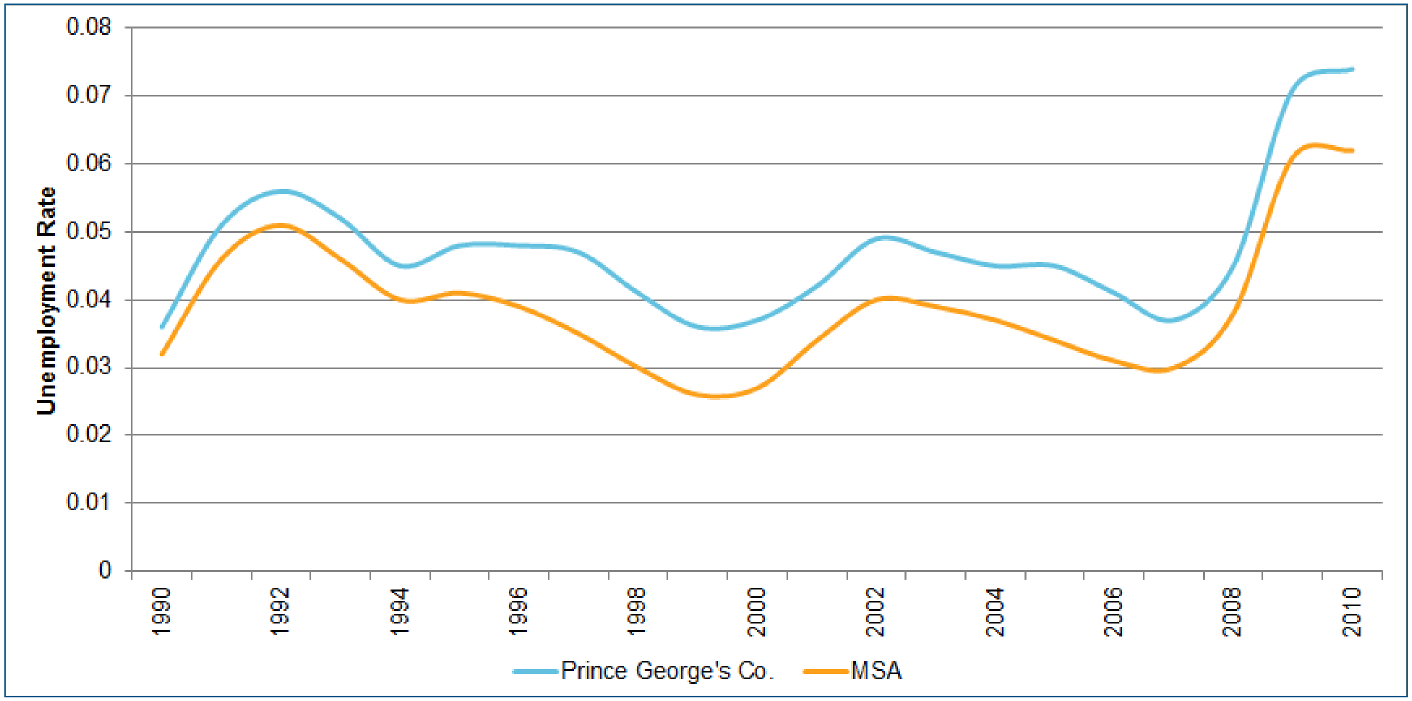


Figure 17: Unemployment Trends, 1990 to 2010



Employment and Wages by Industry Sector

Prince George's County experienced a modest decline in employment between 2005 and 2010 based on data from the Maryland Department of Labor, Licensing, and Regulation. Total employment peaked in 2007 at 315,696 and declined to 299,227 by 2010, a loss of 16,469 jobs. The construction sector experienced the greatest job losses between 2005 and 2010, at 6,317, due to the decline in residential and commercial development stemming from the recession. Other sectors experiencing negative impacts include trade, transportation, utilities (5,212 jobs lost), and professional and business services (4,700 jobs lost). Private sector growth areas include education and health services (3,180 jobs gained) and leisure and hospitality (1,640 jobs gained). Completion of the Gaylord National Resort and Conference Center in 2008 was the major driver of growth in the hospitality industry with over 1,000 jobs created on-site. Employment at all levels of government has increased, led by local government gains of 3,200 jobs. Federal employment has increased by 1,199 jobs with major new employment centers being leased or owned in Suitland and Landover.

Figure 18: Employment by Sector, Prince George's County, 2000 to 2010

Sector	2005	2006	2007	2008	2009	2010	Change, 2005 to 2010		
							Number	Percent	CAGR
Federal Government	26,193	25,881	25,254	25,439	26,032	27,392	1,199	4.6	0.90%
State Government	16,742	17,161	16,914	16,801	17,474	18,357	1,615	9.6	1.86%
Local Government	37,842	39,460	41,315	43,189	42,621	41,042	3,200	8.5	1.64%
Natural Resources and Mining	238	257	251	230	195	140	(98)	-41.2	-10.07%
Construction	31,682	32,123	33,201	31,795	27,796	25,365	(6,317)	-19.9	-4.35%
Manufacturing	11,045	10,461	10,188	9,834	9,858	9,114	(1,931)	-17.5	-3.77%
Trade, Transportation, and Utilities	62,598	61,636	62,308	60,273	57,373	57,386	(5,212)	-8.3	-1.72%
Information	6,435	7,247	5,393	4,922	3,304	3,197	(3,238)	-50.3	-13.06%
Financial Activities	13,766	13,839	13,659	12,994	12,270	11,816	(1,950)	-14.2	-3.01%
Professional and Business Services	44,249	43,117	44,036	42,596	41,116	39,549	(4,700)	-10.6	-2.22%
Education and Health Services	25,979	26,969	27,718	28,054	29,080	29,159	3,180	12.2	2.34%
Leisure and Hospitality	25,548	24,857	25,220	27,353	27,261	27,188	1,640	6.4	1.25%
Other Services	10,137	9,933	10,225	9,913	9,579	9,522	(615)	-6.1	-1.24%
Unclassified	185	2	14	3	7	0	(185)		-100%
Total: All Sectors	312,639	312,943	315,696	313,396	303,966	299,227	(13,412)	-4.3	-0.87%

Source: Maryland Department of Labor, Licensing and Regulation; AECOM, September 2011.

Since 2005, average annual wages in Prince George's County have grown at an annual rate of 2.69 percent compared to a Consumer Price Index growth of 2.73 percent for the MSA during this same period. This relationship between income growth and inflation suggests a trend towards stable or slightly declining household purchasing power for those working in the county, which may lead to reduced retail sales growth rates. Sectors experiencing the greatest annual growth in wages include leisure, hospitality (4.58 percent), and information (4.14 percent), while natural resources, mining (-1.59 percent), and financial activities (1.03 percent) experienced the least growth.

Figure 19: Annual Wages by Sector, Prince George's County, 2000 to 2010

Sector	2005	2006	2007	2008	2009	2010	Change, 2005 to 2010		
							Number	Percent	CAGR
Federal Government	$76,410	$79,140	$82,459	$86,257	$88,032	$90,385	$11,245	14.2	3.42%
State Government	$40,422	$42,640	$44,724	$45,198	$47,078	$45,803	$3,163	7.4	2.53%
Local Government	$45,378	$48,269	$50,974	$52,635	$53,129	$53,388	$5,119	10.6	3.30%
Natural Resources and Mining	$40,827	$45,807	$48,325	$46,507	$43,573	$37,691	($8,116)	-17.7	-1.59%
Construction	$48,379	$50,867	$53,447	$55,786	$57,785	$57,990	$7,123	14.0	3.69%
Manufacturing	$54,796	$58,172	$61,068	$61,607	$63,359	$62,778	$4,606	7.9	2.76%
Trade, Transportation, and Utilities	$34,940	$35,320	$36,471	$36,720	$36,343	$36,801	$1,481	4.2	1.04%
Information	$63,458	$60,345	$66,749	$74,617	$71,262	$77,739	$17,394	28.8	4.14%
Financial Activities	$45,983	$47,623	$48,273	$47,350	$49,412	$48,392	$769	1.6	1.03%
Professional and Business Services	$52,149	$53,797	$55,327	$58,450	$60,923	$61,632	$7,834	14.6	3.40%
Education and Health Services	$38,349	$39,552	$40,905	$42,809	$43,923	$44,292	$4,740	12.0	2.92%
Leisure and Hospitality	$14,951	$15,701	$16,105	$17,837	$18,032	$18,699	$2,998	19.1	4.58%
Other Services	$32,474	$33,540	$35,068	$34,832	$35,318	$36,207	$2,666	8.0	2.20%
Unclassified	$29,879	$6,583	$35,024	$19,448	$40,507	$0	($6,583)		-100%
Total: All Sectors	$44,115	$45,766	$47,453	$48,938	$49,865	$50,365	$4,599	10.0	2.69%

Source: Maryland Department of Labor, Licensing and Regulation; AECOM, September 2011.

LEFT TO RIGHT: Largo office, town center, office construction, and Holiday Inn Express.

Residential Market Analysis

Building Permits

As reflected below, after the economic downturn took hold in 2008, the number of housing permits decreased significantly in Prince George's County, from 2,183 issued in 2007 to 1,306 permits issued in 2008, 1,259 issued in 2009, and just 707 issued in 2010.

Figure 20: Housing Permit Trends, Prince George's County

		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Single-Family Units		3,179	3,049	2,485	2,808	1,875	3,255	2,918	1,462	1,264	811	702
Multifamily Units												
	2-Unit Buildings	0	0	0	2	0	0	0	0	32	0	0
	3-4 Unit Buildings	0	0	0	0	0	0	0	0	0	8	0
	5+ Unit Buildings	277	0	78	128	73	170	115	721	10	440	5
	Subtotal	277	0	78	130	73	170	115	721	42	448	5
Total Units		3,456	3,049	2,563	2,938	1,948	3,425	3,033	2,183	1,306	1,259	707

Source: U.S. Department of Commerce; Bureau of the Census; Maryland Department of Planning; AECOM, 2011.

For Rent Apartment Market

In order to better understand the rental market in the study area, M-NCPPC looked at market trends for two key submarkets (as defined by Reis, Inc., a data source which collects detailed market data for the rental market in the Washington metropolitan area)—Landover and District Heights (maps depicting the study areas are shown below).

No new apartment units have been constructed in the District Heights submarket since before the year 2000, with 533 total new units built in the Landover submarket in 2007 and 2008. The majority of rental units in both submarkets were constructed prior to 1970.

Figure 21: District Heights Rental Market Characteristics

Camden Summerfield.

District Heights		
Year Built	**Percent**	**Units**
Before 1970	80.3	8,511
1970–1979	13.7	1,453
1980–1989	0.0	0
1990–1999	3.9	415
2000–2009	2.1	223
After 2009	0	0
Total		10,602

Source: REIS, AECOM

Landover		
Year Built	**Percent**	**Total Units**
Before 1970	75.0	7,694
1970 - 1979	7.0	718
1980 - 1989	2.0	205
1990 - 1999	7.0	718
2000 - 2009	8.0	821
After 2009	0.0	0

Source: REIS, AECOM

The District Heights vacancy rate was recorded at 6.8 percent as of June 2011—or high relative to the vacancy rate for Suburban Maryland (but only slightly above the nationwide apartment vacancy rate of 6.0 percent). While the vacancy rate increased in 2009 to just over 9 percent, it has since stabilized. As a result of increasing vacancy, asking rent growth has declined.

The average vacancy rate for the Landover submarket is below that for District Heights, or currently at 5.2 percent. This is line with the rate for suburban Maryland, and also reflects the absorption of the new units built in 2007/2009; the vacancy rate has been decreasing steadily since 2009. Asking rent growth approached 2 percent for 2010, consistent with the national rent growth rate. The positive absorption of units within the Landover submarket and the relatively stable vacancy rate are all positive indicators for the residential rental market.

Camden Largo Apartments.

Figure 22: Vacancy Rate and Asking Rent Growth Trends, District Heights Submarket

Vacancy Rate Comparison	2011 YTD Average	Annualized		
		1 Year	3 Year	5 Year
District Heights	6.8%	7.7%	6.7%	5.9%
Suburban Maryland	4.9%	5.9%	5.6%	5.2%
South Atlantic	6.9%	7.8%	7.8%	7.3%
United States	6.0%	6.8%	6.8%	6.5%
Asking Rent Growth Comparison	**2011 YTD Average**	**Annualized**		
		1 Year	**3 Year**	**5 Year**
District Heights	0.4%	0.5%	1.6%	3.6%
Suburban Maryland	0.6%	3.1%	2.4%	3.3%
South Atlantic	0.4%	1.7%	0.9%	2.0%
United States	0.5%	1.6%	0.6%	2.0%

Note: Annualized reflects for period ending 12/31/10

Source: REIS, AECOM

Figure 23: Vacancy Rate and Asking Rent Growth Trends, Landover Submarket

Landover Vacancy Rate Comparison	2011 YTD Average	Annualized		
		1 Year	3 Year	5 Year
Landover	5.2%	6.4%	6.0%	5.6%
Suburban Maryland	4.9%	5.9%	5.6%	5.2%
South Atlantic	6.9%	7.8%	7.8%	7.3%
United States	6.0%	6.8%	6.8%	6.5%
Asking Rent Growth Comparison	**2011 YTD Average**	**Annualized**		
		1 Year	**3 Year**	**5 Year**
Landover	0.6%	1.8%	1.4%	2.2%
Suburban Maryland	0.6%	3.1%	2.4%	3.3%
South Atlantic	0.4%	1.7%	0.9%	2.0%
United States	0.5%	1.6%	0.6%	2.0%

Note: Annualized reflects for period ending 12/31/10

Source: REIS, AECOM

As reflected in the following summary analysis for District Heights, there are currently a total of 10,379 rental units located in the area, with an average asking rent of $1,046. The average asking rent in the Landover market is slightly higher, or $1,127 monthly, with about the same number of total units, or 10,258.

Figure 24: District Heights Rental Unit Market Characteristics

	Total Units	Completions	Occupied Stock	Net Absorption	Vacancy Rate	Asking Rent
2006	10,379	0	9,902	-41	4.6%	$927
2007	10,379	0	9,860	-42	5.0%	$989
2008	10,379	0	9,715	-145	6.4%	$1,020
2009	10,379	0	9,435	-280	9.1%	$1,033
2010	10,379	0	9,715	280	6.4%	$1,038
2011 1st Q	10,379	0	9,673	-42	6.8%	$1,045
2011 2nd Q	10,379	0	9,673	0	6.8%	$1,046

Source: REIS, AECOM

Figure 25: Landover Rental Unit Market Characteristics

	Total Units	Completions	Occupied Stock	Net Absorption	Vacancy Rate	Asking Rent
2006	9,725	0	9,258	10	4.8%	$1,040
2007	9,967	242	9,518	260	4.5%	$1,068
2008	10,258	291	9,591	73	6.5%	$1,091
2009	10,258	0	9,540	-51	7.0%	$1,094
2010	10,258	0	9,663	123	5.8%	$1,114
2011 1st Q	10,258	0	9,714	51	5.3%	$1,122
2011 2nd Q	10,258	0	9,725	11	5.2%	$1,127

Source: REIS, AECOM

For Sale Market

The Neighborhood Stabilization Program in Prince George's County has helped to address widespread foreclosures in the area.

The Prince George's County for-sale residential market has suffered from the recent economic decline and has one of the highest foreclosure rates in the nation. In the second quarter of 2011, one out of every three foreclosures occurring within the state of Maryland happened in Prince George's County, with nearly 1,500 foreclosures occurring in the county in the second quarter. In order to help curb the impact, the state has created a Homeownership Preservation Task Force. The program requires lenders to provide information on options available to homeowners that have been notified about potential foreclosure. Lenders must also file affidavits stating that they have evaluated the homeowners' eligibility for loss mitigation programs. Prince George's County also has a Neighborhood Stabilization Program which provides down payment assistance and also helps to alleviate the large inventory of foreclosed properties.

Prince George's County is one of the components of the Washington, metropolitan area (which also includes Montgomery County in Maryland, Arlington, Fairfax, Loudoun, and Prince William Counties in Virginia, and the cities of Alexandria, Falls Church, Fairfax, Manassas and Manassas Park in Virginia and Washington, D.C.). Since 2006, Prince George's County has generated 14 percent of the region's total existing home sales volume.

As shown below, as of June 2011, the average sold price for all types of for-sale units decreased from the previous year. The price decrease was especially significant for attached units with two or less units (although the sample size is relatively small as only 17 units were sold) and for condominium units. The total number of units sold also decreased across all units, with the exception of condominiums. The decrease in condominium pricing may have stimulated buyers given the relatively low average price of $74,561.

Figure 26: Prince George's County, Sales Price and Units Sold Trends, June 2010 to June 2011

	2 or Less BR		3 BR		4 or More BR		Condo/Coop
	Detached	Attached	Detached	Attached	Detached	Attached	All
Total	28	17	178	72	386	14	88
Average Sold Price	$94,489	$109,923	$157,825	$139,059	$246,367	$174,354	$74,561
Average Sold Price - Previous Year	$124,200	$165,820	$163,280	$187,367	$259,355	$197,544	$107,998
Percentage Change	-23.9%	-33.7%	-3.3%	-25.8%	-5.0%	-11.7%	-31.0%
Previous Year - Number of Homes Sold	30	26	275	127	432	16	78
Percentage Change	-6.7%	-34.6%	-35.3%	-43.3%	-10.6%	-12.5%	12.8%

Source: Real Estate Business Intelligence (an MRIS Company), AECOM

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Figure 27: Prince George's County, Residential Sales Trends, June 2010 to June 2011

	May-07	May-06	Change
Summary of Sold Units			
Sold Dollar Volume	$146,719,345	$200,360,731	-26.8%
Average Sold Price	$187,381	$203,619	-8.0%
Median Sold Price	$169,000	$187,250	-9.7%
Units Sold	783	984	-20.4%
Average Days on Market	99	89	11.2%
Average List Price for Units Sold	$192,092	$206,877	-7.1%
Average Sales Price to Original List Price Ratio	89.60%	92.40%	-3.0%
Attached Average Price Sold	$109,366	$160,694	-31.9%
Detached Average Price Sold	$212,561	$218,004	-2.5%
Attached Units Sold	191	247	-22.7%
Detached Units Sold	592	737	-19.7%
Inventory			
Active Listings	4,637	4,683	-1.0%
New Listings	1,302	1,390	-6.3%
New Under Contract	719	563	27.7%
New Contingents	534	188	184.0%
New Pendings	1,253	751	66.8%
Total Pendings	2,728	2,361	15.5%

Days on Market (Sold)	
0	13
1 to 10	89
11 to 20	84
21 to 30	64
31 to 60	157
61 to 90	87
91 to 120	69
121 to 180	83
181 to 360	102
361 to 720	35

Representative Projects

The following is a discussion of the characteristics, sales, and pricing of new for-sale housing projects located in the vicinity of the four metro stations.

Victory Promenade (Morgan Boulevard Station)

Victory Promenade (by Centex Homes) is located near the Morgan Boulevard Station and FedEx Field and includes plans for 412 total units (residents began moving in during early 2007). It includes two to four

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1,266 for sale housing units proposed along the corridor before the economic downturn in 2008.

Victory Promenade.

bedroom home townhomes, with amenities such as a clubhouse, pool and fitness center. Other unit features include open kitchens with center islands and granite countertops. The homes have 1,913 to 2,564 finished square feet, with base prices from $271,990 to $289,990 (approximately $142 per square foot). Homeowner association fees are $89 per month.

Model units currently advertised include the following:

- Stratton: Starting asking price of $271,990 in 1,913 square feet, 3 bedrooms and 2.5 baths.
- Kenwood: Starting asking price of $273,990 in 1,977 square feet, 3 bedrooms and 2.5 baths.
- Clifton: Starting asking price of $288,900 in 2,564 square feet, 3 bedrooms and 2.5 baths.
- Hayden: Starting asking price of $289,990 in 2,545 square feet, 3 bedrooms and 2.5 baths.

Villages at Peppermill

The Villages at Peppermill include two townhome styles with three levels, including three bedrooms, 2.5 bathrooms, and gourmet kitchens. The Villages occupy what was once a public housing project that was built in the 1960s. The builder of the project is K. Hovnanian. The smaller model includes 1,890 square feet and is priced at $254,990 ($135 per square foot), with the larger 2,200 square foot unit priced at $274,990.

Park at Addison Road Metro

The Park at Addison Road Metro features townhomes and single-family homes that are within two blocks of the Metro station. The development, built by Ryan Homes, includes homes with up to four bedrooms and 3.5 baths, in homes that are up to three levels.

TOP: Villages at Peppermill.
BOTTOM: Park at Addison Metro Single-Family Homes.

The following tables reflect monthly sales and pricing for active for-sale projects located in the project area, or five projects:

- Addison at St. Paul—Capitol Heights.
- Park at Addison Metro Single-Family Homes (opened 2010)—Capitol Heights.
- Park at Addison Metro Town Homes (opened 2010)—Capitol Heights.
- Victory Promenade—Landover.
- Villages at Peppermill (opened 2010)—Seat Pleasant.

While three of the projects opened in 2010, it is possible to analyze more comprehensive sales data for the Addison at St. Paul and Victory Promenade, both of which opened in 2006. As shown, while sales at Victory Promenade have slowed somewhat over the past year, the monthly sales rate over the life of the project (opening in May of 2006) has been a relatively healthy 5.6 units per month, with an average price per square foot of $113 to $180. The condominium units at the Addison at St. Paul sold at about half that rate, or 2.4 units monthly, perhaps reflecting, in part, a smaller market for smaller units (the largest unit at the Addison at St. Paul is 1,313 square feet versus 2,564 square feet at Victory Promenade).

Figure 28: Residential Sales by Development, Central Avenue Corridor

				January 1, 2010, to September 21, 2011		Lifetime to Date		
	Project Type	Open Date/ Closing Date	Units Planned	Total Closings	Monthly Rate	Total Closings	Monthly Rate	Remaining Units
Capitol Heights								
Addison at St. Paul (The Bozzuto Group)	Condo	March 2005/Selling	122	31	1.5	119	2.4	3
Park at Addison Metro (Ryan Homes)—Single Family	SF	Oct 2010/Selling	27	8	0.9	8	1.3	19
Park at Addison Metro (Ryan Homes)—Townhomes	TH	Jan 2010/Selling	88	15	1.3	15	1.7	73
Landover								
Victory Promenade (Centex Homes)	TH	May 2006/Selling	415	75	3.6	348	5.6	67
Seat Pleasant								
Villages at Peppermill (K. Hovanian Homes)	TH	Sep 2010/Selling	96	0	--	0	--	96

Source: Hanley Wood, AECOM

TOP: Park Addison Town Homes.
BOTTOM: Addison St. Paul.

Figure 28: Residential Sales by Development, Central Avenue Corridor (continued)

	List Price Range	Sq Ft Range	Price Per Sq Ft Range	Minimum Lot Size (SF)
Capitol Heights				
Addison at St. Paul (The Bozzuto Group)	$169,990 to $219,990	830 to 1,313	$163 to $263	0
Park at Addison Metro (Ryan Homes) - Single Family	$312,990 to $339,990	2,021 to 2,552	$133 to $155	1760
Park at Addison Metro (Ryan Homes) - Townhomes	$272,990	2,121	$129	1760
Landover				
Victory Promenade (Centex Homes)	$254,990 to $324,990	1,414 to 2,564	$113 to $180	1200
Seat Pleasant				
Villages at Peppermill (K. Hovanian Homes)	$254,990 to $274,990	1,890 to 2,200	$125 to $135	1786

Source: Hanley Wood, AECOM

Pipeline

Based on data provided by M-NCPPC (as derived from detailed site plan applications), a total of 1,266 for-sale housing units are proposed near Addison Road and Largo Town Center. This total does not include active projects which have not yet been built out and described above (e.g., Villages at Peppermill, Victory Promenade, Park at Addison Metro). A total of 761 units are either built (380 constructed during the first two phases) or proposed as part of the Capitol Gateway Project. The project was built through the Hope VI program and the timing of additional phases of residential development is unclear at this time. The recent economic downturn had contributed to the delay or postponement in constructing many of the proposed units.

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FROM TOP TO BOTTOM: Construction of residential, town homes construction, and Park Addison construction.

Figure 29: Proposed/New Housing, Central Avenue Corridor Area

		Total Units			
Proposed or New Housing	**Metro Stop**	**SF**	**TH**	**Condo**	**Total**
Commons at Addison Road (across street from station) - ICON	Addison Road	--	--	171	171
Brighton Place	Addison Road	126	58	--	184
Glenwood Hills - Phase I	Addison Road	90	117	--	207
Glenwood Hills - Phase II		63	134	--	197
Glenwood Hills - Phase III		45		144	189
Villages at Peppermill (under construction)	Addison Road	--	96	--	96
Park at Addison Road Metro (under construction)	Addison Road	27	155	14 mixed-use	196
TOTAL UNITS - Addison Road Metro					**1,240**
Large Park, Lots 1 and 2, Block D (Largo Block D Assoc)	Largo Town Center	--	--	--	318
TOTAL PROPOSED					**1,558**
Capitol Gateway Project (partially developed)	Capitol Heights	--	--	--	761

Source: M-NCPPC, AECOM

Demand Forecast and Development Considerations

M-NCPPC assessed the demand for new residential units in Prince George's County from 2013 to 2033; further analysis of the development pipeline and competitive environment informed recommendations for the Blue Line Corridor. Drivers of demand for residential product are in-migration of new households, population growth, and turnover of existing households within the subject counties. IRS Migration Profiles and data from the U.S. Census Bureau regarding household tenure served as primary inputs for estimating the scale of future residential demand. Households moving to and within Prince George's County were segmented using ESRI Tapestry data to determine preferred housing type, tenure (i.e., renter or owner), and average household income.

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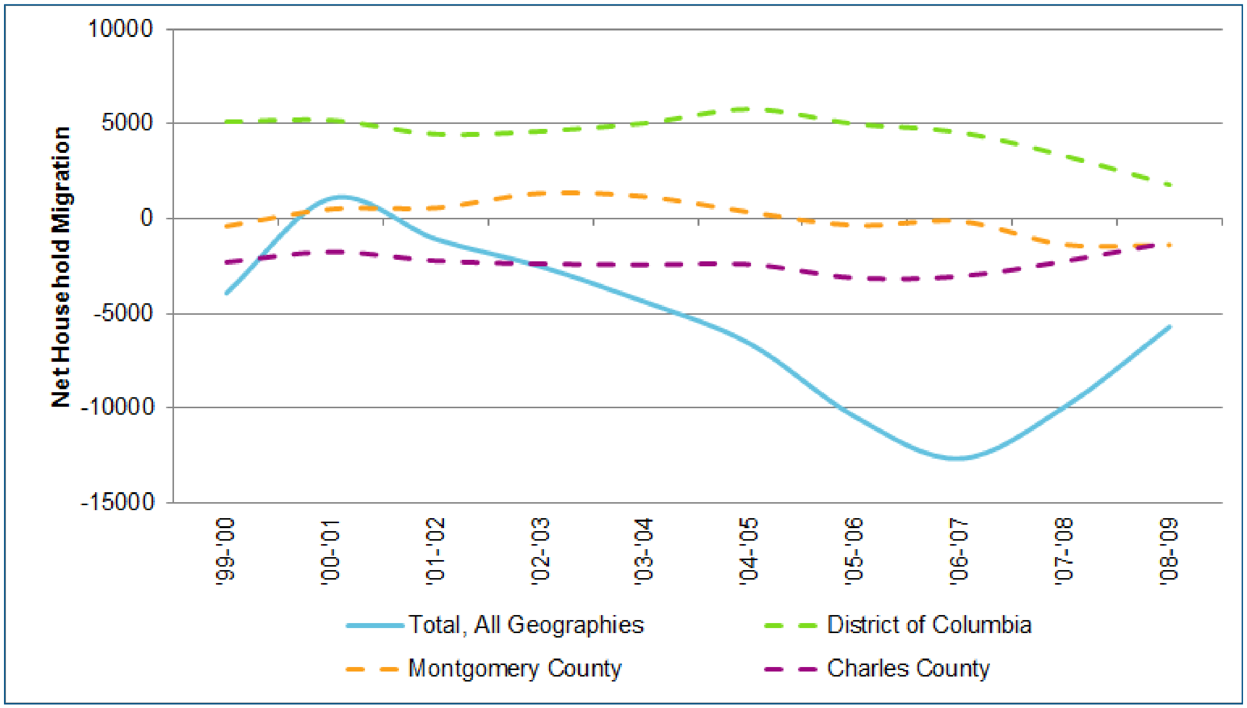
Sources of Residential Demand

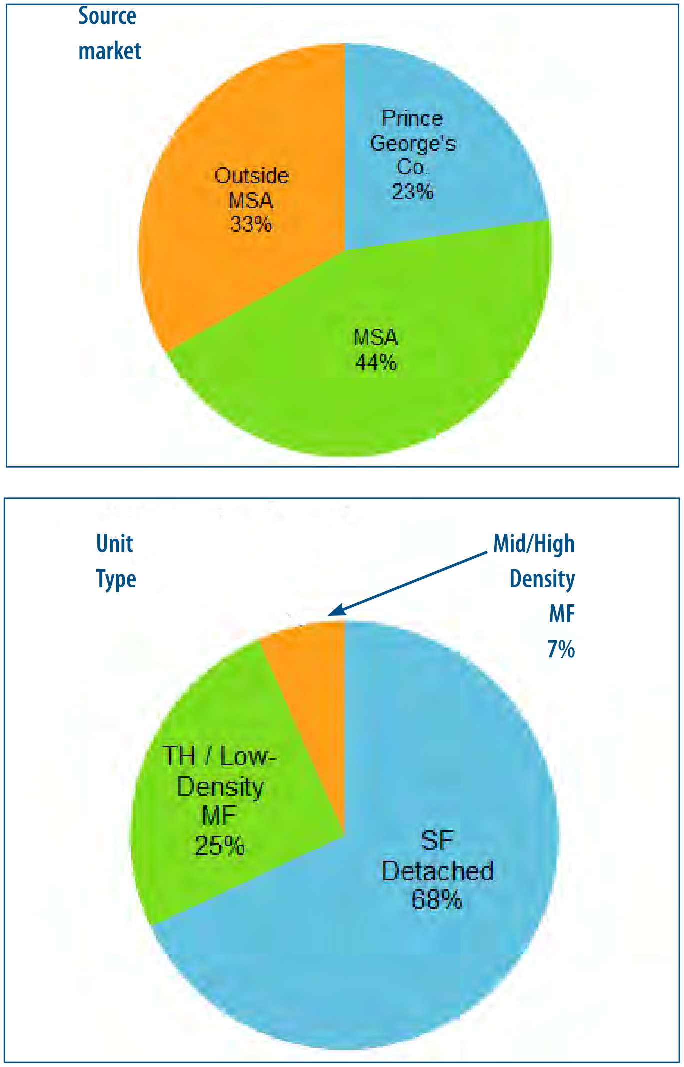
In-migrating households to Prince George's County represent a potential source of residential demand for the Blue Line Corridor. Based on Internal Revenue Service tax returns data from the Missouri Census Data Center for the period from 1999 and 2009, the county experienced a negative average net migration of 5,622 households per year; out-migration was greatest between 2005 and 2007. Other jurisdictions within the MSA accounted for 55 percent of in-migrating households, led by the District of Columbia (11,327 households per year) and Montgomery County (7,872 households per year). Out-migration to other jurisdictions within the MSA was also strong, led by Montgomery County (7,847 households per year) and the District of Columbia (6,844 households per year). See Figure 31 alongside for the historical net household migration to Prince George's County.

Figure 30: Net Household Migration, Prince George's County, 1999 to 2009



Current residents who are looking to move to another unit within Prince George's County represent another potential source of residential demand. Data from the 2009 American Community Survey, developed by the U.S. Census Bureau, indicates that seven percent of households living in owner-occupied housing moved within the last year compared to 31 percent of renters. Out of moving households, 53 percent of owners and 64 percent of renters moved to another residential unit within the same county.

Figure 31: Annual Demand for Ownership Units by Source Market and Type, Prince George's County



Market-Wide Supportable Residential Demand

Demand was segmented based on ESRI Tapestry data for each source market. ESRI's Tapestry Segmentation divides United States residents into distinctive segments based on socioeconomic and demographic characteristics to provide accurate, detailed descriptions of neighborhoods. Tapestry LifeMode groups share common housing preferences, allowing for detailed analysis of the scale of residential demand and likely price points for new units.

For the 2013 base year, annual demand for new housing in Prince George's County is forecast at 2,016 units. Through 2033, forecasts estimate demand for 29,948 ownership units and 9,725 rental units. The following analysis of distribution by source market and income level refers to base year demand estimates.

Ownership units account for 75 percent of annual demand at 1,514 units. The majority of demand originates within the MSA as 23 percent of demand is from Prince George's County and 44 percent is from elsewhere in the MSA. See Figure 32 alongside for distribution of ownership unit demand by geographic source.

Annual demand for single-family detached product is greatest at 1,030 units, followed by townhome and low-density multifamily at 384 units. The "Upscale Avenues" LifeMode group comprises 39 percent of ownership unit demand at 586 units per year. Households within this group are moderate in size at 2.65 persons per household and tend to be middle-aged with a median age of 40 years. The "High Society" LifeMode group contributes the second greatest amount of ownership demand at 524 units. Households earning between $50,000 and $99,999 annually account for 34 percent of demand for new ownership units while households earning more than $100,000 account for the remaining 66 percent; households earning less than $50,000 per year were assumed to generally move to existing housing due to cost constraints. This income distribution suggests strong potential demand for units priced from $250,000 to $400,000. See Figure 33 on the following page for distribution of ownership unit demand by household income level.

Figure 32: Annual Demand for Ownership and Rental Units by Household Income, Prince George's County

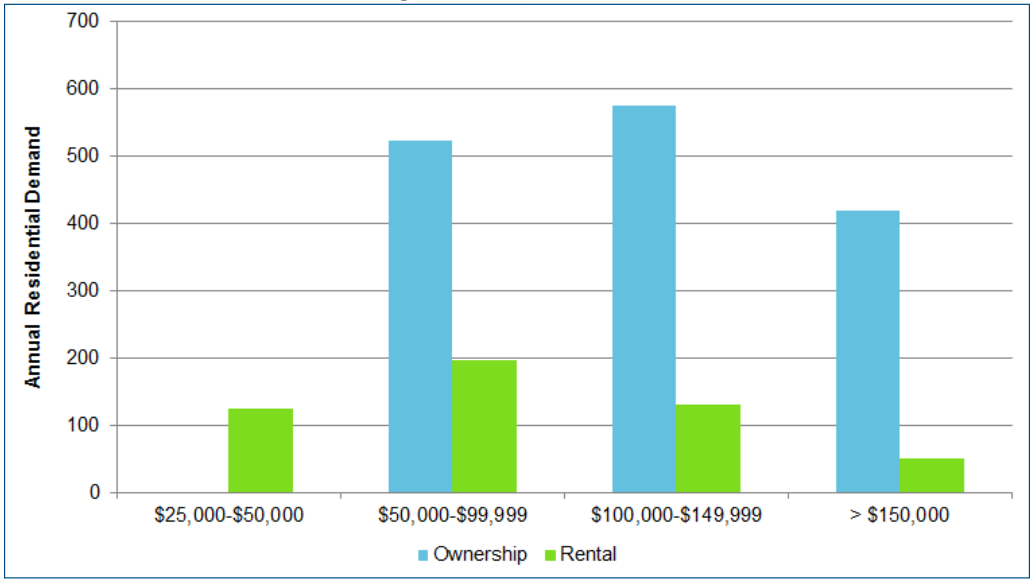
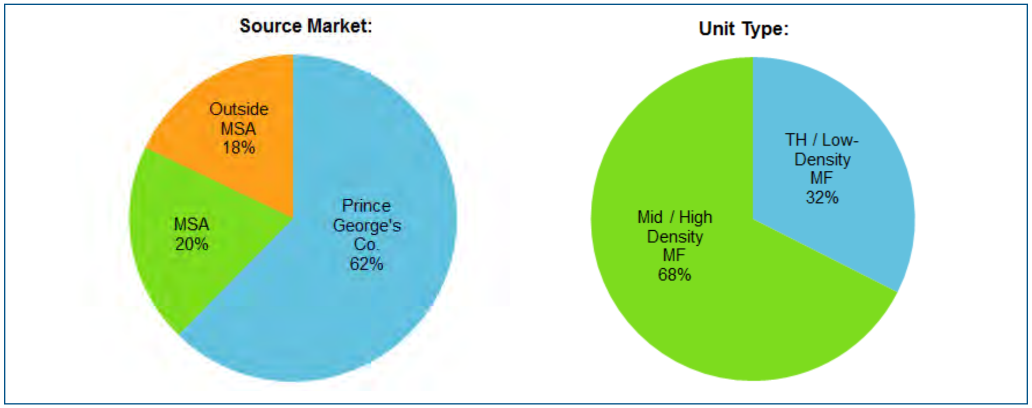


Figure 33: Annual Demand for Rental Units by Source Market and Type, Prince George's County



Rental units account for 25 percent of annual demand at 502 units. Households moving to new units within Prince George's County represent the majority of rental unit demand at 62 percent, while counties in the MSA and outside the MSA account for 20 percent and 18 percent, respectively. Annual demand for rentals in medium- to high-density multifamily structures is greatest at 339 units. See Figure 34 for distribution of rental unit demand by geographic source and unit type.

As with demand for ownership units, the "Upscale Avenues" LifeMode group represents the largest demand source at 144 units per year. Twenty-five percent of rental demand comes from households earning between $25,000 and $50,000 per year, suggesting maximum monthly rent of approximately $1,250. Development of only high-end housing is likely to exclude this source of rental demand. See Figure 33 for distribution of rental unit demand by household income level.

This income distribution suggests strong potential demand for units priced from $250,000 to $400,000.

Victory Promenade townhomes and single-family residential.

Figure 34: Demand for Ownership and Rental Units by Type, Prince George's County, 2013 to 2033

Tenure	Type	Number				Change	
		2013-2018	2018-2023	2023-2028	2028-2033	Total	Annual
Ownership	SF Detached	5,123	5,098	5,073	5,048	20,342	1,017
	TH / Low-Density MF	1,916	1,909	1,902	1,896	7,623	381
	Mid / High Density MF	498	497	495	493	1,983	99
	Total	7,537	7,503	7,470	7,437	29,948	1,497
Rental	TH / Low-Density MF	805	795	785	776	3,160	158
	Mid / High Density MF	1,673	1,652	1,631	1,610	6,565	328
	Total	2,477	2,446	2,416	2,386	9,725	486

Source: AECOM, October 2011.

Corridor Supportable Residential Demand

Potential capture of countywide demand for residential units in the Blue Line Corridor was estimated through analysis of existing housing stock, development patterns, and planned developments. The corridor is located within a submarket defined by established residential communities and commercial nodes. This submarket extends from New Carrollton and Lanham to the north to Suitland and Forestville to the south. Along the east to west axis, the submarket extends from the District boundary to Largo and Kettering. This submarket currently accounts for 27 percent of housing units within the county while the Blue Line Corridor accounts for 11 percent of units within the submarket. Development within the submarket is likely to focus on several large development parcels at Woodmore Towne Centre, Landover Mall, and New Carrollton Metro with the remainder of developments built as infill or redevelopment projects.

The Blue Line Corridor is particularly well-suited for these types of residential projects due to strong accessibility to employment and retail destinations throughout the region. The four Blue Line Metro stations give transit access to Virginia and the District; the trip from Largo Town Center to Metro Center takes 29 minutes while the trip to Rosslyn takes 36 minutes. The road network also provides access to Capitol Hill, northern Prince George's County, northern Virginia, and areas

FROM TOP TO BOTTOM: Ryan Townhomes Addison, Beazer construction, and construction residential.

in Montgomery County. The Blue Line Corridor and New Carrollton Metro are the primary opportunities for transit-oriented development in this submarket; these areas are likely to see higher residential capture rates than historical averages due to access advantages.

Competition from planned developments throughout the county may have a significant impact on capture of residential demand in the corridor. Currently, there are over 14,000 residential units planned for major developments around the county, equating to approximately seven years of demand at absorption rates forecast above. Planned projects with the largest share of residential units include Konterra Town Center East in Laurel (4,500 units) and Greenbelt Station in Greenbelt (2,250 units). In comparison with the majority of developments planned in the county, the Blue Line Corridor has a locational advantage due to Metro and highway access. Greenbelt Station (Greenbelt Metro station and nearby I-95/495 access) offers comparable advantages in terms of access while Konterra Town Center East may benefit from the large scale of planned employment and retail uses.

Analysis of residential demand in the Blue Line Corridor focuses on transit-oriented residential development, which tends to have a relatively high density of housing units within walkable distance of the station, typically one-fourth of a mile. This configuration typically excludes single-family detached housing since it does not achieve the densities necessary to create a compact development. Therefore, it is likely that development within the Blue Line Corridor will primarily be focused on townhome and multi-family product with development of single-family detached housing occurring outside the Beltway.

Figure 35: Major Planned Residential Developments

Name	Location	Site Characteristics	Dwelling Units
Konterra Town Center East	Laurel	I-95; ICC	4,500
Greenbelt Station	Greenbelt	Greenbelt Metro Station; I-95/495	2,250
University of Maryland - East Campus	College Park	US 1	1,600
Karington	Bowie	MD 214; US 301	1,300
Brick Yard Station	Beltsville	US 1	1,265
Woodmore Towne Centre at Glenarden	Glenarden	I-95/495	900
The Sanctuary At Kingdom Square	Capitol Heights	I-95/495; MD 214	700

Source: Prince George's County Economic Development Corporation; Individual Developments; AECOM, October 2011.

"Low-end" and "high-end" demand scenarios were developed to highlight the probable range of residential demand for the corridor. The capture rate from county-wide demand is varied between these scenarios with the low-end scenario reflecting a modest increase in capture and the high-end scenario reflecting a larger increase. In both scenarios, capture rates are likely to increase over historical averages since the Blue Line Corridor is one of the primary transit-oriented development opportunities in the county. Under the low-end scenario, average annual absorption is estimated at 45 ownership units and 58 rental units for a combined total of up to 2,047 units by 2033. The majority of demand for ownership product is focused on townhomes and low-density multifamily structures. Demand for rentals is oriented towards high-density multifamily units.

In comparison with countywide demand, households moving to the Blue Line Corridor are likely to have income levels somewhat lower than the county average; demand on the county level includes households looking for more expensive single-family detached units typical of lower density areas. Based on household income characteristics, demand for townhome units is likely to focus on a price range of $250,000 to $325,000 while pricing of for-sale multifamily units may range from $175,000 to $275,000 depending on location and amenities. Rentals are likely to appeal to a wider range of income levels, with strong demand for units priced from $1,250 to $1,750 per month.

