



# **New Carrollton Transit-Oriented Development Strategy Planning Study**

**September 2004**

**Maryland Department of Transportation**

**Prince George's County Planning Department, M-NCPPC**

**Washington Metropolitan Area Transit Authority**

**PB PlaceMaking  
Parsons Brinckerhoff  
Stull + Lee Architects & Planners  
Bay Area Economics**

# Abstract

Title: New Carrollton Transit-Oriented Development Planning Study

Authors: The Maryland-National Capital Park and Planning Commission  
Prince George's County Planning Department  
PB PlaceMaking

Subject: A planning study for the New Carrollton Metrorail Station area in the Developed Tier

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Abstract: The New Carrollton Transit-Oriented Development Planning Study is an initial assessment of the planning and policy options for attracting transit-oriented development (TOD) to the station area. This station area includes the Metrorail orange Line, MARC commuter rail, Amtrak intercity rail, and Greyhound intercity bus, Metrobus, and TheBus transit bus facilities and services. The 2002 Prince George's County General Plan designated this station area as a Metropolitan Center in the Developed Tier, and the station area includes a transit district established by the 1989 New Carrollton Transit District Development Plan (TDDP). The planning study provides an initial development vision for the station area and recommends land uses, identifies the infrastructure and services needed to accommodate those uses, and provides an initial development concept for the station area. The study recommends the next planning actions that should be considered to advance General Plan goals for this Center and this area of Prince George's County.

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The Commission has three major functions:

- The preparation, adoption, and, from time to time, amendment or extension of the General Plan for the physical development of the Maryland-Washington Regional District;
- The acquisition, development, operation, and maintenance of a public park system; and
- In Prince George's County only, the operation of the entire County public recreation program.

The Commission operates in each county through a Planning Board appointed by and responsible to the County government. All local plans, recommendations on zoning amendments, administration of subdivision regulations, and general administration of parks are responsibilities of the Planning Boards.

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Our mission is to help preserve, protect and manage the County's resources by providing the highest quality planning services and growth management guidance and by facilitating effective intergovernmental and citizen involvement through education and technical assistance.

Our vision is to be a model planning department comprised of responsive and respected staff who provide superior planning and technical services and work cooperatively with decision-makers, citizens and other agencies to continuously improve development quality and the environment and act as a catalyst for positive change.

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The County Council has three main responsibilities in the planning process: (1) setting policy, (2) plan approval, and (3) plan implementation. Applicable policies are incorporated into area plans, functional plans, and the general plan. The Council, after holding a hearing on the plan adopted by the Planning Board, may approve the plan as adopted, approve the plan with amendments based on the public record, or disapprove the plan and return it to the Planning Board for revision. Implementation is primarily through adoption of the annual Capital Improvement Program, the annual Budget, the water and sewer plan, and adoption of zoning map amendments.

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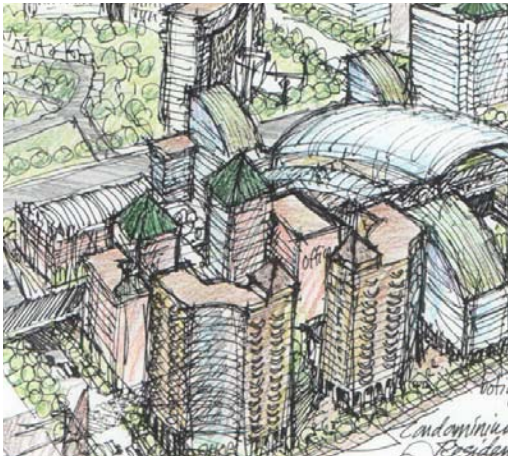
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# Introduction

**Transit-Oriented Development (TOD):** Compatible moderate- to higher-density development, located within an easy walk of a major transit stop, generally with a mix of residential, employment and shopping opportunities, designed for pedestrians without excluding the auto.

TOD can be new construction or redevelopment of one or more buildings, whose design and orientation facilitate transit use.



*New Carrollton Metropolitan Center  
Concept Illustration*



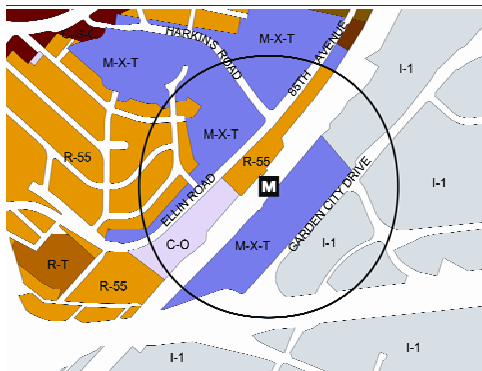
*Garden City Neighborhood Plan Detail*

PB PlaceMaking was asked to lead a team of planning and design professionals in a planning study that included a weeklong “charrette” to produce a preliminary development concept for the Metrorail Orange Line, MARC and Amtrak Stations at New Carrollton, Maryland. The resulting *New Carrollton Transit-Oriented Development Strategy* was developed through this process and envisions Prince George’s County’s first truly Metropolitan Center, providing a diverse and integrated mix of opportunities to live, work, shop and play in a livable, safe, walkable, high-quality urban community that would feature:

- 8,000 residential units—offering several housing choices.
- 8,700,000 square feet of office/commercial space.
  - 30,000 jobs
  - 8 million square feet of office
  - 400,000 square feet of mixed-use retail
  - A 3,000-seat civic and cultural venue
  - Two 450-room hotels
- An extensive, 60-acre system of civic, park and open space that will provide important recreational and environmental benefits.
- A balanced and integrated local transportation system, built on a street and circulation network that will maximize the site’s internal accessibility; provide safe, all-weather access to features within the project area; and will optimize the site’s relationship to both transit service and the countywide and regional highway system.

The development of the New Carrollton Transit-Oriented Development (TOD) strategy included public and private sector stakeholders as well as site, market, economic, financial and technical analyses. It was highlighted by an intensive, week-long planning and design charrette. This planning study received significant support from the **Maryland Department of Transportation (MDOT)**, includes the preferred transit-oriented development concept, and recommends specific actions (next steps) to implement the concept and realize Prince George’s County’s vision for this station area.

## Existing Policies and Regulations



*Existing Zoning*

The 2002 Prince George's County General Plan emphasized the creation of “centers” in key areas—particularly around Metrorail stations—as a core strategy for achieving the county's long-term growth and development objectives. Compared to the other two types of county centers—community and regional—metropolitan centers such as New Carrollton are envisioned as having the highest density of the most intensive transit-supporting uses. The General Plan envisioned this level of transit-oriented development as consisting of regionally, if not nationally, marketed uses such as major businesses, high value-added employment, as well as customers and tenants from throughout the Washington area, such as federal and state government facilities, major educational and research institutions, and higher intensity commercial districts.

The broad policy background for this study was provided by previous plans (the 1989 New Carrollton Transit District Development Plan (TDDP) and Transit District Overlay Zone (TDOZ), the General Plan, and the Strategic Framework for Transit-Oriented Development (TOD) in Prince George's County). These plans and other county land use policies for New Carrollton endorsed the concept of TOD in a portion of the planning study, particularly at a site with New Carrollton's metropolitan-scale potential. However, to date, the county has encountered significant challenges to the goal of capturing the full place-making potential that New Carrollton offers with its high levels of transit service and freeway access. What was needed was a clear, comprehensive vision illustrating what this “place” might look like. This planning study examined established county policies in light of market realities to more effectively promote a high quality, but marketable, TOD concept for this site.

It should be emphasized that, as with all efforts to attract quality transit-oriented development to the county's Metrorail and other transit station

areas, the State of Maryland plays a central, often crucial, role by promoting and targeting economic development initiatives that ensure that state tax dollars, especially those invested in transportation infrastructure, are used in ways that stimulate and maximize private investment. State support is also crucial to county TOD initiatives and policies that seek to maximize the public return on that investment in transit; to increase both transit ridership and transit service-supporting revenues; and to ensure that TOD at New Carrollton is both site-appropriate and consistent with county and municipal land use planning and growth priorities.

## Stakeholder Involvement



*Charrette Participants Provide Input*

Stakeholder involvement was critical to the planning study and played a significant role in the process of creating this TOD Strategy. Interviews were conducted with representatives of WMATA, the Prince George’s County Planning Department, the City of New Carrollton, developers, residents, and MDOT to ensure that the strategy reflects local planning priorities as well as the countywide strategy and policy for attracting quality TOD.

An intensive four-day planning and design charrette was a major part of the planning study process. Charrettes are open, holistic planning techniques that combine intense, creative work sessions with public workshops and open houses. They are collaborative planning processes that harness the talents of a variety of planning and design professionals, as well as a broad range of stakeholders, to create a feasible, credible plan that could help achieve transformative community change.

The tasks undertaken at the charrette included:

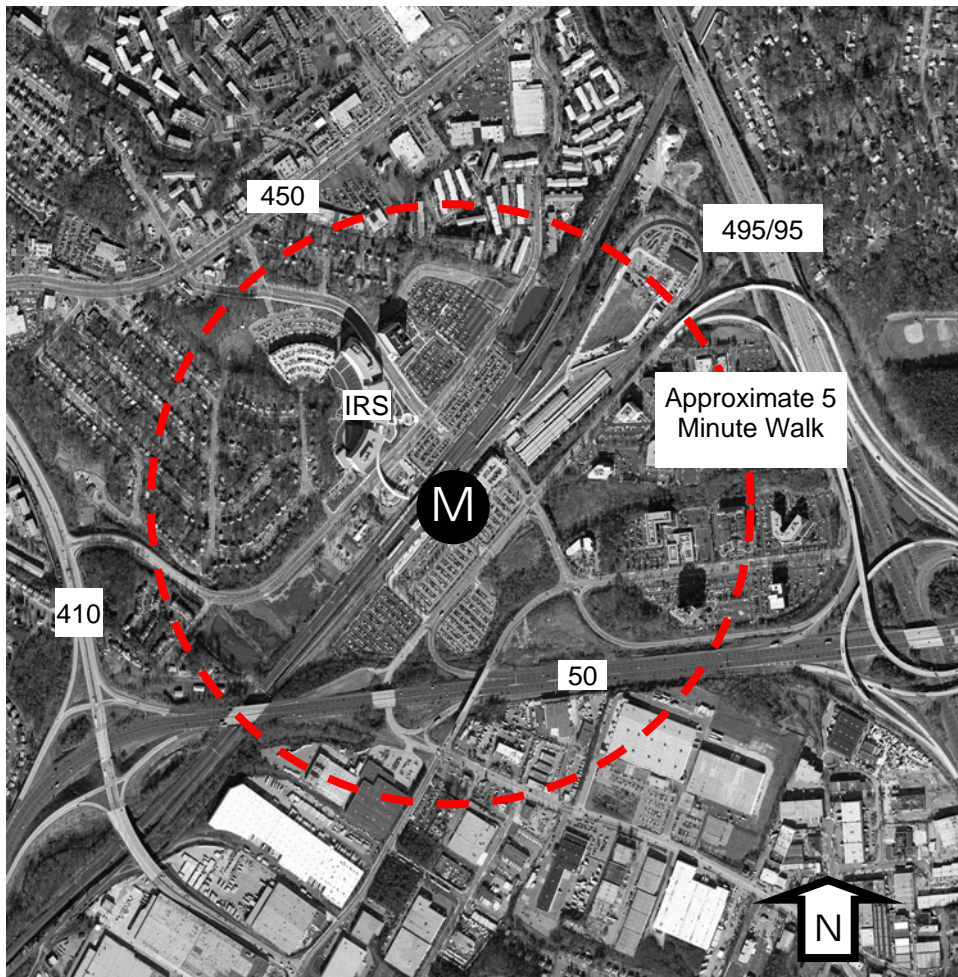
- **Inventory, analysis and stakeholder interviews:** These steps facilitated team understanding of issues specific to this site and project.
- **Theme and initial concept development:** Two descriptive and graphic ideas (“conservative” and “aggressive”) were explored as potential visions for this strategy.
- **Development Yields** (development and synthesis of two alternatives): The best of the two development alternatives were merged to create a preferred alternative and a potential development program was drafted.

- **Concept review and technical team analysis:** The preferred alternative concept was then studied in more detail for technical and market feasibility.
- **Preparation of a Preferred Development Alternative:** The preferred alternative and development programs were further refined and graphically illustrated.
- **Evening Pin-ups and Final Presentation:** Each night progress drawings were displayed and the week culminated with a presentation on the last day of the charrette.

## Site Analysis

### *Location*

The New Carrollton station area is located along Garden City Drive, near the intersection of John Hanson Highway (US 50) and the Capital Beltway (I-495/I-95) and is the eastern terminal for the Metrorail Orange Line. This site is second only to Union Station in the Washington Metropolitan area as a major multimodal transportation hub with Metrorail, Amtrak, MARC commuter rail, a Greyhound intercity bus, and both regional (Metrobus) and local county (TheBus) transit bus service available. New Carrollton is also Prince George's County's interim terminal for the Bi-County Transitway (formerly the Purple Line).



*Aerial Photograph*

The nearest communities are the cities of New Carrollton and Glenarden and the Town of Landover Hills, as well as the communities of West Lanham Hills and Whitfield Terrace. The General Plan placed this station in the Developed Tier and designated it as a Metropolitan Center. The Internal Revenue Service (IRS) complex occupies a three-building, 1.2 million-square-foot complex just north of the station site. Part of the planning study project area was designated a transit district by the 1989 New Carrollton Transit District Development Plan (TDDP).