Figure 36: "Low-End" Residential Capture, Blue Line Corridor, 2013 to 2033

Tenure	Type	Number				Change	
		2013-2018	2018-2023	2023-2028	2028-2033	Total	Annual
Ownership	TH / Low-Density MF	170	177	177	184	708	35
	Mid / High Density MF	44	46	46	48	184	9
	Total	215	223	223	232	892	45
Rental	TH / Low-Density MF	92	94	93	96	375	19
	Mid / High Density MF	190	196	194	199	779	39
	Total	282	290	287	295	1,154	58

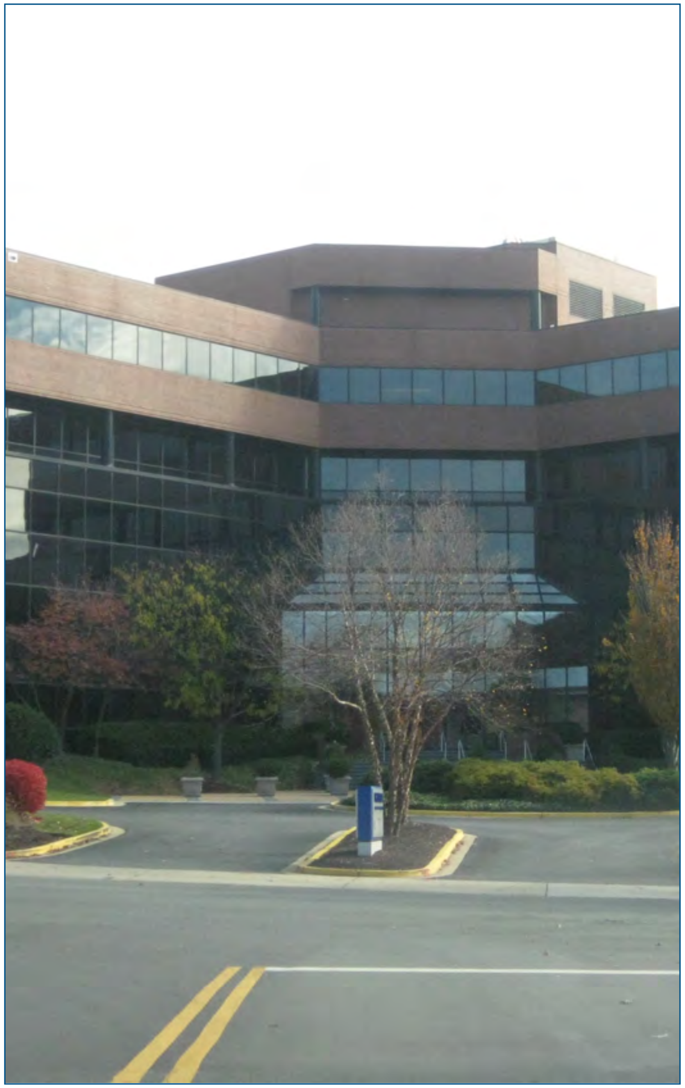
Source: AECOM, October 2011.

Under the high-end scenario, residential demand in the Blue Line Corridor is forecast to increase to 57 ownership units and 70 rental units per year. Cumulative demand through 2033 is 1,131 ownership units and 1,403 rental units. Distribution of demand across unit types is consistent with the low-end scenario with strong demand for townhome and low-density multifamily ownership units as well as high-density rentals.

Figure 37: "High-End" Residential Capture, Merck Union Site, 2013 to 2033

Tenure	Type	Number				Change	
		2013-2018	2018-2023	2023-2028	2028-2033	Total	Annual
Ownership	TH / Low-Density MF	217	225	224	232	898	45
	Mid / High Density MF	56	58	58	60	234	12
	Total	273	283	282	293	1,131	57
Rental	TH / Low-Density MF	111	115	113	116	456	23
	Mid / High Density MF	232	238	235	242	947	47
	Total	343	353	349	358	1,403	70

Source: AECOM, October 2011.



Largo office.

Office Market Analysis

Office market trends were evaluated for the MSA, Prince George's County, and the Blue Line Corridor. Trends at MSA and county levels are indicators of the general health of the regional market, whereas activity in the corridor is indicative of the specific strengths and weaknesses of the study area. CoStar was the primary source of office market data; however, this source does not include office buildings that are owned by the occupant. Since the Federal Government owns numerous buildings in the county, data from CoStar was supplemented by the General Services Administration (GSA) inventory of owned buildings.

Key Economic Trends

Demand for new office product is driven by employment growth in office-using sectors as well as replacement of outdated existing facilities. Between 2000 and 2010, the MSA gained 307,155 new jobs including 89,739 in the Professional and Business Services sector and 11,212 in the Management of Companies sector, both of which employ a high percentage of office users. While much of this growth has occurred outside of Prince George's County, it is indicative of the strong regional economy, particularly in the face of recent negative macroeconomic trends. In Prince George's County, employment gains in key office using sectors, such as Federal and Local Government, have been offset by losses in Professional and Business Services and Financial Activities. Long-range employment forecasts suggest increased rates of growth for the county which will lead to growing demand for new, high-quality office space.

The Blue Line Corridor is one of the primary transit-oriented development opportunities in the county.

FROM LEFT TO RIGHT:
Lottsford office,
Central Avenue Office,
and EDC office.

Office Market Performance

The supply of leasable office space in the MSA has increased by over 94 million square feet since 2000, growing at an annual rate of 2.07 percent. Prince George's County accounted for just three percent of this growth with the addition of 2.8 million square feet of space. Major office concentrations within the county are largely driven by proximity to major federal facilities, as is the case in Greenbelt and Suitland. The Blue Line Corridor accounts for 1.4 percent of office space within Prince George's County with 370,023 square feet of rentable building area. Residential and retail development have dominated the corridor as no new office product has been delivered during this period. Office concentrations nearest to the corridor include Largo and Suitland.

Figure 38: Office Rentable Building Area, 1995 to 2011

Geography	1995	2000	2005	2010	2011	Change, 1995–2011		
						Number	Percent	CAGR
MSA	336,566,315	372,490,629	419,614,123	465,781,585	466,567,980	130,001,665	38.6	2.06%
Prince George's County	22,309,282	23,469,772	24,623,609	26,304,935	26,304,935	3,995,653	17.9	1.04%
Share of MSA	6.6%	6.3%	5.9%	5.6%	5.6%			
Blue Line Corridor	370,032	370,032	370,032	370,032	370,032	0	0.0	0.00%
Share of County	1.7%	1.6%	1.5%	1.4%	1.4%			

Source: CoStar; AECOM, September 2011.

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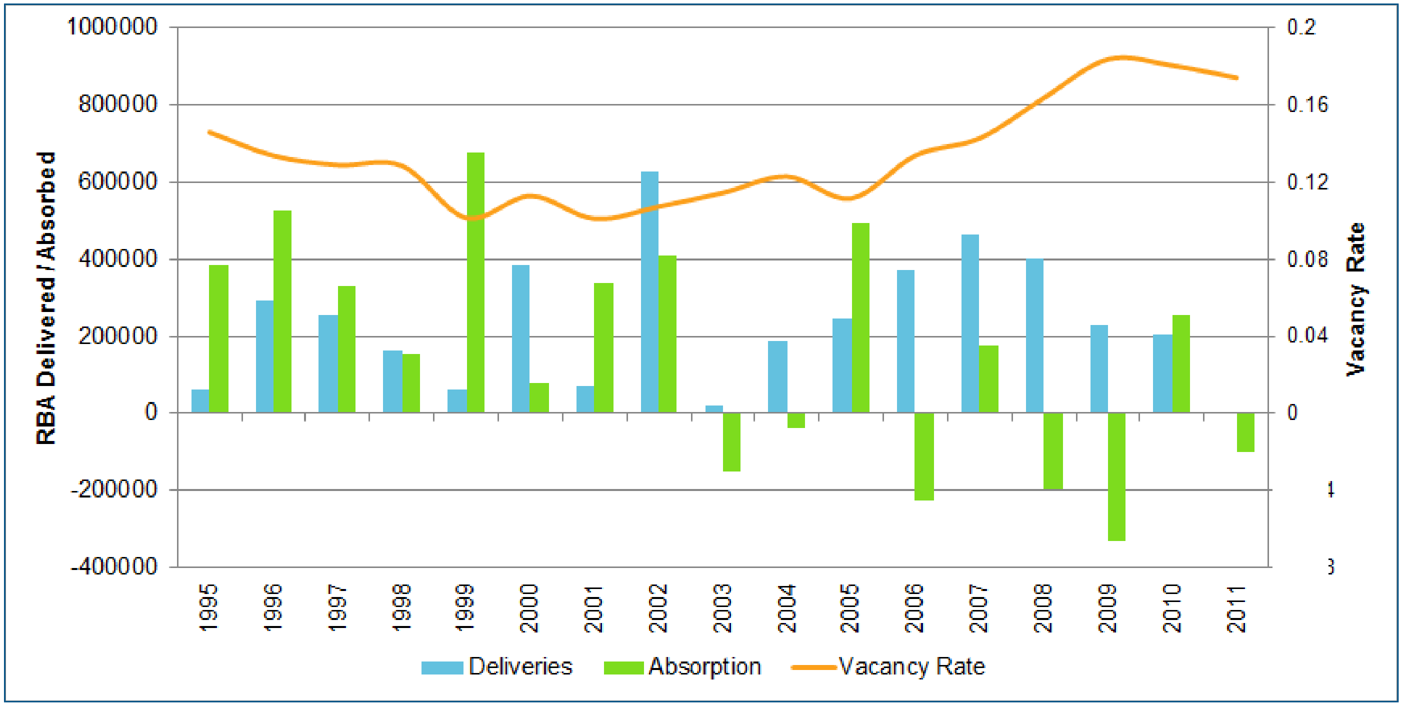
Class A office space has accounted for the majority of new deliveries in the MSA and the county since 2000 with Class A supply in these areas growing by 79.5 million square feet and 2 million square feet, respectively. Since 2000, office deliveries have averaged 321,846 square feet annually at the county level compared to average absorption of 81,033 square feet. Imbalances between deliveries and absorption have led to rising vacancy rates throughout the county. Since a historically low vacancy rate of 10 percent in 2001, rates rose to a peak of 18 percent in 2009; current vacancies are at 17 percent. Class A space has a higher vacancy rate than average at 24 percent with largely unabsorbed new product in Bowie and Largo. With over 2 million square feet of quality space currently vacant, demand for new space is likely to be constrained in the coming years.

The Blue Line Corridor currently has a vacancy rate below the county average at ten percent. Absorption has been inconsistent within the corridor with significant swings

Figure 39: Office Deliveries, Absorption, and Vacancy Rate, Prince George's County, 1995 to 2011



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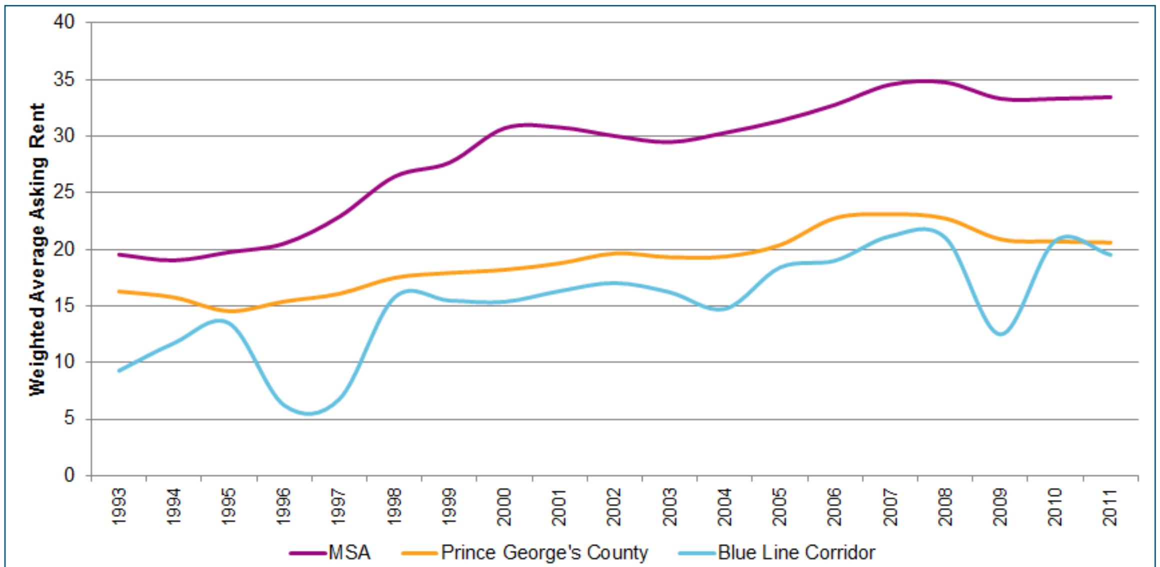
The GSA currently holds 70 leases in the county for a total of 4.0 million square feet.

between positive absorption early in the decade versus negative absorption over the last several years; average annual absorption since 2000 is 3,242 square feet. Since 2000, office asking rents in Prince George's County have grown more rapidly than the MSA as a whole, increasing at an annual rate of 1.3 percent compared to 0.8 percent; nonetheless, full-service asking rents in the county are significantly below the MSA average at $20.60 per square foot. Rents in the Blue Line Corridor are comparable to the county average at $19.52 per square foot. Among buildings in the corridor, rents are highest at $19.83 at Woodlands Business Center.

Figure 40: Weighted Average Asking Rent, Prince George's County, 1995 to 2011

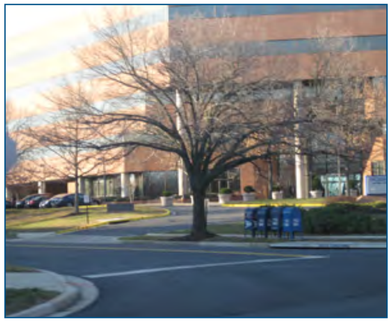


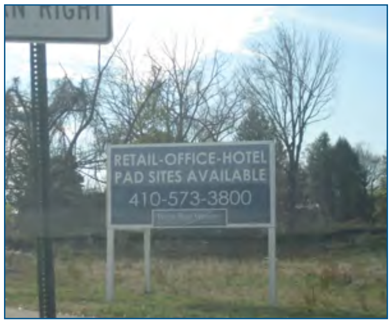
The Federal Government has a significant impact on the Prince George's County office market in terms of both leased and owned facilities. The GSA currently holds 70 leases in the county for a total of 4.0 million square feet. Many of these leases are located inside the Capital Beltway in areas like Landover, Suitland, and Hyattsville. Additionally, the GSA owns 36 buildings in the county with over 4.8 million square feet of area. The largest concentration of owned buildings is located at the Suitland Federal Complex with over 2.4 million square feet of building area; this location contains the headquarters of the Bureau of the Census and the National Archives Washington Records Center. Approximately two-thirds of space at the Suitland Federal Complex was constructed between 2003 and 2006.

Figure 41: Major Federally-Owned Properties in the County

Address	City	Year Built	Square Feet
5000 Ellin Road	Lanham	1997	1,111,466
4205 Suitland Rd	Suitland	1967	798,139
4600 Silver Hill Rd.	Suitland	2006	728,085
4600A Silver Hill Road	Suitland	2006	682,903
5100 Paint Branch Pky	College Park	2001	371,667
5601 Sunnyside Ave	Beltsville	1999	350,000
6500 Cherrywood Lane	Greenbelt	1994	223,378
4231 Suitland Road	Suitland	2006	198,353
17101 Melford Blvd	Bowie	1997	122,114

Source: GSA; AECOM, September 2011.





FROM TOP TO BOTTOM: Office, Woodmore vacant sign, Lottsford office.

Demand Forecast and Development Considerations

Demand for new office space is contingent upon employment growth, particularly in industry sectors with a high proportion of office-using employees, such as Finance and Insurance, Professional and Technical Services, and Management of Companies. To determine the potential level of demand for office space within the Blue Line Corridor, an analysis of countywide historical employment data from the Maryland Department of Labor, Licensing and Regulation as well as employment projections from Woods & Poole from 2013 to 2033 was conducted. Demand forecasts were developed for the period from 2013 to 2033, corresponding to a long-term timeline following implementation of strategies from this study.

Figure 42: Full-Time Employment Growth, Prince George's County, 2013 to 2033

Sector	Number					Change		
	2013	2018	2023	2028	2033	Number	Percent	CAGR
Federal Government	27,608	27,766	27,910	28,033	28,128	520	1.9	0.09%
State and Local Government	62,900	65,845	69,184	72,904	76,982	14,082	22.4	1.02%
Natural Resources and Mining	142	143	145	147	148	7	4.6	0.23%
Construction	26,235	26,945	27,711	28,522	29,366	3,131	11.9	0.57%
Manufacturing	9,079	9,041	8,988	8,917	8,826	(253)	-2.8	-0.14%
Trade, Transportation, and Utilities	57,943	58,295	58,522	58,585	58,443	500	0.9	0.04%
Information	3,383	3,542	3,726	3,936	4,174	791	23.4	1.06%
Financial Activities	12,242	12,588	12,958	13,342	13,729	1,487	12.2	0.57%
Professional and Business Services	41,309	42,744	44,293	45,930	47,620	6,311	15.3	0.71%
Education and Health Services	30,576	31,771	33,134	34,670	36,379	5,803	19.0	0.87%
Leisure and Hospitality	27,815	28,310	28,819	29,331	29,834	2,019	7.3	0.35%
Other Services	9,695	9,826	9,951	10,064	10,159	464	4.8	0.23%
Total: All Sectors	308,928	316,817	325,341	334,382	343,789	34,861	11.3	0.54%

Source: Maryland Department of Labor, Licensing and Regulation; Woods & Poole; AECOM, July 2011.

Because not all industry sectors utilize office space equally, average ratios of office users to total employment by sector were applied to determine how many new employees would actually occupy office space; these ratios range from 70 percent for the Federal Government, Finance and Insurance, and Professional and Technical Services sectors to 10 percent for the Leisure and Hospitality sector. A factor of 250 square feet per new employee was applied to total growth in office-using employment to determine total new space required.

Figure 43: Employment-Based Demand for Office Space, Prince George's County, 2013 to 2033

Sector	Percent Office Users	Number[1, 2]				Growth	
		2013-2018	2018-2023	2023-2028	2028-2033	Total	Annual
Federal Government	70	30,008	27,351	23,311	18,147	98,817	4,941
State and Local Government	40	320,002	362,740	404,220	443,139	1,530,100	76,505
Natural Resources and Mining	30	122	128	139	144	533	27
Construction	20	38,552	41,621	44,091	45,836	170,100	8,505
Manufacturing	20	(2,050)	(2,927)	(3,854)	(4,915)	(13,746)	(687)
Trade, Transportation, and Utilities	30	28,716	18,477	5,169	(11,601)	40,761	2,038
Information	55	23,757	27,498	31,412	35,445	118,113	5,906
Financial Activities	70	65,756	70,317	73,139	73,626	282,839	14,142
Professional and Business Services	70	272,927	294,520	311,222	321,331	1,200,000	60,000
Education and Health Services	35	113,569	129,654	146,028	162,450	551,701	27,585
Leisure and Hospitality	10	13,458	13,824	13,911	13,663	54,856	2,743
Other Services	30	10,673	10,196	9,212	7,719	37,799	1,890
Total: Demand from Employment Growth		915,490	993,397	1,058,001	1,104,984	4,071,873	203,594
Plus: Vacancy Adjustment[3]		91,549	99,340	105,800	110,498	407,187	20,359
Total: Demand for Office Space		1,007,039	1,092,737	1,163,801	1,215,482	4,479,060	223,953

[1] Average square feet per office using employee = 250

[2] Adjustment factor relating historical absorption to employment-based demand estimates = 109%

[3] Frictional vacancy rate for new space = 10%

Source: Woods & Poole; AECOM, August 2011.

Historic office absorption rates from CoStar were compared to employment-based demand estimates from 1995 to 2010 in order to benchmark demand findings. Historic absorption averaged 166,556 square feet per year compared with employment-based demand of 153,285 square feet per year, a difference of 9 percent. This may be due to differing space usage patterns among industry sectors, with some using more square feet per employee than others. This factor was applied to market-wide demand forecasts to adjust findings for the office configurations typical of Prince George's County. Forecast demand totals 223,953 square feet per year on average for the county from 2013 through 2033 before taking into account the replacement of older office space and frictional vacancy for tenant "churn" in the marketplace.

The high supply of existing vacant space in the county is likely to impact demand for the new space in the near term.

The high supply of existing vacant space in the county is likely to impact demand for new space in the near-term. Currently, there are over 4.5 million square feet of vacant office space in the market, including 2 million square feet of Class A space. Assuming a market-wide frictional vacancy rate of 10 percent, it is likely that 2.1 million square feet of existing vacant space will be absorbed over the study time horizon; this is equivalent to approximately 9 years of demand.

Figure 44: Existing Office Supply, Prince George's County

Class	Absorption of Vacant Space[1]			Replacement of Total Space[2]		
	Vacant RBA	Allocation	Total Allocation	Total RBA	Allocation	Total Allocation
Class A	2,020,624	58%	1,165,258	8,553,665	0%	0
Class B	2,218,527	41%	920,509	12,980,185	5%	649,009
Class C	343,814	0%	0	4,762,046	10%	476,205
Total: All Classes	4,582,965	46%	2,085,766	26,295,896	4%	1,125,214

[1] Percentage of existing vacant space to be absorbed based on demand from new employment.

[2] Percentage of existing space which may potentially be replaced during study timeframe.

Source: CoStar; AECOM, August 2011.

Reductions in demand for new space due to absorption of existing product are mitigated by demand due to replacement of older buildings, specifically Class B and C space. There are currently 4.8 million square feet of Class C space in the county that, assuming replacement of 10 percent of the Class C stock over the study period, would translate to demand for 476,205 square

Largo office.

feet. Replacement of Class B space may account for an additional 649,009 square feet. After accounting for gradual absorption and replacement of existing space, forecasted demand for new office space in Prince George's County is estimated at 175,925 square feet per year.

The extent to which the Blue Line Corridor can capture future office development is a product of location, competition, and government initiatives. Currently, the Blue Line Corridor accounts for only 1.4 percent of office space in Prince George's County at 370,032 square feet, none of which is Class A space. The corridor is primarily oriented towards residential, retail, and light industrial uses with most area residents traveling to the District of Columbia or elsewhere in the county for employment. Ease of access to major transit and transportation networks is a significant locational advantage presented by the corridor. The four Blue Line Metro stations afford transit access to the corridor from Virginia and Washington, D.C. while the interchange between Central Avenue and I-95/495 links the corridor to the rest of Prince George's County and neighboring areas. However, the corridor lacks many of the amenities appealing for Class A office development, including walkability and proximity to varied, high-quality dining and service options.

Competition from existing and planned developments is also a significant consideration when weighing the desirability of the corridor for office development. Currently, there are over 8.5 million square feet of office space planned for major developments around the county, equalling 30 to 40 years of demand at absorption rates forecast above. Planned projects with the largest share of office space include Konterra Town Center East in Laurel (3.8 million square feet) and Greenbelt Station in Greenbelt (1.2 million square feet); other projects with major office components are listed in Figure 47.

Office demand remains constrained by a large amount of vacant Class A space throughout the county.

Figure 45: Demand for New Office Space, Prince George's County, 2013 to 2033

	Number				Growth	
	2013–2018	2018–2023	2023–2028	2028–2033	Total	Annual
Demand from Employment Growth	1,007,039	1,092,737	1,163,801	1,215,482	4,479,060	223,953
Plus: Replacement of Existing	281,303	281,303	281,303	281,303	1,125,214	56,261
Total: Demand for Office Space	1,288,343	1,374,040	1,445,104	1,496,786	5,604,274	280,214
Less: Absorption of Existing	521,442	521,442	521,442	521,442	2,085,766	104,288
Net: Demand for New Office Space	766,901	852,599	923,663	975,344	3,518,508	175,925

Source: AECOM, August 2011.

TOP: Woodmore Aerial.
BOTTOM, LEFT TO RIGHT:
Konterra,
and MD Science Tech Center.

Figure 46: Major Planned Office Developments

Name	Location	Site Characteristics	Office Sq. Ft.
Konterra Town Center East	Laurel	Muirkirk MARC Station; I-95; ICC	3,800,000
Greenbelt Station	Greenbelt	Greenbelt Metro Station; I-495; Proximity to Goddard Space Flight Center	1,200,000
M Square: University Maryland Research Park	College Park	College Park Metro Station; Proximity to University of Maryland-College Park	1,000,000
Woodmore Towne Centre at Glenarden	Glenarden	I-95/495	1,000,000
Maryland Science & Tech Center	Bowie	US 50; US 301; Proximity to Bowie Town Center	1,000,000 +
Karington	Bowie	MD 214; US 301	500,000

Source: Prince George's County Economic Development Corporation; Individual Developments; AECOM, October 2011.

Compared to most developments planned in the county, the Blue Line Corridor has a locational advantage due to Metro and highway access. Development with comparable or better location may include Greenbelt Station (Greenbelt Metro Station, nearby I-95/495 access, and proximity to Goddard Space Flight Center) and M Square/University of Maryland Research Park (College Park Metro Station and proximity to the University of Maryland–College Park). Other planned office developments at Konterra Town Center East, Karington, Woodmore Towne Centre, and Maryland Science & Tech Center do not have Metro access but may benefit from a conglomeration of office development.

Securing a large federal tenant represents the primary opportunity for major office development in the corridor.

Federal government actions may accelerate demand for office space beyond forecasts above, which assume relatively conservative growth of federal employment in the county. Federal tenants can single-handedly create employment centers and are likely key to successful performance of planned office projects throughout the county. Existing federal office centers include the IRS in New Carrollton, the U.S. Census Bureau at the Suitland Federal Center, and the FDA and NOAA in College Park.

The largely residential character of the Blue Line Corridor and nearby areas suggests a proclivity towards office space oriented towards medical practitioners and neighborhood services; this land use pattern is likely to continue in the future in the absence of demand from a major federal tenant. Within the Blue Line Corridor, areas within walking distance of Metro stations are well-suited for these types of offices, particularly given additional locational advantages presented by highway access. Configuration of medical and professional offices varies from location to location. Many examples are located in single-use parks comprised of low-rise structures while others in more dense environments are located along with residential and retail uses in mixed-use developments. Competition from major planned projects is likely to preclude the development of significant concentrations of Class A space in the Blue Line Corridor; opportunities for high-density Class A space should be reevaluated in the future relative to the success of mixed-use developments in the corridor.

Given cohesive planning and a focus on transit-oriented development, it is likely that the Blue Line Corridor can achieve capture rates higher than historical averages going forward. Assuming capture of 5 percent of county office demand, the Blue Line Corridor may see between 175,000 and 280,000 square feet of office development from 2013 to 2033; the majority of this space would likely be oriented towards medical and professional services and located in mixed-use developments. Securing a large federal tenant represents the primary opportunity for major office development in the corridor though competition is likely to be strong, especially when facing projects with comparable access characteristics.

The Boulevard at Capital Centre

Retail Market Analysis

Retail market trends were evaluated for the MSA, Prince George's County, the Blue Line Corridor, and a 10-minute drive time trade area from the center of the corridor. Trends at MSA and county levels are indicators of the general state of the regional retail market while activity in the immediate study area reflects local strengths and weaknesses. CoStar was the primary source of high-level retail supply data. This was supplemented by the InfoUSA business inventory that provides detail on retail and restaurant businesses by type.

Key Economic Trends

Demand for retail space at a given location is driven by increases in spending from resident, employee, and visitor markets. Marketwide spending growth results from increases in market size and unit income/expenditures. Retail is typically a following use as it derives its demand from other existing land uses, such as residential, office, and cultural uses. Capture of market expenditures at a given location, and subsequent demand for retail space, is a factor of accessibility, center tenanting, visibility, physical attractiveness, and the general competitive environment. Additionally, different merchandise types and configurations draw from different trade areas. For example, grocery and convenience retail stores typically exhibit a high spending capture from nearby neighborhoods while department stores and specialized retailers may exhibit a lower capture from a larger geographic area. These considerations are important in determining the tenant mix and positioning of a retail center.

Retail Market Performance

Currently there are 37,526 square feet of vacant space at the Boulevard at Capital Centre.

The supply of leasable retail space in the MSA increased by 11.7 million square feet since 2007, growing at an annual rate of 0.29 percent. Prince George's County accounted for 17 percent of this growth with 2 million square feet of new retail space at Woodmore Towne Centre and Brandywine Crossing. Locations of retail concentrations within the county are largely driven by access and proximity to households. The Blue Line Corridor accounts for 3.7 percent of retail space within Prince George's County with 1.5 million square feet of gross leasable area. Major retail developments within the Blue Line Corridor include Boulevard at the Capital Centre and Kingdom Square. Competitive retail concentrations include Woodmore Towne Centre and the Centre at Forestville.

Since 2007, retail deliveries have averaged 496,557 square feet annually at the county level compared to an average absorption of 321,307 square feet. This had led to a modest increase in retail vacancy rates from 3.8 percent in 2007 to 6.1 percent in 2011. Vacancy rates are 5.1 percent within the Blue Line Corridor with significant vacant space located in the Boulevard at the Capital Centre. Annual absorption has averaged 10,199 square feet with peak absorption of 16,294 square feet in 2010.

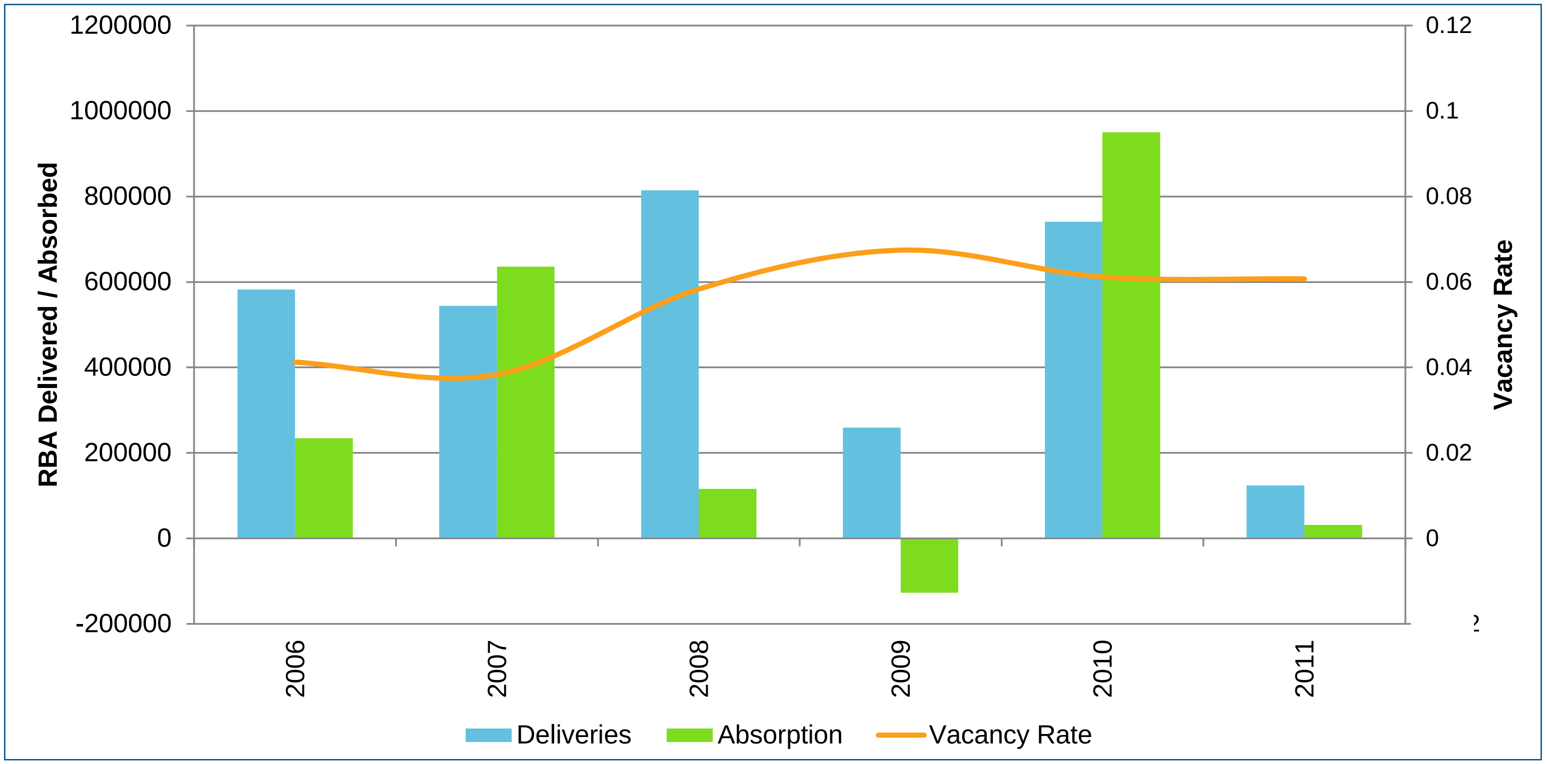
There are a total of 11 shopping centers located within the Blue Line Corridor with gross leasable area totaling 1.2 million square feet. The Boulevard at the Capital Centre is the largest with over 70 stores and 489,405 square feet of leasable space. Major tenants include Sports Authority, hhgregg, and Magic Johnson Theatres. Currently there are 37,526 square feet of vacant space at Boulevard at the Capital Centre, representing the largest retail vacancies in the corridor. Additional large shopping centers in the corridor include Kingdom Square (395,464 square feet) and Addison Plaza (93,554 square feet). Other shopping centers in the area are less than 50,000 square feet and more than 20 years old.

Figure 47: Retail Gross Leasable Area, 2007 to 2011

Geography	2007	2008	2009	2010	2011	Change, 2007–2011		
						Number	Percent	CAGR
MSA	244,723,967	250,763,776	253,402,521	256,126,231	256,398,518	11,674,551	4.8	0.29%
Prince George's County	39,422,687	40,380,088	40,639,355	41,380,019	41,444,179	2,021,492	5.1	0.31%
Share of MSA	16.1%	16.1%	16.0%	16.2%	16.2%			
Blue Line Corridor	1,547,765	1,547,765	1,547,765	1,547,765	1,547,765	0	0.0	0.00%
Share of County	3.9%	3.8%	3.8%	3.7%	3.7%			

Source: CoStar; AECOM, September 2011.

Figure 48: Retail Deliveries, Absorption, and Vacancy Rate, Prince George's County, 2006 to 2011

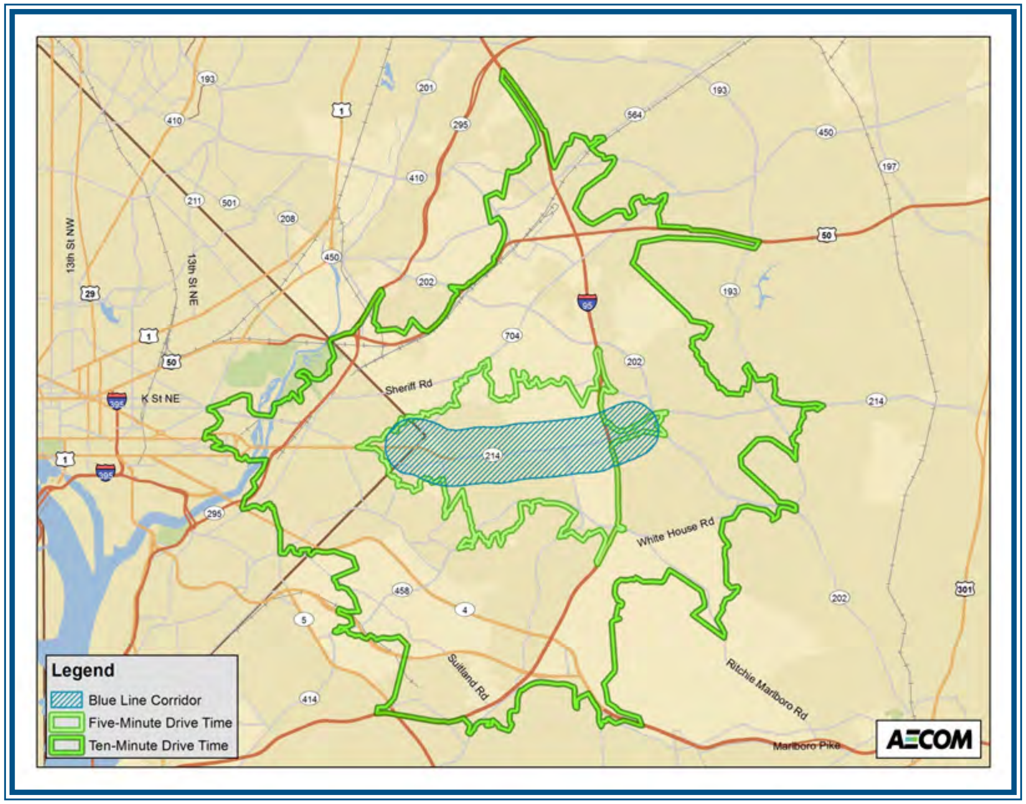


Business listings from InfoUSA were analyzed for the Blue Line Corridor to highlight concentrations of retail and restaurant uses. Within the Blue Line Corridor, there were 96 retail outlets, accounting for 13 percent of total business establishments in the area. Retail types with the greatest frequency include Beer, Wine, and Liquor Stores (nine establishments), Gasoline Stations (eight establishments), and Floor Covering Stores (seven establishments). Major retailers in the area include Home Depot and Safeway. A total of 30 food service establishments were located in the Blue Line Corridor, the large majority of which are full-service restaurants. Notable dining establishments include IHOP, Checkers, and McDonald's.

Demand Forecast and Development Considerations

M-NCPPC assessed demand for retail space in the Blue Line Corridor from 2013 to 2018. A relatively short forecast timeframe was followed as retail is a use that changes rapidly to respond to trends and customer needs. Projecting retail demand further than this period may be less precise; long-term forecasts may be developed using the current trajectory as a target, and using this outlook to inform the strategy. To determine supportable square footage, M-NCPPC assessed retail expenditures from households living within 10 minutes of the intersection between Central Avenue and Shady Glen Drive/Hill Road, roughly the center point of the corridor. This market was divided into a primary trade area comprised of households within a five-minute drive and a secondary trade area made up of households within a five- to ten-minute drive. The primary trade area currently includes 11,423 households while the secondary trade area includes 82,271 additional households. Retail trade areas are shown in Figure 50.

Figure 49: Blue Line Corridor Retail Trade Areas



ESRI Business Analyst was the primary source of household expenditure data for this study. This data set provides estimates of total annual spending for over 40 retail categories. These detailed categories were then aggregated to the following six major groupings:

- Apparel and Apparel Services: Includes men's, women's, and children's apparel, footwear, and jewelry.
- Entertainment and Recreation: Includes expenditures such as fees and admissions, TV/video/sound equipment, pets, toys, recreational vehicles, sports equipment, photo accessories, and reading.
- Grocery and Convenience: Includes supermarkets, smaller neighborhood markets, and beer, wine, and liquor stores.
- Eating and Drinking Places: Includes full-service and limited-service restaurants and bars.

- Personal Care Products and Services: Includes stores such as drugstores, cosmetic stores, and services (nail salons, hair salons, and shoe repair).

- Home Furnishings: Includes furniture, appliances, general housewares, and floor coverings.

Total annual spending in these categories ranges from $13,711 per household in the primary trade area to $14,029 per household in the secondary trade area in 2010. The Grocery and Convenience category accounts for 41 percent of total spending, followed by Eating and Drinking Places at 24 percent. Spending by trade area and category are shown in Figure 50 below. Retail sales in the two trade areas are forecast to remain relatively stable over the analysis time period on an inflation-adjusted basis. The baseline forecast of retail demand and spending reflects historic trends that suggest minimal household growth in the trade areas in the near- to mid-term; a sensitivity analysis of elevated household growth rates is presented at the end of the section. Dollar values are presented in real 2010 dollars; real growth in spending is assumed to be one percent per year.

Shops at the Boulevard at Capital Centre.

Figure 50: Resident Household Retail Spending by Trade Area, 2010

Category	0- to 5-Minute Drive [1]		5- to 10-Minute Drive [2]	
	Spending Per HH	Total Spending	Spending Per HH	Total Spending
Apparel and Apparel Services	$1,569	$17,923,030	$1,611	$132,518,836
Entertainment & Recreation	$1,621	$18,511,486	$1,666	$137,040,450
Grocery and Convenience	$5,694	$65,041,842	$5,815	$478,393,524
Eating and Drinking Places	$3,305	$37,752,878	$3,379	$278,006,050
Personal Care Products and Services	$425	$4,853,861	$434	$35,740,168
Home Furnishings	$1,097	$12,535,258	$1,124	$92,439,696
Total: All Categories	$13,711	$156,618,354	$14,029	$1,154,138,724

[1] 0- to 5-Minute Drive includes 11,423 households.

[2] 5- to 10-Minute Drive includes 82,271 households.

Source: ESRI; AECOM, October 2011.

MARKET AND TOD POTENTIAL
Central Avenue-Metro Blue Line Corridor TOD Implementation Project 49

Central Avenue retail.

Potential capture of market-wide spending in the primary trade area was estimated based on household spending, existing retail offerings, quality of retailers, size of the trade area, and professional judgment. Capture rates are calculated as a percentage of sales expected from households or inflow shoppers in the entire trade area.

Business listings from InfoUSA were analyzed for the primary trade area to evaluate existing retail offerings. Key data points include retail category and estimated sales for each business establishment. A total of 101 traditional retail establishments with $112 million in annual sales are located within this trade area. However, many of these establishments occupy low-quality space characterized by poor visual appeal, outdated design, physical deterioration, lack of upkeep, or suboptimal location. These establishments would not be considered investment-grade and are likely to be inadequate for contemporary retailing needs. Based on existing conditions, substandard facilities account for 75 percent of sales in the primary trade area. Since these establishments are likely to be non-competitive in comparison with attractive and well-located options near transit, sales from these stores have been discounted from existing inventory in demand calculations. See Figure 52 for estimates of sales at existing retail establishments in the primary trade area.

Figure 51: Sales at Existing Retail Establishments, Primary Trade Area, 2010

Category	Sales at Chain Stores		Sales at Non-Chain Stores	
	All Stores	High Quality Stores	All Stores	High Quality Stores
General Merchandise	$1,530,000	$714,000	$0	$0
Apparel & Apparel Services	$0	$0	$6,094,000	$0
Entertainment & Recreation	$3,613,000	$0	$4,923,000	$798,000
Grocery & Convenience	$33,884,000	$1,568,000	$23,251,000	$3,849,000
Eating & Drinking Places	$25,024,000	$20,560,000	$5,752,000	$80,000
Personal Care Products & Svcs.	$5,307,000	$0	$366,000	$0
Home Furnishings	$0	$0	$2,393,000	$918,000
Total: All Categories	$69,358,000	$22,842,000	$42,779,000	$5,645,000

Source: ESRI; AECOM, November 2011.