***Traffic Counts (2003 data)***

MD 410/MD 450: 25,725 average annual daily traffic (ADT)

MD 450/I-95–I-495: 38,175 average annual daily traffic (ADT)

US 50/I-95–I-495: 107,725 average annual daily traffic (ADT)

***Transit (Metrorail) Ridership:*** 9,687 boardings; 9,532 alightings

***Bus Transit Service:*** 19 Metrobus routes; 2 TheBus routes

***Parking:*** Three parking facilities (including metered parking, “Kiss and Ride” (drop-off only) spaces, and parking reserved for WMATA’s flex car vendor)

- 1,000-space, multilevel parking garage
- 400 spaces for WMATA
- 20 spaces for Amtrak
- 400-space, all-day surface lot (owned by the State of Maryland)
- A new commuter parking garage is under construction

***WMATA-Owned Site:*** 35.7 acres (10.3 acres north parcel; 25.4 acres south parcel)

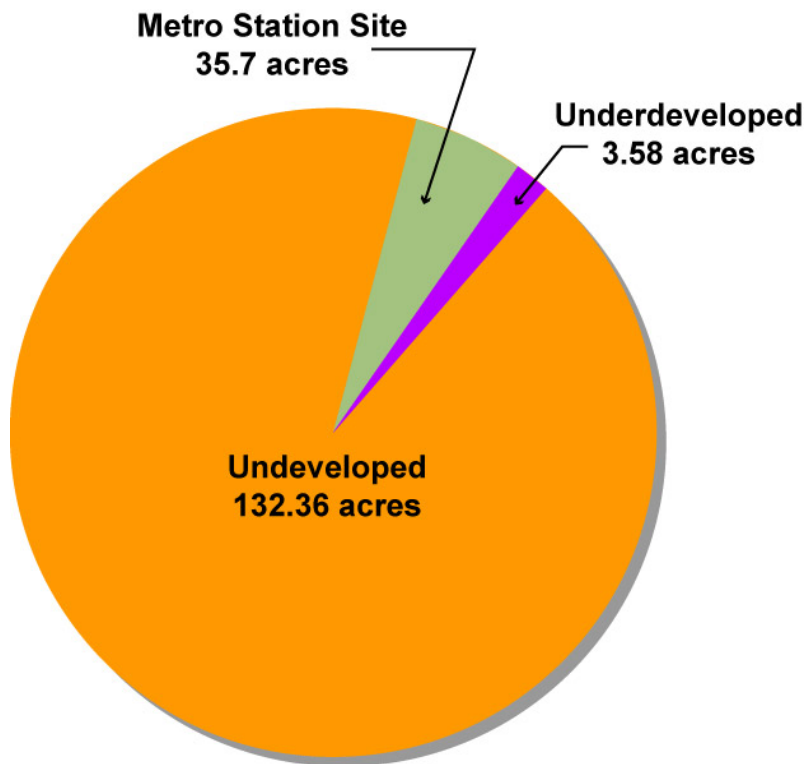
***MDOT-Owned Site:*** Approximately 10.3 acres southwest of the Metrorail station

### *Summary of Allowable Uses*

The Landover and Vicinity master plan (1993), the applicable master plan for this Metrorail station area, proposes commercial and office development and a business park within one-half mile of the station. As noted above, part of the planning study area is governed by the 1989 New Carrollton Transit District Development Plan (TDDP) and Transit District Overlay Zone (TDOZ).

### *Incentives in Place*

State of Maryland Priority Places (formerly Priority Funding) Area  
Prince George's County Revitalization Tax Credit Area



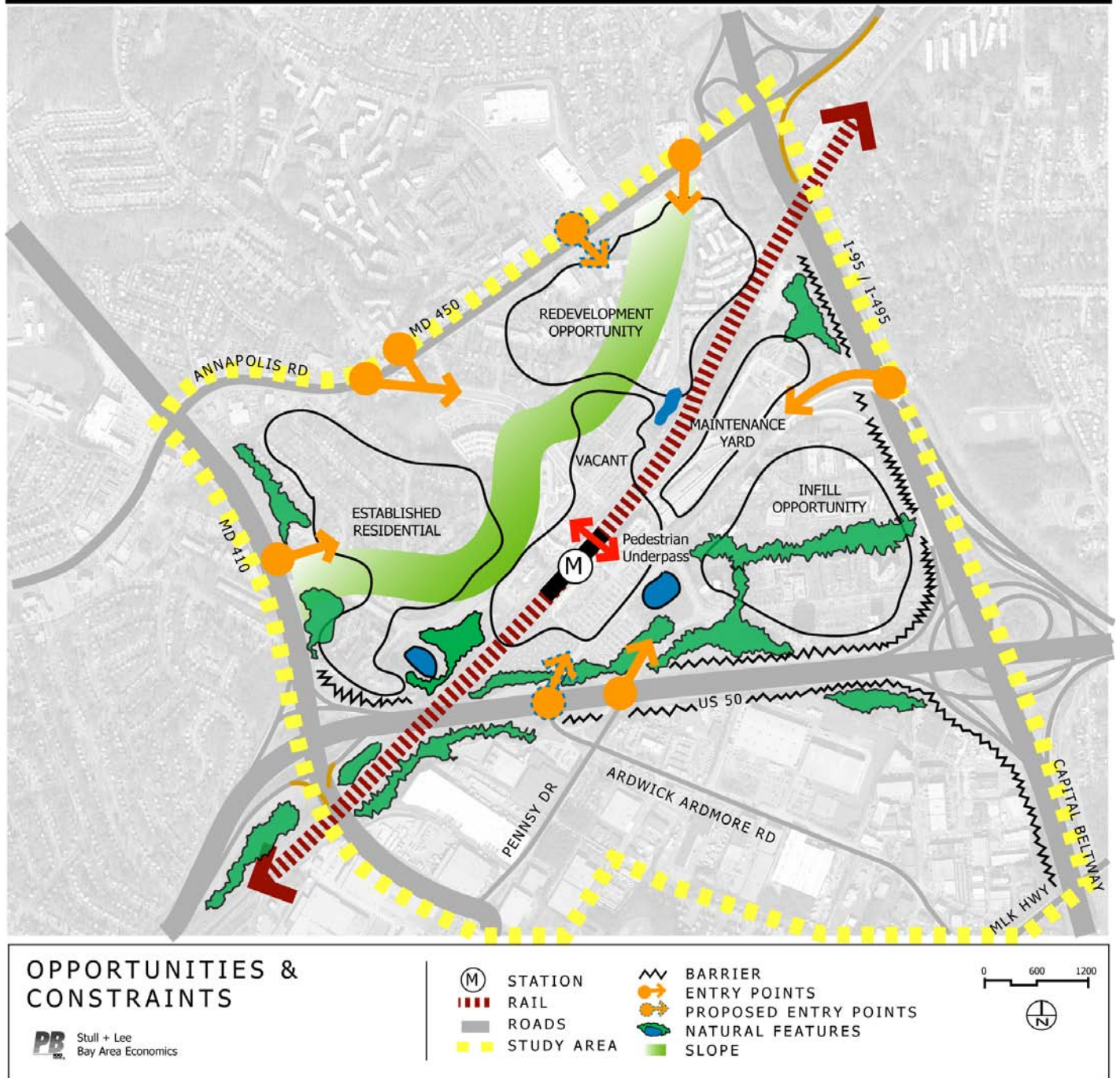
### *Opportunities and Constraints*

The study area contains an estimated 135.9 acres of undeveloped or underdeveloped land within one-half mile of the New Carrollton station. The properties are currently in a mix of public and private ownership and include 35.7 acres of WMATA-owned property and 10.3 acres of state-owned land. The site is near several aging, underutilized, small-scale commercial developments and contains or adjoins a number of mature mid-rise housing developments. Other than a floodplain that runs south of the station, there are no known environmental constraints on the station area site. Automotive access to the study area is via John Hanson Highway (US 50), Veteran's Parkway (MD 410), Annapolis Road (MD 450), and the Capital Beltway (I-495/I-95).

*Comparison of Undeveloped and Underdeveloped Land*

# The Process

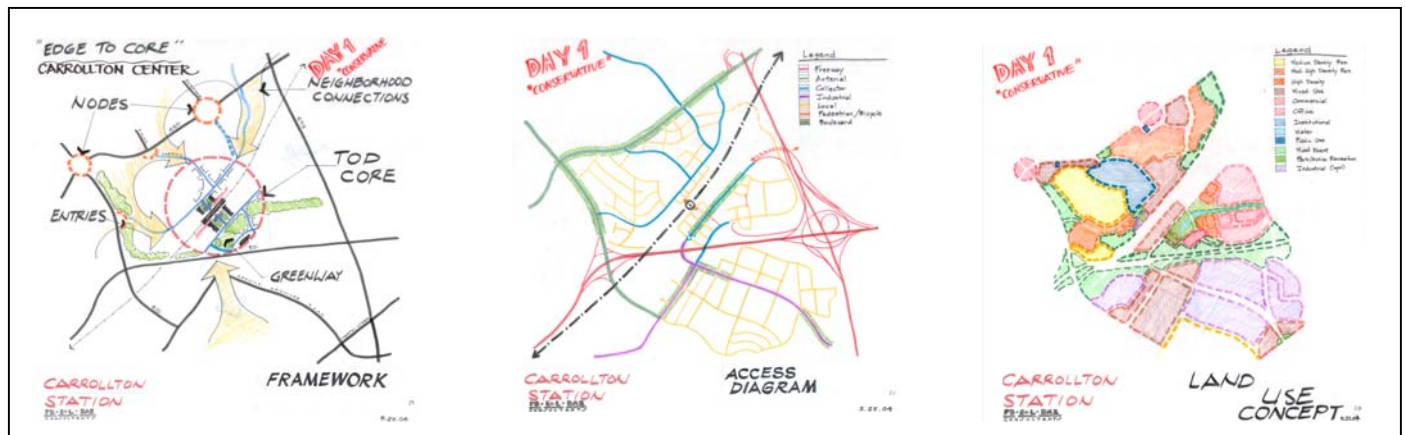
## CARROLLTON CENTER



The rail lines form a physical barrier between the northern and southern portions of the study area. MD 410, US 50, and the Capital Beltway form physical barriers as well and also limit access to the site. The neighborhood to the north features a significant elevation change between Annapolis Road and the stations and contains several communities with both multifamily and single-family residential housing. The “triangle” to the southeast, bordered by the tracks, US 50 and the Capital Beltway, is a suburban office park with a significant amount of land dedicated to surface parking. Industrial uses predominate south of US 50.

## Alternatives

Two development alternatives were created and analyzed as part of the charrette workshop process and were then synthesized into a final, preferred development concept. The initial alternatives were characterized as “conservative” and “aggressive.” Each alternative assumed a particular circulation and open space pattern as well as potential mixes and intensities of land uses that influenced the final preferred development concept described in the next section.



*Conservative Concept*



*Aggressive Concept*

## Vision Statement



Station Area Core Sketch

*Anchored by an unusual, but very opportune, combination of transportation modes, from Amtrak intercity to MARC commuter rail service through intercity and local transit bus service, an area formerly hidden in a valley of highways and busy arterials has undergone a dramatic transformation to become Carrollton Center, Prince George's County's lively downtown. Taking full advantage of the outstanding regional access afforded through a network of excellent rail, bus and highway facilities, Carrollton Center is characterized by an urban mixture of high-quality land uses that make it a lively focal point both during the day and the evenings.*

*Increased building height and design quality strengthen the visual identity of the area. The corresponding increase in employees and residents leads the way in making the area commercially attractive. The center now includes white table cloth restaurants and a variety of service-oriented businesses that meet the needs of those who work and live within a short walk of this multimodal transportation hub. Many of the shops and cafes cultivate and attract an up-market clientele throughout the county and the metropolitan area.*

*The emergence of Carrollton Center as the county's downtown has also been part of the systematic transformation and revitalization of the Annapolis Road (MD 450) corridor, from an area dominated by strip retail, automobile dealerships and fast-food restaurants to a busy but inviting pedestrian-friendly boulevard that now features a mix of well-designed, high-quality retail, office and residential uses and activities. A significant new "flagship" mixed-use development at the intersection of Annapolis Road and 85<sup>th</sup> Avenue symbolizes the changes and marks this location as an important access point to the New Carrollton transportation hub.*

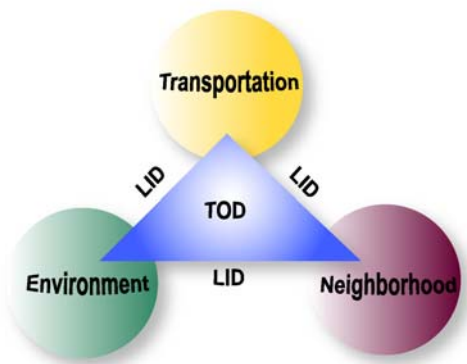
## Concept Features

- An architecturally dramatic “transit cathedral” will serve as a great hall, accommodating multiple transportation modes and serving as host to a number of shops, stores and cafes within an inspiring space that is both a transportation crossroad and an important civic place.
- The cathedral links plazas that bustle with activity as autos, taxis and buses continually drop off and pick up passengers on both the north and south sides of the tracks.
- Pedestrian-friendly streets provide an attractive alternative to vehicular use.
- The completely redeveloped Garden City neighborhood is now a mix of residential and office development, featuring buildings that are oriented around a formal green.
- From the west, a dramatic mixed-use residential point tower at Harkins Road will announce this important point of access.
- An integrated system of parks and trails will be a well-used and widely admired recreational and visual amenity. The parkway system will be visible and will be made safe by:
  - View corridors into the park.
  - Amenities in the park that attract activity.
  - Buildings that front on the park, an active recreation space, and make positive surveillance possible.
- The community will be laced with green open spaces and recreation and design amenities to provide desirable destinations and aesthetic benefits.
- Along all streets, landscaping and building articulation will be used to create and maintain visual interest.
- To the maximum extent possible, parking lots will not front on the street and will be landscaped to create a pleasant and integrated walking environment.
- In addition to substantial office space, housing is an important part of the mix.

## Development Concept

- Complementing several established residential areas are new townhouses and mid-rise structures offering housing options that meet the needs of families, singles and the elderly.
- Two new hotels are visual landmarks with easy access both to and from the District of Columbia via Metrorail and Montgomery County via the Bi-County Transitway, making them affordable options for families and business persons seeking alternatives to hotels in the District and in the western suburbs of the metropolitan area.

## Concept Elements



Concept Diagram

The strategy for attracting transit-oriented development to New Carrollton is premised on a transit-supportive land use pattern that encourages and supports bus and rail transit ridership and features an integrated, efficient, multimodal circulation system. This balance of land uses, coupled with a traditional grid pattern of streets, forms the basis for the New Carrollton Metropolitan Center. Many of the defining community features will work together so that the proposed center will foster community spirit and human interaction and create an accessible, desirable, high-quality living environment. The concept is based on three key policy and planning elements: Neighborhoods—Environment—Transportation. Each of these elements is tied to the site through low-impact development (LID) practices and is sensitive to what creates successful transit-oriented development.

**Neighborhoods** are essential to successful transit-oriented development. Definable neighborhoods, each with a unique, engaging character, encourage citizens to take responsibility for, and an abiding civic pride in, their maintenance and evolution. Generally, they should be compact, mixed use, and pedestrian friendly so that many activities of daily living are within close proximity. They are safe, comfortable, interesting, and are defined as much by the quality of their open spaces as by the quality of their built environment.

**Environment** concerns planning for, preserving and enhancing natural features and processes, wildlife, habitat, parks, recreation and open space. Planning and development that respect the environment can significantly improve quality of life. Successful communities typically provide a range of parks and open spaces, such as tot lots, ballfields, and gardens, as neighborhood amenities that also define edges and provide connections.

**Transportation** elements, especially streets and pedestrian-friendly transit facility design, help organize community structure. When

properly planned, designed and integrated, they allow a wider range of mobility options and lifestyle independence for all residents that are especially important to the young and the elderly. The best streets are places of shared use that balance the needs of pedestrians, bicyclists, transit users and motorists. Well-designed streets are beautiful as well as functional and provide a graceful and celebratory setting for a community's architecture.



*Example of Creative Low Impact Development Techniques*

**Low-Impact Development (LID)** is a construction and engineering approach to new development that minimizes adverse environmental impacts. It includes techniques such as green roofs, extensive landscaping, bio-swales, and other creative uses of open space. It is a planning, design and engineering approach that combines naturally functioning site plans with pollution prevention measures to compensate for land development impacts on hydrology and water quality.

**Transit-Oriented Development (TOD)** is compatible moderate- to higher-density development, located within an easy walk of a major transit stop, generally with a mix of residential, employment and shopping opportunities, designed for pedestrians without excluding the automobile. TOD can be new construction or redevelopment whose design, mix and intensity of uses and orientation encourage or increase transit use.

Innovative parking design and management strategies are important to the success of this type of development. They ensure not only high quality site-appropriate design that is integrated with adjoining communities, but also the marketability and financial success of the project.

## Concept Illustrations

Principal elements of the development concept are illustrated in more detail and include the following diagrams:

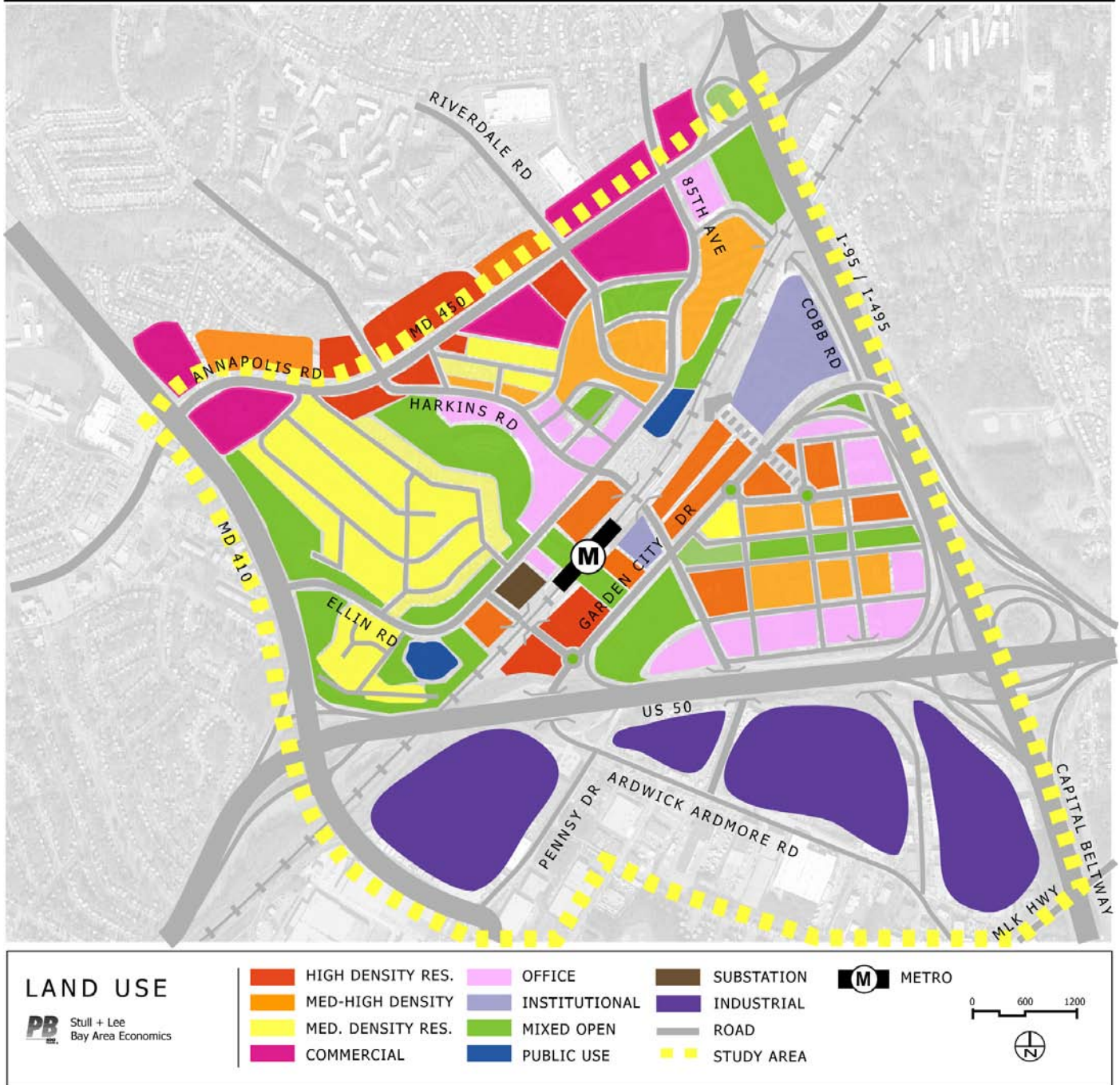
- Land Use
- Circulation Plan
  - Street Network
  - Bike, Trail and Pedestrian Network
  - Transit
  - Bi-County Transitway and MAGLEV<sup>1</sup>
- Parks and Open Spaces
- Neighborhood Character Areas
  - Metro Core
  - Annapolis Road Corridor
  - Hillside Residential
  - Civic Center
  - Garden City
  - Industrial Complex

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<sup>1</sup> MAgnetic LEVitation: a federal project for national high-speed intercity train service based on the use of advanced electro-magnetic propulsion. The New Carrollton Station is under consideration as a metropolitan Washington area stop for MAGLEV service.

# Development Concept

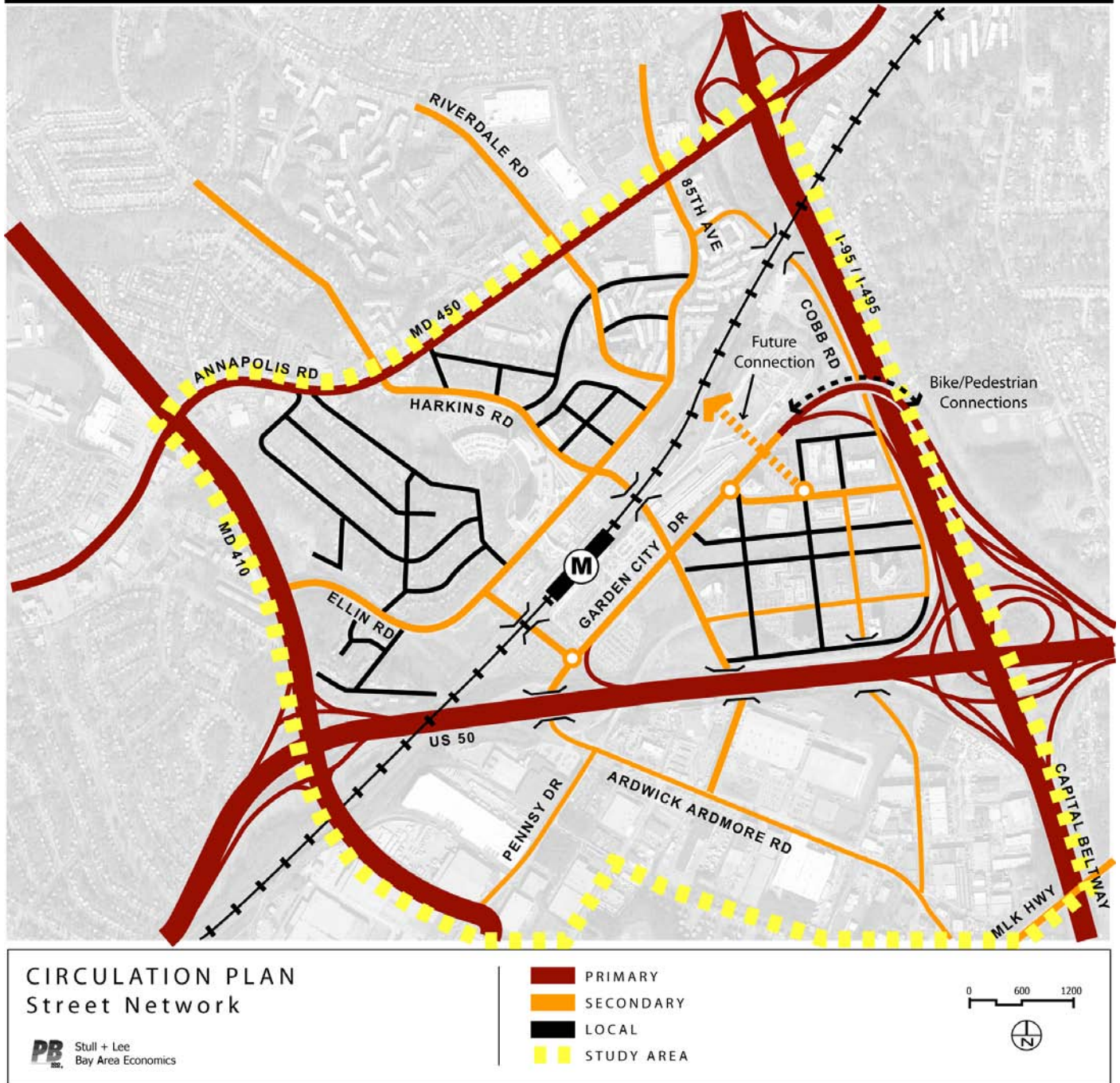
## CARROLLTON CENTER



The mix and intensities of uses is critical to the success of the TOD. Higher intensity residential, office and institutional uses are focused around the transit station and are envisioned as buildings that capture and integrate active ground floor uses such as restaurants, retail establishments, or a community library. Open space provides neighborhood focal areas and recreation opportunities, defines edges, and provides opportunities for stormwater management. The Annapolis Road Corridor is redeveloped over time with higher intensity residential and an updated, up-market mix of commercial uses. The area south of US 50 continues as viable, regionally marketed light industrial district.

# Development Concept

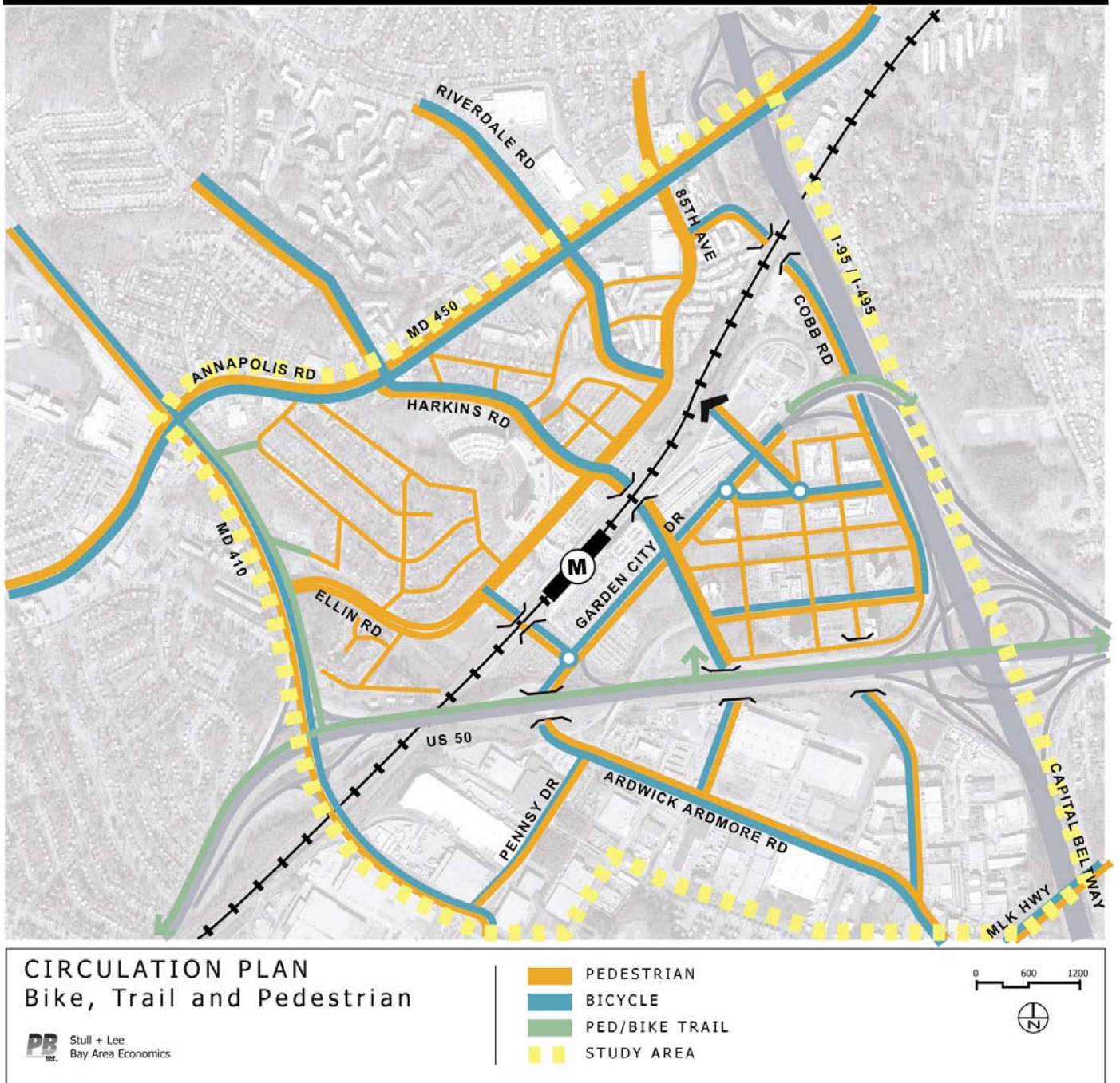
## CARROLLTON CENTER



The preferred development concept envisions a pedestrian-friendly, urban-scale hierarchical street pattern. Primary access to the site will be by transit as well as via the Capital Beltway, US 50, MD 450 and MD 410. Secondary streets form a well-connected internal network that will allow residents and users easy and direct access to all neighborhoods within the study area. Multiple access points have been added, including new crossings of the rail corridor and two new crossings under US 50, to mitigate the isolation that this area currently experiences. Local streets will continue to serve local uses and complete the grid pattern. Three roundabouts are located to calm traffic, define important gateways, and improve traffic flow.