MARKET AND TOD POTENTIAL
Central Avenue-Metro Blue Line Corridor TOD Implementation Project 50

Recent retail developments and planned projects throughout the county are likely to influence positioning and configuration of retail in the Blue Line Corridor. While retail in the primary trade area is generally comprised of aging shopping centers and fragmented standalone shops, the secondary trade area contains several strong nodes of retail activity, including Woodmore Towne Centre, Boulevard at the Capital Centre, and Ritchie Station Marketplace. The presence of these developments in such close proximity to the Blue Line Corridor is likely to preclude the development of another major destination retail location during the analysis time period. Over the long-term, additional retail concentrations may also emerge at Greenbelt Station and Konterra Town Center East developments; planned outlet retail at National Harbor will also fill that particular market niche.

The secondary trade area contains several strong nodes of retail activity including Woodmore Town centre, Boulevard at the Capital Centre and Ritchie Station Marketplace.

Figure 52: Major Planned Retail Developments

Name	Location	Site Characteristics	Retail Sq. Ft.
Capitol Gateway Marketplace	District of Columbia	Capitol Heights Metro Station; East Capitol Street	144,700
Bowie Market Place	Bowie	MD 450	190,000
Brandywine Crossing	Brandywine	US 301	250,000
Greenbelt Station	Greenbelt	Greenbelt Metro Station; I-95/495	1,200,000
Karington	Bowie	MD 214; US 301	500,000
Konterra Town Center East	Laurel	I-95; ICC	1,500,000
Laurel Commons	Laurel	US 1	664,589
The Sanctuary At Kingdom Square	Capitol Heights	I-95/495; MD 214	200,000

Source: Prince George's County Economic Development Corporation; Washington DC Economic Partnership; Individual Developments; AECOM, October 2011.

Based on the market realities described above, forthcoming retail in the Blue Line Corridor is likely to be neighborhood-oriented with an emphasis on convenience goods, restaurants, and personal services. Traditionally, single-use neighborhood shopping centers have accommodated this type of development. Neighborhood shopping centers typically range from 30,000 to 150,000 square feet in size and usually have a supermarket or drug store as a primary anchor. These uses are also well-suited for mixed-use, transit-oriented developments. With resident households and office employees located within walking distance of storefronts, retailers may achieve strong performance due to the continuous flow of shoppers and diners throughout the day. Retail capture rates for the Blue Line Corridor are shown in Figure 54 and reflect a neighborhood rather than regional focus.

Figure 53: Retail Capture Rates by Category

Category	Primary Trade Area	Secondary Trade Area	Inflow [1]
Apparel and Apparel Services	10%	2%	10%
Entertainment and Recreation	25%	5%	10%
Grocery and Convenience	25%	5%	10%
Eating and Drinking Places	35%	7%	10%
Personal Care Products and Services	25%	5%	10%
Home Furnishings	10%	2%	10%

[1] The inflow factor accounts for spending from households living outside trade areas.

Source: ESRI; AECOM, November 2011.

Capture rates were applied to each of the market areas to estimate the potential capture of spending in the primary market area and Blue Line Corridor. Spending at high-quality, existing establishments was subtracted from total captured spending to determine net supportable demand. Potential spending captured in 2013 totals $110 million. Grocery and convenience spending accounts for 42 percent of the total followed by eating and drinking places at 34 percent; these categories are convenience-oriented with relatively high capture of spending from nearby neighborhoods.

Figure 54: Supportable Retail Space by Category, 2013 to 2018

Category	Productivity Rate	Year						Total Change
		2013	2014	2015	2016	2017	2018	
Low-End Demand Estimate								
Apparel and Apparel Services	$350	13,796	13,876	13,956	14,035	14,114	14,192	396
Entertainment and Recreation	$350	36,315	36,528	36,740	36,951	37,161	37,371	1,056
Grocery and Convenience	$550	78,617	79,069	79,519	79,967	80,413	80,858	2,242
Eating and Drinking Places	$500	30,847	30,871	30,894	30,916	30,936	30,954	107
Personal Care Products and Services	$450	7,141	7,182	7,223	7,263	7,304	7,344	203
Home Furnishings	$450	7,394	7,437	7,479	7,521	7,563	7,605	210
Total: All Categories		174,110	174,962	175,810	176,653	177,491	178,324	4,214

Figure 54: Supportable Retail Space by Category, 2013 to 2018 (continued)

Category	Productivity Rate	Year						Total Change
		2013	2014	2015	2016	2017	2018	
High-End Demand Estimate								
Apparel and Apparel Services	$250	19,315	19,426	19,538	19,649	19,759	19,869	555
Entertainment and Recreation	$250	50,841	51,139	51,435	51,731	52,025	52,319	1,478
Grocery and Convenience	$450	96,087	96,639	97,189	97,737	98,283	98,827	2,740
Eating and Drinking Places	$350	44,067	44,102	44,135	44,166	44,194	44,220	153
Personal Care Products and Services	$250	12,854	12,927	13,001	13,074	13,147	13,219	365
Home Furnishings	$300	11,092	11,155	11,219	11,282	11,345	11,407	316
Total: All Categories		234,254	235,389	236,517	237,638	238,753	239,861	5,606

Source: ESRI; AECOM, November 2011.

Capital Centre shops.

Retail productivity rates, measures of sales per square foot of leased space, were applied to net retail spending to determine the amount of supportable retail space in the Blue Line Corridor over the study period. These productivity rates vary by retail category and reflect sales levels necessary for a quality retailer to generate adequate return on investment. Ranges estimating likely supportable square feet were calculated by varying productivity rates by category. Supportable retail space in the primary market area is forecast to range from 174,110 square feet to 234,254 square feet in 2013; these totals may increase by up to 5,606 square feet by 2018. This scale of demand likely represents two to three retail clusters that would ideally be located to maximize visibility, transit and vehicular access, and proximity to residential and office development. Typical retail establishment sizes follow:

- Apparel/Accessories Store: 2,000 to 10,000 square feet.
- Personal Care Products Store: 2,000 to 10,000 square feet.
- Home Furnishings Store: 3,500 to 10,000 square feet.
- Grocery Store: 30,000 to 65,000 square feet.
- Full-Service Restaurant: 3,000 to 6,000 square feet.
- Limited-Service/Fast Food Restaurant: 1,200 to 3,500 square feet.

The potential impacts of elevated household growth rates in the primary and secondary

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TOP TO BOTTOM:
Magic Johnson Theatre and Carolina Kitchen.

market areas on Blue Line Corridor supportable retail space were evaluated through a sensitivity analysis. Capture rates for each category and trade area were held constant while the number of additional new households beyond the baseline forecast was varied with values ranging from 25 to 200 households per year in the primary trade area and 50 to 500 households per year in the secondary trade area. This range reflects likely scenarios if planned projects are successfully developed. It is probable that impacts to supportable space in the primary trade area will be modest. For example, if the primary trade area added 100 new households per year from 2013 to 2018 (600 households total), supportable retail space would increase by 4,726 square feet to 6,430 square feet depending on retail productivity rate assumptions.

Figure 55: Household Growth Scenarios Impact on Supportable Retail Space

Annual Households		Total Households	Incremental Demand	
			Low-End	High-End
Primary Trade Area				
Low Growth	25	150	1,181	1,608
	50	300	2,363	3,215
	100	600	4,726	6,430
High Growth	200	1,200	9,452	12,860
Secondary Trade Area				
Low Growth	50	300	484	658
	100	600	967	1,316
	200	1,200	1,934	2,632
High Growth	500	3,000	4,836	6,580

Source: ESRI; AECOM, November 2011.

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Three new hotels are proposed near the Largo Town Center Metro—indicating some pent-up demand

Hotel Market Overview

In order to better understand the potential market support for a new hotel in the corridor, M-NCPPC looked at hotel performance indicators for seven hotels located in the area:

- Country Inn and Suites, Capitol Heights (69 rooms)
- Motel 6, Capitol Heights (120 rooms)
- Comfort Inn, Capitol Heights (181 rooms)
- Holiday Inn Express and Suites, I-95 Capital Beltway, Largo (89 rooms)
- Radisson Hotel, Largo (184 rooms)
- Hampton Inn, Largo (127 rooms)
- Extended Stay America, Landover (104 rooms)

As reflected below, when the economic decline took hold in 2008, occupancy decreased notably from 61.9 percent in 2007 to 58.6 percent in 2008. It appears that, after occupancy decreased, average daily rate decreased in order to partially offset the decrease in occupancy; average daily rate decreased significantly from $100.86 in 2008 to $83.69 in 2011. RevPAR is a performance metric in the hotel industry which is calculated by multiplying a hotel's average daily room rate (ADR) by its occupancy rate. It may also be calculated by dividing a hotel's total guestroom revenue by the room count and the number of days in the period being measured. As reflected below, RevPAR decreased from 2010 to 2011 as both occupancy and average daily rate decreased and remains significantly lower than the peak 2007 level of $60.97.

It should also be noted that three hotels are currently proposed near the Largo Town Center Metro–a Marriott Courtyard, Residence Inn, and Fairfield Inn. With three hotels proposed for the area and RevPAR declining, it is not likely that the market could support a new hotel within the next few years.

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Economic Development Strategies—TOD Focus

In order to better understand innovative TOD funding strategies, various applicable funding tools from a variety of case studies across the country were examined. These tools represent a range of unique and traditional funding strategies, and will be explored in more detail during Phase II of the study, as actual catalytic projects are identified.

TOD Strategies—Case Studies

Denver TOD

Project Description

In Denver, a TOD fund was used for the acquisition and preservation of affordable housing.

The Denver area voters have approved an expansion to the region's existing transit system that will add 119 miles of new rail and 70 stations to the system. As a result, the City of Denver, led by the Office of Economic Development (OED), has crafted a strategy to finance and preserve affordable housing near the proposed transit station locations.

Financing Strategy

The OED worked with the MacArthur Foundation to establish a TOD fund that would allow for the acquisition and preservation of affordable housing along both existing and new transit corridors. The city matched the MacArthur Foundation grant of $2.25 million. The fund has grown to $15 million as a result of the addition of other collaborators, including US Bank, Wells Fargo, Colorado Housing and Finance Authority, Rose Community Foundation, and the Mile High Community Loan Fund. Enterprise Community Partners (based in Maryland) is financial manager of the fund and the Urban Land Conservancy (a local nonprofit) is the sole borrower of the fund and coordinates all land purchases. The OED is also leveraging funds from the federal Neighborhood Stabilization Program (NSP).

Project Goals and Lessons Learned

The overall goal of the fund is to create or preserve 1,200 units of affordable housing located within one-half mile of rail stations and one-quarter mile of bus stops. Properties targeted for the project include existing federally assisted rental projects, existing workforce housing that is not subsidized, and vacant or commercial properties to be converted to affordable housing.

The fund has had certain challenges given the recent economic recession, with some questioning committing

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city funds while the city is laying off workers. The fund benefits from the support of the mayor and also from a decline in housing prices. The Denver TOD fund also benefits from long-standing area regionalism, with the City of Denver partnering with several suburban neighbors.

Applications to Prince George's County

While the Denver TOD fund has been set up to preserve affordable housing along a proposed, new transit line, it does point to the unique partnerships (public agencies, foundations, banks, housing authorities, community loan funds) that can be formed to build new affordable units near transit lines. It may be possible to consider a fund to ensure the development of new affordable units near the four stations, for either sites already under consideration (e.g., the WMATA owned site near Morgan Boulevard), or potential sites to develop.

In particular, the Enterprise Community Loan Fund, administered by Enterprise Community Partners, provides interim financing for affordable housing developers and nonprofit organizations. The fund also provides financing for community facilities such as charter schools and health facilities. The Loan Fund includes the following programs:

- Predevelopment loans for financing pre-construction costs (up to $250,000).
- Acquisition loans for up to $3 million.
- Equity bridge loans for both low-income housing tax credit and historic tax credit projects ($500,000 to $3 million).
- Mini-permanent loans that provide interim capital for developers to hold on to properties until stabilized.

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Fruitvale Village – Oakland, CA

Project Description

Fruitvale Village was developed by The Unity Council, a social-service and community advocacy agency. The development serves a Bay Area Rapid Transit (BART) regional rail system stop as well as a major bus transfer center. Fruitvale is the most densely populated neighborhood in Oakland, and also includes a significant Latino population. The development was spurred in part by BART's proposal for a new parking garage next to the Fruitvale Station. Phase I includes a variety of housing, such as 68 units of HUD 202 low-income senior housing, 10 restricted-income rental units, and 37 market-rate rental units. The first phase also includes 60,000 square feet of medical services, several financial service providers (including a counseling center), a preschool and high school, and social services such as a library, job training programs and a senior center. Phase II includes 183 market rate and 92 affordable rental housing units.

Component Summary

- 45,000 square-foot retail/restaurant
- 54,000 square-foot health care clinic
- 55,000 square-foot child care facility
- 15,000 square-foot library
- 45,000 square-foot executive offices
- 68 units HUD housing
- 220 units mixed-income housing
- 2 parking garages (1,500 cars)

Financing Strategy

The Unity Council established a nonprofit subsidiary corporation called the Fruitvale Development Corporation (FDC) to act as developer for the village and manage contracts. Development of Fruitvale Village included a mix of private loans and several large federal grants. BART policy allowed the agency to award sole-source development rights to the FDC. An FTA grant helped to finance construction of a new parking garage near the site.

The pedestrian plaza was constructed using $780,000 from the FTA in flexible funds transferred from the FHWA. In addition, BART received a $2.3 million grant through the FTA's Livable Communities Initiative for funding construction of the child care center.

The senior housing complex is being funded through a combination of loans, grants, and equity from seven different groups, including private banks, the City of Oakland, a federal housing program, and the Unity Council.

Fruitvale Village.

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Project Goals and Lessons Learned

While the housing units were rented quickly, it was significantly more difficult to find tenants for the commercial component of the project. When construction was completed, only 75 percent of the commercial space was leased, and remained vacant for several years, due in part to a significant amount of pedestrian traffic. The addition of a high school and children's counseling clinic has helped in leasing the space. The project developers also learned that each stakeholder pushed their own agendas, leading to conflicting interests; the transit agency may only be interested in transit efficiencies while the small merchants may focus on parking needs.

Applications to Prince George's County

- Caution should be taken when planning the retail component; be careful not to over plan for commercial space, especially given the competitive context of the corridor.
- Incorporate community-related space in order to help create a critical mass and also to maximize pedestrian activity.
- The Unity Council, BART, and the City of Oakland signed a memorandum of understanding to guide further planning and development at the site through the Fruitvale Policy Committee. A signed agreement among various vested interests (e.g., Morgan Boulevard) may help keep development plans on track.
- In order to maintain the pedestrian orientation of the project, the Unity Council petitioned the City of Oakland for a zoning ordinance that would ban the construction of additional parking within the area around the village. The various public jurisdictions may want to consider limited parking near similar mixed-use development projects.

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MacArthur Park Apartments,
Los Angeles, CA.

Bethel Center–West Garfield Park (Chicago), IL

Project Description

Bethel New Life is a leading faith-based community development organization located in the West Garfield Park neighborhood of Chicago. The group fought to keep open the Green Line Train Station running through the neighborhood (operated by the Chicago Transit Authority). The local Lake Pulaski transit stop serves as a valuable asset to the nearby low income neighborhood. Bethel New Life worked with the CTA to open the Bethel Center, a $4.5 million mixed-use development project. The following components have been built to-date: fifty low-to-moderate income homes, retail, a community technology center, a child care facility, and a financial literacy center. The project focuses on green design and is a registered LEED project. A new commercial center currently houses a local bank, a child care center, the Attorney General's substation, a Subway sandwich shop, the Bethel Employment Center, and the Bethel Computer Resource Center. Bethel New Life utilized a little-used city exemption that allowed for lower parking ratios near transit stops.

Financing Strategy

Fifty energy-efficient, affordable single-family homes were planned for the area. Parkside Estates, as it is known, includes two-story, three-bedroom homes located two blocks from a shopping district and one block from the transit stop. The elementary and middle schools are within a ten minute walk of the development. The homes were made affordable by Housing and Urban Development Nehemiah Opportunity Grants, the New Homes for Chicago program, subsidies from the Federal Home Loan Bank's Affordable Housing Program, mortgage subsidies from the Neighborhood Lending Program, a revolving fund for upfront costs supported by an Amoco grant, and in some cases, the physical work of future owners. The church is developing the homes independently.

Funding for the commercial center included $3.5 million in city, state, and federal grants, a construction loan, and equity from Bethel New Life.

Project Goals and Lessons Learned

Development in challenged neighborhoods requires more than assembling land and financing, and then marketing the property. It requires more patience, partnerships with civic leaders, other nonprofit organizations, lenders, and city agencies.

Applications to Prince George's County

Public agencies should work with existing organizations and churches in the area that have the community experience (and capital) to initiate

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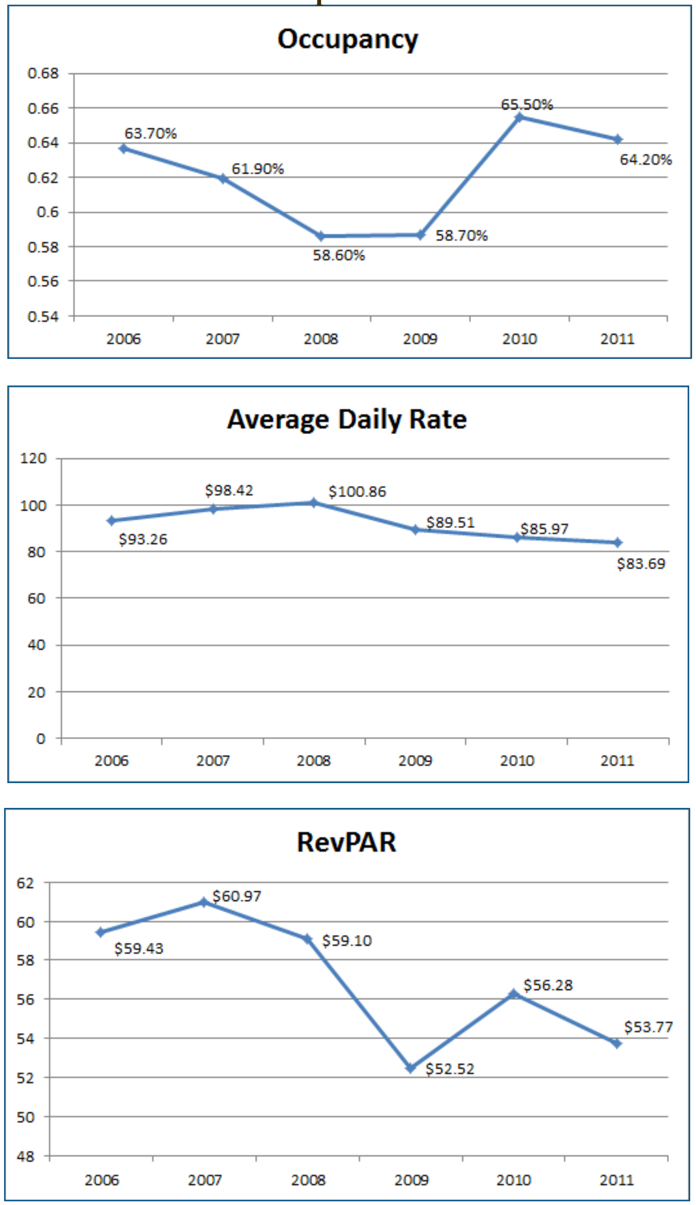
Figure 56: Sources of Funds, MacArthur Park Metro Apartments



TOD development. Many case studies in low- to moderate-income neighborhoods show that the inclusion of community services within the retail component has helped with leasing efforts.

MacArthur Park Metro Apartments—Los Angeles, CA

Project Description

MacArthur Park Metro Apartments is being developed by the Los Angeles Housing Partnership and McCormack Baron Salazar. The project is being constructed on MTA owned land.

The TOD project is made up of two phases: the first phase includes 90 family apartments, 15,000 square feet of ground floor retail, and 100 parking spaces. The second phase will include 82 apartments, 17,000 square feet of retail space, and will be built directly above the station.

The residential unit mix will contain 63 two-bedroom units containing approximately 1,006 square feet each, and 27 three-bedroom units containing approximately 1,257 square feet each. The proposed residential development provides 45 units at 50 percent of the area median income (AMI) and 44 units at 60 percent of the AMI. Rental rates will range from $569 to $654 per month for the two bedroom units, and from $881 to $1,014 per month for the three bedroom units. Common amenities include a community room and landscaped courtyard.

Financing Strategy

Project financing includes private equity generated for both residential and commercial developments from Low Income Housing Tax Credits, New Market Tax Credits, Los Angeles Housing Department, Community Redevelopment Agency of the City of Los Angeles, Housing and Community Development Infill Infrastructure Grant, conventional financing, and other resources.

Applications to Prince George's County

New market tax credits and low income housing tax credits can help to bridge the funding gap for various types of TOD development projects. As with many workforce housing development projects, a complex source of funds is leveraged in order to make the project viable.

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Rockville Town Square—Rockville, MD

Project Description

New market tax credits and low income housing tax credits can help to bridge the funding gap for various types of TOD development projects.

The development includes a town plaza (28,000 square feet), library, the Metropolitan Center for Visual Arts (a private organization that includes a fine art and craft store, four art galleries, eight artist studios, event space, and an education wing), the Rockville Innovation Center (provides space for up to 30 start-up technology companies), pedestrian-oriented shops and restaurants (180,000 square feet), and housing above the commercial components. Retail tenants include a mix of primarily local and regional retailers and national/local restaurants. The plaza includes a pavilion for events, a water feature with interactive fountains, public art, and a grassy area. The site is also proximate to the Montgomery County Courthouse Historic District. Rockville Town Square opened in 2007 and continues to do well in spite of opening as the economy started to worsen. The retail developer is Federal Realty Investment Trust. The town square development was preceded by a 2001 Rockville Town Center Master Plan. The site is the previous location of the Rockville Mall, which was condemned and demolished in 1995. The city invested $8 million in assisting condemned businesses to relocate elsewhere. More than 40 public meetings were held during the planning process.

Financing Strategy

The first phase of the project was development of the Rockville Town Square, which included $260 million in private funding and $100 million in public funding, including $60 million from the city (including funding for streets, sidewalks, and public parking garages).

The county funded the library ($23.6 million) and also contributed $12 million towards construction of infrastructure. The State of Maryland contributed towards infrastructure, including a parking garage, and the Federal Government helped to defray the cost of pedestrian improvements.

The City and Federal Realty Investment Trust selected RD Rockville as their private development partner. RD Rockville secured private loans of $34 million, $103.2 million, and $73.6 million for the project.

Project Goals and Lessons Learned

It has been difficult to fill a space dedicated to a grocery store, with negotiations with Harris Teeter ultimately failing. The city has also initiated a “buy local” campaign in order to bolster sales for the local retailers. Some members of the Town Center Action Team feel that there are too many high-end retailers and that a better mix across all price points is needed. Restaurant patios extending on to wide sidewalks have helped to create a sense of place and street activity. Due to the economic downtown, RD Rockville decided to use only one of four residential buildings for condominiums. The remaining 492 units were sold to a company that could lease them as apartments. The project also incorporated a $1.5 million parking guidance system, which announces parking space availability (number and location) and integrates with the

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payment kiosks. While located close to a Metro center, many customers still drive to the location and do not want to pay for parking. As a result, parking rates have been reduced.

Other Tools

- Fannie Mae's Smart Commute™ mortgage (with approved locations in 27 states) qualifies people living near transit for larger mortgages.
- Support the inclusion of affordable units in TOD development through:
  - ❖ Inclusionary zoning–Inclusionary zoning ordinances require developers of new housing to make a percentage of their project's units affordable to lower-income households as a condition of permitting approval. Inclusionary zoning (also referred to as "inclusionary housing") can be a powerful tool for involving the private sector in the production of affordable housing near transit.
  - ❖ Housing trust funds–Housing trust funds are typically established by local jurisdictions and dedicate various sources of revenue to the support and/or development of affordable housing; they are typically created by legislation or ordinance.
  - ❖ Community land trusts–The Atlanta Land Trust Collaborative (ALTC) was formed to help preserve affordable housing near the Atlanta Beltline. The ALTC takes title to parcels of land near stations that are either vacant or with existing homes. It subsequently partners to develop new homes or rehabilitate existing ones. The ALTC continues to own the land, which is leased by the homeowner for a nominal amount. The long-term lease restricts resales to buyers at a target income, thus maintaining an affordable building stock.
- Prioritize community-based nonprofit developers (or for-profit developers that have teamed with community-based developers) during the RFQ process for site development.
- Portland, Oregon, offers a 10-year TOD property tax abatement for projects that include housing above a certain density and include community benefits such as affordable units or community space. Prince George's County offers Payment in Lieu of Taxes (PILOT), which is an agreement from the county to abate property taxes and instead charge a negotiated fee. In some cases taxes are deferred.
- In Austin, Texas, the Safe, Mixed-Income, Accessible, Reasonably-Priced, Transit-Oriented (SMART) Housing Program offers development fee waivers and expedited permit reviews to TOD projects with affordable homes. The percentage of fees waived varies according to the percent of the project that is affordable.
- A development agreement is a contract between a local government and developer that guarantees long-term planning approval for a project for a certain number of years (even if zoning policies change at a later date) in exchange for specific public benefits from the developer. Affordable housing can be one of those benefits. Development agreements work best for sites with long-term development timelines and multiple stages. In these situations, the added entitlement certainty provided by the agreement is especially valuable for the developer, and may therefore be worth the inclusion of affordable housing.
- Publicly owned land can be an ideal site for affordable housing development, or it can be used by developers to procure appropriate sites for affordable housing development.
- Provision of start-up support for nonprofit developers. Many nonprofit developers are locally based groups responding to an unmet

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Development agreements work best for sites with long-term development timelines and multiple stages.

demand for more affordable housing in the area. Nonprofit developers may also be able to secure patient capital from area foundations since they often have a broader mission than development of new housing. Local governments can assist nonprofit developers by partnering with foundations to help fund these developers and by providing grants for nonprofits.

- Low-income housing tax credits (LIHTC): Low-income housing tax credits form the dominant federal program for developing and rehabilitating affordable housing units. The program is administered at the state level. It is important to note that LIHTC includes two programs, commonly known as "nine percent tax credits" and "four percent tax credits." The nine percent program offers significantly more money than the four percent, but is more difficult to obtain and, in practice, is limited to developments in which 100 percent of units are affordable. The four percent program offers tax-exempt bonds rather than full tax credits, but is somewhat more flexible and can be used in mixed-income projects. It should be noted that criteria for LIHTCs do not require or reward transit locations. However, the state Qualified Allocation Plan (QAP) does award points for transit locations.

- In Portland, Regional Travel Option (RTO) grants use federal funds to support projects that improve air quality, address community health, reduce automobile traffic, and create more opportunities for walking and biking. It has been suggested that a site specific program be developed that would provide funding to developers to subsidize transit passes for all residents or employees for the first year, thus encouraging developers to reduce parking built as part of a TOD development.

- Tax increment financing (TIF) has been applied widely throughout the country. TIFs have been authorized by 49 state legislatures and the District of Columbia. They allow incremental tax revenues created by an increase in assessed values from redevelopment to finance issuance of non-recourse bonds for new public improvements. In Prince George's County, eligible taxes include real property taxes, hotel taxes, and any local tax in support of designated transit-oriented development. Eligible uses in Prince George's County include infrastructure, government buildings, public parking garages, land acquisitions, site removal, convention and conference centers, and the capital and operating costs of infrastructure supporting TOD development (Prince George's County only).

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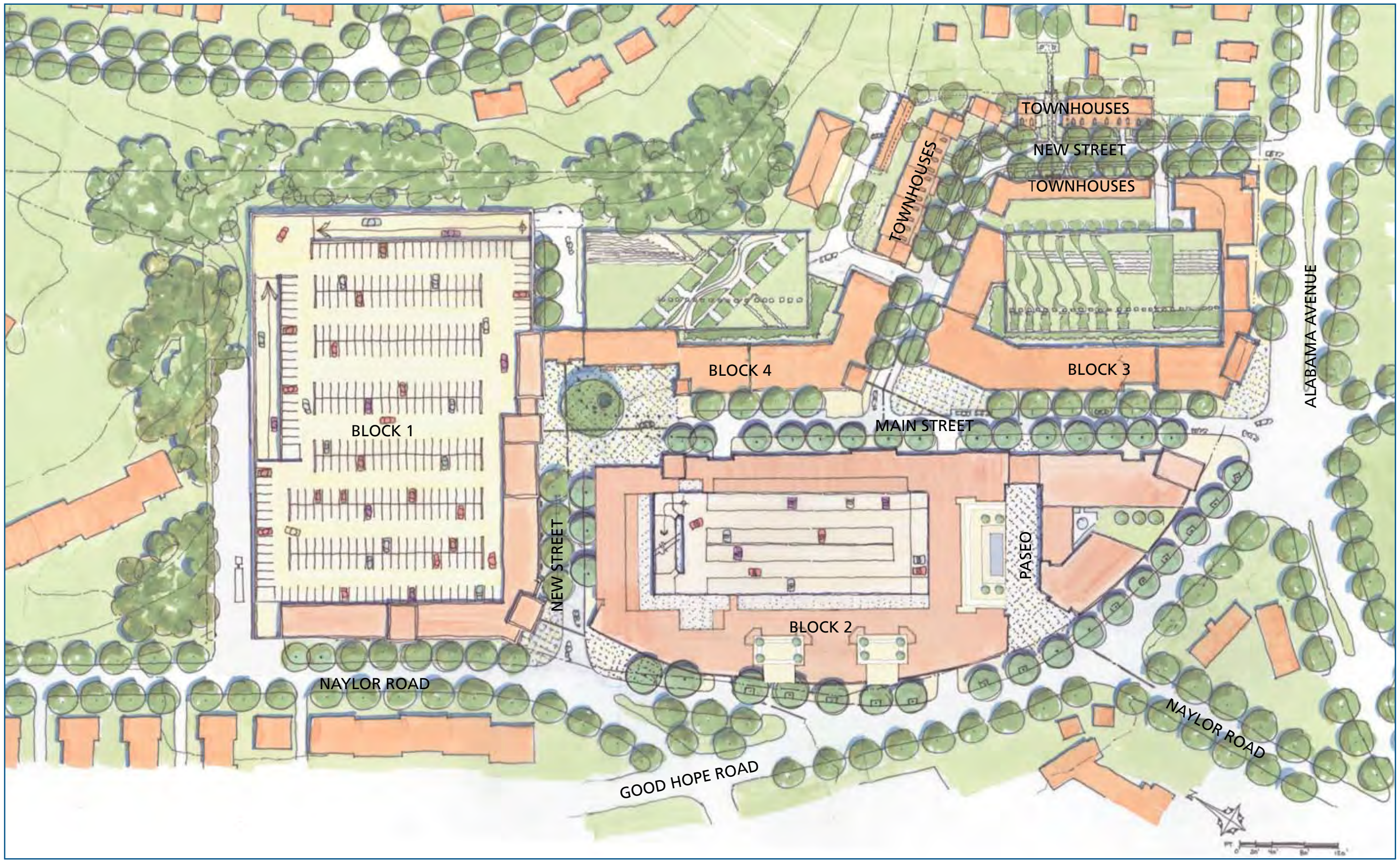

The site plan for the Skyland Development project.

The Skyland Town Center redevelopment project in the Anacostia Station area received $25.7 million in TIF funding for acquisition of 18.5 acres of strip mall and vacant property from 15 separate property owners. The proposal calls for 325,000 square feet of retail space, 468 mixed-income housing units, and three above ground parking garages.

- The Partnership in Advancing Technology in Housing (PATH) is a public-private initiative that is focused on improving housing affordability, durability, and energy efficiency. PATH technologies can reduce the cost of building or remodeling homes. For example, pre-assembled trusses can help streamline the installation of roof and floor systems, reducing time and cost. This

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The Economic Development Fund is a loan program intended to promote economic growth and development in the Developed Tier and Gateway communities.

is particularly important when looking for ways to reduce the costs of constructing more affordable homes in order to address potential funding gaps.

- Prince George's County also offers potential funding tools. The Economic Development Incentive (EDI) fund is a loan program that is intended to "promote economic growth in Developed Tier and gateway communities that have suffered from lack of investment and where market dynamics are not sufficient." The overall intent is to add or retain existing jobs and expand the commercial base in the county. The loan (in extraordinary cases a grant may be awarded) can be used for acquisition of land, buildings, and machinery, construction and rehabilitation of existing buildings, relocation fees, training, and working capital. Priority is given to transit-oriented projects. The majority of loans will be awarded to small and medium-size Prince George's County businesses.

- The Federal Historic Preservation Tax Incentive provides a 20 percent tax credit for the certified rehabilitation of certified historic structures or a 10 percent tax credit for the rehabilitation of non-historic, non-residential buildings built before 1936. The program is jointly administered by the US Department of the Interior (National Park Service in association with the State Historic Preservation Officer) and the Department of the Treasury (Internal Revenue Service). The credit lowers the amount of tax owed, typically dollar for dollar.

Based on standards issued by the Internal Revenue Service, the rehabilitation tax credit cannot typically be used by a tax-exempt entity. However, in some instances, tax-exempt groups are involved in rehabilitation projects by forming a limited partnership and maintaining minority ownership interest as a general partner. If a limited partnership is formed, the limited partner is eligible for tax credits.

A certified historic structure is a building listed individually in the National Register of Historic Places or a building that is located in a registered historic district and certified by the National Park Service (NPS) as contributing to the historic significance of the district. The NPS must certify all rehabilitation projects. Certification requires that the rehabilitation be consistent with the historic character of the building. Rehabilitation must be consistent with the Secretary of the Interior's Standards for Rehabilitation.

It is possible to apply for both federal tax credits and tax credits through the Maryland Historical Trust (MHT). Property may be eligible if it has been designated locally by the city or county.

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In Maryland, the definition of a "certified heritage structure" specifically excludes "a structure that is owned by the state, a political subdivision of the state, or the Federal Government." For these structures to become eligible for the tax credit program, any lease of property owned by a government agency to a non-public entity must make clear that the structure to be rehabilitated using the tax credits is owned by the non-public entity, and may become the property of the government only after the end of the useful life of improvements funded through the tax credit program. The public owner of the land may not finance any of the rehabilitation work financed through the tax credit, and the public owner of the land cannot be responsible for costs associated with maintenance and repair of the building.

- The New Markets Tax Credit Program (NMTC Program) was established by Congress in 2000 to spur new or increased investments into operating businesses and real estate projects located in low-income communities. The NMTC Program attracts investment capital to low-income communities by permitting individual and corporate investors to receive tax credits against their federal income tax returns in exchange for making equity investments in specialized financial institutions called community development entities (CDEs). The credit totals 39 percent of the original investment amount and is claimed over a period of seven years. The investment in the CDE cannot be redeemed before the end of the seven-year period.

  CDEs are required to offer financing terms that are more flexible than conventional financing and offer below market interest rates. The selection of projects is based in part on the potential community impact that will be achieved by implementing the proposed development.

- Prince George's County also offers funding alternatives for project construction. As an example, the Commercial Development Bond Fund (CDBF) administered through the Prince George's County Economic Development Corporation uses low interest loans to help pay for construction (or rehabilitation) of commercial buildings. The borrower must submit an application to the Economic Development Corporation, after which a loan review committee will determine if the loan should be approved. The loans are funded by taxable bonds issued by the county.

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THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION
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Subregion 4 (Central Avenue-Metro Blue Line Corridor) Transit-Oriented Development Implementation Project

Market and Transit-Oriented Development Potential, Priorities, and Strategies Study

PART III: Financial Analysis

TOD

Transit-Oriented Development

Central Avenue Metro Blue Line TOD

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION
PRINCE GEORGE'S COUNTY PLANNING DEPARTMENT
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July 2014

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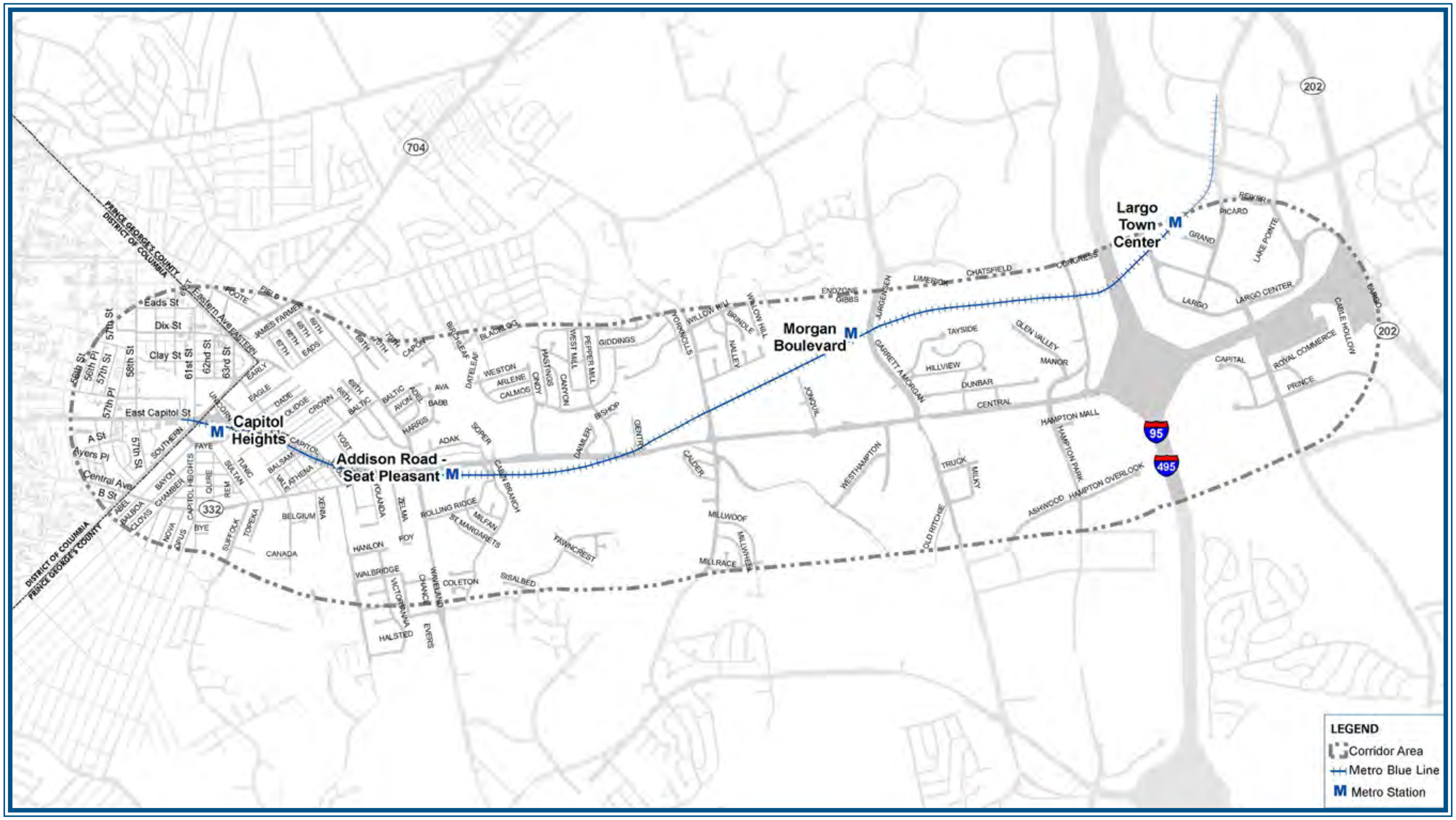
Introduction

The Maryland-National Capital Park and Planning Commission (M-NCPPC) prepared a Market and Transit-Oriented Development (TOD) Potential, Priorities, and Strategies Study that will support the Subregion 4 Central Avenue-Metro Blue Line Corridor TOD Implementation Project. Planning at the station level will be formed by corridor-level planning and will include an analysis of the development potential at the following Blue Line Metro Stations: Capitol Heights, Addison Road-Seat Pleasant, and Morgan Boulevard. Development opportunities at the Largo Town Center station are further defined in the 2013 *Approved Largo Town Center Sector Plan and Sectional Map Amendment*. The Preliminary Subregion 4 Master Plan and Proposed Sectional Map Amendment encourages "medium to medium-high density, mixed-use, transit and pedestrian-oriented development."

The financial analysis, which is presented in this document, builds upon existing documentation and outlines market findings that will inform catalyst projects with a higher likelihood of implementation. The broader corridorwide real estate assessment frames the market opportunities for station-specific TOD strategies and priorities. The following report includes findings with respect to the market support for various land uses (e.g., residential, retail, office, and hospitality). We have also included a preliminary discussion of economic development tools that may be applied to specific TOD development opportunities. These tools represent a range of unique and traditional funding strategies, and will be explored in more detail during Phase II of the study, as actual catalytic projects are identified.

Figure 1: Blue Line Corridor Study Area



TOD Opportunities

The Maryland-National Capital Park and Planning Commission identified priority or catalytic projects at three of the Metro stations–Capitol Heights, Addison Road–Seat Pleasant, and Morgan Boulevard. Since the area around the Largo Town Center Metro is going through a separate sector planning process, specific catalytic projects were not developed near the site.

In order to better understand the overall feasibility of each project, stabilized year pro forma for each of the proposed phases of development was created. The analysis shows the relationship of project costs and revenues to overall development costs and is based on our understanding of current market conditions. Following is a summary of the proposed phasing for each of the three Metro stations as well as a summary of the development economics of each project by phase and by station.