# Development Concept

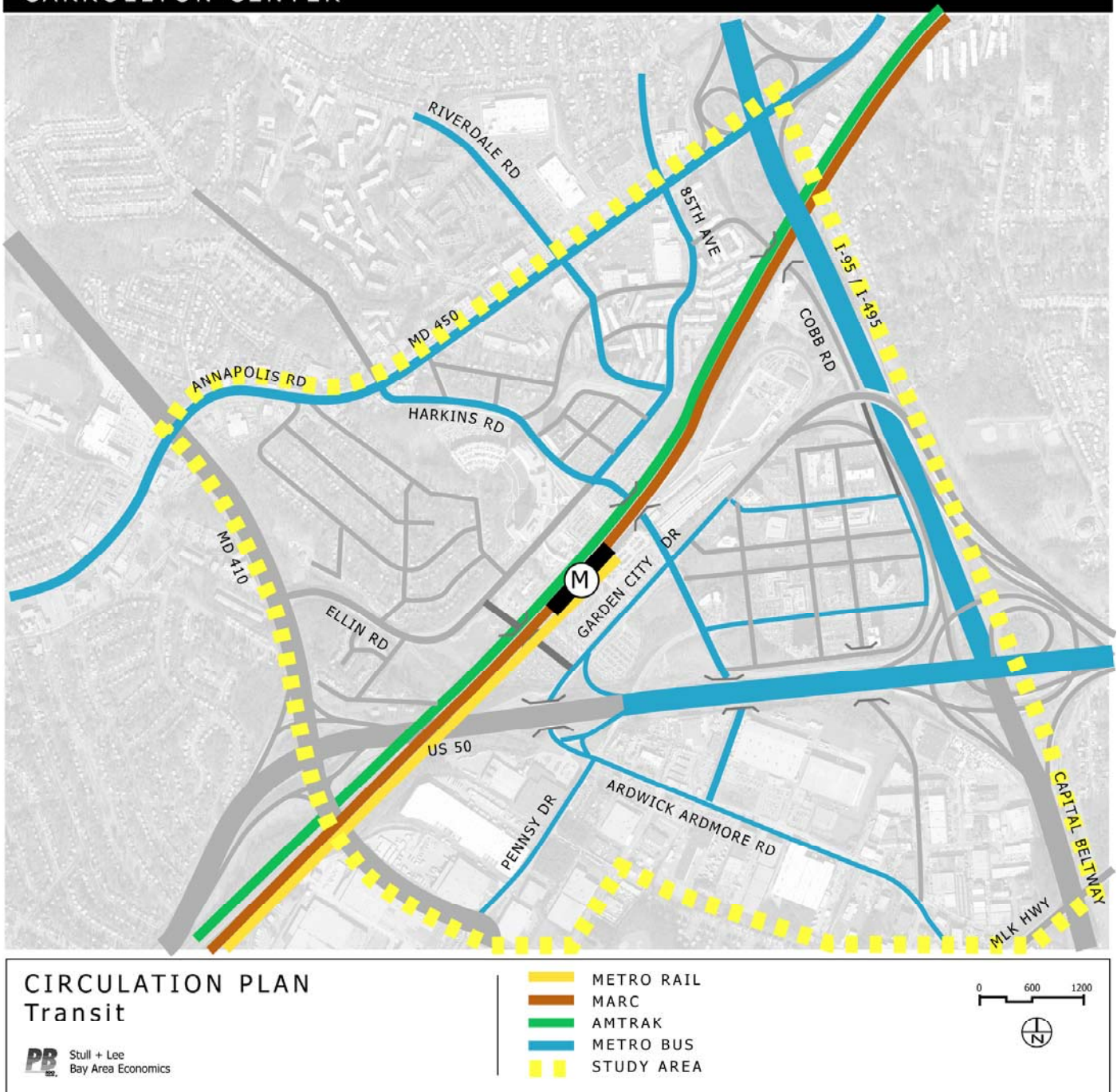
## CARROLLTON CENTER



The new street pattern will also emphasize multimodal accessibility, especially pedestrian and bicycle use. All streets will have sidewalks, and several secondary streets will also provide bike lanes. Perimeter bicycle and pedestrian trails will link to other countywide trails and will provide safe and direct connections to areas outside of the study area. Abundant, convenient and secure bicycle parking will be provided. Streets will be designed to provide a pleasant walking experience with curb extensions, sidewalks that are separated from the curb with street trees, street furniture and decorative street lights that are scaled to accommodate people first and then the automobile.

# Development Concept

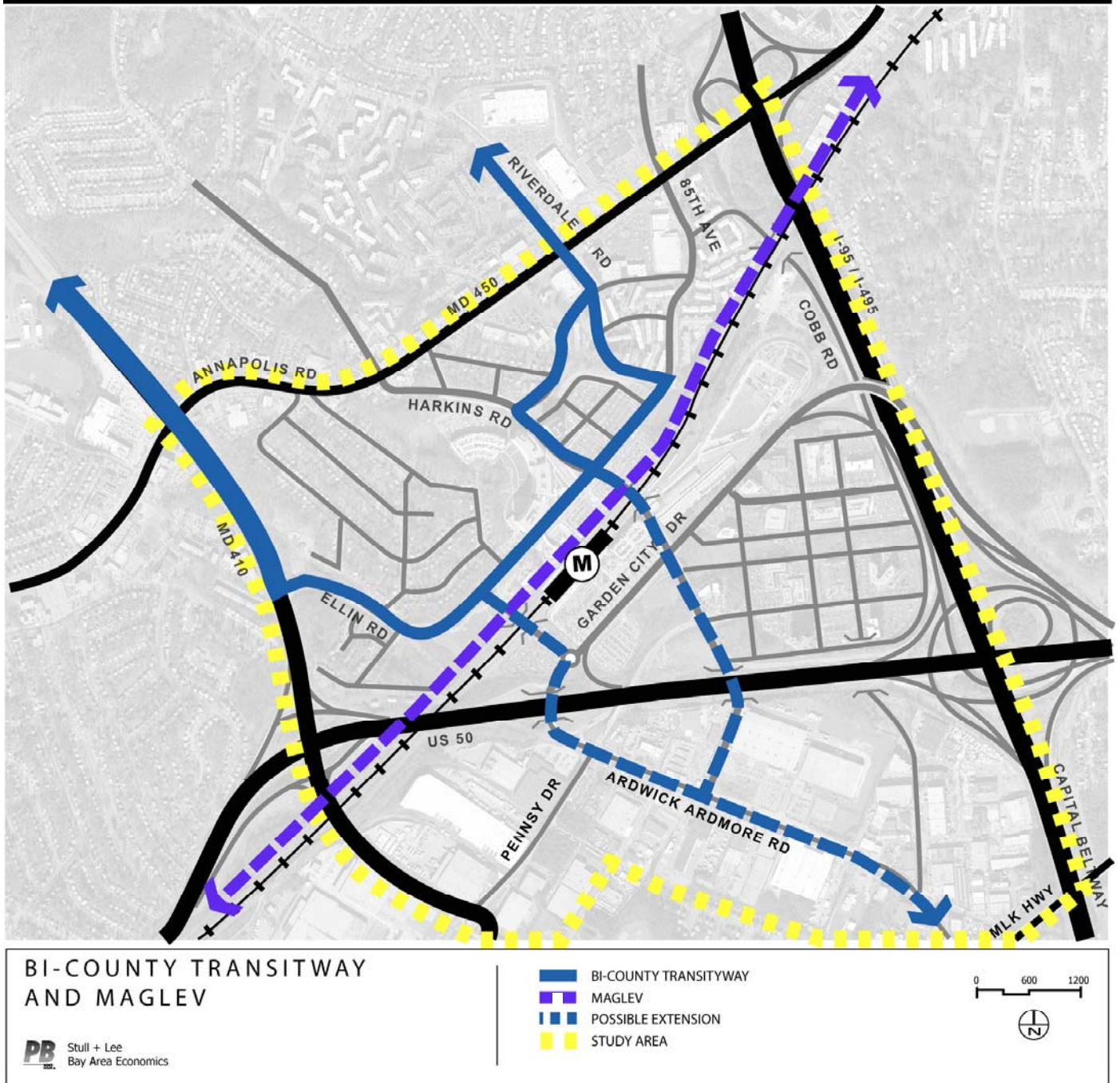
## CARROLLTON CENTER



Multiple transit services characterize this regionally significant transportation hub. Transit access is likely to increase in importance as congestion within the region grows. Metrorail, MARC commuter rail, Amtrak, and Metrobus and TheBus (county) services all link the site to important local, regional and national destinations. Increased transit efficiency will result from the improved connectivity and routing flexibility of the improved street network, and ridership will benefit from the intensification of uses.

# Development Concept

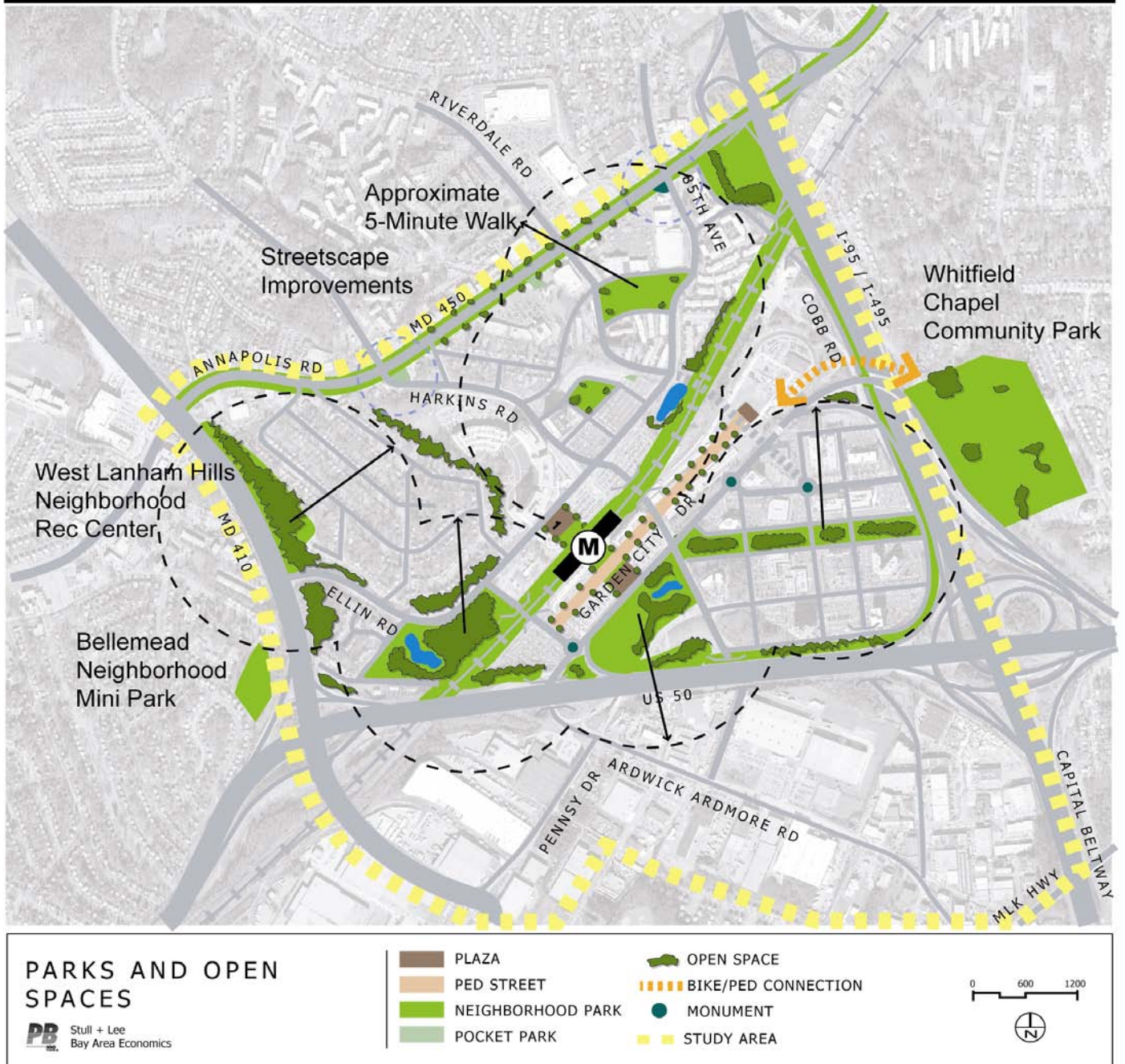
## CARROLLTON CENTER



Future, additional transit service is currently being envisioned that will further strengthen the site’s regional transit significance. The final design of the Bi-County Transitway (BCT), which will provide either high quality Bus Rapid Transit (BRT) or Light Rail Transit (LRT) service to the site, is currently under study and will help determine the best routing for this important new cross-county service. This site is currently viewed as the interim terminal station for a new transit that will eventually extend farther into the county. The federal MAGLEV project would add a high-speed intercity train option that will further enhance New Carrollton’s role as a major regional transportation hub.

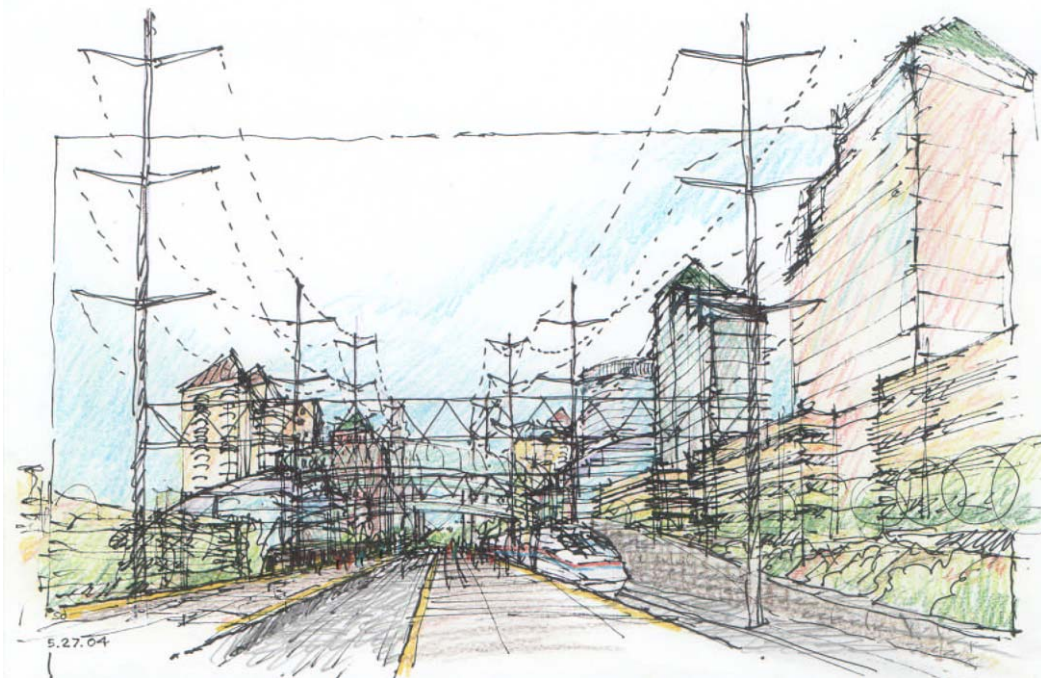
# Development Concept

## CARROLLTON CENTER



A range of parks and open spaces are envisioned throughout the study area. These areas will provide active and passive recreation; neighborhood focal points will buffer residential edges and provide physical connections and opportunities for creative stormwater management. A major plaza space will be developed in conjunction with the transit station. A pedestrian street will link the station to institutional uses to the northeast, and a bike/pedestrian connection will link the station area to Whitfield Chapel Community Park. Neighborhood and pocket parks will be located within a five-minute walk of all residents. The three roundabouts will be landscaped to support their function in calming traffic and emphasize their role as community gateways.