Figure 2: Central Avenue Blue Line Corridor, Potential Catalytic TOD Opportunities

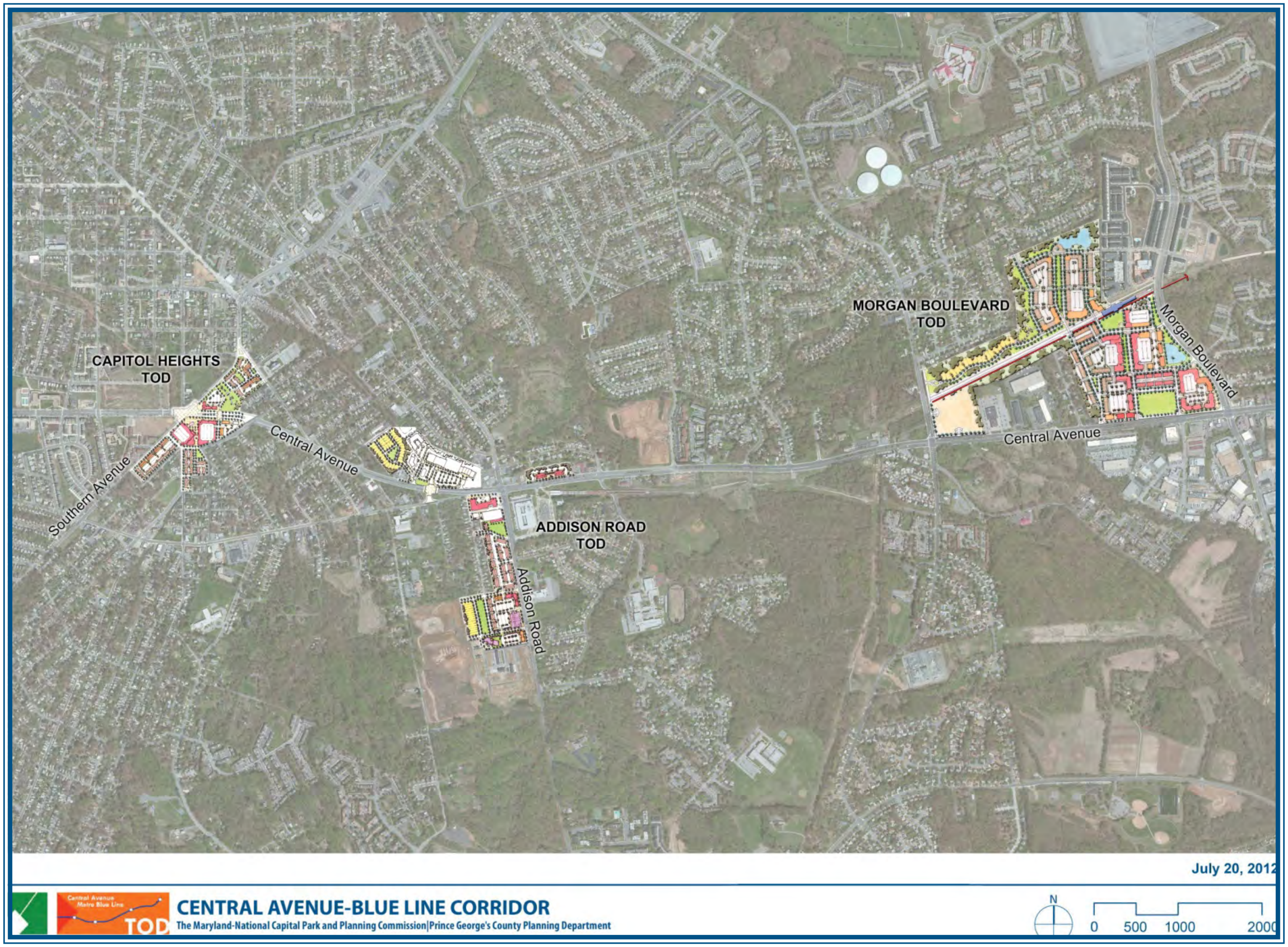


Figure 3: Capitol Heights Catalytic Project Development Economics by Phase

Phase A	Townhome Units	Apartment Units	Total
Total Units	33	60	93
Efficiency Factor	100%	90%	--
Average Unit Size	2,000	900	--
End Units	10	--	
Interior Units	23	--	
Total Unit Cost - Interior	$228,784		
Total Cost - 23 Units	$5,262,026		
Total Unit Cost - Exterior	$244,421		
Total Cost - 10 Units	$2,444,213		
Parking	**Townhome Units**	**Apartment Units**	**Total**
Number of Parking Spaces			90
Cost Per Space (surface parking)			$2,000
Subtotal Parking			$180,000
Total Building Development Cost	$7,706,239	$6,544,210	$14,430,449
Estimated Average Cost Per Unit	$233,522	$109,070	
Revenues and Expenses	**Townhome Units**	**Apartment Units**	**Total**
Average Unit Price	$290,000		
Average Price Per SF	$145		
Total Sales Revenue	$9,570,000		
Cost of Sales @ 4%	$382,800		
Total Net Sales Revenue	$9,187,200		$9,187,200
Monthly Rent Per Square Foot		$1.75	
Total Annual Rent		$1,134,000	
Operating Expenses @ 30%		$340,200	
Total Net Rent		$793,800	$793,800
Capitalization Rate		9%	--
Indicated Value		$8,820,000	$18,007,200
Residual Value by Project	$1,480,961	$2,275,790	$3,576,751
Residual Value per FAR Square Foot	$22	$38	$28
Assumed land cost @ $275,000 per acre (3.9 acres)			$1,072,500
Infrastructure @ 15% of total cost			$2,546,550
Total Land and Infrastructure			$3,619,050

Phase B	Retail	Office	Total
Leasable Commercial Space	14,025	7,650	21,675
Stabilized Vacancy Factor	5%	5%	
Total Leased Space	13,324	7,268	20,591
Total Gross Square Feet	16,500	9,000	25,500
Development Cost - Commercial Space			$3,523,144
Parking	**Retail**	**Office**	**Total**
Number of Parking Spaces			120
Cost Per Space (surface parking)			$2,000
Subtotal Parking			$240,000
Total Building Development Cost			$3,763,144
Revenues and Expenses	**Retail**	**Office**	**Total**
Annual Rent Per Square Foot	$19.00	$22.00	
Total Annual Rent	$253,151	$159,885	
Operating Expenses @ 25%	--	$39,971	
Total Net Rent	$253,151	$119,914	$373,065
Capitalization Rate	9%	9%	
Indicated Value	$2,812,792	$1,332,375	$4,145,167
Residual Value			$382,023
Residual Value per FAR Square Foot			$15
Assumed land cost @ $275,000 per acre (1.8 acres)			$495,000
Infrastructure @ 15% of total cost			$664,084
Total Land and Infrastructure			$1,159,084

Figure 3: Capitol Heights Catalytic Project Development Economics by Phase (continued)

Phase C						
	Retail	**Office**	**Apartment Units**	**Total**	**Parking**	**Total w/ Parking**
Leasable Commercial Space	55,590	46,240	124,800	226,630	--	226,630
Stabilized Vacancy Factor	5%	5%	5%	--	--	--
Total Leased Space	52,811	43,928	118,560	215,299	--	215,299
Total Gross Square Feet	65,400	54,400	146,824	266,624	--	266,624
Development Cost Per Square Foot	$139.88	$139.88	$139.88	--	--	
Parking	**Retail**	**Office**	**Apartment Units**	**Total**	**Parking**	**Total w/ Parking**
Number of Parking Spaces - Surface					68	
Cost Per Space (surface parking)					$2,000	
Total Cost - Surface Parking					$136,000	
Number of Parking Spaces - Structured - Excludes Metro Garage					630	
Cost Per Space (structured parking)					$20,000	
Total Cost - Structured Parking					$12,600,000	
Subtotal Parking					$12,736,000	$12,736,000
Total Building Development Cost	$9,147,825	$7,609,200	$20,536,941	$37,293,966	$12,736,000	$50,029,966
Revenues and Expenses	**Retail**	**Office**	**Apartment Units**	**Total**	**Parking**	**Total w/ Parking**
Monthly Rent Per Square Foot	--	--	$1.75			
Annual Rent Per Square Foot	$19.00	$22.00	$21.00			
Total Annual Rent	$1,003,400	$966,416	$2,489,760			
Operating Expenses as % of Revenue	--	25%	30%			
Total Operating Expenses	--	$241,604	$746,928			
Total Net Rent	$1,003,400	$724,812	$1,742,832	$3,471,044		$3,627,677
Monthly Parking - Structured	**Retail**	**Office**	**Apartment Units**	**Total**	**Parking**	**Total w/ Parking**
% of Spaces Monthly - 2nd Garage					50%	
Total Monthly Spaces - 2nd Garage					315	
Monthly Rate					$65.00	
Utilization Rate - Stabilized					85%	
Estimated Revenues					$208,845	
Operating Expenses as Percent of Revenue					25%	
Annual Net Operating Income					$156,634	
Capitalization Rate	9%	9%	9%		9%	9%
Indicated Value	$11,148,883	$8,053,467	$19,364,800	$38,567,150	$1,740,375	$40,307,525
Residual Value				$1,273,184		$(9,722,441)
Residual Value per FAR Square Foot				$5		$(36)
Assumed land cost @ $275,000 per acre (6.1 acres)						$1,677,500
Infrastructure @ 15% of total cost						$8,828,818
Total Land and Infrastructure						$10,506,318

Figure 3: Capitol Heights Catalytic Project Development Economics by Phase (continued)

Phase D			
	Townhome Units	**Apartment Units**	**Total**
Total Units	39	96	135
Efficiency Factor	100%	90%	--
Average Unit Size	2,000	900	--
End Units	14	--	
Interior Units	25	--	
Total Unit Cost - Interior	$228,784	--	
Total Cost - 25 Units	$5,719,594	--	
Total Unit Cost - Exterior	$244,421	--	
Total Cost - 14 Units	$3,421,898	--	
Total Unit Cost - All	--	$109,070	
Total Building Development Cost	$9,141,491	$10,470,736	$19,612,227
Revenues and Expenses	**Townhome Units**	**Apartment Units**	**Total**
Average Unit Price	$290,000		
Average Price Per SF	$145		
Total Sales Revenue	$11,310,000		
Cost of Sales @ 4%	$452,400		
Total Net Sales Revenue	$10,857,600		$10,857,600
Monthly Rent Per SF	--	$1.75	
Total Annual Rent	--	$1,814,400	
Operating Expenses @ 30%	--	$544,320	
Total Net Rent	--	$1,270,080	$1,270,080
Capitalization Rate	--	9%	
Indicated Value	--	$14,112,000	$14,112,000
Residual Value	$1,716,109	$3,641,264	$5,357,373
Residual Value per FAR Square Foot			$31
Assumed land cost @ $275,000 per acre (2.8 acres)			$770,000
Infrastructure @ 15% of total cost			$3,460,981
Total Land and Infrastructure			$4,230,981

Phase E	
	Townhome Units
Total Units	62
Efficiency Factor	100%
Average Unit Size	2,000
End Units	20
Interior Units	42
Total Unit Cost - Interior	$228,784
Total Cost - 25 Units	$9,608,918
Total Unit Cost - Exterior	$244,421
Total Cost - 14 Units	$4,888,425
Total Building Development Cost	$14,497,343
Revenues and Expenses	
Average Unit Price	$290,000
Average Price Per SF	$145
Total Sales Revenue	$17,980,000
Cost of Sales @ 4%	$719,200
Total Net Sales Revenue	$17,260,800
Residual Value by Project	$2,763,458
Residual Value per FAR Square Foot	$25
Assumed land cost @ $275,000 per acre (2.9 acres)	$797,500
Infrastructure @ 15% of total cost	$2,558,355
Total Land and Infrastructure	$3,355,855

Figure 4: Addison Road Catalytic Project Development Economics by Phase

Phase A						
	Retail	**Office**	**Apartment Units**	**Total**	**Parking**	**Total w/ Parking**
Leasable Commercial Space	27,200	13,260	158,400	198,860	--	198,860
Stabilized Vacancy Factor	5%	5%	5%	--	--	--
Total Leased Space	25,840	12,597	150,480	188,917	--	188,917
Total Gross Square Feet	32,000	15,600	176,000	223,600	--	223,600
Development Cost Per Square Foot	$139.88	$139.88	$139.88	--	--	--
Parking	**Retail**	**Office**	**Apartment Units**	**Total**	**Parking**	**Total w/ Parking**
Number of Parking Spaces - Surface					88	
Cost Per Space (surface parking)					$2,000	
Total Cost - Surface Parking					$176,000	
Number of Parking Spaces - Structured					480	
Cost Per Space (structured parking)					$20,000	
Total Cost - Structured Parking					$9,600,000	
Subtotal Parking					$9,776,000	

Note: Costs include labor, materials, installed components for buildings. Does not include site preparation, infrastructure. Costs do not include parking.

Source: Marshall & Swift, AECOM

Figure 4: Addison Road Catalytic Project Development Economics by Phase (continued)

Phase A (continued)						
Revenues and Expenses	**Retail**	**Office**	**Apartment Units**	**Total**	**Parking**	**Total w/ Parking**
Monthly Rent Per Square Foot	--	--	$1.75			
Annual Rent Per Square Foot	$19.00	$22.00	$21.00			
Total Annual Rent	$490,960	$277,134	$3,326,400			
Operating Expenses as % of Revenue	--	25%	30%			
Total Operating Expenses	--	$69,284	$997,920			
Total Net Rent	$490,960	$207,851	$2,328,480	$3,027,291	$3,027,291	$3,146,631
Monthly Parking - Structured	**Retail**	**Office**	**Apartment Units**	**Total**	**Parking**	**Total w/ Parking**
% of Spaces Monthly					50%	
Total Monthly Spaces					240	
Monthly Rate					$65.00	
Utilization Rate - Stabilized					85%	
Estimated Revenues					$159,120	
Operating Expenses as Percent of Revenue					25%	
Annual Net Operating Income					$119,340	
Capitalization Rate	9%	9%	9%		9%	9%
Indicated Value	$5,455,111	$2,309,450	$25,872,000	$33,636,561	$1,326,000	$34,962,561
Residual Value by Project	$979,111	$127,400	$1,254,000	$2,360,511		$(6,089,489)
Residual Value per FAR Square Foot				$11		$(27)
Assumed land cost @ $275,000 per acre (3.5 acres)						$962,500
Infrastructure @ 15% of total cost						$7,244,479
Total Land and Infrastructure						$8,206,979

Note: Costs include labor, materials, installed components for buildings. Does not include site preparation, infrastructure. Costs do not include parking.

Source: Marshall & Swift, AECOM

Phase B	
	Townhome Units
Total Units	104
End Units	30
Interior Units	74
Efficiency Factor	100%
Average Unit Size	2,000
Total Unit Cost - Interior	$228,784
Total Cost	$16,929,998
Total Unit Cost - Exterior	$244,421
Total Cost	$7,332,638
Total Building Development Cost	$24,262,635
Revenues and Expenses	
Average Unit Price	$290,000
Average Price Per SF	$145
Total Sales Revenue	$30,160,000
Cost of Sales @ 4%	$1,206,400
Total Net Sales Revenue	$28,953,600
Residual Value	$4,690,965
Residual Value per FAR Square Foot	$23
Assumed land cost @ $275,000 per acre (11.7 acres)	$3,217,500
Infrastructure @ 15% of total cost	$4,281,641
Total Land and Infrastructure	$7,499,141

Figure 4: Addison Road Catalytic Project Development Economics by Phase (continued)

Phase C*	Retail	Office	Townhome Units	Total	Parking	Total w/ Parking
Leasable Commercial Space	18,360	26,180	--	44,540	--	44,540
Stabilized Vacancy Factor	5%	5%	--	--	--	--
Total Leased Space	17,442	24,871	--	42,313	--	42,313
Total Gross Square Feet	21,600	30,800	80,000	132,400	--	132,400
Total Units			40	40		
End Units			8			
Interior Units			32			
Efficiency Factor			100%			
Average Unit Size			1,800			
Total Unit Cost - Interior			$228,784			
Total Cost			$7,321,080			
Total Unit Cost - Exterior			$244,421			
Total Cost			$1,955,370			
Development Cost Per Square Foot	$138.16	$138.16	--	--	--	--
Parking	**Retail**	**Office**	**Townhome Units**	**Total**	**Parking**	**Total w/ Parking**
Number of Parking Spaces - Surface					295	
Cost Per Space (surface parking)					$2,000	
Total Cost - Surface Parking					$590,000	
Total Building Development Cost	$2,984,310	$4,255,405	$9,276,450	$16,516,165		$17,106,165

* Financial analysis does not include church and health center.

Figure 4: Addison Road Catalytic Project Development Economics by Phase (continued)

Phase C* (continued)						
Revenues and Expenses	**Retail**	**Office**	**Townhome Units**	**Total**	**Parking**	**Total w/ Parking**
Monthly Rent Per Square Foot	--	--				
Annual Rent Per Square Foot	$19.00	$22.00	-			
Total Annual Rent	$331,398	$547,162				
Operating Expenses as % of Revenue	--	25%				
Total Operating Expenses	--	$136,791	-			
Total Net Rent	$331,398	$410,372	-	$741,770	--	$741,770
Average Unit Price			$290,000			
Average Price Per SF			$145			
Total Sales Revenue			$11,600,000			
Cost of Sales @ 4%			$464,000			
Total Net Sales Revenue			$11,136,000			
Capitalization Rate	9%	9%	--		--	
Indicated Value	$3,682,200	$4,559,683	--	$19,377,883		$19,377,883
Residual Value by Project	$697,890	$304,278	$1,859,550	$2,861,718		$2,271,718
Residual Value per FAR Square Foot				$22		$17
Assumed land cost @ $275,000 per acre (16.1 acres)						$4,427,500
Infrastructure @ 15% of total cost						$3,018,735
Total Land and Infrastructure						$7,446,235

* Financial analysis does not include church and health center.

Figure 4: Addison Road Catalytic Project Development Economics by Phase (continued)

Phase E	Retail	Office	Total	Parking	Total w/ Parking
Leasable Commercial Space	8,160	16,320	24,480	--	24,480
Stabilized Vacancy Factor	5%	5%	--	--	--
Total Leased Space	7,752	15,504	23,256	--	23,256
Total Gross Square Feet	9,600	19,200	28,800	--	28,800
Development Cost Per Square Foot	$138.16	$138.16	--	--	--
Parking	**Retail**	**Office**	**Total**	**Parking**	**Total w/ Parking**
Number of Parking Spaces - Surface				130	
Cost Per Space (surface parking)				$2,000	
Total Cost - Surface Parking				$260,000	
Total Building Development Cost	$1,326,360	$2,652,720	$3,979,080		$4,239,080
Revenues and Expenses	**Retail**	**Office**	**Total**	**Parking**	**Total w/ Parking**
Annual Rent Per Square Foot	$19.00	$22.00			
Total Annual Rent	$147,288	$341,088			
Operating Expenses as % of Revenue	--	25%			
Total Operating Expenses	--	$85,272			
Total Net Rent	$147,288	$255,816	$403,104	--	
Capitalization Rate	9%	9%			
Indicated Value	$1,636,533	$2,842,400	$4,478,933	--	$4,478,933
Residual Value by Project	$310,173	$189,680	$499,853	--	$239,853
Residual Value per FAR Square Foot			$17	--	$8
Assumed land cost @ $275,000 per acre (3.8)					$1,045,000
Infrastructure @ 15% of total cost					$748,073
Total Land and Infrastructure					$1,793,073

Figure 5: Morgan Boulevard Catalytic Project Development Economics by Phase

North of Metro Line	Office	Apartment Units	Total	Parking	Total w/ Parking
Total Units	--	446	446	--	446
Leasable Commercial Space	62,900	401,400	464,300	--	464,300
Stabilized Vacancy Factor	5%	5%	--	--	--
Total Leased Space	59,755	381,330	441,085	--	441,085
Total Gross Square Feet	74,000	446,000	520,000	--	520,000
Development Cost Per Square Foot	$123.09	--	--	--	--
Development Cost Per Unit	--	$109,070	--	--	--
Parking					
Number of Parking Spaces - Surface				475	
Cost Per Space (surface parking)				$2,000	
Total Cost - Surface Parking				$950,000	
Number of Parking Spaces - Structured				480	
Cost Per Space (structured parking)				$20,000	
Total Cost - Structured Parking				$9,600,000	
Subtotal Parking				$10,550,000	
Total Building Development Cost	$9,108,660	$48,645,220	$57,753,880	$10,550,000	$68,303,880

Note: Costs include labor, materials, installed components for buildings. Does not include site preparation, infrastructure. Costs do not include parking garages.

Source: Marshall & Swift, AECOM

Figure 5: Morgan Boulevard Catalytic Project Development Economics by Phase (continued)

North of Metro Line (continued)					
Revenues and Expenses	**Office**	**Apartment Units**	**Total**	**Parking**	**Total w/ Parking**
Monthly Rent Per Square Foot	--	$1.75			
Annual Rent Per Square Foot	$22.00	$21.00			
Total Annual Rent	$1,314,610	$8,429,400			
Operating Expenses as % of Revenue	25%	30%			
Total Operating Expenses	$328,653	$2,528,820			
Total Net Rent	$985,958	$5,900,580	$6,886,538		
Monthly Parking - Structured					
% Monthly Spaces				50%	
Total Monthly Spaces - 2nd Garage				480	
Monthly Rate				$65.00	
Utilization Rate - Stabilized				85%	
Estimated Revenues				$159,120	
Operating Expenses as Percent of Revenue				25%	
Annual Net Operating Income				$119,340	
Capitalization Rate	9%	9%		9%	
Indicated Value	$10,955,083	$65,562,000	$76,517,083	$1,326,000	$77,843,083
Residual Value by Project	$1,846,423	$16,916,780	$18,763,203	--	$9,539,203
Residual Value per FAR Square Foot			$36	--	$18
Assumed land cost @ $275,000 per acre (54 acres)					$14,850,000
Infrastructure @ 15% of total cost					$12,053,626
Total Land and Infrastructure					$26,903,626

Note: Costs include labor, materials, installed components for buildings. Does not include site preparation, infrastructure. Costs do not include parking garages.

Source: Marshall & Swift, AECOM

Figure 5: Morgan Boulevard Catalytic Project Development Economics by Phase (continued)

South of Metro Line	Retail	Office	Apartment Units 3-Story Flat	Townhome Units	Residential Units Part of Mixed Use	Live/Work Units	Total	Parking	Total w/ Parking
Total Units	--	--	129	67	172	46	414	--	414
Leasable Commercial Space	119,595	211,650	116,100	--	154,800	55,200	--	--	--
Stabilized Vacancy Factor	5%	5%	5%	--	5%	5%	--	--	--
Total Leased Space	113,615	201,068	110,295	--	147,060	52,440	624,478	--	624,478
Total Gross Square Feet	140,700	249,000	129,000	134,000	182,118	55,200	890,018	--	890,018
End Units				16					
Interior Units				51					
Efficiency Factor				100%					
Average Unit Size				2,000					
Total Unit Cost - Interior				$228,784					
Total Cost				$11,667,971					
Total Unit Cost - Exterior				$244,421					
Total Cost				$3,910,740					
Development Cost Per Square Foot	$139.88	$139.88	--	--	$139.88	--	--	--	--
Development Cost Per Unit	--	--	$109,070	--	--	$109,070	--	--	--
Parking	**Retail**	**Office**	**Apartment Units 3-Story Flat**	**Townhome Units**	**Residential Units Part of Mixed Use**	**Live/Work Units**	**Total**	**Parking**	**Total w/ Parking**
Number of Parking Spaces - Surface								659	
Cost Per Space (surface parking)								$2,000	
Total Cost - Surface Parking								$1,318,000	
Number of Parking Spaces - Structured (excludes Metro parking)								1,470	
Cost Per Space (structured parking)								$20,000	
Total Cost - Structured Parking								$29,400,000	
Subtotal Parking								$30,718,000	
Total Building Development Cost	$19,681,116	$34,830,120	$14,070,030	$15,578,711	$25,474,616	$5,017,220	$114,651,814	$30,718,000	$145,369,814

Figure 5: Morgan Boulevard Catalytic Project Development Economics by Phase (continued)

South of Metro Line

Revenues and Expenses	Retail	Office	Apartment Units 3-Story Flat	Townhome Units	Residential Units Part of Mixed Use	Live/Work Units	Total	Parking	Total w/ Parking
Monthly Rent Per Square Foot	--	--	$1.75		$1.75	$1.75			
Annual Rent Per Square Foot	$19.00	$22.00	$21.00	-	$21.00	$21.00			
Total Annual Rent	$2,158,690	$4,423,485	$2,316,195		$3,088,260	$1,101,240			
Operating Expenses as % of Revenue	--	25%	30%		30%	30%			
Total Operating Expenses	--	$1,105,871	$694,859	-	$926,478	$330,372			
Total Net Rent	$2,158,690	$3,317,614	$1,621,337	-	$2,161,782	$770,868	$10,030,290		$10,395,769
Average Unit Price				$290,000					
Average Price Per SF				$145					
Total Sales Revenue				$19,430,000					
Cost of Sales @ 4%				$777,200					
Total Net Sales Revenue				$18,652,800			$18,652,800		$18,652,800
Monthly Parking - Structured	**Retail**	**Office**	**Apartment Units 3-Story Flat**	**Townhome Units**	**Residential Units Part of Mixed Use**	**Live/Work Units**	**Total**	**Parking**	**Total w/ Parking**
% Monthly Spaces								50%	
Total Monthly Spaces								735	
Monthly Rate								$65.00	
Utilization Rate - Stabilized								85%	
Estimated Revenues								$487,305	
Operating Expenses as Percent of Revenue								25%	
Annual Net Operating Income								$365,479	
Capitalization Rate	9%	9%	9%	--	9%	9%		9%	9%
Indicated Value	$23,985,442	$36,862,375	$18,014,850	--	$24,019,800	$8,565,200	$130,100,467	$4,060,875	$134,161,342
Residual Value by Project	$4,304,326	$2,032,255	$3,944,820	$3,074,089	$(1,454,816)	$3,547,980	$15,448,653	--	$(11,208,472)
Residual Value per FAR Square Foot							$17	--	$(13)
Assumed land cost @ $275,000 per acre (48 acres)									$13,200,000
Infrastructure @ 15% of total cost									$25,653,497
Total Land and Infrastructure									$38,853,497

Figure 6: Capitol Heights Metro Station

Phase A	
Residual Value by Project	$3,576,751
Residual Value per FAR Square Foot	$28
Assumed land cost @ $275,000 per acre (3.9 acres)	$1,072,500
Infrastructure @ 15% of total cost	$2,546,550
Total Land and Infrastructure	$3,619,050
Potential Surplus/Deficit	-$42,299
Phase B	
Residual Value	$382,023
Residual Value per FAR Square Foot	$15
Assumed land cost @ $275,000 per acre (1.8 acres)	$495,000
Infrastructure @ 15% of total cost	$664,084
Total Land and Infrastructure	$1,159,084
Potential Surplus/Deficit	-$777,061
Potential Funding Sources\Actions to Address Significant Gap:	
Charge premium rents	
Write-down land costs if land acquired/assembled by public entity	
CIP funding for infrastructure	
Streamline approval process	
Reduced development fees	
Phase C	
Residual Value	$(9,722,441)
Residual Value per FAR Square Foot	$(36)
Assumed land cost @ $275,000 per acre (6.1 acres)	$1,677,500
Infrastructure @ 15% of total cost	$8,828,818
Total Land and Infrastructure	$10,506,318
Potential Surplus/Deficit	-$20,228,759

Phase C (continued)	
Potential Funding Sources\Actions to Address Significant Gap:	
Write-down land costs	
CIP funding for infrastructure	
Streamline approval process	
Consider Project TIF	
Consider State/Federal grants for infrastructure (FTA)	
Consider tax exemption program	
Reduced development fees	
Low Income Housing Tax Credits for workforce housing	
Federal Home Loan Bank Affordable Housing Program for workforce housing	
HOME program for workforce housing	
Phase D	
Residual Value	$5,357,373
Residual Value per FAR Square Foot	$31
Assumed land cost @ $275,000 per acre (2.8 acres)	$770,000
Infrastructure @ 15% of total cost	$3,460,981
Total Land and Infrastructure	$4,230,981
Potential Surplus/Deficit	$1,126,391
Phase E	
Residual Value by Project	$2,763,458
Residual Value per FAR Square Foot	$25
Assumed land cost @ $275,000 per acre (2.9 acres)	$797,500
Infrastructure @ 15% of total cost	$2,558,355
Total Land and Infrastructure	$3,355,855
Potential Surplus/Deficit	-$592,397
Potential Funding Sources\Actions to Address Significant Gap:	
Write-down land costs	
CIP funding for infrastructure	
Streamline approval process	
Reduced development fees	
Low Income Housing Tax Credits for workforce housing	
Federal Home Loan Bank Affordable Housing Program for workforce housing	
HOME program for workforce housing	

Figure 7: Addison Road Metro Station

Phase A	
Residual Value by Project	$(6,089,489)
Residual Value per FAR Square Foot	$(27)
Assumed land cost @ $275,000 per acre (3.5 acres)	$962,500
Infrastructure @ 15% of total cost	$7,244,479
Total Land and Infrastructure	$8,206,979
Potential Surplus/Deficit	$(14,296,468)
Potential Funding Sources\Actions to Address Significant Gap:	
Write-down land costs	
CIP funding for infrastructure	
Streamline approval process	
Consider Project TIF	
Consider State/Federal grants for infrastructure (FTA)	
Consider tax exemption program	
Reduced development fees	
Low Income Housing Tax Credits for workforce housing	
Federal Home Loan Bank Affordable Housing Program for workforce housing	
HOME program for workforce housing	
Phase B	
Residual Value	$4,690,965
Residual Value per FAR Square Foot	$23
Assumed land cost @ $275,000 per acre (11.7 acres)	$3,217,500
Infrastructure @ 15% of total cost	$4,281,641
Total Land and Infrastructure	$7,499,141
Potential Surplus/Deficit	$(2,808,176)
Potential Funding Sources\Actions to Address Significant Gap:	
Write-down land costs	
CIP funding for infrastructure	
Streamline approval process	
Consider State/Federal grants for infrastructure (FTA)	
Consider tax exemption program	
Reduced development fees	
Charge premium cost for housing proximate to Metro	

Phase C	
Residual Value by Project	$2,271,718
Residual Value per FAR Square Foot	$17
Assumed land cost @ $275,000 per acre (16.1 acres)	$4,427,500
Infrastructure @ 15% of total cost	$3,018,735
Total Land and Infrastructure	$7,446,235
Potential Surplus/Deficit	$(5,174,517)
Potential Funding Sources\Actions to Address Significant Gap:	
Write-down land costs	
CIP funding for infrastructure	
Streamline approval process	
Consider State/Federal grants for infrastructure (FTA)	
Consider tax exemption program	
Reduced development fees	
Phase E	
Residual Value by Project	$239,853
Residual Value per FAR Square Foot	$8
Assumed land cost @ $275,000 per acre (3.8)	$1,045,000
Infrastructure @ 15% of total cost	$748,073
Total Land and Infrastructure	$1,793,073
Potential Surplus/Deficit	$(1,553,220)
Potential Funding Sources\Actions to Address Significant Gap:	
Charge premium rents	
Write-down land costs if land acquired/assembled by public entity	
CIP funding for infrastructure	
Streamline approval process	
Reduced development fees	

Figure 8: Morgan Boulevard

North of Metro Line	
Residual Value by Project	$9,539,203
Residual Value per FAR Square Foot	$18
Assumed land cost @ $275,000 per acre (54 acres)	$14,850,000
Infrastructure @ 15% of total cost	$12,053,626
Total Land and Infrastructure	$26,903,626
Potential Surplus/Deficit	$(17,364,423)
Potential Funding Sources\Actions to Address Significant Gap:	
Write-down land costs	
CIP funding for infrastructure	
Streamline approval process	
Consider Project TIF	
Consider State/Federal grants for infrastructure (FTA)	
Consider tax exemption program	
Reduced development fees	
Low Income Housing Tax Credits for workforce housing	
Federal Home Loan Bank Affordable Housing Program for workforce housing	
HOME program for workforce housing	

South of Metro Line	
Residual Value by Project	$(11,208,472)
Residual Value per FAR Square Foot	$(13)
Assumed land cost @ $275,000 per acre (48 acres)	$13,200,000
Infrastructure @ 15% of total cost	$25,653,497
Total Land and Infrastructure	$38,853,497
Potential Surplus/Deficit	
Potential Funding Sources\Actions to Address Significant Gap:	
Write-down land costs	
CIP funding for infrastructure	
Streamline approval process	
Consider Project TIF	
Consider State/Federal grants for infrastructure (FTA)	
Consider tax exemption program	
Reduced development fees	
Low Income Housing Tax Credits for workforce housing	
Federal Home Loan Bank Affordable Housing Program for workforce housing	
HOME program for workforce housing	

Priority Projects - Concepts and Development Economics

Project Development Strategies

Together with the client group, the team has identified several priority initiatives at the Capitol Heights, Addison Road–Seat Pleasant, and Morgan Boulevard Metro stations. Since the area around the Largo Town Center Metro is going through a separate Sector Planning process, specific catalytic projects were not developed near the site. These projects are intended as the primary vehicle for implementing the central strategic recommendations of the plan: that the county act to leverage publicly owned sites through public-private partnerships; and that the projects serve to demonstrate innovative approaches to development near the Metro stations.

It is therefore to be expected that some of the projects will involve, to varying degrees, public incentives designed to mitigate the risk associated with unconventional development projects, or to help close potential financing gaps associated with maintaining affordability, overcoming site constraints, or other economic challenges.

These projects were chosen based on the review of market potentials completed in the first stage of the project. The market analysis process included interviews with relevant stakeholders, a review of existing and forecast economic conditions, and a review of the strengths, weaknesses, opportunities, and constraints offered at each of the Metro sites. The proposed catalytic development schemes have been presented in two public forums during the planning process. They have also been vetted with various county agencies throughout the year-long process.

Development Economics

In order to better understand the overall feasibility of each project, a stabilized year pro forma for each of the proposed phases of development was created. The analysis shows the relationship of project costs and revenues to overall development costs and is based on our understanding of current market conditions. The analysis ultimately shows a residual value, which is the capitalized value of net revenues (or net operating income) minus development costs. Costs in this case exclude land, so the residual value represents the amount that the project could afford to pay for land. Capitalization allows an investor or other interested party to estimate value by discounting stabilized net operating income at an appropriate rate, or the capitalization rate. The capitalization rate reflects the perceived risk of the property's cash flow relative to other investments.

The analysis shows the relationship of project costs and revenues to overall development costs and is based on our understanding of current market conditions.

Suppose a property is offered for sale at $3,200,000. If the property generates a net operating income of $200,000, the implied cap rate would be the following: $200,000/$3,200,000 = 0.0625 percent x 100 = 6.25 percent.

This means that if the property is purchased for $3,200,000 with no debt (unleveraged), and achieved a $200,000 NOI in the first year, the investor would receive a 6.25 percent return on equity. The cap rate is a common metric used by brokers, borrowers, lenders and appraisers in real estate and reflects the perceived risk of a property. Alternatively, the $3,200,000 could be invested in a certificate of deposit, with relatively little risk, and earn a return of 3.3 percent. The higher rate reflects the higher inherent risk in the property investment; the difference between the 3.3 percent and 6.25 percent compensates the buyer for the risk of the transaction.

The operating assumptions applied throughout the financial analysis are summarized in Figure 9. Average rents and sales prices are indicative of the findings of the market analysis completed during Phase I of the study and reflect new housing or commercial development pricing in current dollars. Operating costs are based on commonly accepted costs for similar development types (e.g., an operating cost of 30 percent of total revenues for rental apartments). It should be noted that retail rents are reported as triple net rents, or less taxes, insurance, and maintenance (net rent). Conversely, office rents are reported as gross rents (operating expenses are estimated at 25 percent of total revenues).

An estimation of construction costs based on current construction data provided by Marshall & Swift was conducted. Cost estimates were derived for townhomes, apartments, commercial, and larger scale mixed-use development. The assumptions used to derive the estimates are included in the Appendix of the report. For townhomes, we have assumed a total unit cost of $244,421 for exterior units and $228,784 for an interior unit. Apartment development costs have been estimated at $109,070 per unit (approximately $121 per square foot). Mixed use development costs are estimated at $138 to $140 per square foot.

Figure 9: Operating Assumptions, Financial Analysis, Blue Line TOD Catalytic Projects

Assumptions	
Housing Units - Rental	
Monthly Rent	$1.75 per square foot
Vacancy Factor	5%
Operating Expenses	30% of revenue
Housing Units - For Sale Townhome	
Average Unit Size	2,000
Average Price per SF	$145.00 per square foot
Average Unit Price	$290,000
Cost of Sale	4%
Retail Space	
Rent Type	NNN
Average Annual Rent per SF	$19.00
Vacancy Factor	5%
Office Space	
Rent Type	Full Service Gross
Average Annual Rent per SF	$22.00
Operating Expenses	25% of revenue
Parking - Structured Garage	
% Spaces Monthly	50%
% Spaces Daily	50%
Parking Rates	
Monthly Rate	$65.00
Ave Daily Transient Rate	No charge
Operating Expenses	25% of revenue

Source: AECOM

Capitol Heights Proposed Development Program

The Capitol Heights sites represent a new gateway for those coming into the county from the District of Columbia. They provide an opportunity for mixed-use development within five distinct areas:

Phase A includes a mix of 33 townhomes and 60 three-story garden style apartment units. The garden style apartments share some of the characteristics of the townhomes, including individual entrances. Unlike townhomes, each apartment occupies only one floor. The townhomes are situated along Southern Avenue, creating a denser street frontage which is consistent with transit-oriented development. The plan acknowledges the neighboring residential community to the southeast by providing a landscaped buffer and new gateway park. The park takes advantage of the existing drainage corridor and also includes a pedestrian bridge that connects the residential component to the Central Avenue and ultimately to the Capitol Heights Metro Station, which is located across the street.

The site is currently owned by the Prince George's County Redevelopment Authority and represents a near- to medium-term because the land is publicly owned by one entity and there is strong market demand for new housing along the corridor. The church entry plaza, which is across the street from the site along Maryland Park Drive, is recognized through an access point to the residential site and by the installation of a small park. The opportunity also exists to improve the intersection at Southern Avenue and Maryland Park Drive as development occurs. Apartment units are parked on street or in a surface lot and townhome parking is available with each individual unit.

Phase B is located at the northeast corner of Southern Avenue and Central Avenue and is expected to include approximately 25,500 square feet of commercial space. The site represents a key location as it is situated at the gateway corner of Prince George's County with frontage along Central Avenue and proximity to the new Walmart. There is a possibility that traffic from the Walmart may be attracted via improved pedestrian access to the site. Surface parking is provided behind the proposed development. Higher density commercial development is indicated across the street near the Metro station. A new road is introduced that provides access to the parking behind and connects to the Metro site across the street. A landscaped median is introduced along Central Avenue in front of the site and new paving signifies the county "gateway."

This site represents a longer term strategy as it is currently under the control of eleven different property owners. Plans for Subareas A and B are consistent with the Subregion 4 Master Plan which calls for a diverse mix of housing and new infill development.

Phase C includes the area surrounding the Metro station with land currently owned by the Washington Metropolitan Area Transit Authority (WMATA). The site takes advantage of its direct proximity to the station and includes higher density commercial as well as parking garages to accommodate Metro users and visitors to the commercial components. Plans call for a mix of about 65,400 square feet of first floor retail space, with frontage along Central Avenue and also on the Metro plaza area. Plans also call for approximately 54,000 square feet of smaller scale office space; a reflection of market demand. This site represents a mid- to long-term strategy and will depend upon the prioritization of TOD initiatives by WMATA.

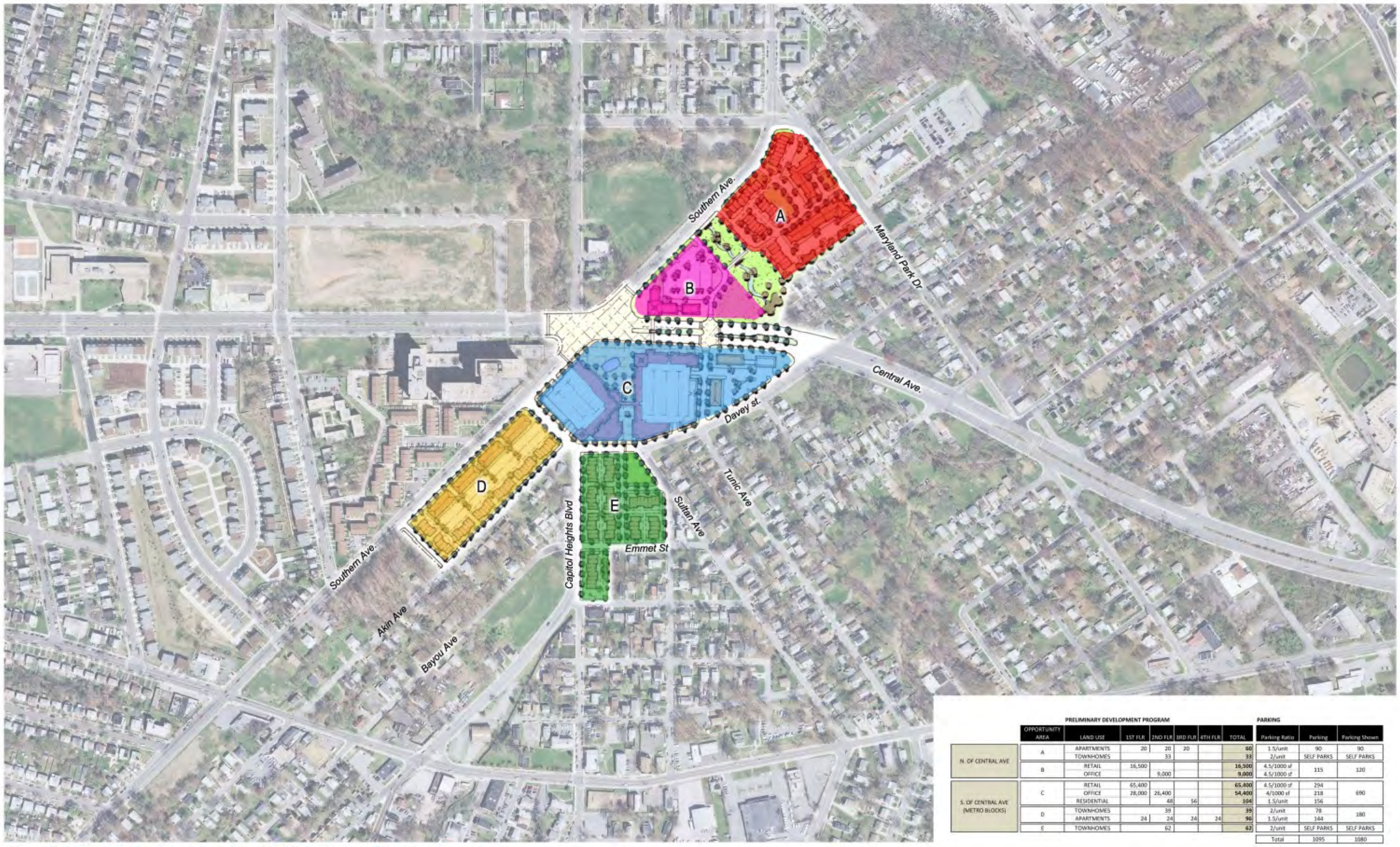
Phase D is located southwest of Phase C and fronts Southern Avenue. The focus of Phase D is on residential development and reflects strong market demand along the corridor for new residential units. As shown, the plans call for a total of 39 townhomes and 96 apartment units, with the rental units fronting Southern Avenue and a landscaped buffer located along the periphery of the development. Parking is provided within the interior of the development.

The site is currently owned by Prince George's County, WMATA, and Davey Street LLC. It is anticipated that development at this site will occur in the mid- to long-term given the number of land owners.

Phase E is located directly south of the Capitol Heights Metro Station and, as with Phase D, includes new residential development. A pocket park is included as part of the development of 62 townhomes, with access provided off of Capitol Heights Boulevard. Capitol Heights Boulevard terminates at the new commercial development located adjacent to the Metro station. The townhomes are arranged along the street grid introduced as part of the site development.

Site ownership includes the Town of Capitol Heights and multiple private owners. Similar to Phase D, it is anticipated that this catalytic site would be developed in the mid- to long-term.

Figure 10: Capitol Heights TOD Opportunity Areas by Phase



PRELIMINARY DEVELOPMENT PROGRAM

	OPPORTUNITY AREA	LAND USE	1ST FLR	2ND FLR	3RD FLR	4TH FLR	TOTAL
N. OF CENTRAL AVE	A	APARTMENTS	20	20	20		60
		TOWNHOMES		33			33
	B	RETAIL	16,500				16,500
		OFFICE		9,000			9,000
S. OF CENTRAL AVE (METRO BLOCKS)	C	RETAIL	65,400				65,400
		OFFICE	28,000	26,400			54,400
		RESIDENTIAL		48	56		104
	D	TOWNHOMES		39			39
		APARTMENTS	24	24	24	24	96
	E	TOWNHOMES		62			62

PARKING

Parking Ratio	Parking	Parking Shown
1.5/unit	90	90
2/unit	SELF PARKS	SELF PARKS
4.5/1000 sf	115	120
4.5/1000 sf		
4.5/1000 sf	294	690
4/1000 sf	218	
1.5/unit	156	
2/unit	78	180
1.5/unit	144	
2/unit	SELF PARKS	SELF PARKS
Total	1095	1080

Capitol Heights Conceptual TOD Opportunity Areas

Central Avenue Metro Blue Line TOD

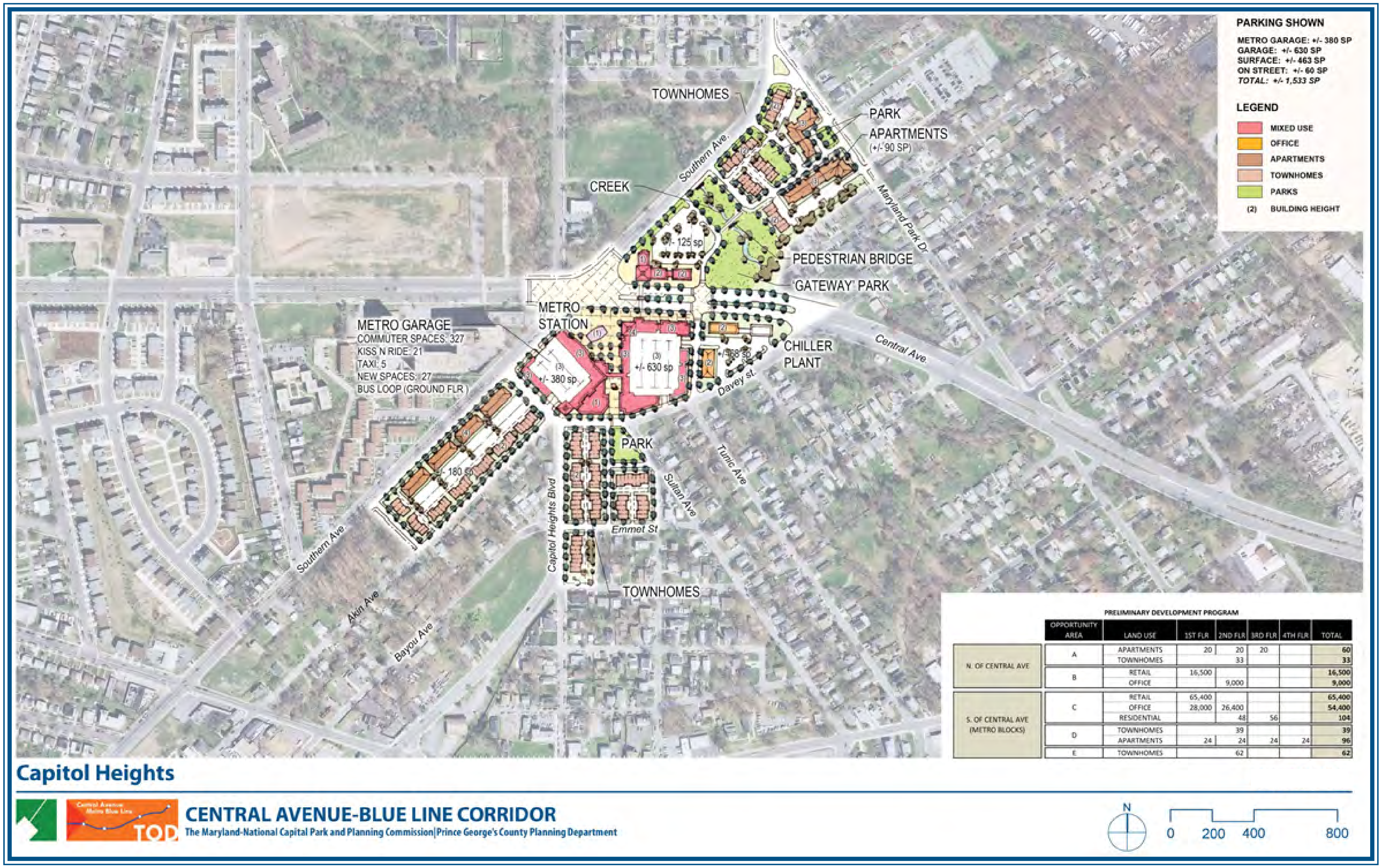
CENTRAL AVENUE-BLUE LINE CORRIDOR

The Maryland-National Capital Park and Planning Commission|Prince George's County Planning Department

North

Scale in Feet 0 200 400

Figure 11: Capitol Heights Conceptual TOD Opportunity Areas



PRELIMINARY DEVELOPMENT PROGRAM

	OPPORTUNITY AREA	LAND USE	1ST FLR	2ND FLR	3RD FLR	4TH FLR	TOTAL
N. OF CENTRAL AVE	A	APARTMENTS	20	20	20		60
		TOWNHOMES		33			33
	B	RETAIL	16,500				16,500
		OFFICE		9,000			9,000
S. OF CENTRAL AVE (METRO BLOCKS)	C	RETAIL	65,400				65,400
		OFFICE	28,000	26,400			54,400
		RESIDENTIAL		48	56		104
	D	TOWNHOMES		39			39
		APARTMENTS	24	24	24	24	96
	E	TOWNHOMES		62			62

Results of Financial Analysis: Capitol Heights

The development economics of the projects at Capitol Heights were analyzed by phase.

As mentioned earlier, there is a near-term opportunity for development of a new residential project at the 3.94 acre parcel that is located at the southeast corner of Maryland Park Drive and Southern Avenue (Phase A). The financial analysis for the first phase yields a residual value of about $3.6 million. It is assumed that the residual value would have to pay for land acquisition, park construction, and infrastructure. While we do not have detailed cost estimates for the infrastructure component, if we assume that infrastructure costs account for 15 percent of the total development cost ($2.5 million) and land costs are about $1.083 million (3.94 acres at $275,000 per acre), it would appear that the residual land value would cover the additional costs without a public subsidy. However, if we assume that a portion of the units would be affordable, the residual value would decrease and it would likely require that the county write-down the cost of the land and/or contribute to the infrastructure costs.

Phase B, which reflects small scale commercial development, results in a relatively low residual value, indicating that the rents may be too low to support the land and development costs. The gap could be partially closed by lowering development costs given the small scale of the commercial space. It may also be possible to charge premium rents for the space given a location at the gateway to the county and proximity to the new Walmart. While this is a longer term strategy given multiple land owners, there may also be an opportunity to develop a single use national tenant at this site (e.g., a national restaurant tenant), which would change the development economics.

Phase C represents the larger scale mixed-use projects directly adjacent to the Metro station. As shown, without including parking in the analysis, the residual value is positive, but would not cover the additional cost of site preparation and infrastructure. The site acquisition costs could be written down given public ownership of the site, similar to the site in Phase A. With the relatively high cost of garage parking, the public sector could also consider financing and constructing parking associated with the new development, as well as public contribution toward other infrastructure and site amenity costs.

Phases D and E, which, similar to Phase A, include only residential components, result in a residual value similar to Phase A, indicating that the overall strategy is viable. Again, if a workforce housing component is added to the mix, it may be necessary to offer some type of modest development incentive such as a discount for the land or public contribution towards necessary site infrastructure costs.

With all of the above options, it will be important to also quantify the public benefits that will accrue as a result of new development, including job creation and potential tax revenues.

Figure 12: Capitol Heights, Catalytic Program Details by Phase

Phase A					
Leasable/For Sale Space	**No. of Units**	**Average GSF Per Unit**	**Total Net SF**	**Efficiency Factor**	**Total Gross SF**
Townhomes	33	2,000	66,000	100%	66,000
Apartments	60	900	54,000	90%	60,000
Other					
Parking (surface)	90 spaces				
Phase B					
Leasable/For Sale Space	**No. of Units**	**Average GSF Per Unit**	**Total Net SF**	**Efficiency Factor**	**Total Gross SF**
Retail	--	--	14,025	85%	16,500
Office	--	--	7,650	85%	9,000
Other					
Parking (surface)	120 spaces				
Phase C					
Leasable/For Sale Space	**No. of Units**	**Average GSF Per Unit**	**Total Net SF**	**Efficiency Factor**	**Total Gross SF**
Retail	--	--	55,590	85%	65,400
Office	--	--	46,240	85%	54,400
Residential - Apartments	104	1,200	124,800	85%	146,824
Other					
Parking (garage)	630 spaces				
Parking (surface)	68 spaces				
Metro Parking Garage	380 spaces				
Phase D					
Leasable/For Sale Space	**No. of Units**	**Average GSF Per Unit**	**Total Net SF**	**Efficiency Factor**	**Total Gross SF**
Townhomes	39	2,000	78,000	100%	78,000
Apartments	96	900	86,400	90%	96,000
Other					
Parking (surface)	180 spaces				
Phase E					
Leasable/For Sale Space	**No. of Units**	**Average GSF Per Unit**	**Total Net SF**	**Efficiency Factor**	**Total Gross SF**
Townhomes	62	1,800	111,600	100%	111,600
Other					
Parking (surface)	Self Park				

Figure 13: Capitol Heights, Proposed Residential Development at Maryland Park Drive and Southern Avenue, Residual Value Analysis

Phase A			
	Townhome Units	Apartment Units	Total
Total Units	33	60	93
Efficiency Factor	100%	90%	--
Average Unit Size	2,000	900	--
End Units	10	--	
Interior Units	23	--	
Total Unit Cost - Interior	$228,784		
Total Cost - 23 Units	$5,262,026		
Total Unit Cost - Exterior	$244,421		
Total Cost - 10 Units	$2,444,213		
Parking	**Townhome Units**	**Apartment Units**	**Total**
Number of Parking Spaces			90
Cost Per Space (surface parking)			$2,000
Subtotal Parking			$180,000
Total Building Development Cost	$7,706,239	$6,544,210	$14,430,449
Estimated Average Cost Per Unit	$233,522	$109,070	
Revenues and Expenses	**Townhome Units**	**Apartment Units**	**Total**
Average Unit Price	$290,000		
Average Price Per SF	$145		
Total Sales Revenue	$9,570,000		
Cost of Sales @ 4%	$382,800		
Total Net Sales Revenue	$9,187,200		$9,187,200
Monthly Rent Per SF		$1.75	
Total Annual Rent		$1,134,000	
Operating Expenses @ 30%		$340,200	
Total Net Rent		$793,800	$793,800
Capitalization Rate		9%	--
Indicated Value		$8,820,000	$18,007,200
Residual Value by Project	$1,480,961	$2,275,790	$3,576,751
Residual Value per FAR Square Foot	$22	$38	$28

Note: Costs include labor, materials, installed components for buildings. Does not include site preparation, infrastructure. Costs do include self parking for townhomes.
Source: Marshall & Swift, AECOM

Figure 14: Capitol Heights, Proposed Commercial Development at Central Avenue and Southern Avenue, Residual Value Analysis

Phase B			
	Retail	Office	Total
Leasable Commercial Space	14,025	7,650	21,675
Stabilized Vacancy Factor	5%	5%	
Total Leased Space	13,324	7,268	20,591
Total Gross Square Feet	16,500	9,000	25,500
Development Cost - Commercial Space			$3,523,144
Number of Parking Spaces			120
Cost Per Space (surface parking)			$2,000
Subtotal Parking			$240,000
Total Building Development Cost			$3,763,144
Revenues and Expenses	**Retail**	**Office**	**Total**
Annual Rent Per Square Foot	$19.00	$22.00	
Total Annual Rent	$253,151	$159,885	
Operating Expenses @ 25%	--	$39,971	
Total Net Rent	$253,151	$119,914	$373,065
Capitalization Rate	9%	9%	
Indicated Value	$2,812,792	$1,332,375	$4,145,167
Residual Value			$382,023
Residual Value per FAR Square Foot			$15

Note: Costs include labor, materials, installed components for buildings. Does not include site preparation, infrastructure.
Source: Marshall & Swift, AECOM

Figure 15: Capitol Heights, Proposed Mixed-Use Development Adjacent to Metro Stop, Residual Value Analysis

Phase C						
	Retail	**Office**	**Apartment Units**	**Total**	**Parking**	**Total w/ Parking**
Leasable Commercial Space	55,590	46,240	124,800	226,630	--	226,630
Stabilized Vacancy Factor	5%	5%	5%	--	--	--
Total Leased Space	52,811	43,928	118,560	215,299	--	215,299
Total Gross Square Feet	65,400	54,400	146,824	266,624	--	266,624
Development Cost Per Square Foot	$139.88	$139.88	$139.88	--	--	
Parking	**Retail**	**Office**	**Apartment Units**	**Total**	**Parking**	**Total w/ Parking**
Number of Parking Spaces - Surface					68	
Cost Per Space (surface parking)					$2,000	
Total Cost - Surface Parking					$136,000	
Number of Parking Spaces - Structured - Excludes Metro Garage					630	
Cost Per Space (structured parking)					$20,000	
Total Cost - Structured Parking					$12,600,000	
Subtotal Parking					$12,736,000	$12,736,000
Total Building Development Cost	$9,147,825	$7,609,200	$20,536,941	$37,293,966	$12,736,000	$50,029,966
Revenues and Expenses	**Retail**	**Office**	**Apartment Units**	**Total**	**Parking**	**Total w/ Parking**
Monthly Rent Per Square Foot	--	--	$1.75			
Annual Rent Per Square Foot	$19.00	$22.00	$21.00			
Total Annual Rent	$1,003,400	$966,416	$2,489,760			
Operating Expenses as % of Revenue	--	25%	30%			
Total Operating Expenses	--	$241,604	$746,928			
Total Net Rent	$1,003,400	$724,812	$1,742,832	$3,471,044		$3,627,677
Monthly Parking - Structured	**Retail**	**Office**	**Apartment Units**	**Total**	**Parking**	**Total w/ Parking**
% of Spaces Monthly - 2nd Garage					50%	
Total Monthly Spaces - 2nd Garage					315	
Monthly Rate					$65.00	
Utilization Rate - Stabilized					85%	
Estimated Revenues					$208,845	
Operating Expenses as Percent of Revenue					25%	
Annual Net Operating Income					$156,634	
Capitalization Rate	9%	9%	9%		9%	9%
Indicated Value	$11,148,883	$8,053,467	$19,364,800	$38,567,150	$1,740,375	$40,307,525
Residual Value				$1,273,184		$(9,722,441)
Residual Value per FAR Square Foot				$5		$(36)

Note: Costs include labor, materials, installed components for buildings. Does not include site preparation, infrastructure.

Source: Marshall & Swift, AECOM

Figure 15: Capitol Heights, Proposed Housing Development Along Eastern Side of Southern Avenue, Residual Value Analysis (continued)

Phase D			
	Townhome Units	**Apartment Units**	**Total**
Total Units	39	96	135
Efficiency Factor	100%	90%	--
Average Unit Size	2,000	900	--
End Units	14	--	
Interior Units	25	--	
Total Unit Cost - Interior	$228,784	--	
Total Cost - 25 Units	$5,719,594	--	
Total Unit Cost - Exterior	$244,421	--	
Total Cost - 14 Units	$3,421,898	--	
Total Unit Cost - All	--	$109,070	
Total Building Development Cost	$9,141,491	$10,470,736	$19,612,227
Revenues and Expenses	**Townhome Units**	**Apartment Units**	**Total**
Average Unit Price	$290,000		
Average Price Per SF	$145		
Total Sales Revenue	$11,310,000		
Cost of Sales @ 4%	$452,400		
Total Net Sales Revenue	$10,857,600		$10,857,600
Apartment Units			
Monthly Rent Per SF	--	$1.75	
Total Annual Rent	--	$1,814,400	
Operating Expenses @ 30%	--	$544,320	
Total Net Rent	--	$1,270,080	$1,270,080
Capitalization Rate	--	9%	
Indicated Value	--	$14,112,000	$14,112,000
Residual Value	$1,716,109	$3,641,264	$5,357,373
Residual Value per FAR Square Foot			$31

Note: Costs include labor, materials, installed components for buildings. Does not include site preparation, infrastructure. Costs do include parking (self parking for townhomes, surface parking for apartment units).

Source: Marshall & Swift, AECOM

Figure 16: Capitol Heights, Proposed Housing Development South of Metro Mixed-Use Site, Residual Value Analysis

Phase E	
	Townhome Units
Total Units	**62**
Efficiency Factor	100%
Average Unit Size	2,000
Townhome Units	
End Units	20
Interior Units	42
Total Unit Cost - Interior	$228,784
Total Cost - 25 Units	$9,608,918
Total Unit Cost - Exterior	$244,421
Total Cost - 14 Units	$4,888,425
Total Building Development Cost	$14,497,343
Revenues and Expenses	
Average Unit Price	$290,000
Average Price Per SF	$145
Total Sales Revenue	$17,980,000
Cost of Sales @ 4%	$719,200
Total Net Sales Revenue	$17,260,800
Residual Value by Project	$2,763,458
Residual Value per FAR Square Foot	$25

Note: Costs include labor, materials, installed components for buildings. Does not include site preparation, infrastructure.
Costs do include self parking for units.
Source: Marshall & Swift, AECOM

Seat Pleasant-Addison Road Opportunity Areas

The plan is consistent with other aspects of the Subregion 4 Master Plan, which call for viable, quality commercial development and denser housing options along Central Avenue.

Phase A includes The Commons at Addison Road ICON site, with the Subregion 4 Master Plan calling for a mixed-use development that includes both commercial and residential components. The current plan includes 376 residential units built over the commercial components (approximately 32,000 square feet of retail and 36,000 square feet of office space). A public plaza is introduced along Central Avenue at Addison Road (buildings may not be placed on top of the vault for the Metro). A 480-space parking garage is situated behind the commercial component, with retail frontage extended along Addison Road. The plan also includes a pocket park that fronts on Addison Road and is surrounded by commercial uses. A landscaped buffer is provided to the west of the site in order to transition to the adjacent existing residential community.

The site represents a short to medium-term opportunity since it is directly across the street from the Metro station and plans have previously been proposed for the site. The plan is consistent with other aspects of the Subregion 4 Master Plan, which call for viable, quality commercial development and denser housing options along Central Avenue.

Phase B consists of the site just south of the ICON property and fronting Addison Road. As a result, the proposed development is integrated with potential development at the ICON site and includes 104 townhomes. As with the ICON site, there is a vegetated residential buffer in order to transition to the neighboring residents. This site represents a medium to long-term opportunity after development occurs at the adjacent ICON site.

Phases C and D represent two options for an area situated just south of Phase B along Addison Road. In Phase C, Holy Cross Church directly addresses Addison Road with a mixed-use development proposed to the north of the church site and also fronting Addison Road. In this first option, to the west of the mixed-use development, a residential component is added that includes a mix of 40 townhomes, a linear park, and 15 small single-family lots. This site represents a mid- to long-term strategy, following potential development in closer proximity to the Metro station at the ICON site.

Phase D represents an alternative plan, with mixed-use development fronting Addison Road and Holy Cross Church set back behind the new commercial development. A new infill park buffers the church from the mixed-use development. Plans call for small scale retail and office space (approximately 41,000 square feet), as well as 48 new townhome units. Parking is not visible from Addison Road and is tucked behind the commercial development and adjacent to the church.

Phase D also includes the Walker Mill Health Center facility located directly to the south of Phase C/D. The plan reflects an expansion of the health care center and about 22,000 square feet of two-story office space fronting Addison Road. Surface parking is situated behind the office space and in front of the landscaped

A proposed intersection improvement from Addison Road Plaza to the south side of Central Avenue would also improve pedestrian access for Metro users, local residents, and employees.

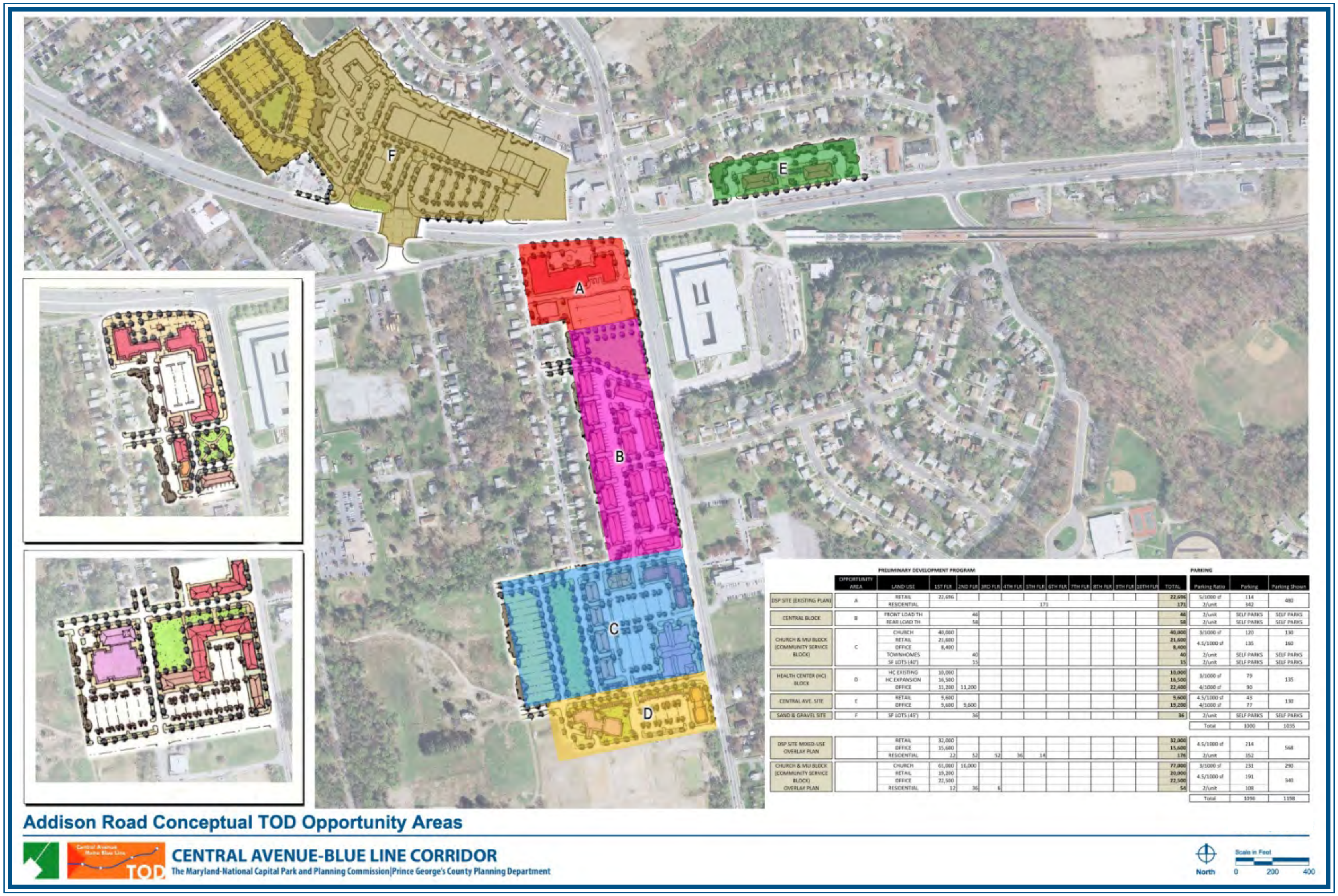
health center. A landscaped buffer is also provided to the south and west of the site.

Phase E is located along the north side of Central Avenue, directly across the street from the Metro station. Small scale retail and office space is proposed (about 27,000 square feet of one and two-story space), with a vegetated buffer introduced to the north of the site in order to protect the existing residential development. The site represents a mid- to long-term strategy given multiple property owners. High visibility along Central Avenue is a key site criteria for retailers looking to move into the area.

Phase F includes Addison Road Plaza and the gravel plant located on Yost Street. In order to increase the competitive positioning of the mall in light of the new Walmart development, the plan proposes enhancements to the building façade as well as new parking lot enhancements and wider sidewalks for pedestrians. A proposed intersection improvement from Addison Road Plaza to the south side of Central Avenue would also improve pedestrian access for Metro users, local residents, and employees. The proposed improvements could potentially occur in the short-term given relatively low cost interventions.

The gravel plant site reflects a new residential development with 36 single-family lots situated around an inner pocket park. A buffer protects the new residential development from Addison Road Plaza to the east.

Figure 17: Addison Road TOD Opportunity Areas by Phase



PRELIMINARY DEVELOPMENT PROGRAM / PARKING

	OPPORTUNITY AREA	LAND USE	1ST FLR	2ND FLR	3RD FLR	4TH FLR	5TH FLR	6TH FLR	7TH FLR	8TH FLR	9TH FLR	10TH FLR	TOTAL	Parking Ratio	Parking	Parking Shown
DSP SITE (EXISTING PLAN)	A	RETAIL	22,696										22,696	5/1000 sf	114	480
		RESIDENTIAL					171						171	2/unit	342	
CENTRAL BLOCK	B	FRONT LOAD TH		46									46	2/unit	SELF PARKS	SELF PARKS
		REAR LOAD TH		58									58	2/unit	SELF PARKS	SELF PARKS
CHURCH & MU BLOCK (COMMUNITY SERVICE BLOCK)	C	CHURCH	40,000										40,000	3/1000 sf	120	130
		RETAIL	21,600										21,600	4.5/1000 sf	135	160
		OFFICE	8,400										8,400			
		TOWNHOMES		40									40	2/unit	SELF PARKS	SELF PARKS
		SF LOTS (40')		15									15	2/unit	SELF PARKS	SELF PARKS
HEALTH CENTER (HC) BLOCK	D	HC EXISTING	10,000										10,000	3/1000 sf	79	135
		HC EXPANSION	16,500										16,500			
		OFFICE	11,200	11,200									22,400	4/1000 sf	90	
CENTRAL AVE. SITE	E	RETAIL	9,600										9,600	4.5/1000 sf	43	130
		OFFICE	9,600	9,600									19,200	4/1000 sf	77	
SAND & GRAVEL SITE	F	SF LOTS (45')		36									36	2/unit	SELF PARKS	SELF PARKS
														Total	1000	1035
DSP SITE MIXED-USE OVERLAY PLAN		RETAIL	32,000										32,000	4.5/1000 sf	214	568
		OFFICE	15,600										15,600			
		RESIDENTIAL	22	52	52	36	14						176	2/unit	352	
CHURCH & MU BLOCK (COMMUNITY SERVICE BLOCK) OVERLAY PLAN		CHURCH	61,000	16,000									77,000	3/1000 sf	231	290
		RETAIL	19,200										20,000	4.5/1000 sf	191	340
		OFFICE	22,500										22,500			
		RESIDENTIAL	12	36	6								54	2/unit	108	
														Total	1098	1198

Figure 18: Addison Road Conceptual TOD Opportunity Areas

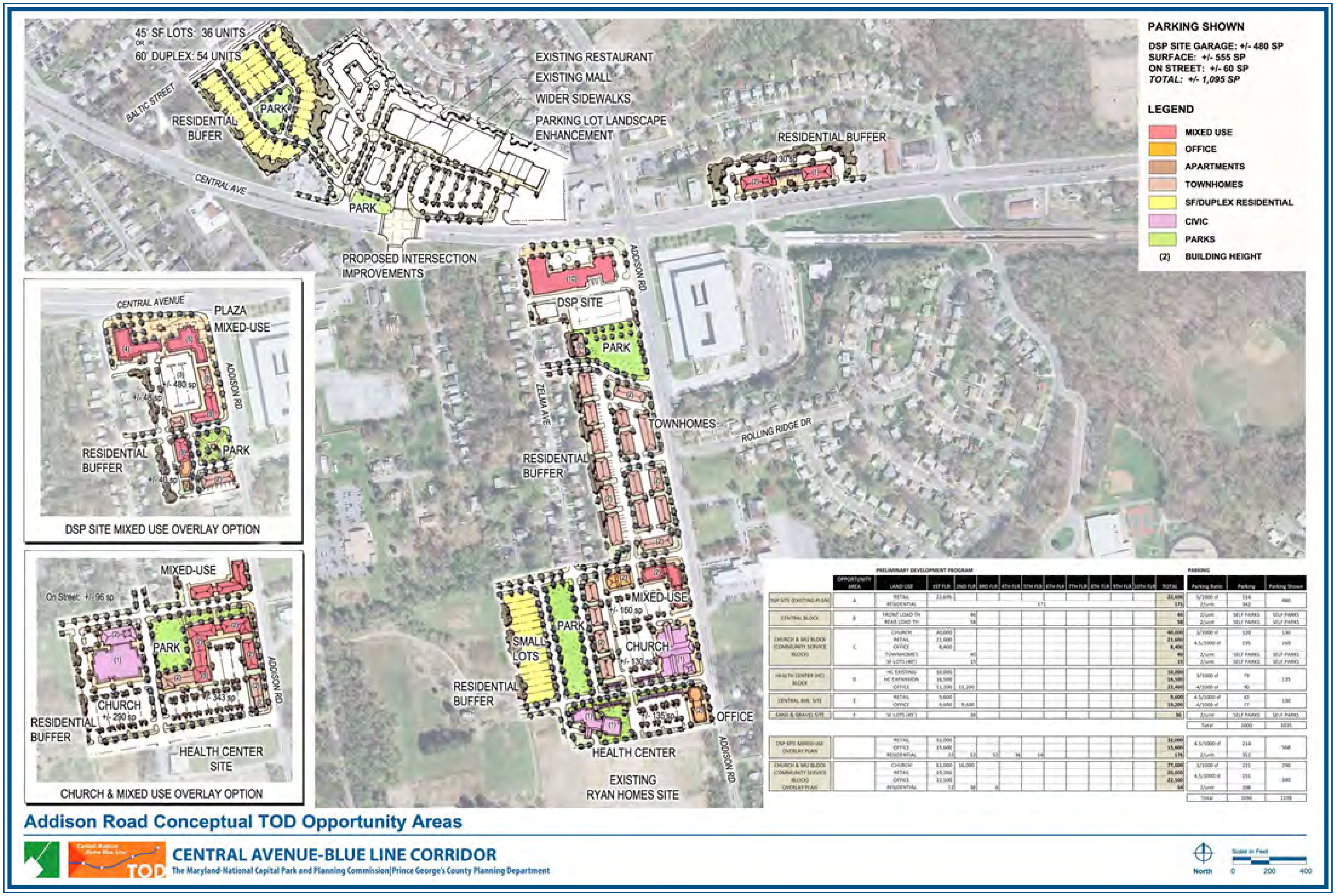


Figure 19: Addison Road Metro, Catalytic Projects by Phase

Phase A - Mixed Use Overlay Plan - DSP Site					
Leasable/For Sale Space	**No. of Units**	**Average GSF Per Unit**	**Total Net SF**	**Efficiency Factor**	**Total Gross SF**
Retail	--	--	27,200	85%	32,000
Apartments	176	900	158,400	90%	176,000
Office	--	--	13,260	85%	15,600
Other					
Parking (garage)	480 spaces				
Residential spaces	342				
Parking (surface)	88				

Phase B - Residential Development Fronting Addison Road					
Leasable/For Sale Space	**No. of Units**	**Average GSF Per Unit**	**Total Net SF**	**Efficiency Factor**	**Total Gross SF**
Townhomes	104	2,000	208,000	100%	208,000

Phase C (Option with church fronting Addison Road)					
Leasable/For Sale Space	**No. of Units**	**Average GSF Per Unit**	**Total Net SF**	**Efficiency Factor**	**Total Gross SF**
Church	--	--	40,000	100%	40,000
Retail			18,360	85%	21,600
Office (includes Health Ctr block)			26,180	85%	30,800
Townhomes	40	2,000	80,000	100%	80,000
Single Family Lots	15	--	--	--	--
Parking (surface) - Mixed-Use	160 spaces				
Parking (surface) - Church	130 spaces				
Parking (surface) - Adjacent Health Ctr	135 spaces				

Phase E Central Avenue Site					
Leasable/For Sale Space	**No. of Units**	**Average GSF Per Unit**	**Total Net SF**	**Efficiency Factor**	**Total Gross SF**
Retail	--	--	8,160	85%	9,600
Office	--	--	16,320	85%	19,200
Parking (surface)	130				

Source: AECOM

Development Economics

As with all of the options, it is also important to consider the public benefits associated with the site development (e.g., jobs, property tax impacts, and sales tax impacts) relative to any proposed costs for infrastructure and/or site acquisition.

Phase A, as depicted in the financial analysis, reflects the Mixed-Use Overlay Plan for the DSP site, or the option that represents a more pedestrian friendly environment. Similar to the analysis at Capitol Heights, while the residual value is positive, it would likely not cover the costs of site acquisition and infrastructure. The project becomes more challenged when the cost of parking is factored into the equation. The public sector may want to consider contributing towards the price of required infrastructure. As with all of the options, it is also important to consider the public benefits associated with the site development (e.g., jobs, property tax impacts, and sales tax impacts) relative to any proposed costs for infrastructure and/or site acquisition.

Phase B includes a proposed townhome development just south of the ICON site and, similar to the housing only development projects near the Capitol Heights Metro site, supports a relatively high residual land value of $4.7 million. The pricing reflects existing for-sale housing costs at newer developments in the area. As the Metro site develops, it may be possible to charge a premium for proximity to it and other amenities such as retail and services.

Phase C includes a smaller scale mixed-use development (just over 50,000 square feet of commercial space and 40 townhome units) adjacent to a proposed health center and church (the financial analysis does not include the cost of development for these two uses). The project (without parking) generates a residual value of about $2.8 million, or likely less than the cost of the land and needed infrastructure improvements. This is considered a longer-term option, with improvements along Central Avenue considered a higher priority. Since Phase D is focused on the health center site, a financial analysis was not completed for this phase.

Phase E encompasses a small mixed-use development that fronts on Central Avenue and is located across the street from the Metro station. Similar to the gateway site at Capitol Heights, one or two national tenants may be an option at the site, altering its development economics. It may also be possible to charge premium rents at the site given its key location along Central Avenue and, if the crossing is improved, easy access to the Addison Road Metro stop.

Figure 20: Addison Road, Proposed Mixed-Use Development at DSP Site, Residual Value Analysis

Phase A						
	Retail	**Office**	**Apartment Units**	**Total**	**Parking**	**Total w/ Parking**
Leasable Commercial Space	27,200	13,260	158,400	198,860	--	198,860
Stabilized Vacancy Factor	5%	5%	5%	--	--	--
Total Leased Space	25,840	12,597	150,480	188,917	--	188,917
Total Gross Square Feet	32,000	15,600	176,000	223,600	--	223,600
Development Cost Per Square Foot	$139.88	$139.88	$139.88	--	--	--
Parking	**Retail**	**Office**	**Apartment Units**	**Total**	**Parking**	**Total w/ Parking**
Number of Parking Spaces - Surface					88	
Cost Per Space (surface parking)					$2,000	
Total Cost - Surface Parking					$176,000	
Number of Parking Spaces - Structured					480	
Cost Per Space (structured parking)					$20,000	
Total Cost - Structured Parking					$9,600,000	
Subtotal Parking					$9,776,000	
Total Building Development Cost	$4,476,000	$2,182,050	$24,618,000	$31,276,050	$9,776,000	$41,052,050
Revenues and Expenses	**Retail**	**Office**	**Apartment Units**	**Total**	**Parking**	**Total w/ Parking**
Monthly Rent Per Square Foot	--	--	$1.75			
Annual Rent Per Square Foot	$19.00	$22.00	$21.00			
Total Annual Rent	$490,960	$277,134	$3,326,400			
Operating Expenses as % of Revenue	--	25%	30%			
Total Operating Expenses	--	$69,284	$997,920			
Total Net Rent	$490,960	$207,851	$2,328,480	$3,027,291	$3,027,291	$3,146,631

Figure 20: Addison Road, Proposed Mixed-Use Development at DSP Site, Residual Value Analysis (Continued)

Phase A						
Monthly Parking - Structured	**Retail**	**Office**	**Apartment Units**	**Total**	**Parking**	**Total w/ Parking**
% of Spaces Monthly					50%	
Total Monthly Spaces					240	
Monthly Rate					$65.00	
Utilization Rate - Stabilized					85%	
Estimated Revenues					$159,120	
Operating Expenses as Percent of Revenue					25%	
Annual Net Operating Income					$119,340	
Capitalization Rate	9%	9%	9%		9%	9%
Indicated Value	$5,455,111	$2,309,450	$25,872,000	$33,636,561	$1,326,000	$34,962,561
Residual Value by Project	$979,111	$127,400	$1,254,000	$2,360,511		$(6,089,489)
Residual Value per FAR Square Foot				$11		$(27)
Assumed land cost @ $275,000 per acre (3.5 acres)						$962,500
Infrastructure @ 15% of total cost						$7,244,479
Total Land and Infrastructure						$8,206,979

Note: Costs include labor, materials, installed components for buildings. Does not include site preparation, infrastructure. Costs do not include parking.
Source: Marshall & Swift, AECOM

Figure 20: Addison Road, Proposed Mixed-Use Development at DSP Site, Residual Value Analysis (Continued)

Phase B	
Townhome Units	
Total Units	104
End Units	30
Interior Units	74
Efficiency Factor	100%
Average Unit Size	2,000
Total Unit Cost - Interior	$228,784
Total Cost	$16,929,998
Total Unit Cost - Exterior	$244,421
Total Cost	$7,332,638
Total Building Development Cost	$24,262,635
Revenues and Expenses	
Average Unit Price	$290,000
Average Price Per SF	$145
Total Sales Revenue	$30,160,000
Cost of Sales @ 4%	$1,206,400
Total Net Sales Revenue	$28,953,600
Residual Value	$4,690,965
Residual Value per FAR Square Foot	$23
Assumed land cost @ $275,000 per acre (11.7 acres)	$3,217,500
Infrastructure @ 15% of total cost	$4,281,641
Total Land and Infrastructure	$7,499,141

Note: Costs include labor, materials, installed components for buildings.
Does not include site preparation, infrastructure. Costs do not include parking.
Source: Marshall & Swift, AECOM

Figure 20: Addison Road, Proposed Mixed-Use Development at DSP Site, Residual Value Analysis (Continued)

Phase C 1/						
	Retail	**Office**	**Townhome Units**	**Total**	**Parking**	**Total w/ Parking**
Leasable Commercial Space	18,360	26,180	--	44,540	--	44,540
Stabilized Vacancy Factor	5%	5%	--	--	--	--
Total Leased Space	17,442	24,871	--	42,313	--	42,313
Total Gross Square Feet	21,600	30,800	80,000	132,400	--	132,400
Townhome Units						
Total Units			40	40		
End Units			8			
Interior Units			32			
Efficiency Factor			100%			
Average Unit Size			1,800			
Total Unit Cost - Interior			$228,784			
Total Cost			$7,321,080			
Total Unit Cost - Exterior			$244,421			
Total Cost			$1,955,370			
Development Cost Per Square Foot	$138.16	$138.16	--	--	--	--
Parking	**Retail**	**Office**	**Townhome Units**	**Total**	**Parking**	**Total w/ Parking**
Number of Parking Spaces - Surface					295	
Cost Per Space (surface parking)					$2,000	
Total Cost - Surface Parking					$590,000	
Total Building Development Cost	$2,984,310	$4,255,405	$9,276,450	$16,516,165		$17,106,165

Figure 20: Addison Road, Proposed Mixed-Use Development at DSP Site, Residual Value Analysis (Continued)

Phase C 1/						
Revenues and Expenses	**Retail**	**Office**	**Townhome Units**	**Total**	**Parking**	**Total w/ Parking**
Monthly Rent Per Square Foot	--	--				
Annual Rent Per Square Foot	$19.00	$22.00	-			
Total Annual Rent	$331,398	$547,162				
Operating Expenses as % of Revenue	--	25%				
Total Operating Expenses	--	$136,791	-			
Total Net Rent	$331,398	$410,372	-	$741,770	--	$741,770
Townhome Units						
Average Unit Price			$290,000			
Average Price Per SF			$145			
Total Sales Revenue			$11,600,000			
Cost of Sales @ 4%			$464,000			
Total Net Sales Revenue			$11,136,000			
Capitalization Rate	9%	9%	--		--	
Indicated Value	$3,682,200	$4,559,683	--	$19,377,883		$19,377,883
Residual Value by Project	$697,890	$304,278	$1,859,550	$2,861,718		$2,271,718
Residual Value per FAR Square Foot				$22		$17
Assumed land cost @ $275,000 per acre (16.1 acres)						$4,427,500
Infrastructure @ 15% of total cost						$3,018,735
Total Land and Infrastructure						$7,446,235

1/ Financial analysis does not include church and health center.

Note: Costs include labor, materials, installed components for buildings.
Does not include site preparation, infrastructure. Costs do not include parking.

Source: Marshall & Swift, AECOM

Figure 20: Addison Road, Proposed Mixed-Use Development at DSP Site, Residual Value Analysis (Continued)

Phase E					
	Retail	**Office**	**Total**	**Parking**	**Total w/ Parking**
Leasable Commercial Space	8,160	16,320	24,480	--	24,480
Stabilized Vacancy Factor	5%	5%	--	--	--
Total Leased Space	7,752	15,504	23,256	--	23,256
Total Gross Square Feet	9,600	19,200	28,800	--	28,800
Development Cost Per Square Foot	$138.16	$138.16	--	--	--
Parking	**Retail**	**Office**	**Total**	**Parking**	**Total w/ Parking**
Number of Parking Spaces - Surface				130	
Cost Per Space (surface parking)				$2,000	
Total Cost - Surface Parking				$260,000	
Total Building Development Cost	$1,326,360	$2,652,720	$3,979,080		$4,239,080
Revenues and Expenses	**Retail**	**Office**	**Total**	**Parking**	**Total w/ Parking**
Annual Rent Per Square Foot	$19.00	$22.00			
Total Annual Rent	$147,288	$341,088			
Operating Expenses as % of Revenue	--	25%			
Total Operating Expenses	--	$85,272			
Total Net Rent	$147,288	$255,816	$403,104	--	
Capitalization Rate	9%	9%			
Indicated Value	$1,636,533	$2,842,400	$4,478,933	--	$ 4,478,933
Residual Value by Project	$310,173	$189,680	$499,853	--	$239,853
Residual Value per FAR Square Foot			$17	--	$8

1/ Financial analysis does not include church and health center.

Note: Costs include labor, materials, installed components for buildings.

Does not include site preparation, infrastructure. Costs do not include parking.

Source: Marshall & Swift, AECOM

Morgan Boulevard Opportunity Areas

The Morgan Boulevard station plan reflects the site's proximity to FedEx Field and also the availability of large tracts of publicly owned land. The Maryland-National Capital Park and Planning Commission owns the large parcel of land to the north of the Metro line and WMATA owns the majority of the land located to the south of the Metro line and fronting Central Avenue (with the exception of a large parcel of land that is controlled by the Mildred Gray Charitable Trust).