# Development Concept



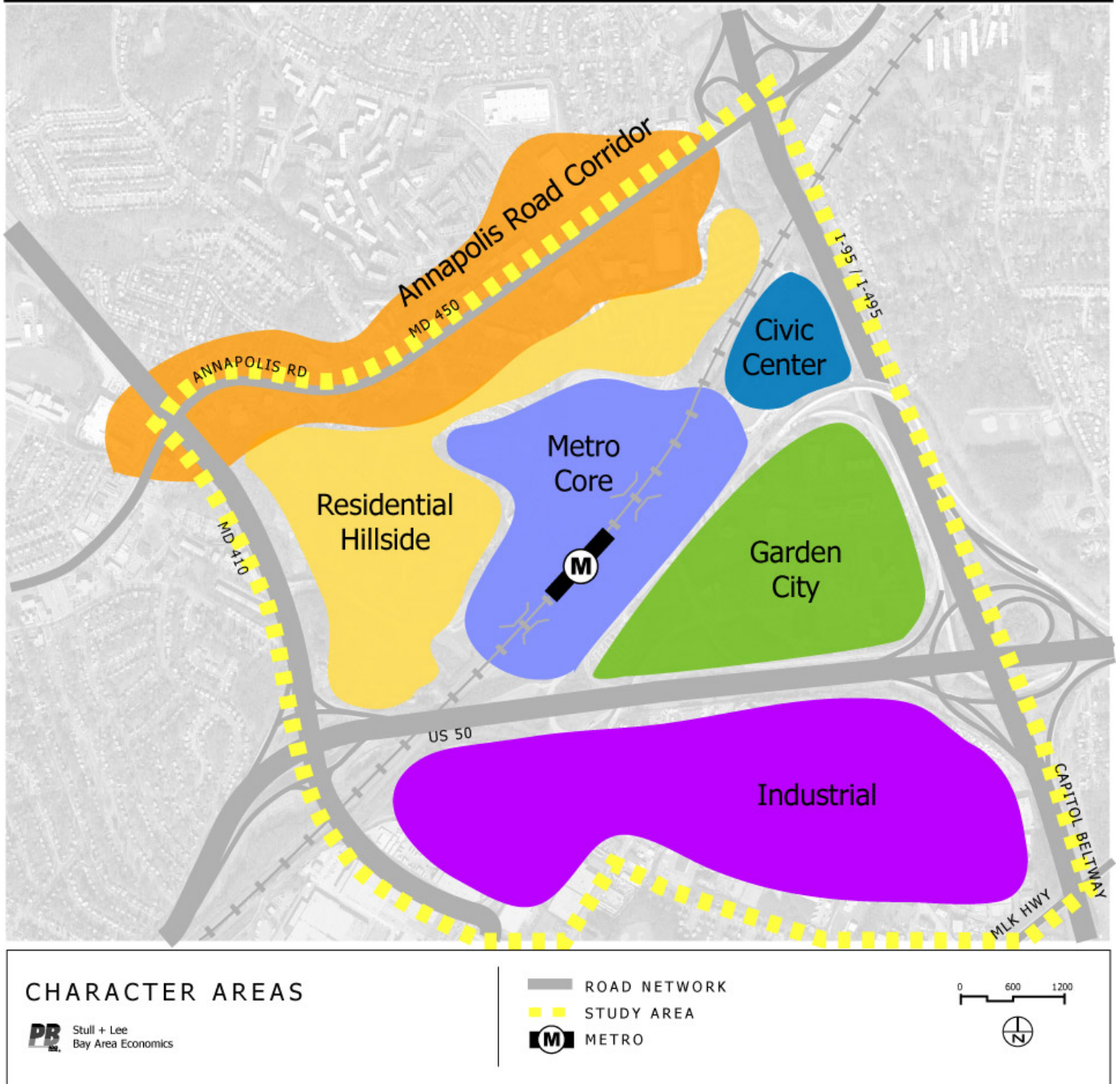
*View of Rail Transit Corridor with Overhead Transmission Lines*



*View of Rail Transit Corridor with Relocated Transmission Lines*

# Development Concept

## CARROLLTON CENTER



Six areas comprise and define the New Carrollton TOD planning study area: (1) Annapolis Road Corridor, (2) Residential Hillside, (3) Metro Core, (4) Civic Center, (5) Garden City and (6) Industrial Complex. Each of these area's character and function is summarized on the following pages.

## Metro Core

In keeping with the Prince George's County General Plan designation as a Metropolitan Center, the Metro Core area at New Carrollton is envisioned as the most intense neighborhood. It will be characterized by a high concentration and mix of denser land uses and the economic activities that attract large government and other professional services, tenants, major educational facilities, and high-intensity commercial and residential uses, all of which will be a safe, convenient walk from the transit station. Site users will include residents, employers and patrons from the entire metropolitan Washington area.



1



3



2



4

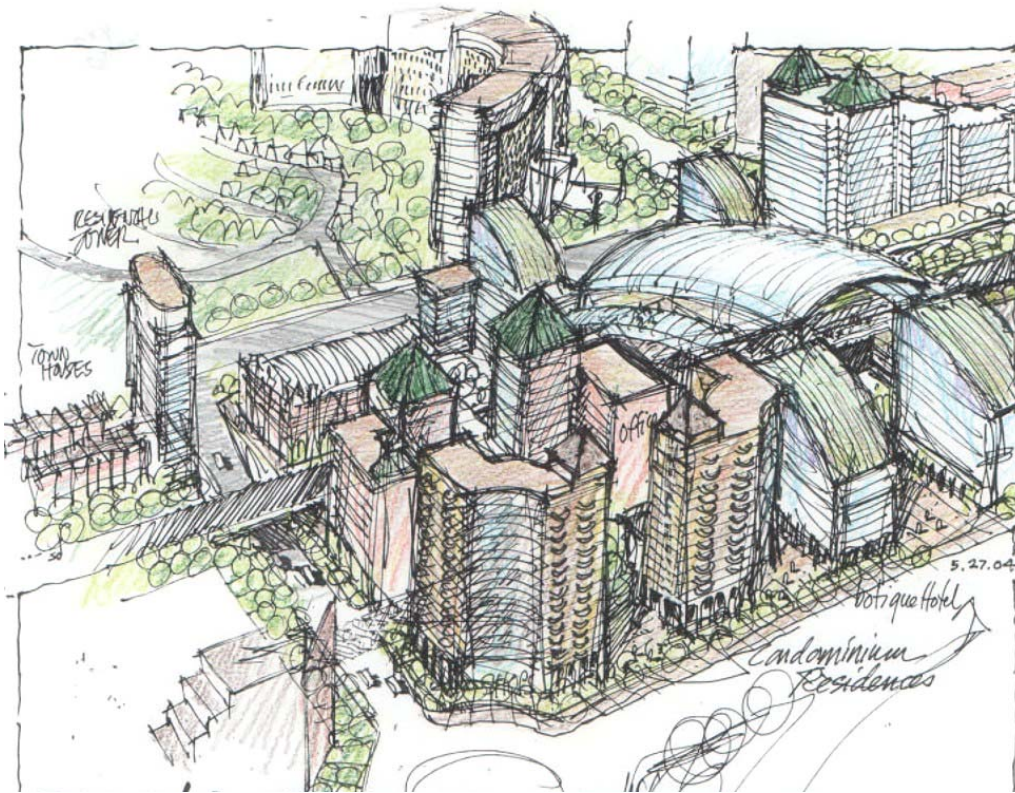
*These images begin to convey some of the key attributes of the envisioned urban character of the preferred development: (1) active ground floor uses, (2) urban plazas and streetscape, (3) tall buildings, and (4) pleasant and easy pedestrian access to transit.*

## Development Concept

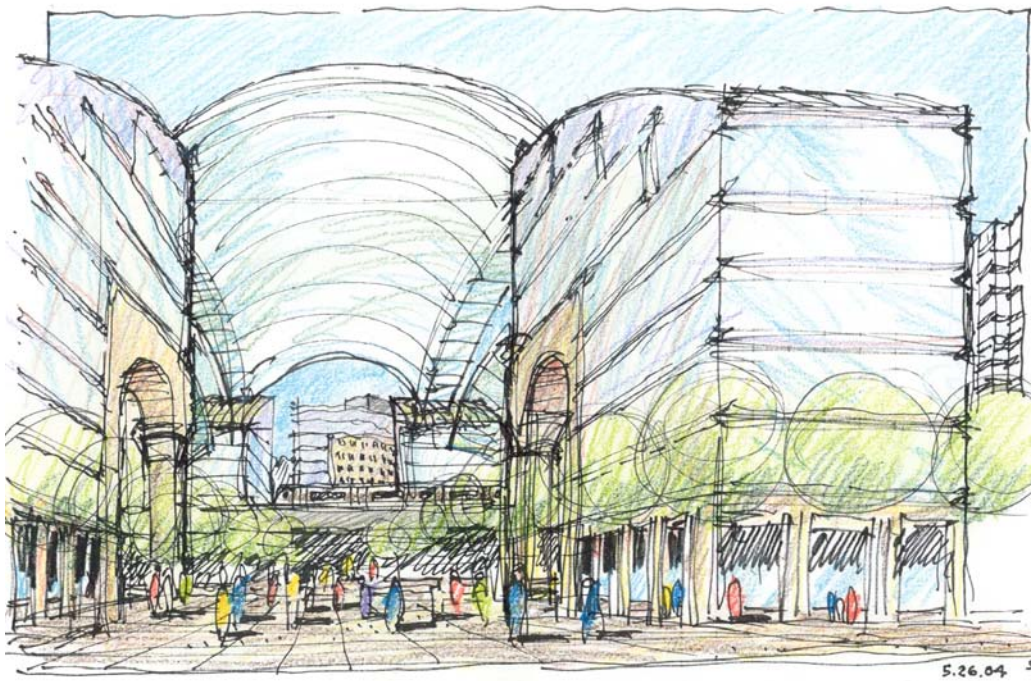


Located within walking distance from the transit station are the highest intensity commercial and residential uses. In the tradition of grand Washington area boulevards, Ellin Road and Garden City Drive will be reconfigured with street trees and landscaped medians. An iconic transit cathedral will “vault” the rail service corridor. High-density, mixed-use development will be on the deck that covers the transit maintenance yard. Two hotels will provide an accessible, high-quality alternative to higher-priced alternatives in the District of Columbia and western suburbs. The urban intensity will be balanced with a significant open space amenity: the enhanced floodway park to the south of the station.

# Development Concept



*Bird's Eye View of Metro Core Looking North*



*Artist's Sketch of Transit Cathedral—View from Garden City Drive*

## Annapolis Road Corridor

The Annapolis Road Corridor is envisioned as a comprehensively redeveloped dynamic, community-serving, mixed-use residential and commercial corridor. Human-scale architecture, wide sidewalks and pedestrian-friendly lighting will characterize this corridor, which will strongly define the edge of the Metropolitan Center and serve as a gateway to adjacent transit facilities via Harkins Road, an extended and improved Riverdale Road, and 85th Avenue. Buildings and open spaces will take maximum advantage of the views offered by the corridor's prominent ridge location. All redevelopment will complement the existing hillside residential areas.



*Character Images: Future Annapolis Road Corridor Mixed-Use Development*



*Artist's Sketch of Annapolis Road Redeveloped as a Mixed-Use Corridor*

## Development Concept



*Plan View of Annapolis Road Corridor, Mixed-Use Redevelopment. The redevelopment will create a strong community edge, destination and potential transit corridor. The illustration colors generally represent the following uses: Red = Commercial/Retail, Brown = Office/Commercial, Orange = Higher Intensity Multifamily Residential, Yellow = Lower Intensity Multifamily Residential, Blue = Civil/Institutional, Green = Parks/Open Space. Active ground floor uses are always encouraged. Parking is generally to the side or rear of buildings. The streetscape has been improved aesthetically and functionally with street trees, wide sidewalks, small to no building setbacks, and strongly defined pedestrian crossings at intersections.*



*Bird's Eye View of Massing Relationships along the Annapolis Road Corridor Mixed-Use Redevelopment—Looking Northeast from Transit Station and Internal Revenue Service Facilities.*

## Hillside Residential

This area already contains stable single-family and multifamily residential neighborhoods. Mature tree cover characterizes the south-facing hillside, and a new public park is envisioned. Street alignments will be revised to accommodate the Bi-County Transitway and to provide better connectivity. An area of high-density residential is also envisioned to develop next to the CSC building.



*Hillside Residential Parks and Housing Character Images.*

## Civic Center

A 3,000-seat civic and cultural venue that can include government and public offices will create a visible, regionally distinctive landmark for Carrollton Center from the Capital Beltway.



*Example of a possible New Carrollton Civic and Cultural Center*

## Garden City

Once an auto-oriented, single-use office park, this area now boasts two livable, transit-friendly, mixed-use neighborhoods that front on a major east-west greenway and transit center wetland park. The barrier effect of US 50 and the Capital Beltway has been managed with new street connections to the north and south, as well as architectural massing and landscape buffering. Created through long-term replatting, the area has a walkable urban street grid and consists of a dynamic blend of infill office, residential and neighborhood retail uses. Most existing buildings have been preserved, except a few that have to be modified to allow the creation of a complete, interconnected street grid.



*Plan View Sketch of Garden City Neighborhood Redevelopment Concept*

## Industrial Complex

An established economically viable district of diverse industrial uses, this area is envisioned as a candidate for functional and aesthetic improvement over the very long term through targeted redevelopment that would incorporate mixed uses, an improved, more urban, streetscape (such as sidewalks, pedestrian crossings and street furniture and trees), and unique, regionally marketable, residential housing such as infill live-work units. The long-term redevelopment of this area will also transform its role as a buffer for the existing neighborhoods to the south. The eventual redevelopment of this area should be planned so as to ensure that key transit, bicycle and pedestrian connections to the New Carrollton core will be strengthened.



*Examples of Improved Industrial Architecture/  
Live-Work Residential Aesthetics*

# Implementation

The key to realizing the full potential of New Carrollton is a bold planning and development partnership. Successful implementation will emerge from a broadly based, consistent commitment from all stakeholders to a quality product, the establishment of an appropriate and predictable project, site planning and design review process, and the assembly of skilled, multidisciplinary staff to plan and oversee the realization of the defined vision. This will be important throughout each project’s lifetime—from inception through buildout to ongoing management and maintenance.

The planning study process assembled an initial planning toolbox and identified a number of procedural options. Time is of the essence in refining the preferred implementation approach. Particularly in transit-oriented development planning, it is important to keep in mind that developers are deeply concerned about their exposure to uncertainty and cost, such as the time and up-front costs of land assembly, entitlements, financing, infrastructure improvements, and actual construction activities (the “sticks and bricks” phase). Delay can have immediate, possibly deterrent, effects on the marketability and eventual financial success of the project.

After discussions with a range of stakeholders, the planning and design team created an implementation framework, which is summarized below.



*Simplified TOD Implementation Strategy Process Diagram*

## Phase 1—Rollout

### *Marketing and Outreach*

To achieve the goals of this planning effort requires the full support of the public sector. Elected officials must understand and champion the vision contained in this report. Community groups, landowners, developers and lenders will all need to be included in the rollout once the policymakers commit to a specific timetable and an agenda for implementation is established.

## Phase 2—Planning

### *Strategy Completion*

Although this study identified and summarized the broad strategy, the scope of this project will require more comprehensive engineering, environmental, marketability and technical analyses as well as detailed architectural studies. Particular attention will need to be paid to:

- Intergovernmental coordination and management including assigning roles and responsibilities.
- Providing technical support, such as engineering, environmental and infrastructure assistance, especially in regard to floodplain issues.
- A comprehensive outreach, TOD education, and project branding and marketing effort.