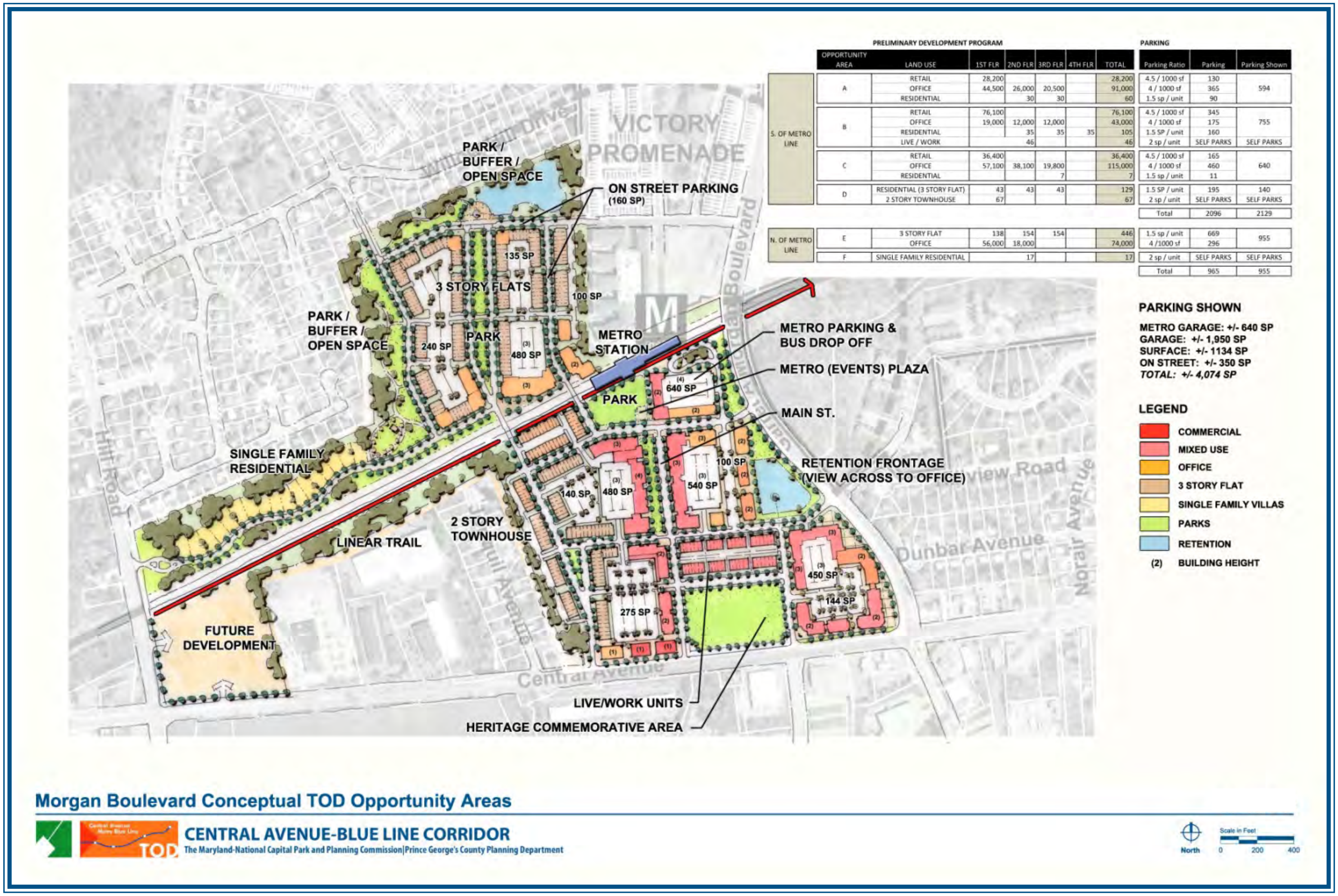
Phase A includes the northern portion of the site, as well as a strip of land that runs along the Metro line to Hill Road. The plan includes higher density development closer to the Metro station and a wide buffer that protects the existing single-family residential development that is adjacent to the development site. Plans include 446 three-story flats with an interior linear park running through the site. Seventeen single-family homes are included along the Metro line as it extends to Hill Road. The north side plan also includes 74,000 square feet of new office space near the Metro station.

Phase B includes the site located south of the Metro line and includes higher density TOD. The plan is consistent with the objectives of the Subregion 4 Master Plan, which calls for capitalizing on this advantageous location for commercial use in the growth center and also for finding ways to connect commercial development along Central Avenue with residential development occurring along Morgan Boulevard.

The proposed development for Phase B includes a "main street" that connects Central Avenue to the Morgan Boulevard Metro Station, is lined with commercial development, and with parking located behind the buildings. A new green space is located along Central Avenue (the Heritage Commemorative Area which includes land owned by the Mildred Gray Charitable Trust), with new commercial buildings directly fronting onto Central Avenue. The corner of Central Avenue and Morgan Boulevard, with high visibility, is proposed as a key commercial development with interior parking. Two-story townhomes (134 units), three-story flats (272 units), and 92 live/work units are proposed along the western edge of the site. A Metro parking garage with wrap-around commercial space is located adjacent to the Metro station. Finally, a linear trail along the Metro line connects the commercial development to a potential future development site along Central Avenue to the west.

In order to better understand the following graphics, we have further broken down the north and south subareas, as noted.

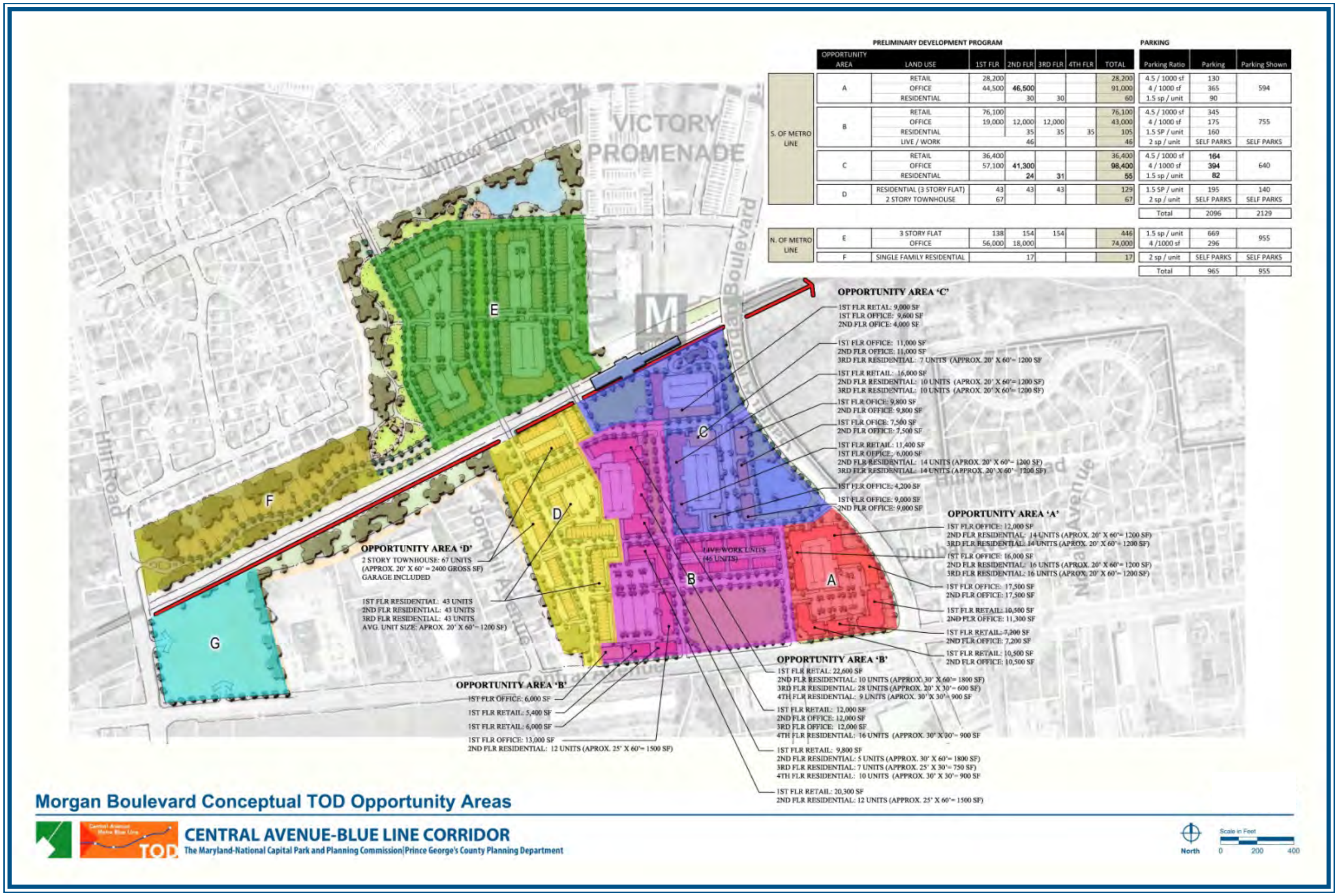
Figure 21: Morgan Boulevard Conceptual TOD Opportunity Areas



PRELIMINARY DEVELOPMENT PROGRAM / PARKING

	OPPORTUNITY AREA	LAND USE	1ST FLR	2ND FLR	3RD FLR	4TH FLR	TOTAL	Parking Ratio	Parking	Parking Shown
S. OF METRO LINE	A	RETAIL	28,200				28,200	4.5 / 1000 sf	130	594
		OFFICE	44,500	26,000	20,500		91,000	4 / 1000 sf	365	
		RESIDENTIAL		30	30		60	1.5 sp / unit	90	
	B	RETAIL	76,100				76,100	4.5 / 1000 sf	345	755
		OFFICE	19,000	12,000	12,000		43,000	4 / 1000 sf	175	
		RESIDENTIAL		35	35	35	105	1.5 SP / unit	160	
		LIVE / WORK		46			46	2 sp / unit	SELF PARKS	SELF PARKS
	C	RETAIL	36,400				36,400	4.5 / 1000 sf	165	640
		OFFICE	57,100	38,100	19,800		115,000	4 / 1000 sf	460	
		RESIDENTIAL			7		7	1.5 sp / unit	11	
	D	RESIDENTIAL (3 STORY FLAT)	43	43	43		129	1.5 SP / unit	195	140
		2 STORY TOWNHOUSE	67				67	2 sp / unit	SELF PARKS	SELF PARKS
								Total	2096	2129
N. OF METRO LINE	E	3 STORY FLAT	138	154	154		446	1.5 sp / unit	669	955
		OFFICE	56,000	18,000			74,000	4 /1000 sf	296	
	F	SINGLE FAMILY RESIDENTIAL		17			17	2 sp / unit	SELF PARKS	SELF PARKS
								Total	965	955

Figure 22: Morgan Boulevard Metro, Catalytic Projects by Phase



PRELIMINARY DEVELOPMENT PROGRAM / PARKING

	OPPORTUNITY AREA	LAND USE	1ST FLR	2ND FLR	3RD FLR	4TH FLR	TOTAL	Parking Ratio	Parking	Parking Shown
S. OF METRO LINE	A	RETAIL	28,200				28,200	4.5 / 1000 sf	130	594
		OFFICE	44,500	46,500			91,000	4 / 1000 sf	365	
		RESIDENTIAL		30	30		60	1.5 sp / unit	90	
	B	RETAIL	76,100				76,100	4.5 / 1000 sf	345	755
		OFFICE	19,000	12,000	12,000		43,000	4 / 1000 sf	175	
		RESIDENTIAL		35	35	35	105	1.5 SP / unit	160	
		LIVE / WORK		46			46	2 sp / unit	SELF PARKS	SELF PARKS
	C	RETAIL	36,400				36,400	4.5 / 1000 sf	164	640
		OFFICE	57,100	41,300			98,400	4 / 1000 sf	394	
		RESIDENTIAL		24	31		55	1.5 sp / unit	82	
	D	RESIDENTIAL (3 STORY FLAT)	43	43	43		129	1.5 SP / unit	195	140
		2 STORY TOWNHOUSE	67				67	2 sp / unit	SELF PARKS	SELF PARKS
								Total	2096	2129
N. OF METRO LINE	E	3 STORY FLAT	138	154	154		446	1.5 sp / unit	669	955
		OFFICE	56,000	18,000			74,000	4 /1000 sf	296	
	F	SINGLE FAMILY RESIDENTIAL		17			17	2 sp / unit	SELF PARKS	SELF PARKS
								Total	965	955

Figure 23: Morgan Boulevard Metro, Catalytic Projects by Phase

Mixed-Use Plan w/ Heritage Commemorative Area Fronting Central Avenue

NORTH OF METRO LINE

Leasable/For Sale Space	No. of Units	Average GSF Per Unit	Total Net SF	Efficiency Factor	Total Gross SF
Three-story flats, rental	446	900	401,400	90%	446,000
Office	--	--	62,900	85%	74,000
Single family residential	17	--	--	--	--
Other					
Parking (garage)	480				
Residential spaces	194				
Parking (surface) - residential	475				

Mixed-Use Plan w/ Heritage Commemorative Area Fronting Central Avenue

SOUTH OF METRO LINE

Leasable/For Sale Space	No. of Units	Average GSF Per Unit	Total Net SF	Efficiency Factor	Total Gross SF
Retail	--	--	119,595	85%	140,700
Office	--	--	211,650	85%	249,000
Residential - part of mixed-use development	172	900	154,800	85%	182,118
Live/Work Units - Rental	46	1,200	55,200	100%	55,200
2-story townhomes - for sale	67	2,000	134,000	100%	134,000
Three-story flats, rental	129	900	116,100	90%	129,000
Total	414				
Other	**No. of Units**				
Parking (Garage 1)	480				
Parking (Garage 2)	540				
Parking (Garage 3)	450				
Metro Garage	640				
Parking (surface) - residential	659				
Residential spaces (exclusive of self park)	456				

Source: AECOM

Development Economics

We have analyzed the development economics separately for the north and south sides of the Metro Line at Morgan Boulevard. Similar to our earlier findings, the project located north of the Metro line, which consists primarily of apartment units (446 total units), generates a relatively high residual land value of about $18.7 million, or $36 per FAR square foot. Again, the project becomes more challenging when the cost of structured parking is added to the equation.

The mixed-use development proposed for the area south of the Metro line is much larger in scale and generates a residual value of about $17 per FAR square foot–notably lower than the predominately residential project located to the south. This reflects, in part, the challenge of incorporating residential projects into a mixed-use structure. Developers have noted the difficulty in integrating mixed-uses in a larger single footprint building, with redundant circulation and building service cores adding to inefficient building economies. While mixed-use development is obviously desirable, it may ultimately be more appropriate to develop a separate residential building, which tends to have a narrower floor plate to allow for adequate light.

While mixed-use development is obviously desirable, it may ultimately be more appropriate to develop a separate residential building, which tends to have a narrower floor plate to allow for adequate light.

Figure 24: Morgan Boulevard, Proposed Mixed-Use Development North of Metro Line, Residual Value Analysis

North of Metro Line	Office	Apartment Units	Total	Parking	Total w/ Parking
Total Units	--	446	446	--	446
Leasable Commercial Space	62,900	401,400	464,300	--	464,300
Stabilized Vacancy Factor	5%	5%	--	--	--
Total Leased Space	59,755	381,330	441,085	--	441,085
Total Gross Square Feet	74,000	446,000	520,000	--	520,000
Development Cost Per Square Foot	$123.09	--	--	--	--
Development Cost Per Unit	--	$109,070	--	--	--
Parking	**Office**	**Apartment Units**	**Total**	**Parking**	**Total w/ Parking**
Number of Parking Spaces - Surface				475	
Cost Per Space (surface parking)				$2,000	
Total Cost - Surface Parking				$950,000	
Number of Parking Spaces - Structured				480	
Cost Per Space (structured parking)				$20,000	
Total Cost - Structured Parking				$9,600,000	
Subtotal Parking				$10,550,000	
Total Building Development Cost	$9,108,660	$48,645,220	$57,753,880	$10,550,000	$68,303,880
Revenues and Expenses	**Office**	**Apartment Units**	**Total**	**Parking**	**Total w/ Parking**
Monthly Rent Per Square Foot	--	$1.75			
Annual Rent Per Square Foot	$22.00	$21.00			
Total Annual Rent	$1,314,610	$8,429,400			
Operating Expenses as % of Revenue	25%	30%			
Total Operating Expenses	$328,653	$2,528,820			
Total Net Rent	$985,958	$5,900,580	$6,886,538		

Figure 24: Morgan Boulevard, Proposed Mixed-Use Development North of Metro Line, Residual Value Analysis (continued)

North of Metro Line					
Monthly Parking - Structured	**Office**	**Apartment Units**	**Total**	**Parking**	**Total w/ Parking**
% Monthly Spaces				50%	
Total Monthly Spaces - 2nd Garage				480	
Monthly Rate				$65.00	
Utilization Rate - Stabilized				85%	
Estimated Revenues				$159,120	
Operating Expenses as Percent of Revenue				25%	
Annual Net Operating Income				$119,340	
Capitalization Rate	9%	9%		9%	
Indicated Value	$10,955,083	$65,562,000	$76,517,083	$1,326,000	$77,843,083
Residual Value by Project	$1,846,423	$16,916,780	$18,763,203	--	$9,539,203
Residual Value per FAR Square Foot			$36	--	$18
Assumed land cost @ $275,000 per acre (54 acres)					$14,850,000
Infrastructure @ 15% of total cost					$12,053,626
Total Land and Infrastructure					$26,903,626

Note: Costs include labor, materials, installed components for buildings. Does not include site preparation, infrastructure. Costs do not include parking garages.
Source: Marshall & Swift, AECOM

Figure 25: Morgan Boulevard, Proposed Mixed-Use Development South of Metro Line, Residual Value Analysis

South of Metro Line									
	Retail	**Office**	**Apartment Units - 3 - story flat**	**Townhome Units**	**Residential Units Part of Mixed Use**	**Live/Work Units**	**Total**	**Parking**	**Total w/ Parking**
Total Units	--	--	129	67	172	46	414	--	414
Leasable Commercial Space	119,595	211,650	116,100	--	154,800	55,200	--	--	--
Stabilized Vacancy Factor	5%	5%	5%	--	5%	5%	--	--	--
Total Leased Space	113,615	201,068	110,295	--	147,060	52,440	624,478	--	624,478
Total Gross Square Feet	140,700	249,000	129,000	134,000	182,118	55,200	890,018	--	890,018
Townhomes	**Retail**	**Office**	**Apartment Units - 3 - story flat**	**Townhome Units**	**Residential Units Part of Mixed Use**	**Live/Work Units**	**Total**	**Parking**	**Total w/ Parking**
End Units				16					
Interior Units				51					
Efficiency Factor				100%					
Average Unit Size				2,000					
Total Unit Cost - Interior				$228,784					
Total Cost				$11,667,971					
Total Unit Cost - Exterior				$244,421					
Total Cost				$3,910,740					
Development Cost Per Square Foot	$139.88	$139.88	--	--	$139.88	--	--	--	--
Development Cost Per Unit	--	--	$109,070	--	--	$109,070	--	--	--
Parking	**Retail**	**Office**	**Apartment Units - 3 - story flat**	**Townhome Units**	**Residential Units Part of Mixed Use**	**Live/Work Units**	**Total**	**Parking**	**Total w/ Parking**
Number of Parking Spaces - Surface								659	
Cost Per Space (surface parking)								$2,000	

Figure 25: Morgan Boulevard, Proposed Mixed-Use Development South of Metro Line, Residual Value Analysis (continued)

South of Metro Line									
Parking	**Retail**	**Office**	**Apartment Units - 3 - story flat**	**Townhome Units**	**Residential Units Part of Mixed Use**	**Live/Work Units**	**Total**	**Parking**	**Total w/ Parking**
Total Cost - Surface Parking								$1,318,000	
Number of Parking Spaces - Structured (excludes Metro parking)								1,470	
Cost Per Space (structured parking)								$20,000	
Total Cost - Structured Parking								$29,400,000	
Subtotal Parking								$30,718,000	
Total Building Development Cost	$19,681,116	$34,830,120	$14,070,030	$15,578,711	$25,474,616	$5,017,220	$114,651,814	$30,718,000	$145,369,814
Revenues and Expenses	**Retail**	**Office**	**Apartment Units - 3 - story flat**	**Townhome Units**	**Residential Units Part of Mixed Use**	**Live/Work Units**	**Total**	**Parking**	**Total w/ Parking**
Monthly Rent Per Square Foot	--	--	$1.75		$1.75	$1.75			
Annual Rent Per Square Foot	$19.00	$22.00	$21.00	-	$21.00	$21.00			
Total Annual Rent	$2,158,690	$4,423,485	$2,316,195		$3,088,260	$1,101,240			
Operating Expenses as % of Revenue	--	25%	30%		30%	30%			
Total Operating Expenses	--	$1,105,871	$694,859	-	$926,478	$330,372			
Total Net Rent	$2,158,690	$3,317,614	$1,621,337	-	$2,161,782	$770,868	$10,030,290		$10,395,769
Townhomes	**Retail**	**Office**	**Apartment Units - 3 - story flat**	**Townhome Units**	**Residential Units Part of Mixed Use**	**Live/Work Units**	**Total**	**Parking**	**Total w/ Parking**
Average Unit Price				$290,000					
Average Price Per SF				$145					
Total Sales Revenue				$19,430,000					
Cost of Sales @ 4%				$777,200					
Total Net Sales Revenue				$18,652,800			$18,652,800		$18,652,800

Figure 25: Morgan Boulevard, Proposed Mixed-Use Development South of Metro Line, Residual Value Analysis (continued)

South of Metro Line									
Monthly Parking - Structured	**Retail**	**Office**	**Apartment Units - 3 - story flat**	**Townhome Units**	**Residential Units Part of Mixed Use**	**Live/Work Units**	**Total**	**Parking**	**Total w/ Parking**
% Monthly Spaces								50%	
Total Monthly Spaces								735	
Monthly Rate								$65.00	
Utilization Rate - Stabilized								85%	
Estimated Revenues								$487,305	
Operating Expenses as Percent of Revenue								25%	
Annual Net Operating Income								$365,479	
Capitalization Rate	9%	9%	9%	--	9%	9%		9%	9%
Indicated Value	$23,985,442	$36,862,375	$18,014,850	--	$24,019,800	$8,565,200	$130,100,467	$4,060,875	$134,161,342
Residual Value by Project	$4,304,326	$2,032,255	$3,944,820	$3,074,089	$(1,454,816)	$3,547,980	$15,448,653	--	$(11,208,472)
Residual Value per FAR Square Foot							$17	--	$(13)
Assumed land cost @ $275,000 per acre (48 acres)									$13,200,000
Infrastructure @ 15% of total cost									$25,653,497
Total Land and Infrastructure									$38,853,497

Appendix – Estimated Development Costs

Figure 26: Estimated Townhome and Apartment Construction Costs – Stand Alone Residential Buildings

	Townhomes	Apartments
	Assumptions	**Assumptions**
Total Units	33	60
End Units	10	--
Interior Units	23	--
Efficiency Factor	100%	90%
Average Unit Size	2,000	900
Unit Detail		
Total Floor Area (square feet)	2,000	60,000
Quality	Very Good	Very Good
Style	Two Story	Three Story
Exterior Wall	Masonry, Face Brick	Frame, Siding, Vinyl
Plumbing Fixtures	9	6 per unit
Heating/Cooling	Forced Air Furnace	Baseboard, hot water
Parking	Built-in Garage	--
Appliances	Allowance	Allowance

	Townhomes	Apartments
Unit Detail	**Assumptions**	**Assumptions**
Cost and Area Multiplier	1.09	1.09
Unit Cost - Interior	$183,027	
25% Contractor/Arch Fees	$45,757	
Total Unit Cost - Interior	$228,784	
Total Cost - 23 Units	$5,262,026	
Unit Cost - Exterior	$195,537	
25% Contractor/Arch Fees	$48,884	
Total Unit Cost - Exterior	$244,421	
Total Cost - 10 Units	$2,444,213	
Estimated Total Townhome Cost	$7,706,239	
Estimated Cost		$5,235,368
25% Contractor/Arch Fees		$1,308,842
Estimated Total Apartment Cost		$6,544,210
Estimated Overall Cost per Unit	$233,522	$109,070

Note: Costs include labor, materials, installed components for buildings. Does not include site preparation, infrastructure.

Source: Marshall & Swift, AECOM

Figure 27: Estimated Commercial Mixed-Use Construction Costs, Small Scale Mixed-Use Development

	Assumptions
Total Retail Space (square feet)	16,500
Total Office (square feet)	9,000
Total Commercial (square feet)	25,500
Efficiency Factor	85%
Detail	
Stories in Building	2
Type	Mixed-Use Retail w/ Office
Quality	Very Good
Estimated Base Structure Cost (per square foot)	$110.53
25% Contractor/Arch Fees	$27.63
Total Estimated Cost (per square foot)	$138.16
Total Estimated Cost	$3,523,144

Note: Costs include labor, materials, installed components for buildings. Does not include site preparation, infrastructure.

Source: Marshall & Swift, AECOM

Figure 28: Estimated Commercial Mixed-Use Construction Costs, Moderate- to Large Scale Mixed-Use Development

	Assumptions
Total Residential Space	146,824
Total Commercial (square feet)	119,800
Total Area (square feet)	266,624
Efficiency Factor	85%
Detail	
Stories in Building	3
Type	Mixed-Use Commercial w/ Residential
Quality	Excellent
Estimated Base Structure Cost (per square foot)	$111.90
25% Contractor/Arch Fees	$27.98
Total Estimated Cost (per square foot)	$139.88
Total Estimated Cost	$37,293,966

Note: Costs include labor, materials, installed components for buildings. Does not include site preparation, infrastructure.

Source: Marshall & Swift, AECOM

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION
PRINCE GEORGE'S COUNTY PLANNING DEPARTMENT
www.pgplanning.org

Subregion 4 (Central Avenue-Metro Blue Line Corridor) Transit-Oriented Development Implementation Project

Market and Transit-Oriented Development Potential, Priorities, and Strategies Study

PART IV: Action and Implementation Plan

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION
PRINCE GEORGE'S COUNTY PLANNING DEPARTMENT
www.pgplanning.org/pgco

July 2014

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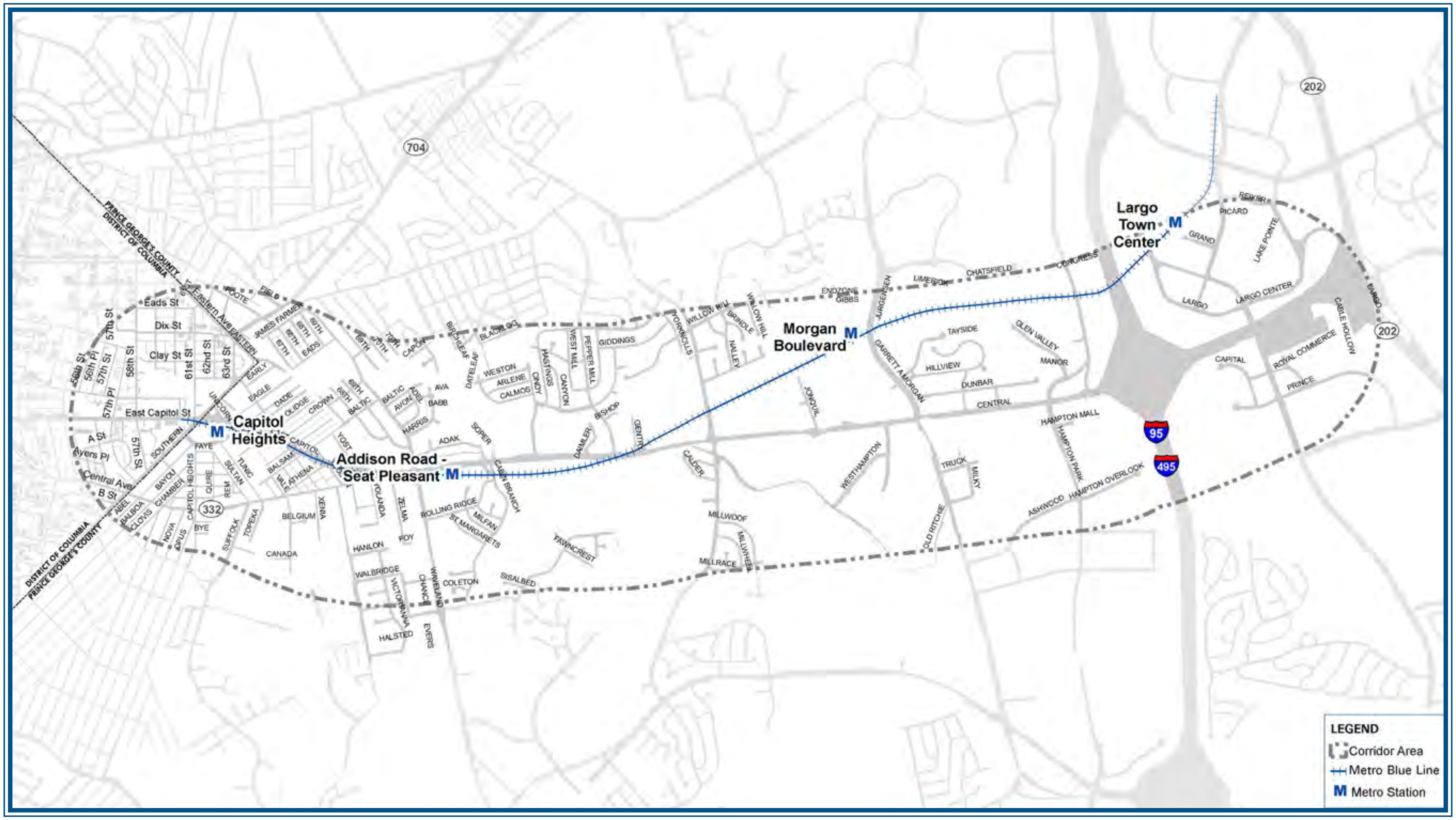
Introduction

The Maryland-National Capital Park and Planning Commission (M-NCPPC) prepared a Market and Transit-Oriented development (TOD) Potential, Priorities, and Strategies Study that will support the Subregion 4 Central Avenue-Metro Blue Line Corridor TOD Implementation Project. Planning at the station level will be formed by corridor-level planning and will include an analysis of the development potential at the following Blue Line Metro Stations: Capitol Heights, Addison Road-Seat Pleasant, and Morgan Boulevard. Development opportunities at the Largo Town Center station are further defined in the 2013 *Approved Largo Town Center Sector Plan and Sectional Map Amendment*. The Preliminary Subregion 4 Master Plan and Proposed Sectional Map Amendment encourages "medium to medium-high density, mixed-use, transit and pedestrian-oriented development."

The action and implementation plan, which is presented in this document, builds upon existing documentation and outlines market findings that will inform catalyst projects with a higher likelihood of implementation. The broader corridorwide real estate assessment frames the market opportunities for station-specific TOD strategies and priorities. The following report includes findings with respect to the market support for various land uses (e.g., residential, retail, office, and hospitality). We have also included a preliminary discussion of economic development tools that may be applied to specific TOD development opportunities. These tools represent a range of unique and traditional funding strategies, and will be explored in more detail during Phase II of the study, as actual catalytic projects are identified.

Figure 1: Blue Line Corridor Study Area



Plan Overview

The Transit-Oriented Development (TOD) Potential, Priorities, and Strategies Study supports the Subregion 4 Central Avenue-Metro Blue Line Corridor TOD Implementation Project. The first phase of the project looked at the potential market support for new development at four stations: Capitol Heights, Addison Road-Seat Pleasant, Morgan Boulevard, and Largo Town Center. The Subregion 4 Master Plan encourages "medium to medium-high density, mixed-use, transit and pedestrian-oriented development." The second phase of the project aligned market demand with potential catalytic projects at three of the four stations (Largo Town Center was not included since this station is undergoing a separate planning process). During this phase an analysis of the potential development economics associated with each of the proposed catalytic projects by phase was performed.

The findings of the previous stages have informed the following implementation recommendations and address issues such as funding, interagency cooperation, public/private partnerships, and policy recommendations. Also included are recommended approaches to developer recruitment for early stage proposals.

As described above, several projects are identified that are critical to the success of a revitalized Central Avenue Corridor. These projects are called "catalytic" because they have the potential to activate the corridor with new uses that are active throughout the day and evening. They can also create a domino effect of additional redevelopment/development in adjacent areas. The majority of projects are located in the public realm, so ideally, implementation can occur more quickly.

Implementation of Priority Projects

The Maryland-National Capital Park and Planning Commission has targeted TOD in the area through the establishment of a regulatory environment that encourages TOD, organizing and leading the necessary agencies and groups in order to educate and develop alliances, informing the public, and developing plans that are market ready and well integrated with necessary infrastructure improvements.

Sequence and Timing of Priority Projects/Economic Development Strategies

Capitol Heights

The residential project located at the southeast corner of Maryland Park Drive and Southern Avenue near the Capitol Heights site would appear to be the strongest short-term opportunity (zero to two years). The site is vacant, ownership is clear, the Redevelopment Authority supports the proposal, and housing represents the strongest market along the corridor.

Another viable short-term intervention at the Capitol Heights Metro Station is the development of an entryway treatment signaling the "gateway" to Prince George's County. The county should work with the Town of Capitol Heights to develop a design scheme and identify potential funding sources.

The mixed-use development strategy directly adjacent to the Capitol Heights Metro Station represents a longer term opportunity (three to

Top: Addison Road-Seat Pleasant Metro Station

Bottom: Capitol Heights Metro Station

ten years) and will require a collaborative effort led by WMATA and the county. Since WMATA also owns a key parcel adjacent to the Morgan Boulevard Station, it will be important for the county and WMATA to prioritize TOD efforts.

A longer-term strategy (three to ten years), but one that is important because of the site, is development at the northeast corner of Southern Avenue and Central Avenue. This site is important because it is located at the gateway to the county and directly proximate to the station. However, it is considered long-term because of the multiple property owners involved at the site. The county may want to consider assembling the parcels for future development. A viable alternative at the site may be a small cluster of dining establishments given the shortage of dining opportunities for residents in the area and excellent visibility along Central Avenue.

It is likely that proposed housing development to the south of the Metro site represents a mid- to long-term (two to ten years) strategy. The Town of Capitol Heights has assembled key parcels and may want to consider pursuing a housing developer for the site. As stated in the Market Findings Report, it is not likely that new retail development can be supported near both the Metro station and along Old Central Avenue given the proximity of the two sites.

Addison Road

A potential near-term opportunity (zero to two years) at Addison Road is the former ICON site located at the southwest corner of Addison Road and Central Avenue, near the Addison Road Metro stop. Previous plans called for a mixed-use development at the site, including 171 residential units and a library (The Commons at Addison Road). In addition to its proximity to the Metro stop, the site offers ideal exposure along Central Avenue. This study offers an alternative mixed-use development option that includes attributes more frequently associated with TOD, including a pedestrian plaza fronting Central Avenue, building frontage along Addison Road, and parking tucked behind the mixed-use buildings. The county should continue to work with the development community to refine the concept and secure development approvals. The county should stipulate requirements for workforce housing as part of the overall project design, encourage incorporation of open space/ plaza elements, and require connectivity to the Metro station located across Addison Road. The county may also want to look at potential ways to leverage new development at the site by contributing towards some of the costs of site related infrastructure (for example, through TIF or CIP funds).

Another near-term opportunity (zero to two years), and one that is all the more urgent given the proposed construction of a new Walmart just across the border, within the District of Columbia, is the enhancement of streetscape, the parking lot, connections across Central Avenue, and building façade improvements at Addison Road Plaza. County staff should work with the property owner to ensure that improvements are made as soon as possible. For those improvements that occur within the public right-of-way, the county should prioritize streetscape improvements (such as an improved intersection improvement across Central Avenue) within the Capital Improvement Plan for the county. The county may want to negotiate an agreement with the owner of the shopping center in order to implement the revitalization plan. In this way the owner could commit to some façade improvements and the county could contribute to infrastructure and/or parking lot upgrades.

Morgan Boulevard

The Morgan Boulevard site represents a strategic opportunity for TOD given public land ownership by The Maryland-National Capital Park and Planning Commission (to the north of the Metro line) and WMATA (to the south of the Metro line). Given the large scale of public land holdings, the county, together with WMATA, should continue to monitor potential large-scale land uses such as a General Services Administration (GSA) office development or institutional use. A large-scale, mixed-use development is a likely longer-term option (five to ten years). Again, WMATA owns a key parcel near the Metro station and discussions need to continue with WMATA in order to move potential projects forward.

Another option would be for the county to actively pursue other institutional uses at the Morgan Boulevard Metro site, rather than wait for large-scale development to occur. Hospitals, in particular, are increasingly developing satellite facilities for continuing care and out-patient services closer to where people live and work. County officials should contact local and regional hospitals regarding the availability of a potential site near the Morgan Boulevard Metro Station.

Given the relative success of nearby housing developments such as Victory Promenade, a possible option might include issuing an RFP for new housing development on the county-owned site as the first phase of a mixed-use strategy. This site could also potentially include some smaller scale service-oriented retail to serve the residents and Metro users, as well as some smaller scale office space as envisioned in the conceptual plans.

The county should also consider interim uses for the county/publicly owned property located near the Morgan Boulevard Metro, including the introduction of a farmers market (zero to two years). This strategy is aligned with the branding plan, which recommends a farmers market to both reinforce the history of the area and also to highlight the brand and its message. Interim uses also help to create interest in areas before development occurs, since the development process can take several years to implement.

A public market would help to create interest in the area around the Metro sites before development occurs. Since several sites are publicly owned, an interim use is a viable option. Moreover, it may be possible to continue operation of the public market at the site after development occurs because TOD encourages the incorporation of public meeting space into the overall design.

A significant number of public markets are publicly owned and operated by a separate authority or nonprofit organization. It is worth noting that many public markets are subsidized to some extent. However, this is not always the case. The Milwaukee Public Market, which is smaller in scale, became profitable after it turned over ownership of the market to the local BID.

Many markets supplement their income with event rentals, cooking classes, demonstration kitchens, and parking revenues. The Milwaukee Public Market supplements their revenue stream with event rentals, cooking classes, and special events such as public speakers and music concerts.

Morgan Boulevard Metro Station

Figure 2: Capitol Heights Conceptual TOD Opportunity Areas

PRELIMINARY DEVELOPMENT PROGRAM / PARKING

	OPPORTUNITY AREA	LAND USE	1ST FLR	2ND FLR	3RD FLR	4TH FLR	TOTAL	Parking Ratio	Parking	Parking Shown
N. OF CENTRAL AVE	A	APARTMENTS	20	20	20		60	1.5/unit	90	90
		TOWNHOMES		33			33	2/unit	SELF PARKS	SELF PARKS
	B	RETAIL	16,500				16,500	4.5/1000 sf	115	120
		OFFICE		9,000			9,000	4.5/1000 sf		
S. OF CENTRAL AVE (METRO BLOCKS)	C	RETAIL	65,400				65,400	4.5/1000 sf	294	690
		OFFICE	28,000	26,400			54,400	4/1000 sf	218	
		RESIDENTIAL		48	56		104	1.5/unit	156	
	D	TOWNHOMES		39			39	2/unit	78	180
		APARTMENTS	24	24	24	24	96	1.5/unit	144	
	E	TOWNHOMES		62			62	2/unit	SELF PARKS	SELF PARKS
								Total	1095	1080

Capitol Heights Conceptual TOD Opportunity Areas

CENTRAL AVENUE-BLUE LINE CORRIDOR
The Maryland-National Capital Park and Planning Commission|Prince George's County Planning Department

North — Scale in Feet 0 200 400

Figure 3: Potential Mixed-Use Catalytic Project at Capitol Heights Metro Station

Figure 4: Potential Residential Catalytic Project at Southern Avenue and Maryland Park Drive

Figure 5: Addison Road Conceptual TOD Opportunity Areas

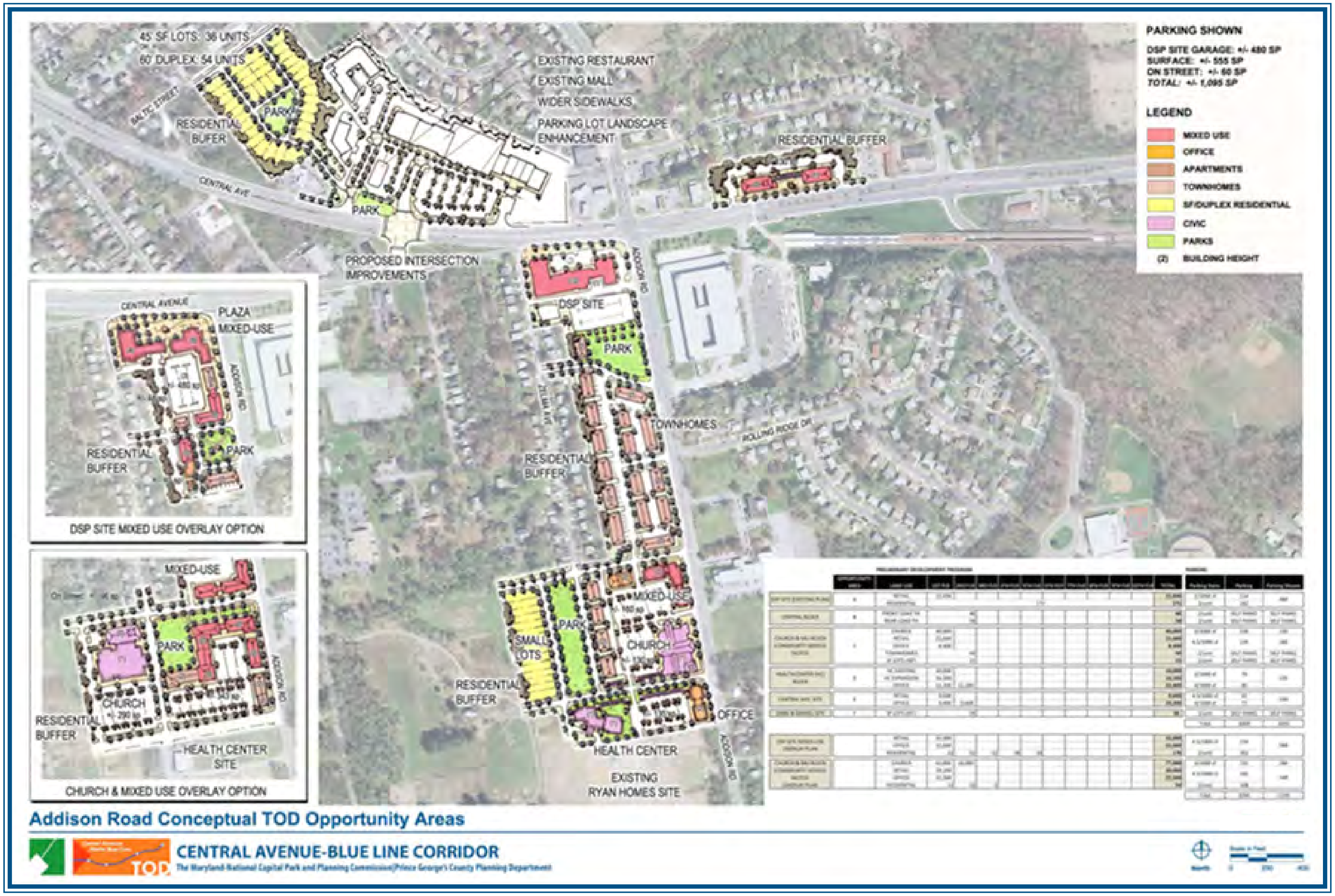


Figure 6: Proposed Mixed-Use Catalytic Project at Southwest Corner of Central Avenue and Addison Road

Figure 7: Morgan Boulevard Conceptual TOD Opportunity Areas

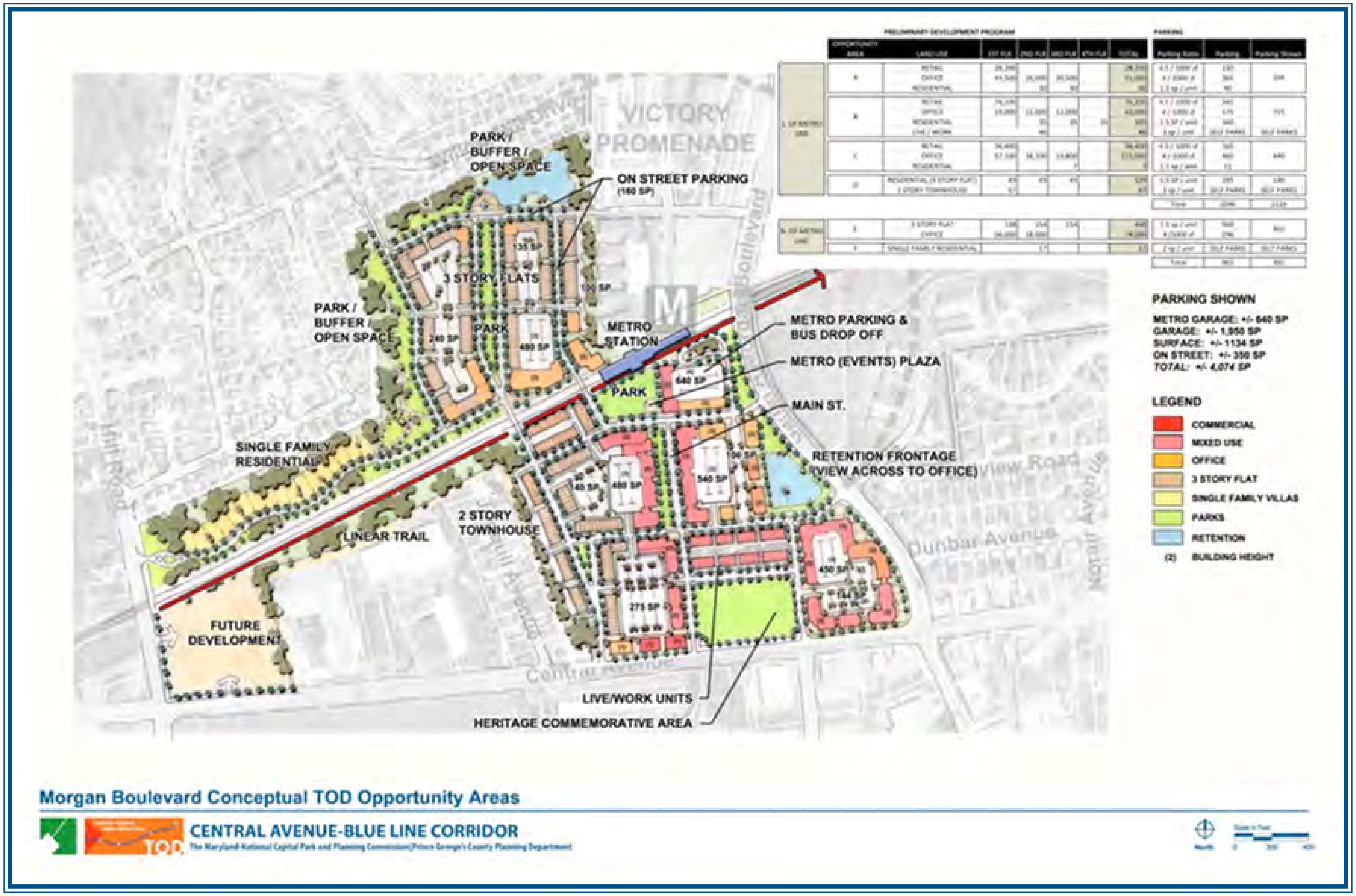


Figure 8: Proposed Mixed-Use Catalytic Project at Northwest Corner of Central Avenue and Morgan Boulevard

Implementation Strategies – Financing and Marketing, Corridorwide Strategies

...More than ten percent of low-income workers living near rail stations use transit as their primary commuter mode, or more than twice the rate of any other income group.

TOD Fund

As a first step to addressing transit-oriented development funding along the entire corridor, the county should consider the establishment of a TOD fund modeled after the Denver TOD fund. The program in Denver targeted the preservation and formation of affordable housing near transit locations and was financed, in part, by a MacArthur Foundation grant that was matched by the city. In the case of the Denver TOD fund, the Enterprise Community Partners is the financial manager of the fund. Based in Columbia, Maryland, Enterprise is a nonprofit that provides expertise for affordable housing by facilitating public-private partnerships with banks, governments, community organizations, and other appropriate partners. According to the Center for Transit-Oriented Development, more than ten percent of low-income workers living near rail stations use transit as their primary commuter mode, or more than twice the rate of any other income group (National TOD Database, Analysis of U.S. Census 2000).

Similarly, the Bay Area Transit-Oriented Affordable Housing (TOAH) Fund was established in the San Francisco area to provide financing for the development of affordable housing and community services near transit lines in the Bay Area. The fund allows developers to secure affordable capital to purchase or improve land near transit stations for housing, retail, and other community services (e.g., child care).

The county should look into initiating and managing a similar TOD fund, potentially partnering with other local jurisdictions. A first step could include meeting with the Enterprise Community Partners to discuss the potential for establishing a similar fund in the county. In Denver, Enterprise provided grant funding and also invested through the Enterprise Community Loan Fund.

Developer Roundtable

As soon as possible, the county should convene a developer roundtable to discuss the viability of the catalytic projects outlined in this study. The projects outlined thus far are conceptual in nature and should be tested in more detail regarding overall development programming, site planning options, financial feasibility, and timetables. A developer roundtable would also help to increase awareness of the county's interest in moving forward with development at the selected sites. It will also help to make the RFQ/RFP process more efficient by vetting the proposed plans.

As part of the vetting process, the county could also identify key public resources (e.g., libraries, educational centers, and community centers) that might anchor the proposed mixed-use developments at Capitol Heights and Morgan Boulevard. Conversations with potential developers can also generate useful ideas on how to build value into proposed transit development projects (e.g., shared parking).

Ongoing Sessions with WMATA

M-NCPPC should continue to meet regularly with WMATA regarding potential development opportunities at both the Capitol Height and Morgan Boulevard sites on land currently owned and controlled by WMATA. This could potentially include working with WMATA to streamline the RFQ/RFP process and also to advocate and promote TOD at the two sites. For example, in selecting private developers, WMATA has formal guidelines to evaluate projects; they want to increase ridership for stations and buses, increase revenue for the Authority, implement local master plans, and promote economic development. Like all transit agencies, WMATA has a vested interest in supporting TOD because it provides an opportunity to increase revenues through additional ridership and can also bolster their own property values. There needs to be a close working relationship between the county and WMATA so that roles are clearly defined and the process is transparent to the public and to potential joint partners, such as developers.

Like all transit agencies, WMATA has a vested interest in supporting TOD because it provides and opportunity to increase revenues through additional ridership and can also bolster their own property values.

The Maryland-National Capital Park and Planning Commission continues to work closely with the Town of Capitol Heights and the City of Seat Pleasant on planning strategies relevant to TOD, including moving ahead with a gateway at the Central Avenue gateway to Prince George's County and moving forward with plans for a mixed-use development adjacent to the Capitol Heights Metro Station. There needs to be a working relationship between the local municipalities and the county so that the process can continue to gain momentum and so that all interests are considered in negotiations moving forward.

Discussions with the Enterprise Community Partners

As mentioned in the Phase I report, there may be an opportunity to work with Enterprise Community Partners to help secure gap financing for the proposed housing project located along Maryland Drive. The county could help facilitate discussions between a potential developer at the site and Enterprise Community Partners with respect to, for example, their Loan Fund, which provides interim financing for affordable housing developers. The Loan Fund includes programs that provide loans for financing

There needs to be a working relationship between the local municipalities and the county so that the process can continue to gain momentum and so that all interests are considered in negotiations moving forward.

pre-construction costs, acquisition loans, and equity bridge loans for low-income housing tax credit and historic tax credit projects.

Enterprise also works with developers to help finance new construction with the use of Low Income Housing Tax Credits. Enterprise also facilitates the construction of low income housing through New Market Tax Credits (a program that is currently awaiting congressional renewal) as well as through equity investment.

Consider formation of an Urban District

The county should consider formation of an Urban District as part of the branding plan and as a way to increase the overall competitiveness of the area. Although Maryland does not authorize Business Improvement Districts (BIDs), several jurisdictions have formed Urban Districts (such as Silver Spring and the Bethesda Urban Partnership), which are subject to an Urban District Tax, similar to a BID assessment. The Downtown Partnership of Baltimore oversees the Downtown Management Authority (DMA) and the delivery of programs for an 106-block DMA district. Commercial property owners in the DMA fund these services through an annual surcharge of 21.39 cents per $100 of assessed property value. Similar to most BIDs, the Downtown Partnership of Baltimore works to enhance the public realm and streets, assist in business retention and attraction, and ensure the economic vitality of the area.

Typical services include marketing and promotional events (which could be tied in with branding efforts), capital improvements, security, management, and maintenance. Care must be taken when working to establish the boundaries of the organization, ensuring that everyone is educated regarding the advantages and role of the Urban District/BID. It may be desirable to establish a corridorwide BID, or establish one for portions of the corridor (e.g., initial focus on the west end, encompassing Capitol Heights and Addison Road).

BIDs or Urban Districts are typically set up as 501(c)(3) nonprofit organizations. Board members typically include a mix of property owners, tenants, residents, and government representatives. As mentioned, funding is usually generated from a tax levied on local properties located within the BID/Urban District area, and can be supplemented with earned income (e.g., special event programming), foundation grants, and other programs. The Bethesda Urban Partnership receives a portion of their revenues from parking (meters, tickets, and a parking tax on developers that do not provide parking).

The planning stages of establishing a BID/Urban District include the following:

- Form a steering committee to guide the process
- Develop a preliminary database of property owners and commercial tenants
- Define the needs and goals for the various stakeholders so that these are reflected in the BID/Urban District initiatives.
- Estimate the potential program costs for the initiative by clarifying the relevant services to be covered (removing litter and graffiti, repairing fixtures and furniture, hiring supplementary street guides or security, business recruitment, etc.).
- Define the appropriate local operating organization and define how stakeholders should be represented in the process.
- Generate preliminary alternative assessment formulas, including alternatives based upon front footage along arterial streets, built floor space, or assessed value.

Adjust Parking Standards to Take Transit Usage into Account

The TOD areas should include adequate, preferably structured, parking facilities that do not dominate the transit station area or consume large amounts of land.

- Reduce or eliminate off-street parking requirements for developments within easy walking distance of transit stations. Many TOD ordinances have reduced parking by 25 percent or more, depending on how high the "standard" requirements are.
- Place a maximum limit (cap) on the amount of surface parking that may be developed. Some ordinances have established caps of 125 percent above the required minimum, or have even set the typical minimum as a maximum, while permitting a reduction in parking.
- Encourage shared parking between businesses when peak times or hours of operation differ.
- Limit all-day parking in transit station core areas. Encourage the use of short-term, on-street parking.
- Place surface parking at the rear of buildings or in the interior of blocks. Parking access and parking areas should not occupy more than one-third of the street frontage per block.
- Screen surface parking from view with low decorative fences, walls, or hedges. Require internal landscaping and recognizable, well-lit pedestrian paths within large parking lots.

Proposed Mixed-Use Projects at Morgan Boulevard Metro Station, Addison Road Metro Station and Capitol Heights Metro Station

The following funding mechanisms are potential tools that can be used at all three of the mixed-use projects proposed at Morgan Boulevard, Addison Road, and Capitol Heights. All three projects have assumed a mix of market rate and affordable housing. Therefore, the affordable housing programs are applicable at all three stations. Since it is assumed that the proposed mixed-use projects at each station will occur as some form of public/private development, the exact tools that will be applied are not known until a developer has been selected and pre-development begins at each of the stations. As reflected in the Market Report case studies, most TOD projects require some mix of private equity, state and local grants and loan programs, tax credits, and public contributions.

Large-scale, mixed-use development is complex and can take years to come to fruition. It is not yet clear which station may see new mixed-use development first. Since the former ICON site has experienced the most activity to-date from the private sector, the Addison Road site may be the most likely first candidate. As highlighted above, the county should also continue to work with WMATA to establish which Metro site is a priority for TOD development. It is assumed that, among the three stations, Morgan Boulevard is the most likely candidate for priority designation by WMATA, especially if outside interest by the GSA or a large institution emerges. Even if it becomes clear that a single use is not likely at Morgan Boulevard, the county and WMATA should move ahead by securing private developer interest in the site.

The county can use the master plans vetted through the current planning process to open discussions with developers and also as part of the RFP process described below. It is critical to stress the importance of engaging the development community as soon as possible regarding potential opportunities at the three stations. As discussed in the Market Findings Report, we currently see an undersupply of eating establishments throughout the corridor; restaurants and dining facilities represent a likely candidate for developers as the development process evolves. Also mentioned in the Market Findings Report, social and community-oriented space can be critical in generating pedestrian activity at TOD sites. Therefore, the county and local jurisdictions should determine the need/feasibility of developing new public/ community facilities as part of TOD at any of the proposed mixed-use sites. A new school, library, or jobs training center, just to name a few, could be important anchors at any one of the proposed mixed-use sites.

TIF has been widely used throughout the country and is a tool that allows local governments to publicly finance needed public improvements within a defined area.

Funding Mechanisms and Financial Incentives

1. Consider the formation of station TIFs (tax increment financing) or special-improvement district, allocating incremental tax revenues or special assessments to the funding of targeted capital improvements. TIF has been widely used throughout the country and is a tool that allows local governments to publicly finance needed public improvements within a defined area. The initial capital costs for improvements are repaid by the collection of future property and/or sales tax revenues by each of the taxing units that levy taxes against the future developments.

   In the State of Maryland, the typical TIF process is as follows:

   - Define TIF District. It is normally most beneficial to establish a separate TIF district for each proposed mixed-use development at each Metro station. Typically a "finding of necessity" for establishing the TIF district is also required.
   - Establish base assessed value. This step locks in the current tax base when calculating the TIF revenues.
   - Specify funded improvements. In this step, the administering agency defines exactly which improvements will be funded through the TIF.
   - Issue non-recourse bonds. These bonds are secured by collateral, which limits liability to value of debt. Non-recourse debt is typically used to finance commercial real estate ventures that involve long loan and development periods. Revenue bonds are sold so that funds are available for "front-end" expenses; typically on infrastructure improvements.
   - Make public purpose improvements as specified in Step 3.
   - TIF revenues to special fund. Bonds are retired with the revenues deposited into the special fund in the form of incremental increases in property tax revenues.
   - Bonds repaid. The process is initiated by the local jurisdiction.

The State of Maryland allows tax increment financing for infrastructure improvements such as roads, utilities, lighting, and parks; government buildings; public parking garages; land acquisition; convention and conference centers (Prince George's County only); and capital and operating costs of infrastructure supporting TOD. TIF financing was used at the National Harbor to help finance public infrastructure. The total project cost was $2 billion, including 7.3 million square feet of development. TIF revenues are pledged to fund improvements specified at the beginning of the process and the bonds are not backed by government full faith and credit. After the bonds are repaid, the TIF revenues revert back to the local jurisdictions.

2. Based on a survey of joint development projects that have produced affordable housing units (FRESC – formerly Front Range Economic Strategy Center, Enterprise Community Partners), the majority used low-income housing tax credits (LIHTC) to finance a portion of the project. Tax credits are issued through the Maryland Department of Housing and Community Development on a competitive basis to nonprofit and for-profit sponsors. All low-income projects must meet stated requirements regarding tenant income and the percent of units allocated to low income tenants. The local government is required to formally approve the development and also make a contribution that "materially reduces the project's development or operating costs."

3. Look into the Federal Home Loan Banks' Affordable Housing Program (AHP) as a source of grant funding for affordable housing. The program is funded with ten percent of the banks net income annually and the funds can be used in conjunction with the low-income housing tax credits.

4. The Maryland Department of Housing and Community Development offers several programs that assist with the financing development of low-income housing, including the HOME program. The program, which was established by the federal National Affordable Housing Act of 1990, finances construction, acquisition, and rehabilitation of rental and owner-occupied housing. Projects funded through the HOME program must meet federal HOME regulations. The Multifamily Bond Program offers below-market rate construction and permanent financing for developments that set aside a portion of the housing units developed for limited-income households.

5. Other ways to fill the funding gap and improve overall project feasibility include reducing development costs, reducing operating costs, or reducing risk.

   Development costs can be reduced through the use of development subsidies, or grants. Project funding grants typically originate at the state or federal level under the auspices of various programs for infrastructure development, targeted economic development funds, etc. Grants are often used to fund a part of the project that is likely to produce public benefits, such as parking facilities and infrastructure. It may be possible to apply Federal Transit Administration (FTA) grants to help fund needed infrastructure improvements (e.g., parking structures) at Morgan Boulevard and Capitol Heights.

   Site assembly and acquisition is a key up-front cost of development projects, and since most of the catalytic projects are located on public property, the write-down of land costs is a viable option for attracting mixed-use development to the Morgan Boulevard Metro Station site as well as the Capitol Heights site.

   Infrastructure is a key development hurdle and one of the most effective forms of increasing project feasibility is through public-sector financing and the construction of new infrastructure. Capital Improvement Program (CIP) funding is a traditional source of financing for infrastructure associated with TOD, including improvements to the existing transportation network. The county would have to make transit-related improvements a priority among other necessary infrastructure improvements. This will ensure that the necessary improvements are made in order to facilitate private sector development.

   Property taxes form one of the most important operating cost categories. Although it can be politically difficult to implement, *Infrastructure is a key development hurdle and one of the most effective forms of increasing project feasibility is through public-sector financing and the construction of new infrastructure.*

tax abatement or tax exemption programs can be used to help defray operating costs. In many cases, property taxes will be phased in over time as the project becomes more successful. An Urban District, as described earlier, would also help to lower some of the operating costs typically covered by a project's operating budget (e.g., marketing, advertising, and special events programming). At the local level, Community Development Block Grant (CDBG) funds are common sources of targeted grants for development projects.

Risk reduction techniques include streamlining the development process. This is discussed in greater detail later.

Developer Recruitment at the Three Mixed-Use Sites

Since the county has already completed a thorough planning process for the Blue Line Metro sites, we recommend a two-step developer recruitment process, as described below.

Request for Qualifications

A request for qualifications (RFQ) is, in part, a sales tool, which is designed to convey a sense of the project's potential as both an investment and as a contribution to the quality of the neighborhoods and county. The obvious objective is to generate responses from the best qualified development teams, but also to test the validity of the work completed to date and to generate additional insights and ideas regarding the project.

The specific components of an RFQ should include the following:

- A personal invitation from the County Executive to respond.
- A summary overview of the project initiative and its physical, social, and economic context.
- A clear description of the site.
- A summary of the site development strategy.
- Development objectives: programmatic, design, and financial.
- Development program options.
- Selection criteria and selection process.
- Schedule.
- Submittal requirements.

Importantly, respondents should be able to prepare a competitive response to the RFP in a reasonable time frame and at reasonable cost. The two greatest potential pitfalls of an RFQ are either requiring too extensive an effort on the part of respondents, or failing to sufficiently describe the requirements of the county. Developers have choices, and recent experience shows that remaining competitive in public-private proposals will ultimately require significant cost and time. The county must put forth a well-documented, well organized, attractive package to draw high-quality responses. In our view, these sites are capable of generating a national response. An expected time frame for the completion of an RFQ process, through development of a short-list of perhaps five qualified respondents, is about two months.

Request for Proposals

The request for proposals (RFP) process should be designed to convince short-listed firms that a serious, sustained effort to produce a compelling proposal is in their best interest. The county needs to send the message that the public partners in the project recognize the imperatives of private investment.

At the same time, of course, prospective developer partners are being asked in this process to conform to the county's vision of the project. The county should initiate this process by sharing their prior analytical and planning work with the short-listed teams.

The RFP should also include an affordable housing goal, or it should be stated that developers responding with affordable housing components will be given preference during selection of the project developer.

The RFP must also convince short-listed teams that the county is organized to deliver on their obligations: delivery of an unencumbered property interest, timely development approvals, constructive mechanisms for managing community input, and some sense of the categories and rough magnitude of expected financial incentives.

Developers should be asked in this stage to develop a fairly detailed development concept and financing plan. This typically requires them to engage the services of a professional planning team. Proposal submissions should outline the qualifications of any team members not already identified in the RFQ response.

In addition, responses should include the following components:

- A detailed description, and visual depiction, of the developer's project concept, including the development program, schematic site and building plans, sections, elevations, phasing plans, and a preliminary sense of building materials.

- A project budget, including all hard and soft costs by category.

- A marketing and leasing plan that includes evidence of any tenant commitments.

- A proposed financing plan, including a statement of sources and uses of funds that clearly outlines the form, magnitude, and timing of any expected public resources, a multi-year cash flow analysis, and a statement of expected developer returns. Developers should demonstrate clear evidence of the capability of attracting sufficient equity and debt financing for the project.

- A project management plan, including a full description of the proposed development process, through final delivery of the completed project. This should include a detailed timeline and project schedule that clearly identifies the critical actions required by the county.

The RFP must also contain a complete description of the developer selection criteria and the process by which developer partners will be selected. It is customary to interview short-listed teams and to visit their previous projects before making a final selection.

The experience of other cities suggests that this two step RFQ/RFP process typically takes from four to six months to complete.

In the end, establishing effective partnerships with the appropriate stakeholders should reduce complications and decrease the time necessary to deliver a joint development project.

Working with the Development Community

Once a developer is selected, the developer and county (and/or WMATA) might consider establishing a preliminary agreement of the intent to negotiate that defines the process for reaching a final agreement. These agreements can include exclusive dealings agreements (EDAs), letters of intent (LOI) or memoranda of understanding (MOU). The preliminary agreement outlines the roles and responsibilities of the respective parties while they negotiate a formal development agreement, which can occur during the preliminary site design approval process. A preliminary agreement provides a level of certainty to the developer, while requiring them to meet certain milestones as a precursor to finalizing a development agreement.

Involving necessary stakeholders at appropriate times during this stage should give all participants the opportunity to resolve outstanding issues and improve the odds of garnering support for the development plan and development agreement. In the end, establishing effective partnerships with the appropriate stakeholders should reduce complications and decrease the time necessary to deliver a joint development project.

Another method of working effectively with the development community is based on a program instituted in Austin, Texas. The program is called SMART (Safe, Mixed- Income, Accessible, Reasonably Priced, Transit-Oriented) Housing. The program allows for fee waivers for certain items as well as expedited reviews for developers of housing projects that meet established criteria. As an example, city fees are waived on a sliding scale based on the percent of units that are "reasonably priced." The families being served earn no more than 80 percent of median family income and spend no more than 30 percent of their gross income on housing.

In order to ensure that units remain affordable, city administrators are looking at extending the initial five-year affordability requirement. They are also looking at the potential for setting up a community land trust where the public entity owns the land and partners with a developer. The land is leased to the homeowner for a nominal amount and the long-term lease restricts resale to prequalified buyers.

Expedited development review is a powerful tool because developers often state that the lengthy permitting process can make TOD prohibitive. Developers often cite the length of the review and permitting process as a barrier to implementing transit-oriented development, which makes strategies such as one-stop TOD shops, removal or consolidation of steps in the review process (a "green tape" program), or conducting some of the permitting steps in advance of the development proposal, incentives for TOD. Similarly, team inspections allow the developer an assessment of all major permitting issues before a building plan is submitted for review. Along the same lines, reduced development fees also offer an incentive for developers involved in TOD.

The county should have flexibility when selecting a developer, and should also incorporate potential fiscal and economic impacts into the overall assessment of the proposal. Finally, the county should be prepared to use a range of contractual agreements in formalizing a relationship with the chosen developer.

Land Use Implications

The proposed catalytic projects, as presented earlier, were reviewed in terms of existing zoning and the Subregion 4 Master Plan land use recommendations. The following tables represent potential changes in land use based on the proposed catalytic projects in and around three of the four blue metro stations. The future land uses presented for the purposes of this document do not use some the county's traditional land use categories and are specifically focused on the exact use and/or type of structure. The future land use recommendations may require future rezoning to achieve the proposed type of development.

Capitol Heights Area:

Property Locations	Existing Zoning	Sub 4 Plan Land Use Recommendations	Future Land Use Recommendations
Opportunity Area A - Townhomes and Apartments			
Maryland Park Drive	R-55 (TDOZ)	Med-High Density Residential	Multifamily Residential
Opportunity Area B - Retail and Office			
Southern Avenue	R-35 (TDOZ)	Mixed-Use Residential	Neighborhood Commercial
Viola Place	R-35 (TDOZ)	Mixed-Use Residential	Neighborhood Commercial
Unicorn Place	R-35 (TDOZ)	Mixed-Use Residential	Neighborhood Commercial
Opportunity Area C - Retail Office Residential			
Eagle Street	M-X-T (TDOZ)	Mixed-Use Residential	Mixed Use
Opportunity Area D - Townhomes and Apartments			
Southern Avenue	C-S-C (TDOZ)	Mixed-Use Residential	Multifamily Residential/Apartments
Southern Avenue	C-S-C (TDOZ)	Mixed-Use Residential	Multifamily Residential/Townhomes
Cavalier Street	C-S-C (TDOZ)	Mixed-Use Residential	Multifamily Residential/Townhomes
Akin Avenue	C-S-C (TDOZ)	Mixed-Use Residential	Multifamily Residential/Townhomes
Opportunity Area E - Townhomes			
Capitol Heights Boulevard	C-O (TDOZ)	Mixed-Use Residential	Multifamily Residential
Capitol Heights Boulevard	C-S-C (TDOZ)	Mixed-Use Residential	Multifamily Residential
Capitol Heights Boulevard	C-A (TDOZ)	Mixed-Use Residential	Multifamily Residential
Dole Street	R-55 (TDOZ)	Mixed-Use Residential	Multifamily Residential
Emmet Street	C-O (TDOZ)	Mixed-Use Residential	Multifamily Residential
Faye Street	C-O (TDOZ)	Mixed-Use Residential	Multifamily Residential
Quire Avenue	C-O (TDOZ)	Mixed-Use Residential	Multifamily Residential

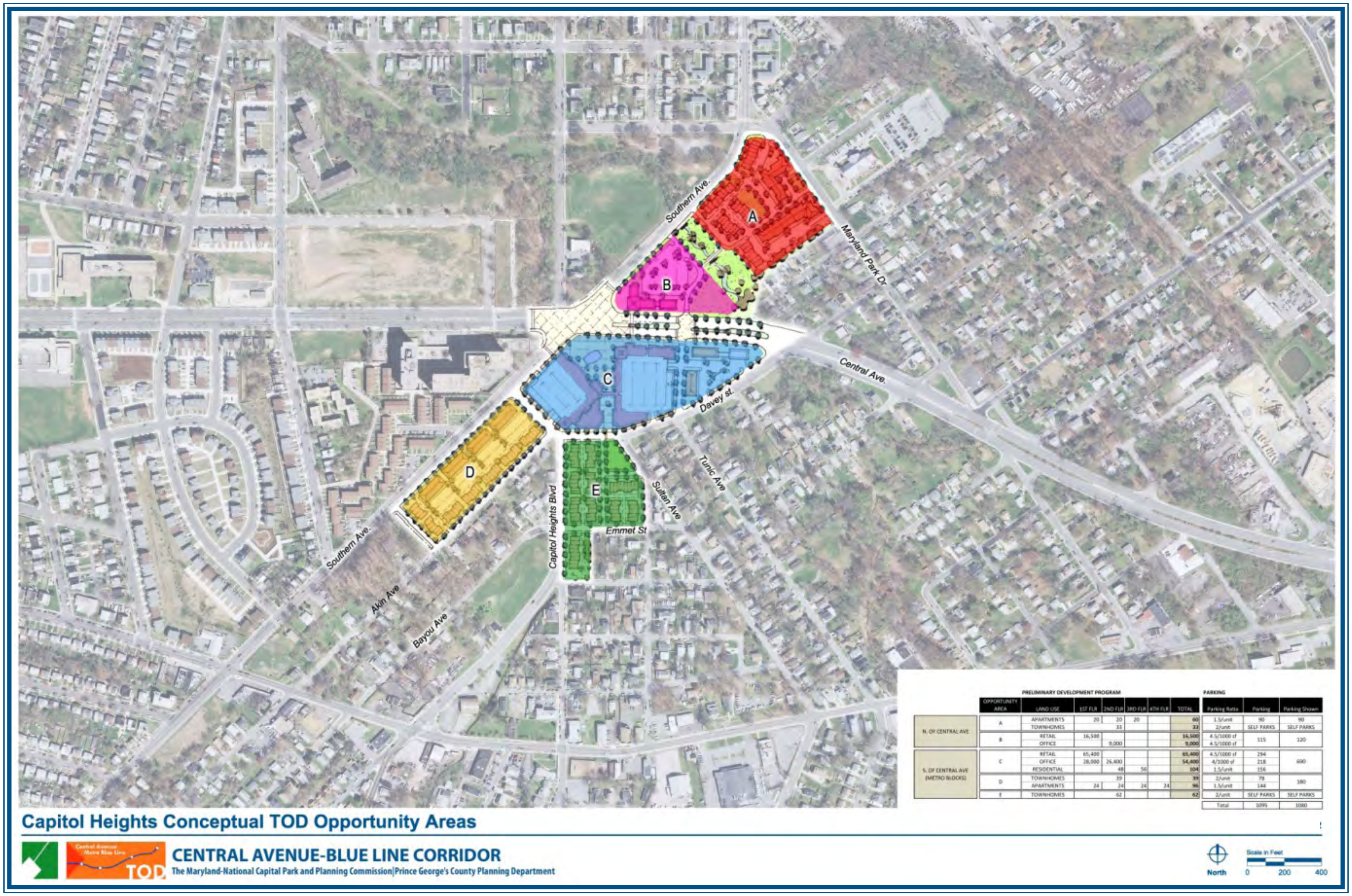
Addison Road Area:

Property Locations	Existing Zoning	Sub 4 Plan Land Use Recommendations	Future Land Use Recommendations
Opportunity Area A – Existing Planned Area (DSP)			
Central Avenue	C-S-C (DDOZ)	Mixed Use Residential	Mixed Use Residential
Opportunity Area B – Central Block			
S. Addison Road	C-S-C (DDOZ)	Mixed Use Residential	Multifamily Residential/Townhomes
Dawn Place	C-S-C (DDOZ)	Mixed Use Residential	Multifamily Residential/Townhomes
Opportunity Area C - Church and Community			
Addison Road	R-T (DDOZ)	Mixed Use Residential	Mixed Use
Opportunity Area D – Health Center Block			
Walbridge Road	M-U-I (DDOZ)	Mixed Use Residential	Mixed Use, Office
S. Addison Road	R-55 (DDOZ)	Mixed Use Residential	Mixed Use, Office
Opportunity Area E – Central Avenue Site			
Central Avenue	C-S-C (DDOZ)	Mixed Use Commercial	Mixed Use, Office/Retail
Opportunity Area F – Sand and Gravel Site			
Yost Place	C-S-C (DDOZ)	Mixed Use Residential	Mixed Use Residential

Morgan Boulevard Area:

Property Locations	Existing Zoning	Sub 4 Plan Land Use Recommendations	Future Land Use Recommendations
Opportunity Area F – North of Metro			
Central Avenue	R-55	Mixed Use Commercial	Single Family Residential
Opportunity Area E – North of Metro			
Jonquil Street	R-O-S	Mixed Use Commercial	Mixed Use Residential and Office
Opportunity Area A – South of Metro			
Central Avenue	M-U-I (TDOZ	Commercial	Mixed Use - Office, Retail, Residential
Central Avenue	M-U-I (TDOZ)	Mixed Use Residential	Mixed Use - Office, Retail, Residential
Garrett A. Morgan Boulevard	M-U-I (TDOZ)	Mixed Use Residential	Mixed Use - Office, Retail, Residential
Opportunity Area B– South of Metro			
Central Avenue	M-U-I (TDOZ)	Mixed Use Residential	Mixed Use - Office, Retail, Residential
Opportunity Area C – South of Metro			
Garrett A. Morgan Boulevard	M-U-I (TDOZ)	Mixed Use Residential	Mixed Use - Office, Retail, Residential
Central Avenue	M-U-I (TDOZ)	Mixed Use Residential	Mixed Use - Office, Retail, Residential
Opportunity Area D – South of Metro			
Central Avenue	M-U-I (TDOZ)	Mixed Use Residential	Mixed Use Residential, Apartments and Townhomes
Jonquil Street	R-55	Mixed Use Residential	Mixed Use Residential, Apartments and Townhomes
Opportunity Area G – South of Metro			
Central Avenue	M-U-I (TDOZ)	Mixed Use Residential	Mixed Use

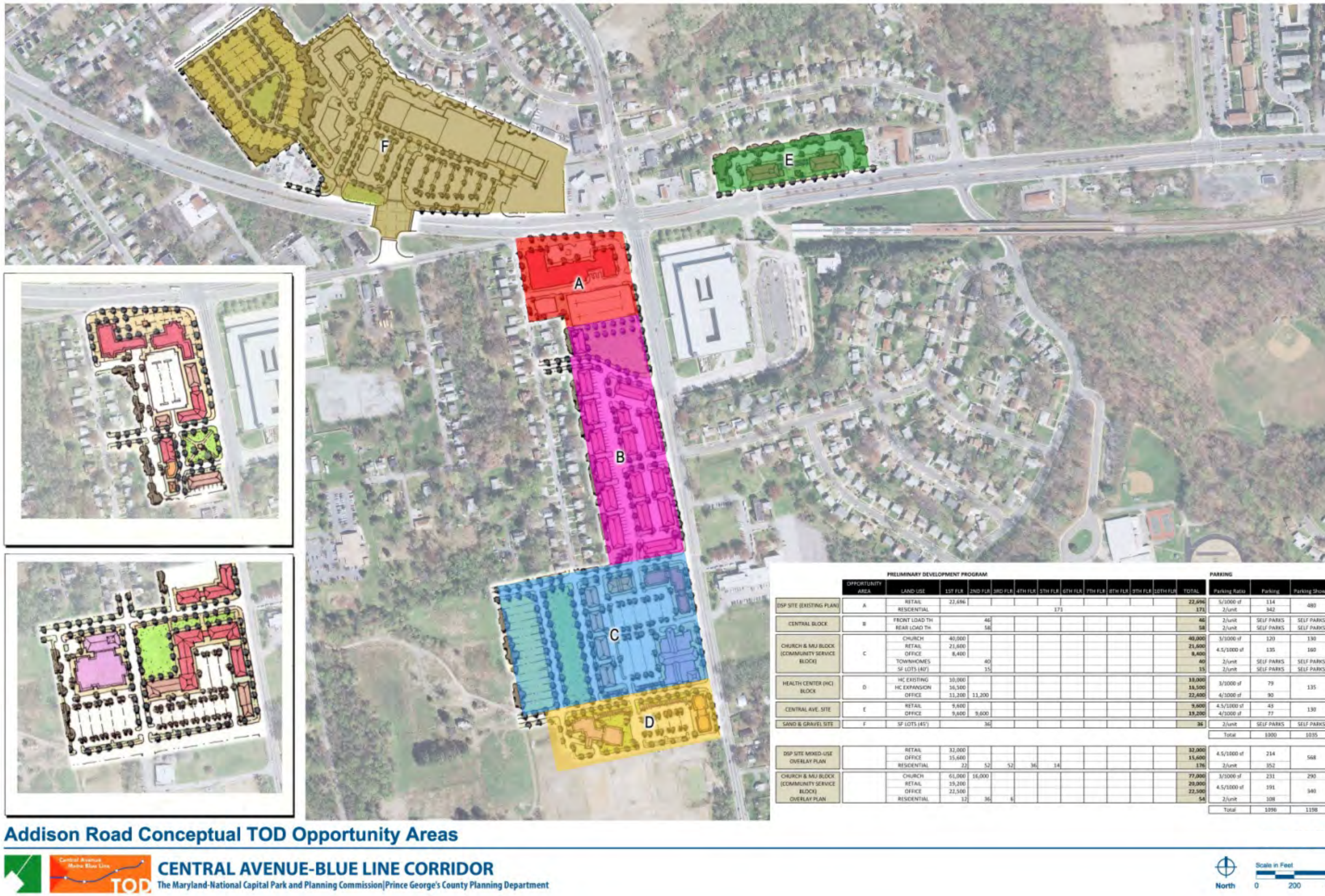
Figure 9: Capitol Heights Catalytic Projects by Phase



PRELIMINARY DEVELOPMENT PROGRAM / PARKING

	OPPORTUNITY AREA	LAND USE	1ST FLR	2ND FLR	3RD FLR	4TH FLR	TOTAL	Parking Ratio	Parking	Parking Shown
N. OF CENTRAL AVE	A	APARTMENTS	20	20	20		60	1.5/unit	90	90
		TOWNHOMES		33			33	2/unit	SELF PARKS	SELF PARKS
	B	RETAIL	16,500				16,500	4.5/1000 sf	115	120
		OFFICE		9,000			9,000	4.5/1000 sf		
S. OF CENTRAL AVE (METRO BLOCKS)	C	RETAIL	65,400				65,400	4.5/1000 sf	294	690
		OFFICE	28,000	26,400			54,400	4/1000 sf	218	
		RESIDENTIAL		48	56		104	1.5/unit	156	
	D	TOWNHOMES		39			39	2/unit	78	380
		APARTMENTS	24	24	24	24	96	1.5/unit	144	
	E	TOWNHOMES		62			62	2/unit	SELF PARKS	SELF PARKS
								Total	1095	1080

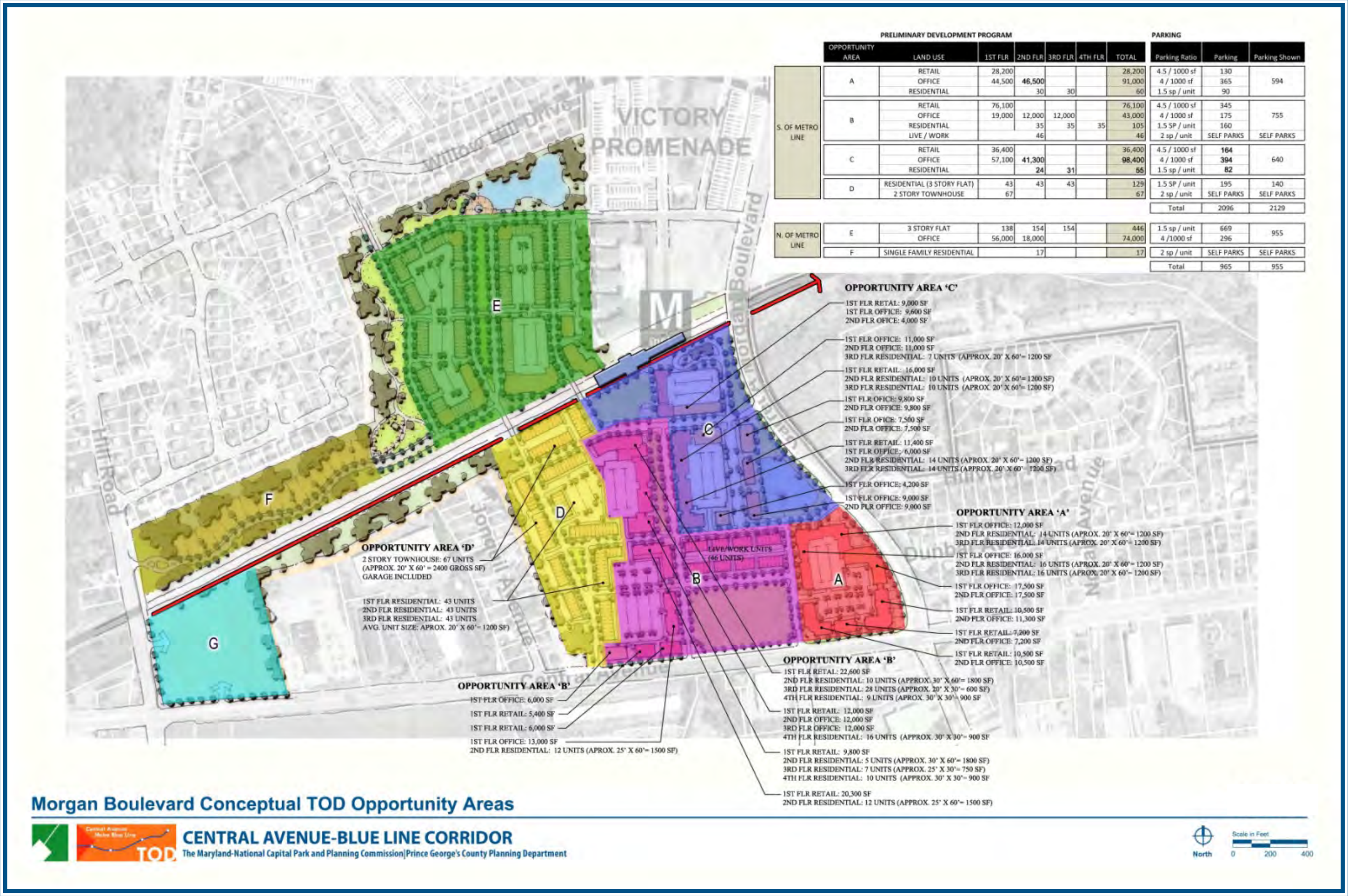
Figure 10: Addison Road-Seat Pleasant Catalytic Projects by Phase



PRELIMINARY DEVELOPMENT PROGRAM / PARKING

	OPPORTUNITY AREA	LAND USE	1ST FLR	2ND FLR	3RD FLR	4TH FLR	5TH FLR	6TH FLR	7TH FLR	8TH FLR	9TH FLR	10TH FLR	TOTAL	Parking Ratio	Parking	Parking Shown
DSP SITE (EXISTING PLAN)	A	RETAIL	22,696										22,696	5/1000 sf	114	480
		RESIDENTIAL	171										171	2/unit	342	
CENTRAL BLOCK	B	FRONT LOAD TH	46										46	2/unit	SELF PARKS	SELF PARKS
		REAR LOAD TH	58										58	2/unit	SELF PARKS	SELF PARKS
CHURCH & MU BLOCK (COMMUNITY SERVICE BLOCK)	C	CHURCH	40,000										40,000	3/1000 sf	120	130
		RETAIL	21,600										21,600	4.5/1000 sf	135	160
		OFFICE	8,400										8,400			
		TOWNHOMES	40										40	2/unit	SELF PARKS	SELF PARKS
		SF LOTS (40')	15										15	2/unit	SELF PARKS	SELF PARKS
HEALTH CENTER (HC) BLOCK	D	HC EXISTING	10,000										10,000	3/1000 sf	79	135
		HC EXPANSION	16,500										16,500			
		OFFICE	11,200	11,200									22,400	4/1000 sf	90	
CENTRAL AVE. SITE	E	RETAIL	9,600										9,600	4.5/1000 sf	43	130
		OFFICE	9,600	9,600									19,200	4/1000 sf	77	
SAND & GRAVEL SITE	F	SF LOTS (45')	36										36	2/unit	SELF PARKS	SELF PARKS
														Total	1000	1035
DSP SITE MIXED-USE OVERLAY PLAN		RETAIL	32,000										32,000	4.5/1000 sf	214	568
		OFFICE	15,600										15,600			
		RESIDENTIAL	22	52	52	36	14						176	2/unit	352	
CHURCH & MU BLOCK (COMMUNITY SERVICE BLOCK) OVERLAY PLAN		CHURCH	61,000	16,000									77,000	3/1000 sf	231	290
		RETAIL	19,200										20,000	4.5/1000 sf	191	340
		OFFICE	22,500										22,500			
		RESIDENTIAL	12	36	6								54	2/unit	108	
														Total	1090	1198

Figure 11: Morgan Boulevard Catalytic Projects by Phase



PRELIMINARY DEVELOPMENT PROGRAM / **PARKING**

	OPPORTUNITY AREA	LAND USE	1ST FLR	2ND FLR	3RD FLR	4TH FLR	TOTAL	Parking Ratio	Parking	Parking Shown
S. OF METRO LINE	A	RETAIL	28,200				28,200	4.5 / 1000 sf	130	594
		OFFICE	44,500	46,500			91,000	4 / 1000 sf	365	
		RESIDENTIAL		30	30		60	1.5 sp / unit	90	
	B	RETAIL	76,100				76,100	4.5 / 1000 sf	345	755
		OFFICE	19,000	12,000	12,000		43,000	4 / 1000 sf	175	
		RESIDENTIAL		35	35	35	105	1.5 SP / unit	160	
		LIVE / WORK		46			46	2 sp / unit	SELF PARKS	SELF PARKS
	C	RETAIL	36,400				36,400	4.5 / 1000 sf	164	640
		OFFICE	57,100	41,300			98,400	4 / 1000 sf	394	
		RESIDENTIAL		24	31		55	1.5 sp / unit	82	
	D	RESIDENTIAL (3 STORY FLAT)	43	43	43		129	1.5 SP / unit	195	140
		2 STORY TOWNHOUSE	67				67	2 sp / unit	SELF PARKS	SELF PARKS
								Total	2096	2129
N. OF METRO LINE	E	3 STORY FLAT	138	154	154		446	1.5 sp / unit	669	955
		OFFICE	56,000	18,000			74,000	4 /1000 sf	296	
	F	SINGLE FAMILY RESIDENTIAL		17			17	2 sp / unit	SELF PARKS	SELF PARKS
								Total	965	955

Other Area Considerations

Gentrification Implications

Gentrification is a concern for some established transit corridors as property values increase and affordability becomes increasingly difficult.