### *Formal Adoption of a Preferred Development Strategy*

Planning policies and the codes that support the agreed-upon development strategy must be clear, consistent, predictable and enforceable, and should include:

- Specific guidelines for individual site design and management, as well as public open space areas and features.
- Guidelines for development of three-dimensional elements of the project, such as street and building cross-sections.

- Guidelines on public elements, such as paving, street furnishings, signage and lighting.

Continued technical assistance will be required and land assembly, financing and partnerships will need to be established.

### *Development Entity*

A key issue to implementing this TOD project will be the creation or designation of a development entity. The planning study team identified several options: a single public lead agency, a nonprofit public/private partnership, or a private sector master developer. It is critical that whatever lead entity is agreed upon be institutionally and legally able to stimulate redevelopment; to bring—and keep—all the key parties together; obtain land use approvals; assemble or coordinate the disposition of public and private land; bring the necessary real estate, development, and financing expertise to the project; and be able to secure needed private and public investment funds (grants and loans), particularly for the crucial initial project phases.

## **Phase 3—Implementation**

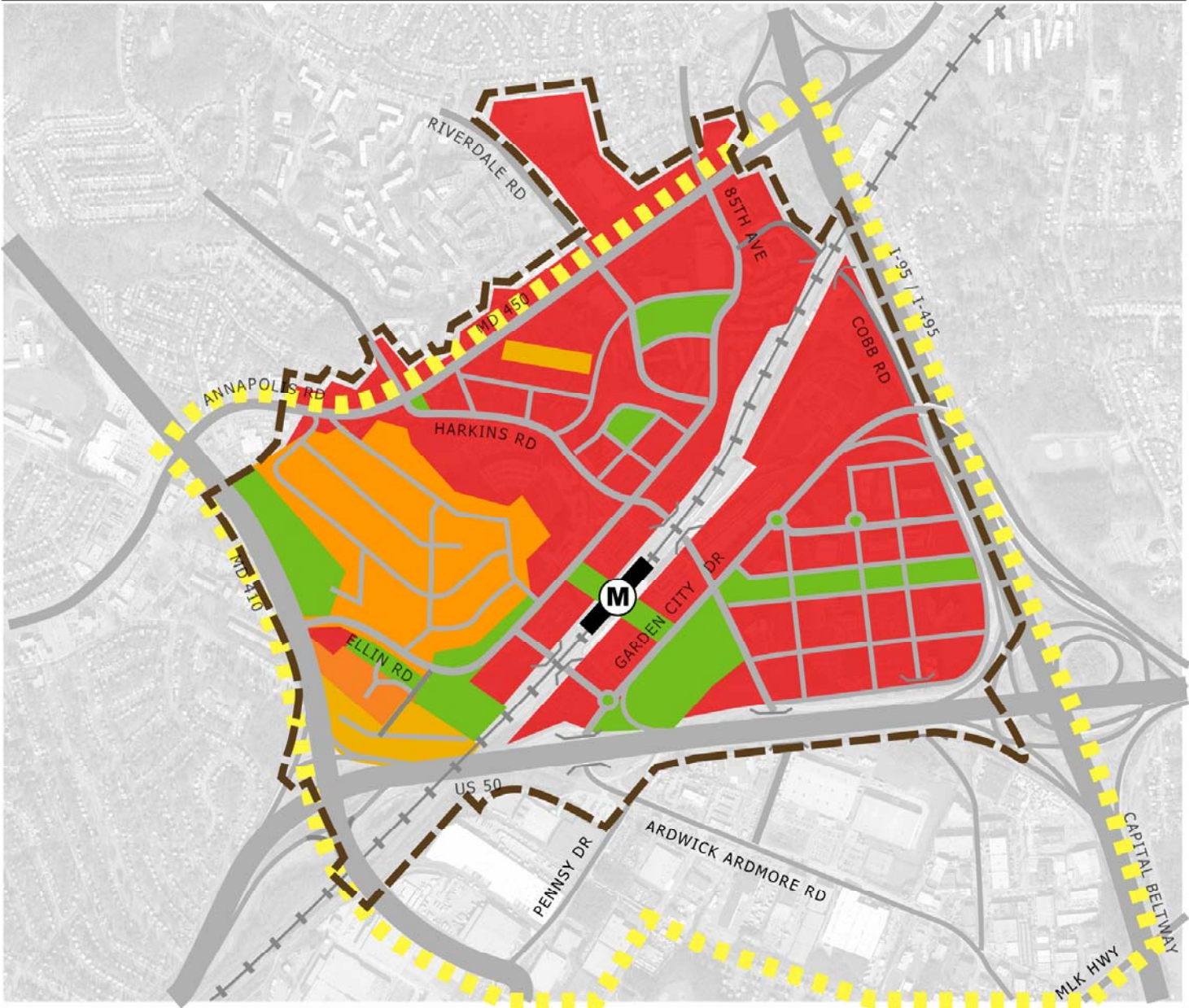
### *Identify and Build Specific Projects*

After detailed project designs and site plans have been agreed upon and prepared, a method of scheduling and delivering the diverse range of envisioned development products must be laid out and should reflect the following primary goals:

- Final funding must be secured.
- Site sales and land assembly must be managed to ensure urban design consistency.
- High-quality maintenance of all public areas must complement the high-quality design of each individual project and the overall station area environment.
- As individual projects are being developed they must undergo periodic reviews, using the final development strategy and the implementing guidelines as the point of reference.

# Implementation

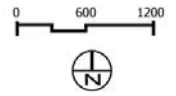
## CARROLLTON CENTER



### PROPOSED TDOZ BOUNDARY AND ZONING

**PL** Stull + Lee  
Bay Area Economics

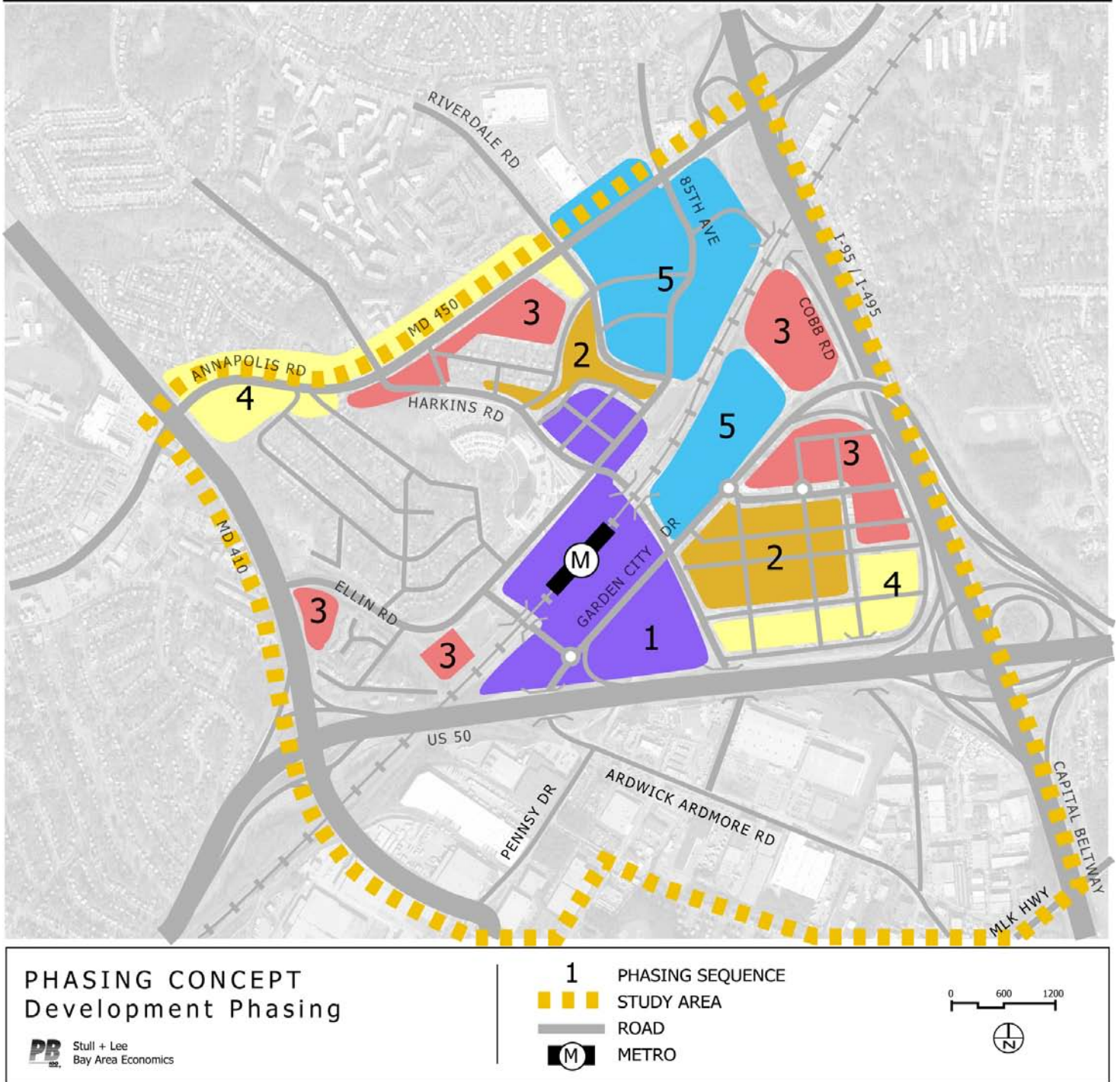
- M-X-T
- R-55
- R-T
- O-S
- TDOZ
- METRO
- STUDY AREA



This map represents how the proposed development concept might be interpreted for purposes of updating the existing New Carrollton Transit Development District Plan (TDDP) and amending the New Carrollton Transit District Overlay Zone (TDOZ).

# Implementation

## CARROLLTON CENTER



This map depicts a sequence for the preferred development concept that reflects, or anticipates, current market forces and a desirable, future sequence of project development.

## *Parking Strategy*

Minimizing and consolidating the amount and location of parking, especially structured parking, is critical to this strategy's successful realization, particularly during the early phases. Transit-oriented development planning is premised on a viable, comprehensive parking management program that should reduce overall parking demand by as much as 25 percent from what the same mix and intensity of uses would otherwise be required, or permitted, under current county standards. The three key features of this program are:

1. Reduced parking requirements to reflect:

- *Increased transit use.* A significant percentage of new residents in the study area are expected to work in downtown Washington, D.C., and at other locations, such as university or federal office campuses that are accessible by Metrorail. Office workers and shoppers at commercial uses in the station area will also be able to take transit to this site.
- *Reduced vehicle use.* The TOD strategy envisions residents and commuters living and working close enough to the variety of future uses in the area to be able to walk, bike or use transit to satisfy many of their daily needs, which reduces auto use and the corresponding demand for parking.
- *Shared parking.* Land uses with different peak parking demand periods can share the same parking for a longer period of each day. For example, a movie theater primarily needs parking in the evenings and on weekends, while an office primarily needs daytime weekday parking. These two uses, if located near one another, can be efficiently served by parking that the office would use during the day and the theaters would use in the evening.

**Car Sharing:** A personal mobility club, providing its members access to a fleet of vehicles conveniently located across a metropolitan area. Flexible pricing plans allow members to reserve and drive a car whenever they want, while the “car sharing” company covers the cost of the vehicle, insurance, gas, parking and maintenance. Members make reservations anywhere from a year to a minute in advance, deciding the date, time and duration. Members are given a key or code that works in every one of the fleet of vehicles. Members can use the car as often and for as long as they want. All cars need to be returned to their original location no later than the reservation end time.

2. Reduce off-street parking by crediting adjacent on-street parking toward fulfilling on-site parking requirements. This strategy makes on-street parking critical to meeting both parking supply and urban design goals, such as calming traffic and creating a high degree of building frontage, particularly in the Metro Core, the Annapolis Road Corridor, and Garden City. Currently, there is no on-street parking allowed in many parts of the station area that are envisioned as having more intense, denser uses as this area builds out. These more urban areas will benefit from additional conveniently located, but rationalized and consolidated, parking.
3. Establish a station area-wide parking entity to manage a single, integrated TOD and parking strategy. The entity would be responsible for:
  - Ensuring that each phase of development takes maximum advantage of underutilized parking in the station area by leasing it to other users or allocating it as additional commuter intercept parking, especially for Metrorail, MARC and the Bi-County Transitway.
  - Enforcing a residential permit program, particularly in Hillside and future residential development in Garden City.
  - Establishing and managing, or coordinating, a parking meter program to regulate on-street commercial parking.
  - Allocating parking revenues to support the parking management program.
  - Administering a transit pass program, such as the WMATA MetroCheck program, for station area residents as well as commuters who work in the station area.
  - Executing car-sharing agreements with providers and reserving spaces for car-sharing program vehicles.



## Appendix

### Memorandum

**To:** Paul Morris, Jim Hencke, PB  
**From:** Janet Smith-Heimer, Ron Golem, BAE  
**Re:** Economic Development Implementation Report for New Carrollton TOD  
**Date:** October 5, 2004

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#### Summary of Findings

Successful implementation of the New Carrollton Transit-Oriented Development Strategy (TOD Strategy) to generate desired economic development benefits will require the use of public financing tools such as tax-increment finance (TIF) bonds or Payment in Lieu of Taxes (PILOT), attraction of federal agencies to “seed” office development, and the creation of multiple public/private partnerships. This memorandum describes BAE’s analysis of financial feasibility for the development described in the TOD Strategy and the resulting need for public sector investment as well as coordinated action between public and private entities to attract private development interest.

The Maryland Department of Transportation has funded a comprehensive planning initiative for the New Carrollton Metro station and surrounding neighborhood. Conducted in conjunction with the Prince George’s County Planning Department, adjacent cities, WMATA, and other stakeholders, a TOD Strategy was formulated for an area encompassing a one-half mile radius around the Metro station. The Strategy calls for 6,600 new housing units (80 percent for-sale and 20 percent rental units); 5.7 million square feet of new office and retail space; 450 new hotel rooms; and a 3,000 seat cultural and performing arts venue, along with circulation and infrastructure improvements, community facilities, parks, and open space.

Following formulation of the TOD Strategy, it was tested by BAE for financial feasibility. Fiscal impact analysis to determine the extent of the net fiscal “benefit” or “impact” was conducted by Planning Department staff using its fiscal impact model, based on information provided by BAE. Two alternative market-rate development scenarios were tested. Scenario 1 assumes that the TOD Strategy generates a ten percent real increase in real estate values because of the increased quality of place and amenities that are provided. Scenario 2 assumes a 15 percent increase in value due to the TOD Strategy. The financial feasibility analysis used a detailed cash flow model through 2025 that BAE developed based on local market conditions and development costs. The analysis determined that a feasible development program would have the following characteristics and projected outcomes for the two scenarios:

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	<u>Scenario 1</u>	<u>Scenario 2</u>
Value of Proposed Development	\$5.5 billion	\$5.6 billion
Developer Internal Rate of Return	16.9%	16.9%
Residual Value for Land Purchase	\$679 million	\$679 million
TIF Bond Financing	\$239 million	\$198 million
Annual Debt Service on TIF Bonds	\$19.9 million	\$16.5 million
<u>Net</u> New Annual Fiscal Revenues After TIF Bond Debt Service, Cost of Public Services	est. \$2.6 million	est. \$7.1 million

The proposed TIF bonds will be repaid solely from the added tax revenues generated by the new development envisioned in the TOD Strategy, pursuant to State authorizing legislation. It will not result in tax increases for existing residents and businesses, nor will it require use of the County's General Fund.

The TOD Strategy will result in significant economic development opportunities, including new employment generation, opportunities for entrepreneurship and small business development, and attraction of new office, retail, hotel, and residential development. A broader range of housing products will be developed than is currently available, including townhouses and higher-end condominiums. Planning Department fiscal impact analysis identifies that the TOD Strategy will also generate approximately \$82.6 million to \$83.8 million in non-recurring revenue for impact and permit fees and transfer taxes, and the equivalent of approximately 27,600 permanent new jobs and 13,200 new construction jobs.

The result of the TOD Strategy will be the creation of dense, mixed-use development as has occurred at numerous Metro stations elsewhere in the region. Increasing traffic congestion in the region and a resulting preference for closer-in locations will help support demand for this type of development.

Successful implementation of the TOD Strategy will require the County to address a series of issues, including parking standards and management, creative use of public finance tools, and how to foster innovative public/private partnerships. These issues, including the need for public improvements and public support for catalyst projects, necessitate the creation of a capable and strong lead entity. BAE identified and evaluated a range of options for a lead entity, including a public agency, Joint Powers Authority, non-profit development corporation, and private master developer.

Attraction of federal agencies by working with the General Services Administration (GSA) is an essential measure to "seed" demand for extensive Class A office development in New Carrollton. Attraction of GSA tenancies is a proven strategy that has driven the development of business districts with a mix of federal and private tenants at other Metro stations in Virginia and Montgomery County. A reliance on only private sector office tenants would likely result in a much slower pace of new office development at New Carrollton, considerably extending the 20-year timeframe of the TOD Strategy. A local example of the synergistic effects of GSA tenancy is the decision to locate the IRS building in New Carrollton, which directly led to a decision by a major IRS contractor to occupy a high-rise office building across the street. GSA is by far the largest user of office space in the region, and therefore should be a factor in any strategy to create a new business center as envisioned at New Carrollton.

While there has been some discussion about the relative benefits of GSA tenancy, it is important to note that there are various types of arrangements that GSA utilizes. For example, when GSA is a tenant in a private development project, rather than its owner, the project generates the same level of property taxes

as any other private property (the fiscal impact analysis assumes that any new GSA tenancies at New Carrollton would be pursuant to leases with private landlords). There is also a range among federal agencies in their potential to stimulate additional private development interest. Coordinated action involving the County, State, and Congressional delegation can help identify desired federal tenants and attract them to New Carrollton. Other jurisdictions in the region have a long track record of such coordinated action to successfully attract federal agencies.

The attached memorandum summarizes projected cash flows for the two scenarios evaluated for the TOD Strategy, as well as the Planning Department's fiscal impact analysis. The remainder of this memorandum elaborates on the above points, followed by tables showing cash flows and fiscal impacts.

## **Methodology**

For this memorandum, BAE prepared a detailed cash flow model, which evaluates the development program for the TOD Strategy, its associated development revenues and costs to develop (including land acquisition), and the resulting return to developers or joint venture entities (e.g., partnerships between existing land owners and developers, or public/private partnerships). The cash flow model tracks revenues and expenditures, including equity investments, on a year by year basis, for each phase of development by product type (residential and commercial), and allows calculation of the Internal Rate of Return (IRR). The IRR is an advanced measure of financial return used by developers and investors to determine if proposed projects meet minimum return on investment objectives. To the extent that proposed development will not achieve minimum return requirements, the cash flow model allows identification of the amount of public investment and timing that is needed to enhance development returns. Detailed cash flow models are typically prepared by developers and other parties in conjunction with the negotiation of development agreements, obtaining equity investments, and submittal of loan requests to lenders.

BAE worked with Prince George's County Planning Department staff at the Maryland-National Capital Park and Planning Commission (M-NCPPC) to estimate the net fiscal benefit associated with the development program for the TOD Strategy. This work involved providing information on product types, market values, and development phasing to County staff, who then analyzed fiscal revenues and impacts using the County's proprietary fiscal impact model. The model calculates the new tax revenues that the County receives from new development (e.g., property taxes and a share of State income tax) as well as the costs of providing services to new development (e.g., public safety, schools, and other services). The model also calculates new construction-related and permanent employment generated by new development. Through the use of this tool, it is possible to determine whether proposed development will result in a "net fiscal benefit" (i.e., it generates more tax revenues for the County than it costs to provide new public services) or whether it results in a "net fiscal impact" (i.e., the new services cost more than the new tax revenues that are received).

BAE analyzed the extent to which public investment is necessary to attract the development proposed in the TOD Strategy. Such public investment can take the form of grants from existing federal, state, or local sources, as well as debt financing. If proposed development will generate a net fiscal benefit (surplus of tax revenues above costs of new public services), but high development costs result in an inadequate development return, it is possible to use a portion of the net fiscal revenues to finance tax-exempt bonds that cover the cost of public improvements. Such "tax increment financing", or TIF, is used by public agencies throughout the United States and has been previously used by Prince George's County. These bonds are entirely repaid from the new tax revenues that result from new development, and do not require any tax increase for existing residents and businesses. The use of TIF is particularly

appropriate for projects with high infrastructure costs or that create significant public benefits but whose high development costs means that insufficient private investment can be obtained to enable development.

## **Assumptions and Limitations**

The cash flow model makes numerous assumptions about sale prices, rents, construction costs, site-specific and project-wide infrastructure, financing and other soft costs, developer profits, and other costs for buildings, parking, and roads and infrastructure. Some of these assumptions are relatively well-known, such as interest rates on construction loans, while others are yet to be demonstrated, such as the sale prices for newly constructed townhouses or condominiums in a community that has not experienced a significant level of this type of purchase opportunity in many years. These assumptions are set forth in Table 3 appended to this memorandum.

BAE developed a cash flow model using cost estimates from national construction cost reference publications that publish locality adjusted cost information for building types and other improvements such as parking structures described in the TOD Strategy. Estimates of infrastructure costs are based on work done by Parsons Brinckerhoff (PB). Financing and other soft costs are based on current market conditions, local requirements, and BAE's experience with a wide range of development projects. Market research conducted by BAE for the New Carrollton area was used to determine rental rates and sale prices for residential development as well as rental rates and sale prices for retail and office uses. Rental rates for Class A office space were assumed to increase to \$25 per square foot per year by 2007. Parking structures are not assumed to generate revenues during the analysis period. Published hospitality industry data on suburban Maryland hotel rates and occupancies was used to estimate potential revenues for hospitality projects. Prices for new market-rate residential products not common in the immediate area, such as townhouse or condominium units, were estimated by BAE based on comparable products in nearby areas of Prince George's County, with adjustments to ensure competitive pricing. Since there are no land sale comparables for the type of development envisioned in the TOD Strategy, BAE assumed land values on a per square foot of building area ("Floor Area Ratio or FAR square foot") basis, with a value of \$25 per FAR square foot basis in Phase I and \$50 per FAR square foot basis in subsequent phases. These values are believed to be sufficient to motive land sales of undeveloped properties and redevelopment of sites with existing income-generating uses.

An important factor revealed by BAE's recent research is the significant rise in for-sale housing prices in the adjacent areas of Prince George's County, in excess of 25 percent from July 2003 through July 2004, and a combined 29 percent for calendar years 2002 and 2003. This increase is consistent with the strength shown by the housing market throughout the U.S. over the last several years. This improvement in sale prices, if sustained, greatly increases the feasibility of proposed new development.

Transit-oriented development creates a valuable amenity that can increase real estate values by up to 10 or more percent. This is further enhanced when significant recreational and open space amenities are created at transit-oriented developments, as is envisioned by the TOD Strategy. Based on current market trends and the potential for the TOD Strategy to enhance values, the cash flow model was structured to evaluate two different scenarios for its effect on residential real estate values. Scenario 1 assumes that sale prices for for-sale residential real estate will increase 10 percent in real dollars (above any inflation-related increases) by the time that the second phase of units is developed. Scenario 2 assumes that sales prices for for-sale residential units will experience a 15 percent real increase by the second phase. No further increases are projected for the subsequent phases.

The market for rental residential and commercial real estate is not expected to be as strong, resulting in a smaller increase due to the TOD Strategy. Both Scenario 1 and Scenario 2 forecast a five percent real increase for the second phase, with no further increases in the subsequent phases.

The resulting financial feasibility analysis is preliminary in nature, based on the TOD Strategy that has been formulated to date. Any strategy that spans a 20-year timeframe will likely experience two or more real estate market cycles. Changes in market conditions, revisions to the TOD Strategy, specific proposed development projects, and other factors may necessitate preparation of revised cash flow projections.

## **Development Strategy**

The TOD Strategy proposes a five-phase development strategy that is tied to the market's ability to absorb various types of for-sale and rental residential and commercial spaces. The phased development strategy also seeks to spread the infrastructure costs over the phases by identifying each phase's "share" of infrastructure improvements that is needed to support it. Development that requires higher values, such as replacement of obsolete but income-generating existing retail and residential uses with new development, is scheduled for the later phases so it benefits from the significant projected increase in sales prices and rents.

Typically, land parcels owned by larger entities such as transit agencies and utility companies are better able to "pioneer" somewhat risky mixed use projects through their ability to either write down land costs and/or wait for back end financial returns. Much of the first phase of development is located on WMATA property, as well as adjacent privately owned property, and the cash flow model projects a lower value for land in this "pioneering" phase than would occur in later phases of development. The model also assumes that the first phase of development is not responsible for construction of any replacement WMATA parking if needed, and that subsequent phases do not require construction of replacement WMATA parking. The potential would remain for profit participation between WMATA and the developer on the back end of the project, based on the specific terms to be negotiated. WMATA will benefit from the increased ridership that results from the first phase of development and the subsequent phases that attract greater development interest based on the success of the first phase.

There is a need for significant public investment assistance in each of the five phases (as discussed in the next section on financial feasibility analysis) in order to stimulate the desired development. The development strategy assumes that the public investment will be entirely in the form of tax-increment finance (TIF) bond financing, fully repaid from net new fiscal revenues. One alternative to TIF bond financing is Payment in Lieu of Taxes (PILOT), where an agreement is negotiated by a developer with the County so that the payment by the developer in lieu of property taxes (i.e., to support private financing) is equal to the greater of debt service on developer obtained financing or the tax payment that would otherwise be due.

Most of the property in the area addressed by the TOD strategy is owned by public entities or sophisticated private property owners. This means that there is a reduced potential need for land assembly by the County compared with other station areas that have more fragmented ownership patterns. Sophisticated property owners, including those along Professional Place and Corporate Drive, can be expected to pursue redevelopment as soon as market conditions and the availability of public investment assistance creates the potential for a profitable project.

The other key element of the development strategy is working with the General Services Administration (GSA) to obtain new federal agency tenants to "seed" demand for extensive Class A office development

in New Carrollton. This is a proven strategy that has driven the development of mixed-use business districts with a combination of federal and private tenants at other Metro stations in Virginia and Montgomery County. A local example is the decision to locate the IRS building in New Carrollton, which directly led to a decision by a major IRS contractor to develop a high-rise office building across the street. GSA is by far the largest user of office space in the region, and therefore it must be a factor in any strategy to create a major new business center, as envisioned at New Carrollton.

While there has been some discussion about the relative benefits of GSA tenancy, it is important to note that there are various types of arrangements that GSA utilizes. For example, when GSA is a tenant in a private development project, rather than its owner, the project generates the same level of property taxes as any other property. There is also a range among federal agencies in the potential for generating additional private development interest from their contractors. What is needed is coordinated action between the County, the State, and the area's Congressional delegation to identify desirable federal tenants and then attract them to New Carrollton. Other jurisdictions in the region have a long track record of implementing coordinated strategies that successfully attract federal agencies.

Finally, the 3,000 seat performing arts venue described in the TOD Strategy is an important cultural amenity that will enhance the identity of New Carrollton and the attractiveness of both its office space and residential units. For the purposes of the cash flow model, it is envisioned as being developed and operated by either a public or a private non-profit entity, with capital costs being raised through a capital campaign or sources other than the new development projects at New Carrollton. Alternatively, if a new development project is to bear the cost of this facility, the identified amount of public support would need to be increased by the amount of the facility's total development cost.

## **Financial Feasibility Analysis**

Appended to this memorandum are summary cash flow projections from the BAE model that show the financial feasibility analysis by phase for the various product types, including needed public investment, for the two scenarios based on the TOD Strategy development program:

- ♣ Scenario 1, as summarized in Table 1, assumes that the amenities and enhanced place created by the TOD Strategy result in a 10 percent increase in the real (constant dollar) value of for-sale residential development in the second phase of development; and
- ♣ Scenario 2, as summarized in Table 2, assumes that the TOD Strategy creates a 15 percent increase in the real value of for-sale residential development in the second phase of development.

Both scenarios assume that rental residential and commercial uses experience a five percent increase in real value due to the TOD Strategy in the second phase of development, and that there are no real increases in value for any product type after the second phase.

The total value of new development for all five phases, for both scenarios, is estimated at approximately \$2.9 billion. The tables show, on a year-by-year basis from 2005 through 2025, all cash inflows (including lease and sale revenues, construction financing, and grant and public bond financing) as well as all cash outflows (land purchase, construction costs, parking, infrastructure, and repayment of construction financing). The net value of development inflows and outflows is shown, and as a result the years when developers must provide equity (shown as a negative number) and those years when they will receive a net inflow of funds from sales or financing activities. Total required developer equity is projected at approximately \$547 million.

The total value of public investment in the form of TIF bonds to subsidize development costs is projected to range from approximately \$198 million (Scenario 2) to \$239 million (Scenario 1). The annual gross fiscal benefit (after deducting the cost of new public services, but before including debt service for TIF bonds), as shown in the Planning Department’s fiscal impact analysis appended to this memorandum, is estimated to range from \$22.5 million in Scenario 1 to \$23.5 million in Scenario 2.

The total value available for land acquisition, ground lease payments, and/or return for land contributions to joint ventures is estimated at approximately \$679 million. This corresponds to a land value of up to \$25 per FAR foot<sup>1</sup> in the first phase of development, and \$50 per FAR foot in the subsequent phases.

The cash flow model assumes that developers are responsible for all development costs, except for the public right-of-way (or “curb to curb”) costs for streets and utility mains that the County typically provides. Based on the County practice of typically picking up approximately 60 percent of this cost, the County’s share of infrastructure cost would be approximately \$37 million. The developer share of curb to curb infrastructure costs, combined with developer borne infrastructure improvements to support new development, totals approximately \$96 million.