Gentrification is a concern for some established transit corridors as property values increase and affordability becomes increasingly difficult. This issue becomes increasingly important along transit corridors because lower income households are often dependent on public transportation for access to jobs. One way to address gentrification is through a renter-to-owner program focused on those areas most susceptible to displacement. Rent regulation is also a popular form of support for existing tenants. Other forms of assistance include an exemption from rent increases for senior citizens and property tax caps (which already exist).

Another way to preserve low-cost housing opportunities in transit districts is to give nonprofit affordable housing developers, tenants, or tenant cooperatives the first right to purchase multifamily buildings put up for sale. Such a law helps increase the likelihood that when formerly low-cost housing developments are put up on the market they will be purchased by existing renters or entities that will keep the buildings affordable over the long-term. The legal implications of this alternative would need to be studied further.

Other cities have deferred the property taxes due on the incremental assessed value in appreciating markets until sale, and may also offer low-interest loans and grants for necessary home repairs. This strategy is only effective if the local resident base is educated about the programs. Along these same lines, home-selling workshops can be held to help ensure that lower income homeowners in gentrifying areas are getting the full value for their homes.

In some cases, cities such as Boston have mandated that developers set aside a portion of every new development for affordable housing units. If land costs are prohibitively high in an area, linkage fees to housing trust funds can be required instead of set asides. The affordable units can then be built in other locations in the adjoining areas where land costs may not be as high.

Other ways to protect tenants already living in rental housing includes requiring relocation payments when units are taken out of the rental market. For example, in San Francisco, California, a payment of $500 is required when the eviction notice is given and a $500 move-out fee is also required. In other cases, cities require that subsidized public housing units are replaced on a one-for-one basis when units are displaced or redeveloped.

Public assets, such as school buildings or publicly owned land, can also be targeted for affordable housing and/or community facilities. If these public assets are not immediately sold or turned over to the private sector for development or redevelopment, gentrification pressure can be lessened.

Finally, it is important to create neighborhood forums that convey the community vision to the various stakeholders that are interested in investing in the neighborhood. A forum can represent the interests of older residents that have lived in the area for generations and new residents that will be creating a future vision for the area.

The work of the Market and Transit-Oriented Development Potential, Priorities, and Strategies Study resulted in the identification of several short-term (0-2 years), medium-term (2-3 years) and long-term (3 plus years) action items or projects. These projects are the product of extensive research, analysis, and public input from a series of public meetings held during study development.

The action items should be implemented by the Planning Department in conjunction with other county and state agencies, as well as local governments and private entities. The following tables depict the action plan items by time frame and the agency responsible for implementation.

Figure 12: Implementation Plan by Action and Time Frame

Potential Early Catalytic Actions (0-2 years)

		Responsibility
Project:	Residential Development Project at Southeast Corner of Maryland Park Drive and Southern Avenue	
Actions:	Issue Developer RFP/RFQ	County
	Internal Infrastructure Improvements	County/Private
	Stipulate workforce housing requirements	County
Action:	Design Gateway Elements for Central Avenue Entryway at Capitol Heights	County
Project:	Mixed-Use Development Project at ICON Site/Addison Road	
Actions:	Continue to have staff work with Developer at site	County
	Stipulate workforce housing requirements	County
	Internal infrastructure requirements	County/Private
	Parking	County/Private
Action:	Design Streetscape Improvements within Public Right-of-Way at Addison Road Plaza	County
Action:	County staff work with Addison Road Plaza on Facade and Parking Lot Enhancements	County
Action:	Consider interim uses for publicly owned land at Morgan Boulevard	County
Action:	Consider formation of TOD Fund	County, neighboring jurisdictions, foundations, Enterprise
Action:	Begin process of formulating TIF/Addison Road and Morgan Boulevard	County
Action:	Hold Developer Roundtable	County, private sector
Action:	Ongoing discussions with WMATA regarding mixed-use potential at Capitol Heights/Morgan Boulevard - prioritize efforts	County, WMATA
Action:	Actively pursue other institutional uses at Morgan Boulevard	County
Action:	Hold discussions with Enterprise Community Partners	County

Figure 12: Implementation Plan by Action and Time Frame (continued)

Potential Early Catalytic Actions (0-2 years) continued

	Responsibility
Action: Consider Formation of an Urban District	County
Consider Workforce Housing Funding at Maryland Park Drive Site	County, State, Federal Home Loan
Low-income housing tax credits	
Federal home loan banks affordable housing program	
Maryland Department of Housing and Community Development HOME Program	
Action: Establish expedited reviews/fee waivers for projects that meet certain criteria (e.g., percent workforce housing	County
Gentrification Issues	County
Renter to Owner Program	
Defer property taxes on incremental assessed value in appreciating markets	
Home selling workshops	
Nonprofits First Right to Purchase Multifamily Housing	

Medium-term (2-3 years)

	Responsibility
Action: Establish Expedited Reviews/Fee Waivers for TOD projects	County
Action: Pursue rezoning at Maryland Park Drive site	County
Action: Formalize TIF at Addison Road and Morgan Boulevard	County
Action: Develop and issue RFP at Morgan Boulevard pursuant to discussions with WMATA/consider RFP for county owned protion first	County, WMATA
Action: Formalize Urban District	County
Consider Workforce Housing Funding at Morgan Boulevard Site Low-income housing tax credits Federal Home Loan Banks Affordable Housing Program	County, State, Federal Home Loan
Maryland Department of Housing and Community Development HOME Program	
Action: Reduce off-street parking requirements for TOD	County
Action: Place a cap on the maximum amount of surface parking at TOD sites	County
Action: Developer/County Agreement (e.g., Letter of Intent, Memorandum of Understanding) - Morgan Boulevard	County, Private
Action: Encourage Shared Parking	County

Figure 12: Implementation Plan by Action and Time Frame (continued)

Medium-term (2-3 years) Continued

	Responsibility
Action: Limit all-day parking in transit core areas	County
Action: Encourage surface parking to rear of TOD sites, decorative fending around surface/garage parking	County
Action: Assist with development entitlements - Morgan Boulevard	County
Action: Consider other tools to help incentivize development at Morgan Boulevard - FTA grants, property tax abatement, CIP funds	County
Action: Begin land assembly at gateway corner - Central Avenue and Southern Avenue	County
Action: Pursue rezoning for Phase E at Morgan Boulevard	County

Long-term (3+ years)

	Responsibility
Action: Begin process of developing RFP at Capitol Heights (pending ongoing discussions with WMATA)	County, WMATA
Action: Developer/County agreement (e.g., Letter of intent, memorandum of understanding) - Capitol Heights	County, Private
Action: Assist with development entitlements - Capitol Heights	County
Action: Consider other tools to help incentivize development at Capitol Heights - FTA grants, property tax abatement, CIP funds	County
Action: Recruit developer/retailers for development at gateway corner - Central Avenue and Southern Avenue	County, Private
Action: Pursue development plans for later phases of catalytic projects: Phases E and D at Capitol Heights, Phases C and D at Addison Road, and Phases F and G at Morgan Boulevard	County
Action: Pursue rezoning at Phase B, Capitol Heights	County

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION
PRINCE GEORGE'S COUNTY PLANNING DEPARTMENT
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Subregion 4 (Central Avenue-Metro Blue Line Corridor) Transit-Oriented Development Implementation Project

Market and Transit-Oriented Development Potential, Priorities, and Strategies Study

PART V: Branding Study

TOD

Transit-Oriented Development

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION
PRINCE GEORGE'S COUNTY PLANNING DEPARTMENT
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July 2014

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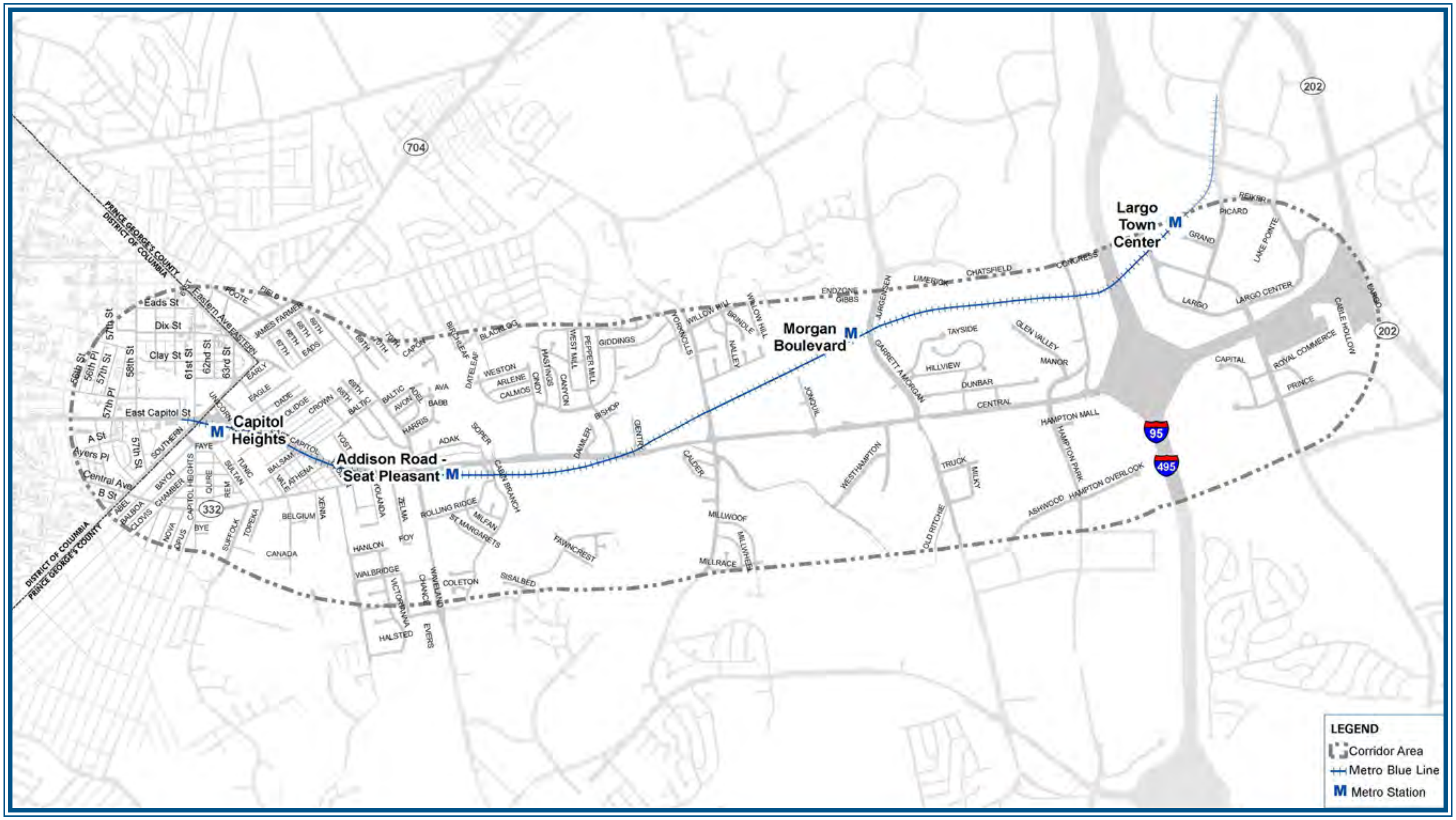
Introduction

The Maryland-National Capital Park and Planning Commission (M-NCPPC) prepared a Market and Transit-Oriented Development (TOD) Potential, Priorities, and Strategies Study that will support the Subregion 4 Central Avenue-Metro Blue Line Corridor TOD Implementation Project.

Corridor Branding

The following branding process was undertaken in order to identify distinct, meaningful brand positioning opportunities for the Central Avenue-Metro Blue Line. The intent is to develop a strategic marketing plan to launch, promote, and maintain the Central Avenue-Metro Blue Line brand positioning. This includes identifying the most effective and cost efficient means to promote the brand through graphics (e.g., font, logo), media/advertising, a public relations campaign, social media, and event marketing.

Figure 1: Blue Line Corridor Study Area



Reasons for Branding and Successful TOD Branding Examples

Across the United States, there have been successful transit-oriented development (TOD) projects whose sponsors have used branding programs to convey a "fresh start" and government commitment to planned development with residents, business owners, visitors, and potential developers.

Across the United States, there have been successful transit-oriented development (TOD) projects whose sponsors have used branding programs to convey a "fresh start" and government commitment to planned development with residents, business owners, visitors, and potential developers.

Branding has been an integral part of successful TOD projects from individual Metro station development such as the Arlington Heights Village in Illinois, or Canton Crossing in New Jersey, to multiple transit stop programs similar to the Central Avenue–Metro Blue Line project, such as the Boston to Portland "Downeaster" development project and the highly successful and acclaimed Rosslyn— Ballston Corridor in northern Virginia. The government agencies in the following examples incorporated the use of "branding" for their projects as a way to generate excitement and draw attention to their development plans, while also managing the quality and image of their project as it became reality.

Downtown Arlington Heights

Arlington Heights, Illinois

The village of Arlington Heights, west of Chicago, on Metra's Union Pacific Northwest Line, has seized upon TOD as an integral component of the city's award-winning strategy to revitalize its historic downtown. The village created a virtually new "branded" town center that includes a new Metra station, a performing arts center, high-density housing, commercial uses, and public parking decks. In 1980, 350 residents lived in the downtown in 150 units. By 2000, the numbers jumped to 2,200 residents and 1,500 units. Since 1997, public investment of $27 million has leveraged some $225 million in private investment.

Critical to downtown redevelopment was the $4.7 million construction and relocation of a Metra station in 2000. By moving the station one block west and the platforms two blocks west, rail transit is closer to the downtown core, and a large gap between the north and south sides of the tracks has been filled. The relocated site has substantially improved north/south access to the station, made all the more attractive by the addition of parks and public art next to the rail platform. The village-owned station supports a variety of people with activities, a McDonald's restaurant, a bakery cafe, and a Gateway Newsstand. Funds for the station refurbishment were provided by six agencies, including Metra, the Illinois Department of Transportation (IDOT), and the village (which used tax increment financing funds). This project received a distinction award from the Chicago Metropolitan Agency for Planning (CMAP) for Central Business District (CBD) train station design.

Source: City of Winnipeg TOD Handbook : Case Study; New Haven-Hartford-Springfield Rail Program

Cranford Crossing

Cranford, New Jersey

Cranford, New Jersey has been a bedroom community to New York City since the 1800s. Like many small towns and villages, the retail core that was the backbone of the economy was crippled by the exodus of shopping to malls that started in the 1960s and quickly began to replace downtown main street shopping areas in the1970s. Cranford utilized a strategy to rebuild its downtown and bring residents and shoppers back. Cranford used its train station as a catalyst for growth and branded the program Cranford Crossing. Starting in the 1980s, Cranford chose to focus on streetscape improvements and promotions as a way to increase interest and cultivate private investment. By setting up a Special Improvement District (SID)-Cranford was the first town in New Jersey to take advantage of this program. Cranford's special assessment on property owners generated more than $2 million in investment, which fed the resurgence of the downtown business district. That infusion of investment dollars spurred a new round of private investment throughout the downtown, creating a market for both first floor retail and upper floor tenancies that added strength to the local market.

One major project that helped to jumpstart the revitalization was the award-winning Cranford Crossing, with 50 condominiums, ground floor retail, and a carefully placed parking garage.

Source: New Jersey Future: At the Heart of Your Community A Citizen's Guide to Transit-Oriented Development; New Haven-Hartford-Springfield Rail Program

"Downeaster" Service

Boston to Portland

The Downeaster, which runs between Portland, Maine and Boston, Massachusetts is an example of multiple TOD projects building off of a regional rail service. The "Downeaster" is owned and operated by Amtrak and was reinstated in 2001 after a 37-year hiatus. Initially started with minimal support, this service has rapidly expanded as popularity and ridership have increased. The advent of the service has precipitated development plans around the stations servicing this 116-mile corridor and has greatly enhanced economic activity throughout the region. In a 2008 study conducted by the Center for Neighborhood Technology, it was estimated that by 2015 the rail service will contribute over $100 million to the economy, creating more than 1,500 jobs, and that by 2030 it will catalyze as much as $255 million in investment, yielding a 160 percent return on investment. The "Downeaster" service provides a distinct regional "brand," focusing on local advertising and responsive to events in Portland and Boston. The service provides a menu that features local favorites, like lobster rolls and New England clam chowder, in order to attract both residents and tourists. The resurrection of service came about through local public advocacy and initiative, with TOD backers using the "Downeaster" branding to provide an umbrella brand to their development plans. Some of the highlights of the planned and implemented projects include:

- Old Orchard Beach: two hotels, a $20 million residential and retail complex
- Saco: $110 million renovation of an old mill into mixed-use (residential/retail/ office) facility and the first "green" train station in the country
- Portland: a 30 acre mixed-use site surrounding the station is for sale for $12 million
- Brunswick: $30 million mixed-use development on Brownfield site

Sources: http://web1.ctaa.org/webmodules/webarticles/articlefiles/ Amtrak_ Downeaster.pdf, Dependable Rail in 2016 - RPA; New Haven-Hartford-Springfield Rail Program

Rosslyn—Ballston Corridor

Arlington County, Virginia

The Rosslyn-Ballston Corridor is arguably the best TOD success story in the United States. Arlington County has become an increasingly popular place to live, work, and shop due, in part, to high-density development along the Rosslyn-Ballston corridor. Before development began, Arlington County adopted a general land use plan to concentrate dense, mixed-use development. More detailed sector plans that specify land use and zoning as well as urban design, transportation, and open space guidelines for the area within one quarter-mile of each of the five stations, ensure a distinct sense of community at each station. Language regarding density and setback configurations, circulation systems, and zoning classifications were crafted and compliant developments were able to proceed through an expedited review process. The ability of developers to create TODs as-of-right was particularly important, because it meant that they could line up capital, secure loans, incur up-front costs, and phase in construction without the fear of local government "changing its mind."

Today, the roughly two square-mile Rosslyn-Ballston Corridor has mixed-use, infill development focused at five Metro stations. As of 2004, the corridor had over 21 million square feet of office, retail, and commercial space; more than 3,000 hotel rooms, and almost 25,000 residences, creating vibrant "urban villages" accessible by transit users, pedestrians, bicyclists, and drivers. The stations have captured 26 percent of the residents and 37 percent of the jobs on just 8 percent of the county's land area. With 39 percent of residents commuting to work on transit , the Rosslyn—Ballston Corridor has one of the highest percentages of transit use in the Washington, D.C. region.

Source: City of Winnipeg TOD Handbook : Case Study; New Haven-Hartford-Springfield Rail Program

Current Situation

The General Plan envisions corridors as key transportation routes where more intensive development can take advantage of existing or future investments in high-capacity mass transit services.

The 2002 *Prince George's County Approved General Plan* designates Central Avenue as a corridor in the Developed Tier. The General Plan's vision for the Developed Tier is a network of sustainable, transit-supporting, mixed-use, pedestrian-oriented, medium- to high-density neighborhoods. The General Plan envisions corridors as key transportation routes where more intensive development can take advantage of existing or future investments in high-capacity mass transit services.

The 2002 *Prince George's County Approved General Plan* also designates four centers along the corridor: Capitol Heights Metro community center, Addison Road Metro community center, Morgan Boulevard Metro regional center, and the Largo Town Center as a regional center. The General Plan centers are envisioned as focal points for increased efforts to concentrate development that can also take advantage of existing or future investments in high-capacity mass transit services.

In 2010, the Prince George's County Council approved the *Subregion 4 Master Plan and Sectional Map Amendment*, which establishes the land use and development policies within the Subregion 4 Planning Area. The Subregion 4 Planning Area covers a 29-square mile area that encompasses the communities located in the center of the county from the District of Columbia boundary on the west, the Capital Beltway on the east, US 50 and the Metro Orange Line rail corridor on the north, and Suitland Parkway on the south.

The Subregion 4 Master Plan further highlights the goals set forth in the General Plan by recognizing that the Central Avenue-Metro Blue Line Corridor presents significant transit-oriented development (TOD) and economic investment potential for the county. Transit-oriented development locates a mix of uses (commercial, retail, institutional, and residential) around transit stations and creates a variety of economic, social, and environmental benefits for established communities.

At this moment, Prince George's County is poised to benefit from the growth and investment potential that can be generated by TOD around the four Metro rail stations: Capitol Heights, Addison Road-Seat Pleasant, Morgan Boulevard, and Largo Town Center. Given their distinct characteristics, and the specific character and needs of the surrounding communities, each station has an opportunity to realize the county's TOD goals.

The Central Avenue-Metro Blue Line Corridor presents a number of distinct opportunities and advantages:

- Four Metro Blue Line rail stations.
- Commercial development potential due to neighborhoods underserved by retail establishments.
- FedEx Field, which hosts corporate, social, and sporting events; concerts; and trade shows.
- Employment and residential spillover from the District of Columbia.
- Walkable, urban character and street grid in Capitol Heights and Seat Pleasant.

- Traditional architectural design in residential neighborhoods.
- Convenient access to transportation connections with national and international destinations.
- Approximately 171.3 acres of vacant/ undeveloped land.
- Presence of public parks, recreational facilities, and wooded areas.
- The Chesapeake Beach Rail Trail currently in construction.
- Eight shopping centers.
- Potential for cultural and entertainment venues.

SWOT Analysis

To identify positive, meaningful and distinct attributes about the Central Avenue-Metro Blue Line Corridor that will resonate with consumers, a Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis of the area was conducted to assess "internal" strengths and weaknesses and "external" opportunities and threats.

In conducting this analysis it was important to identify strengths that add positively to the personality of Central Avenue, while also identifying those weaknesses that have to be addressed and offset. Likewise, it is and will be important to identify opportunities that enhance TOD development for Central Avenue.

Topics included in the SWOT analysis include:

- History of the Area
- Community Profiles/Features
- Demographics/Psychographics of Residents and Visitors to the Corridor
- Retail and Entertainment Destinations
- Transportation Access
- Development Plans
- Open Space
- Crime/Personal Safety
- Traffic Congestion

Area Strengths

- Stable neighborhoods around Central Avenue, with strong sense of community
- Affordable housing alternatives within the Central Avenue area
- Central Avenue and Metro provide accessibility to and from Washington, D.C., the Beltway, and beyond for both residents and visitors.

- Four Metro Blue Line Stations within Subregion 4.
- Presence of FedEx Field, host to major sporting, corporate, and social events; concerts; and trade shows.
- Presence of public parks, recreational facilities, and green spaces.
- A rich history with important historic landmarks located throughout the area, including Old Saint Margaret's Catholic Church, the Arthur Jr. & Louise Ridgley Methodist Church, the Ridgley School, and the Chesapeake Streetcar rail line.

Area Weaknesses

- Inconsistent development /image along Central Avenue.
- Traffic noise and volume.
- Limited shopping alternatives along Central Avenue.
- Lack of diversity in food, entertainment, shopping, and amenity options for residents and visitors.
- Crime, and image of the frequency of crime, in Central Avenue area.
- Metro service hours of operation do not encourage visitors to make use of current or potential amenities in the area.
- Lack and inconsistency of sidewalks and amenities for bus commuters along Central Avenue.

Area Opportunities

- Commercial development potential due to growing neighborhoods underserved by current retail establishments.
- Approximately 171.3 acres of vacant/undeveloped land available for development.
- Commercial outlets near four transit stops have access to an average weekday ridership of over 12,000.
- The Metro station areas have Transit District Overlay and Development District Overlay Zones in place in order to facilitate the unique characteristics of transit-oriented development (e.g., higher density, reduced parking).
- Close proximity to the Washington, D.C. market provides opportunity for both retail and residential development.

Area Threats

- Inconsistent development and types of commercial operations that do not contribute to enhancing Central Avenue appeal to major developers as well as potential residents and businesses.
- Temporary store fronts.
- Lack of selection in retail and service businesses.
- Excess "for rent" properties
- Image/reality of crime levels, highlighted by area news media, which deters potential residents, visitors and developers from considering the area.
- Depressed economy and its impact on employment, business start ups, building and consumer spending.
- Cutbacks in Metro service due to budget constraints and service balancing for the new Silver Line service starting in late 2013/early 2014.

- Competition from other Metro service corridors within the greater DC/Maryland/Virginia market.
- Efforts of other communities along TOD potential areas competing for limited development projects and money.
- Red Line/DC: Fort Totten
- Blue Line/DC: Potomac Ave; Stadium Armory.
- Green Line/DC: Anacostia; Congress Heights.

SWOT Observations and Recommendations

Based on the SWOT analysis, the following branding opportunities emerged:

As the Central Avenue–Metro Blue Line area does not currently have a well-defined, existing brand within its boundaries, the county should consider establishing an overall brand identity for all or a major portion of the area from Capitol Heights to Largo Town Center. This will allow Prince George's County to focus on presenting one consistent message; that the area is open for business.

As businesses, developers, and residents collaborate to create successful destinations along the Central Avenue-Metro Blue Line, those locations will develop their own distinct brand identities that will add credibility to the overall brand position but will not necessarily be linked by name (e.g., "Crest" is a successful selling toothpaste made by Procter and Gamble; however, each brand stands alone in its positioning efforts).

As the reason for creating a memorable "brand image" for the Central Avenue– Metro Blue Line region is to attract potential residents and shoppers/diners who in turn will attract developers and business owners, the program needs to recognize several target audience groups. Those include:

- Potential and current residents.
- Potential area shoppers/diners and attraction/event attendees (e.g., NFL fans).
- Commercial developers.
- Potential and current business owners (e.g., retail, restaurants, entertainment, and services).
- Media (e.g., Maryland and DC TV, radio and print outlets).

The brand message also needs to be consistent among the various target audiences in order to ensure that the message is heard and is credible. Separate brand messages or sub messages tailored to specific target audience segments should be avoided as it can create confusion and will dilute the consistency of the brand message. The top priority should be to create brand awareness among current and potential consumer segments (e.g., residents and shoppers) as that establishes the base that will be attractive to potential developers and business operators.

Branding Process

As the branding process evolves it is important to develop a distinct branding program for the area that will:

- Create a distinct, positive image for the area with potential developers, visitors, and residents.

A branding program that will work for the Central Avenue-Metro Blue Line area is one that is created to be distinct, supportable, consistent, and sustainable.

- Generate pride and continuity-of-message with residents and area stakeholders.
- Supports the individuality of the four Metro stations with their potential TOD opportunities, while providing a quality image "umbrella" for the entire Central Avenue development effort.
- Convey Prince George's County's commitment to a high-quality, planned development program for the entire Central Avenue area.
- Ensure and maintain continuity of the vision, message, and image for the Central Avenue development plan.

A branding program that will work for the Central Avenue-Metro Blue Line area is one that is created to be distinct, supportable, consistent, and sustainable.

For the branding process, attribute names and concepts have been identified from the positive SWOT analysis attributes and are shown on the following pages to provide possible names that will reinforce the strengths and opportunities available to the Central Avenue–Metro Blue Line area. These attribute names and concepts for the overall Central Avenue–Metro Blue Line area are based on:

- History
- Location
- Community Attributes
- Passage Attributes
- Created Attributes

These attribute names and concepts can be combined or paired with a descriptor word to create a brand name that will serve the entire Central Avenue-Metro Blue Line area.

Potential Branding Attribute Names/Concepts

Location names:

❖ Eastern

❖ Capitol

❖ Maryland

❖ Capitol Heights - Largo Center

❖ Prince George's

❖ Central Avenue

❖ Maryland Gateway

Historic names:

❖ Prince George's

❖ Ridgley

❖ Ridgley's Grant

❖ Farmstead

- ❖ Williams and Berry
- ❖ Gregory
- ❖ Jackson
- ❖ Chesapeake Streetcar Rail Line

Community Attribute names:

- ❖ Community
- ❖ Greenway
- ❖ Homestead
- ❖ Progressive
- ❖ Heritage
- ❖ Quality
- ❖ Redskins

Transit Attribute names:

- ❖ Avenue
- ❖ Corridor
- ❖ Way
- ❖ Parkway
- ❖ Throughway/Thruway
- ❖ Connector
- ❖ Boulevard
- ❖ Drive

Created Attribute names:

- ❖ Magic
- ❖ Miracle
- ❖ Champion
- ❖ Technology
- ❖ Historic

Branding Concept Recommendations

In reviewing the alternatives available, two approaches were identified and recommended as possibilities for the TOD project in Prince George's County along the Central Avenue-Metro Blue Line Transit route

Capitol Way - a new brand name/concept that conveys the history, diversity and importance of the TOD area that connects the Nation's Capital with the Capital of Maryland (Annapolis).

Central Avenue-Metro Blue Line Corridor – An existing brand name for the TOD area that current holds a place in the minds of residents, businesses, and developers, which can be built on and enhanced.

Pros and Cons of Branding Recommendations

Capitol Way - Pros

- New brand name is a break with past associations for the area; a clean slate in which to build brand messaging on.
- New concept will generate attention from area media to support the launch of public relation efforts.
- Concept name allows for development both on and away from the Metro line as it is not directly associated with the Metro Blue Line

Capitol Way - Cons

- May cost more money to establish the new concept in the minds of residents, stakeholders, and potential developers at the initial stage of the program.
- Will need to be actively promoted and protected in order to define and distinguish the brand from other existing or potential DC/Maryland/VA development projects.

Central Avenue-Blue Line Corridor - Pros

- Brand awareness already exists and can be built on.
- Allows for individual TOD locations to take more of a lead in branding as was seen with the Rosslyn-Ballston Metro project in northern Virginia.
- Brand includes both TOD areas and adjoining areas.

Central Avenue-Metro Blue Line Corridor - Cons

- Current name is tied to the weaknesses identified in the SWOT analysis.
- The word "Corridor" has connotations of being a pass through or section that connects other areas and, therefore, may undermine the goal of branding the market area as a destination or community.

Strategic Branding Plan

With the key findings from the SWOT analysis, direction on a brand position/name, and potential audience identified, we can develop a strategic brand marketing plan. Launching and maintaining a brand position messaging program for the TOD development area will establish a distinct and favorable "top of mind" presence with target audiences, including residents, visitors, current and potential business owners, and developers. The following discussion addresses these components of the branding plan:

- Graphics
- Media/Advertising
- Structural Design/Landscaping
- Public Relations
- Social Media
- Event Marketing

Graphics

- Develop Graphic Text, Tagline (Optional) and Logo (Optional) treatment
    - ❖ Retain Graphic Design and/or Advertising Agency to develop the *Capitol Way* brand's design elements including:

Font Style

❖ Dominate/subordinate font/text styles and combinations

❖ Type Color(s) (e.g., Panatone swatches)

❖ Copyright fonts, usage and graphic use combinations to protect the brand's use and exclusivity

Logo

❖ (Optional, can be developed for the entire project or left to the individual TOD metro developments to create for their neighborhood projects). Suggestion would be to use logo of period streetcar from the Chesapeake line to reinforce the history of the area as an area of individual neighborhoods serve by an early transit line.

❖ Note that logos take up more room in relation to placement with the Brand Name and can hinder the relative size of the text in small area placements.

❖ Copyright logo to protect its use and exclusivity for the brand

Tagline

❖ Optional, can be used to enhance or clarify the project goal; (e.g., Connecting the Past to the Future)

❖ Font

- ❖ Color(s)
- ❖ Graphic presentation standards (e.g., relative size, position and colors that the can be used when presenting the "Brand name"; will be incorporated in Style Guide for use by County, Partners, etc. who wish to use the name/logo in their advertising and collateral materials.)
- ❖ Copyright tagline to protect its use and exclusivity

Style Guide

Develop an official style guide manual for use by the county and all potential user constituents for the graphic text, tagline, and logo treatments. Graphic presentation standards for the logo (e.g., relative size, position and colors that the can be used when presenting the brand will be incorporated in the style guide for use by the county and its partners who wish to use the name/logo in their advertising and collateral materials. (See example of a style guide in the Appendix).

Elements of the Style Guide Include:

Strategic Brand Overview

- Make clear the vision for the Brand and its purpose for being created

Text

- Font Type(s)
    - ❖ Dominate
    - ❖ Subordinate
- Colors for font(s) (Panatone swatches)

Logo

- Design Specifications
- Colors (Panatone Swatches)

Usage of Text and Logo

- Maximum/Minimum Size
- Spacing around Logo/Text
- Page placement and placement relative to other name/logos
- Correct usage of the Brand name text and logo
    - ❖ Examples of What and What Not to do with Brand Name text and logo

Structural Design/Landscaping

The use of structural and landscape design elements as visual cues throughout the Capitol Way development can and will add consistency to the brand image and will reinforce the area designated for TOD development. Structural design clues can include boundary signage (e.g., welcome signs), public benches, street sign adornments, decorative lighting, trash receptacles, and public facility architecture (e.g., transit shelters, pedestrian overpasses). To support the branding and designation of the branded area, the design elements should be tied together in look and consistency.

To support the branding and designation of the branded area, the design elements should be tied together in look and consistency.

Likewise, the use of distinctive landscaping, such as the type of shrubs, trees, and ground cover used and the type and color of ornamental perennials, can reinforce the designated area and its brand image. As with other details, these design elements, which act as visual cues to both visitors and residents, can be specified in the style guide manual for use in common areas managed by the county.

Media/Advertising

The most effective and cost efficient way to build brand awareness for the Central Avenue–Metro Blue Line Corridor/ Capitol Way with residents, visitors, and potential developers is to use a combination of outdoor signage along Central Avenue and the Blue Line Metro stations. This will:

- Build awareness among residents and visitors for the new brand position
- Reinforce Prince George's County's commitment to the new development program
- Provide a continuity of message for developers, business owners, media and residents traveling through the corridor

Brand advertising alternatives along the corridor and in the Subregion 4 area would include:

- Light Pole Banners
- Metro Stop ad boards
- Bus stop shelter ads
- Bus stop seat backs
- Trash/recycling containers
- Municipal road signs welcoming/designating the corridor by its brand name
- Bus signs on vehicles that travel within the development corridor

Launch: Media/Advertising

- Use Quick Response Code (QR) images on all outdoor signage and appropriate print media to direct viewers with mobile devices to the Capitol Way or Central Avenue–Metro Blue Line website to learn more about the brand program and development plans.

Public Relations

To generate media coverage for the corridor within the greater DC/ Maryland/Virginia and beyond, which is important when building awareness with business developers, it is recommended that the county retain and use a public relations firm to cultivate and place stories about the corridor and its growth plans with local and national news media outlets.

- This alternative is less costly than developing television/radio ads and is more effective in attaining awareness as the segments are "third party" endorsements of the county's development efforts.
- Story lines could include:
    - ❖ Announcement of the new brand and its rationale
    - ❖ Launch events
    - ❖ Announcement of new development plans/projects
    - ❖ Ground Breaking Ceremonies
    - ❖ Grand Openings for new businesses and services
- The initial launch PR program should be maintained for 12 to 18 months in order to build critical mass awareness with the media and the public.

Social Media

Social media can be a positive way to share information and maintain awareness with stakeholders. However, if not done properly or not maintained, it can do more harm than good. The initial goal of social media for the Capitol Way/Central Avenue-Metro Blue Line is to build brand awareness and to share information on the program, not to create a forum for comments or complaints.

- Website - Capitol Way/Central Avenue-Metro Blue Line specific
    - ❖ Information website with updates and new information about the area's development
    - ❖ Link to Metro schedule
    - ❖ Link to Redskin's schedule
    - ❖ Link to Facebook page
    - ❖ Contact page with separate links for residents, visitors and developers
    - ❖ Have link from advertising QR code scans for mobile devices
- Facebook
    - ❖ Develop a Facebook page for the Capitol Way/Central Avenue-Metro Blue Line that visitors can "like" but where they cannot post comments.
    - ❖ Share Facebook page links for existing/planned businesses, sports teams, etc. that are located within the development area.
    - ❖ Post pictures from events, new business openings, etc.
    - ❖ Have link from advertising QR code scans for mobile devices
- Social media can be a positive way to share information and maintain awareness with stakeholders; however, if not done properly or not maintained it can do more harm than good.

- ❖ To ensure coordination of a consistent message and tone, assigning one person or department within the M-NCPPC to manage and update all social media for the branding program

- Likewise, some social networking techniques are not relevant or appropriate for a community branding program:
    - ❖ Twitter – Not recommended as it requires full-time attention to communicate and does not allow for clear messaging of Prince George's County development efforts related to Capitol Way/Central Avenue-Metro Blue Line
    - ❖ Instagram - Not recommended as it can be perceived as spam by the public unless they provide specific permission to receive the texts/photos. At the initial stage of the project there may not be enough development to make this social media sharing method relevant with the public and stakeholders
    - ❖ Flickr - Photo sharing is Not recommended as it does not provide control for the county as to what photos will be shared or how they are portrayed or messaged. As the TOD program expands it can be added as a social media tool, however initially it can undermine branding efforts.

Marketing Events

Marketing events are a positive way to build brand awareness and attract media coverage, if:

- ❖ They are meaningful.
- ❖ Well planned and announced well in advance to allow for media groups and the public to include it in their schedules.
- ❖ Well serviced (e.g., significant parking; restrooms, coverage from weather, age appropriate activities, media kits for the press and "branded" novelties for the public).

Marketing events can be:

- One-time events to announce/launch the program
    - ❖ Ribbon cutting for Brand announcement
    - ❖ New development grand openings
- Ongoing events that become an extension of the brand and its message
    - ❖ Farmers market during the summer/fall that reinforces the history of the area and the communities)
    - ❖ Festivals/Fairs
        - » Annual stand-alone events
        - » Piggybacked with other annual events like Redskin's fan appreciation day
- To be successful marketing events need to be advertised well in advance of their actual date in order to build "buzz" and visitor commitment to schedule attending the event.
- Print and outdoor signage are the most effective ways to generate excitement/awareness for these events.
- Radio and TV coverage can be obtained via Public Relation efforts which saves money and allow s better targeting of the message during the content portion of news shows or "What's Happening in Town" segments.
- In the case of ongoing/seasonal events, event calendars in area newspapers, magazines and websites provide the best way to remind people about the event.

Conclusion

- Brand the entire area (e.g., Rosslyn—Ballston Corridor) to encompass the brand image. Leave branding of specific rail station or community development along the Blue Line route and Central Avenue to developers, business owners, and area residents/neighborhoods.
- Consistency in presenting the brand message is key to optimizing the brand image.
- Consistent message, graphics and logo (if used).
- Provide detailed style guide to maintain consistency internally and externally.
- Police usage of the brand name and image by internal and external stakeholders.
- Celebrate real successes, do not "manufacture" stories; PR releases must be meaningful and credible.
- Maintain momentum for the branding campaign both through direct use and with business/development partners.
- Be patient, as memorable branding programs take time to establish and become seated in the conscious and unconscious mind of the target audiences.

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www.pgplanning.org

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Prince George's County Planning Department

Fern V. Piret, Ph.D., *Planning Director*

Albert G. Dobbins III, AICP, *Deputy Planning Director*

Community Planning

Vanessa C. Akins, *Chief, Strategy and Implementation*

Robert J. Duffy, AICP, *Planning Supervisor**

Tanya Hedgepeth, *Planner Coordinator*

William Washburn, *Planner Coordinator*

Roberto Duke, *Planner Coordinator**

Countywide Planning

Jimi Jones, *Planning Supervisor*

Michael Asante, *Planner Coordinator*

Ted Kowaluk, *Senior Planner*

Prince George's County Economic Development Corporation

Gwen McCall, *President and CEO*

Diana Jackson, *Business Development Specialist*

Larry Hentz, *Business Development Specialist*

Prince George's County Parks & Recreation

Ronnie Gathers, *Director*

Debbie Tyner, *Deputy Director*

Carol Binns, *Senior Planner*

Consultant Team

Aecom Economics

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