The cash flow model includes the cost of providing 27,889 new parking spaces in a combination of on-street and off-street surface spaces, tuck-under parking for townhouses, beneath podiums for multi-family housing, and in parking structures for mid- and high-rise development. This figure includes an estimate by BAE of approximately 6,400 existing parking spaces (excluding WMATA) that need to be replaced because of new development, streets, or other improvements that affect existing parking area. Approximately 19,490 of the new parking spaces, or 70 percent, are projected to be underneath podiums or in parking structures. This high proportion is consistent with the denser pattern of development envisioned in the TOD Strategy. The total construction cost for all parking is estimated at approximately \$302 million.

### ***Summary of Results***

At the bottom of the first page of Table 1 and Table 2 is a summary of the returns to land owners, developers, and the public sector (including net fiscal benefit after TIF bond debt service) based on the previously described assumptions. All five phases achieve a minimum 17 percent Internal Rate of Return (leveraged, i.e. based on the value of all financing) that developers and investors typically expect. These returns and values are believed to be sufficient to attract development interest for each of the five phases.

For Scenario 1, with a more conservative assumption of a single 10 percent increase in real property values starting in Phase 2 due to the TOD Strategy, a total of approximately \$239 million in TIF bonds is required to underwrite development costs for the project to be feasible. Based on information from the County Planning Department’s proprietary fiscal impact model run by departmental staff, this scenario would generate a *net* fiscal benefit, i.e., after covering all costs of new public services for residents and tenants as well as TIF bond debt service, of approximately \$22.5 million per year. (It would also generate \$82.6 million in non-recurring revenue for impact and permit fees and transfer taxes, and the equivalent of 27,639 new jobs.) Based on standard bond underwriting criteria as set forth in Table 3 appended to this memorandum, annual debt service would be approximately \$19.9 million for the TIF bonds, still leaving over \$2.6 million per year in net new fiscal revenues for the County.

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<sup>1</sup> A FAR (Floor Area Ratio) foot = one square foot of development entitlement. For sites with a FAR greater than 1.0, as envisioned in the TOD Strategy, the value per FAR foot will be higher than its value based on actual square footage.

For Scenario 2, with an assumption of a single 15 percent increase in real property values starting in Phase 2 due to the TOD Strategy, a total of approximately \$198 million in TIF bonds is required to underwrite development costs for the project to be feasible (this amount is less than in Scenario 1 because of the higher property values in this scenario). Based on information from the Prince George's County Planning Department's proprietary fiscal impact model provided by departmental staff, this scenario would generate a *net* fiscal benefit, i.e., after covering all costs of new public services for residents and tenants as well as TIF bond debt service, of approximately \$23.5 million per year. (It would also generate \$83.8 million in non-recurring revenue for impact and permit fees and transfer taxes, and the equivalent of 27,639 new jobs.) Based on standard bond underwriting criteria as set forth in Table 3 appended to this memorandum, annual debt service would be approximately \$16.5 million for the TIF bonds, still leaving over \$7 million per year in net new fiscal revenues for the County.

### **Economic Development Opportunities Offered by New Carrollton TOD Strategy**

The TOD Strategy offers significant additional benefits in addition to leveraging a relatively modest public investment, repaid from newly generated tax revenues, that creates significant new market-rate development and employment. It will serve as a model for creating transit-oriented communities in Prince George's County where residents and workers can live, work, recreate, and shop in a transit-accessible community with significant locational benefits. In addition to bringing high quality development to this portion of the County, the TOD Strategy offers the following benefits:

- ♣ **Significant Economic Development Initiative** – The TOD Strategy envisions substantial new, high quality real estate development in an area that has not experienced this type of change in recent years. The TOD Strategy has intentionally been developed to emphasize high quality, high wage job creation, along with a diverse range of housing products, to create a model community oriented around transit and mobility access. The lead entity will need to focus on economic development in the early phases of the project, to ensure that the multiple goals of the TOD Strategy are met.
- ♣ **Opportunities for Entrepreneurship and Small Business Development** - In addition, the TOD Strategy envisions a mix of small and larger retail/commercial spaces, allowing for expansion of local shopping opportunities for existing and new residents of New Carrollton, along with potential entrepreneurship and business development opportunities. These opportunities will need to be linked to local and statewide small business programs, and should be a key focus of the lead entity.
- ♣ **Diverse, Quality Housing Options** – The TOD Strategy also envisions a wide array of housing products, from entry level homeownership to move-up townhouses, to upscale compact single family homes, all with the convenience of an inner Beltway location and the amenities of parklands and waterways. The housing options included in the TOD Strategy not only maximize market demand, but create opportunities for provision of critical workforce housing. TOD Strategy implementation should tie to County and State first-time buyer housing programs as well as Location Efficient Mortgage (LEM) programs, for maximum benefit. Coordinating of these housing programs will be a key challenge for the lead entity in creation of public/private partnerships.

## Challenges Presented by New Carrollton TOD Strategy

One of the most significant challenges faced by the TOD Strategy is the need for the County to facilitate access to public financing tools and creation of the public/private partnerships that are essential to successful implementation. Achieving the benefits outlined above will require a strong commitment by many stakeholders to the vision set forth by the TOD Strategy and the designation of a capable lead entity. Due to the nature of the existing site, land ownership, and interlocking agency jurisdictions, the following challenges will likely be experienced as the TOD Strategy is implemented:

- ♣ **Coordinated Strategy to Recruit GSA Tenants** – Other cities and counties in the region pursue coordinated efforts between local and state officials and Congressional representatives to attract GSA tenants as anchor tenants at Metro station areas and to spur attraction of federal contractors and other private-sector firms. Prince George’s County needs to proactively pursue GSA tenancies so that it is competitive with other jurisdictions and attracts a proportionate share of new GSA tenancies to New Carrollton.
- ♣ **Parking Management** – The initial Parking Strategy outlines the need to relax current County parking standards, manage on-street parking for maximum “credit,” and carefully phase the initial development project stages so that transit parking impacts are minimized. This work will require an experienced and empowered parking management function.
- ♣ **Creative Financing Techniques** – As described in the financial analysis and public investments memorandums, the financing for the New Carrollton TOD Strategy will depend on significant public investments to fund upfront infrastructure and capital improvement costs, as well as potential cost offsets to expensive parking garages. Although many of the funding sources appear to be potentially available, the lead entity will need to devote attention to obtaining these sources, while leveraging them to attract private investment and encourage land owners to re-think their property uses.
- ♣ **Innovative Partnerships** – These marketing, financing, and parking management challenges as well as current multiple stakeholder jurisdictions suggest the need for innovative partnerships to implement the TOD Strategy.

## Ideal Public/Private Partnership Lead Entity Attributes

To achieve a successful project, the lead entity in creation of public/private partnerships will need to have a comprehensive set of characteristics that are difficult to find on one organization. Ideally, the lead entity should have the following attributes:

- ♣ **Commitment to Policy Goals** – The lead entity will need to meet all of the policy goals inherent within each of the stakeholder agencies, as well as the community and the region.
- ♣ **Expertise to Lead the Project from TOD Strategy to Fruition** – This is perhaps the most difficult attribute to achieve in one option. The TOD Strategy contains a mix of land uses, and the need to balance public and private interests, on a relatively large scale, requiring a comprehensive set of skills and experience.

- ♣ **Receive Grants, Coordinate Public Investments, and Secure Debt**– This characteristic will depend on the nature of the lead entity. If a public agency or Joint Powers Authority leads the enterprise, it would presumably be able to attract grant funding as well as coordinate public debt initiatives. If the lead entity is a private organization, it may be able to bring its own financing sources to the project, particularly in latter stages, but may be limited in its ability to directly receive public investments.
- ♣ **Attract Private Investment** – This characteristic is vital to the implementation of the TOD Strategy, even with upfront public investments.

## Lead Entity Options

The opportunities and challenges presented by the TOD Strategy mean that implementation will need as strong lead entity, with clearly defined powers and legal authorizations. The designation of a capable and authorized lead entity is as important a factor in attracting new private development as the project’s projected financial feasibility. The following outlines the lead entity options identified by the planning team:

- ♣ **Public Agency as Lead Developer** – Under this option, an existing public agency such as the Prince George’s County Redevelopment Authority would serve as the lead developer, devoting staff and resources to implementing the TOD Strategy.
- ♣ **Create Joint Powers Authority (JPA)** – This option would involve multiple agencies creating a JPA with a joint governing board, so that all stakeholder agencies’ goals are directly incorporated into the activities of the lead entity. There is a broad range in potential JPA powers, and various ways it could be organized and run, depending upon the interests and objectives of its participating agency members.
- ♣ **Create a Non-Profit TOD Development Corporation** – This option would involve creation of a new 501c (3) non-profit development corporation, similar to numerous community development corporations operating within Maryland and across the U.S.
- ♣ **Solicit Private Master Developer** – This option would involve a competitive RFP process, seeking to engage a master developer with the experience and commitment necessary to oversee the project through an extended period of time.

Each of these options has its own strengths and weaknesses in terms of accomplishing economic development, community revitalization, and transit-oriented development goals for the New Carrollton TOD.

### Public Agency as Lead Developer

#### *Strengths*

Under this option, an existing public agency such as the Prince George’s County Redevelopment Authority would be designated as the lead entity. This option has several strong benefits to TOD Strategy implementation, including a “fit” with the purpose of the Authority, the potential to tap tax increment financing (although would likely require legislative approval), and the ability to devote the agency’s resources and networks to the project.

A variation of this model would be for a public agency such as the County to lead TOD Strategy implementation, with oversight of the master private developer.

### ***Challenges***

The scale and scope of the New Carrollton TOD Strategy may limit the ability of any single agency to efficiently manage the project over a long period of time, especially if the agency has other responsibilities. In addition, the TOD Strategy implementation will require the devotion of highly seasoned public sector development executives to the project, which may require recruitment of additional agency staff. Other options evaluated below would not preclude the contribution of TIF to the project.

## **Joint Powers Authority (JPA)**

### ***Strengths***

Under this option, multiple agencies would join together, bringing their mutual and differing policy goals to the Joint Powers Authority. This model could bring the benefit of direct WMATA participation in the overall project if WMATA is a member of the JPA, which would accelerate the implementation of Phase I around the transit station. If this JPA included the Redevelopment Authority, it could possibly be formed to include TIF capabilities as part of the JPA powers (would require legal opinion beyond the scope of this memorandum). The formation of a JPA could also benefit the other TOD initiatives across Prince George's County, establishing one lead entity to oversee multiple TOD projects.

### ***Challenges***

Stakeholders to the planning process have indicated that a JPA model has not experienced great success in Maryland for other initiatives. Other weaknesses include the flip side of the JPA's strengths – with multiple agencies combining forces, this model could face complex governance and operational issues.

## **Non-Profit TOD Development Corporation**

In this scenario, a new non-profit development corporation would be created for the purpose of leading the TOD Strategy implementation. Maryland has an extensive network of community development corporations (CDCs), which can serve as models of this concept. In addition, the state benefits from the support provided by the Maryland Economic Development Corporation, as well as unique organizations such as the Enterprise Foundation and the Maryland Center for Community Development, offering an array of potential technical assistance.

Across the U.S., there are numerous examples of non-profit development corporations ranging from small-scale community groups to very large downtown development and affordable housing non-profits. However, research for this memorandum identified few non-profits devoted specifically to TOD projects. One example identified for this memorandum is New Bethel Life in Chicago, Illinois, a relatively large non-profit with 318 employees. This organization has developed over 100 housing units and several commercial projects, and is currently managing the investment of more than \$100 million of public and non-profit sources to develop the Green Line Transit Center.

### ***Strengths***

If a non-profit development corporation were created to initiate and oversee the New Carrollton TOD, the concept could bring many benefits. Such an entity could lead the project over the long term, and could be “scalable” to oversee or manage similar TOD efforts around other County transit stations. The special

purpose organization could be established with clear governance and a specific mission. In addition, the non-profit could attract philanthropic and public pension fund investments.

### ***Challenges***

Creating a non-profit TOD development corporation would require initial seed money for start-up, as well as recruitment and staffing to bring the necessary development skills and fundraising expertise. In addition, this entity would need to establish its mission in the context of public agency stakeholders as well as its own governing board, creating a complex set of relationships. It would also not have the direct benefit of being able to devote financial resources to the project as in the case of a public agency lead.

## **Private Master Developer**

### ***Strengths***

The solicitation of a private master developer has been a tried and true approach of many public/private partnerships. A private master developer could be engaged through a development agreement to meet multiple public agency and community goals. The private developer could receive some forms of public investment, or participate in the investment through public/private partnerships. This model would also accelerate the overall process by “hitting the ground running,” with private expertise, staff, and access to private debt and equity sources of funds.

### ***Challenges***

A significant complication for this model is that WMATA is currently soliciting teams for development on its property at New Carrollton that may include a substantial portion of the first and subsequent phases of the TOD Strategy. Depending on the scope of WMATA’s development agreement, this may have an impact on interest from potential master developers.

Other drawbacks of this approach include the experience of some large-scale projects across the U.S., where the private master developer was unable to complete its commitments when market cycles turned downward or corporate ownership structures changed. In addition, some public agencies have experienced a lack of strong commitment by private master developers engaged to lead large-scale projects with limited early-stage financial returns.

## **Potential Partnership Opportunities**

The market and financial analysis conducted to date underscore the need to “kick-start” the market demand for the TOD Strategy’s various development components. Several partnership options to create a more viable, market-driven first phase and subsequent phases are:

- ♣ **Integrate first-time buyer/workforce housing subsidy programs.** Although it may seem counter-intuitive, many large mixed use projects throughout the U.S. in pioneering locations have leveraged market demand by attracting surrounding community members as well as “pioneers” from outside the area by offering lower cost ownership housing opportunities. BAE has not analyzed the relationship between HUD income thresholds for 80 percent and 120 percent Area Median Income (AMI) households in this location, but we assume that a first-time buyer affordable housing program could be structured to meet these requirements. Possible first-time buyer programs include private lenders meeting Community Reinvestment Act obligations with low interest mortgage loans and low or zero downpayment plans, “silent second” mortgages offered by housing agencies, and New Markets Tax Credits. Finally, for rental products in early phases, this option could involve a mixed income rental concept, combining Low Income Housing Tax Credits and market rate rental units.

- ♣ **Attract GSA-developed office space or other single-purpose office users.** This option would require strategic planning to position the New Carrollton location positively to GSA as it seeks additional office locations in the future. Marketing and attraction strategies for other single-purpose office users should also be further explored – in many locations around the U.S., single users needing “back office” space, such as banking facilities (for accounting), call centers, and large medical institutions for billing and accounting, have been attracted to transit-oriented locations.
  
- ♣ **Create innovative development partnerships with land owners, including “back end” financial return structures.** Most large mixed use projects in the U.S. earn their highest financial return in the latter phases, particularly when there are expensive “front end” costs for place-making activities. In this case, however, there are several different categories of land owners. One innovative approach to a public/private land development partnership could involve include creating a 501(c)(3) non-profit organization with bonding capabilities to serve as the development intermediary that acquires land, improves it, and then enters into development agreements. This entity could finance the upfront infrastructure costs, and arrange agreements with landowners to share development profits in a tiered structure. In addition, these arrangements could include “back end” returns based on a minimum payment plus an “upside” payment, depending on the turnaround in the local marketplace once the project is established.

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