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ENERGY & ENVIRONMENT COMMITTEE

December 22, 2016

Mr. Paul Wiedefeld
General Manager
Washington Metropolitan Area Transit Authority
600 5th Street, NW
Washington, DC 20001

Dear Mr. Wiedefeld,

Thank you and Nina Albert for taking the time to meet with me regarding ways in which WMATA can maximize its real estate holdings. As we discussed, WMATA's real estate can play a valuable role in addressing your agency's very real fiscal challenges and ridership decline, and boost local economic development opportunities.

A recent Washington Post article entitled "Developers are making billions off Metro. How that could help save the system," underscored how WMATA sits on the most valuable real estate in the entire region. Indeed, private firms are consolidating their businesses based on holdings near Metro stations. Yet some are wary of what they describe as an overly complex process that hinders the actual development of these properties.

Private sector real estate experts I conferred with said concerns from other departments within WMATA – in particular when it comes to replacing parking – often serve as a roadblock to progress. They cited ground leases with WMATA that are difficult to finance because of the challenge of getting approvals from all corners of the agency. And they suggested WMATA should make development of station-adjacent areas more of a priority, perhaps by hiring professional advisors to market and drive interest in its properties.

In Montgomery County, we are seeing these issues play out on the ground. WMATA controls real estate that is, without question, of extraordinary value. There may be no property in the county that is more valuable than what WMATA owns at the Bethesda and White Flint Metro stations. Both properties could be sold, rather than leased, for substantial funds.

With respect to the roughly 30-acre piece of land directly north of the White Flint Metro station, it sits mostly empty despite the 2010 White Flint Sector Plan, a county-approved master plan that prescribed significant mixed-use development on the site and others near it. These recommendations were made based on the existence of the Metro station, in accordance with our transit-oriented development principles.

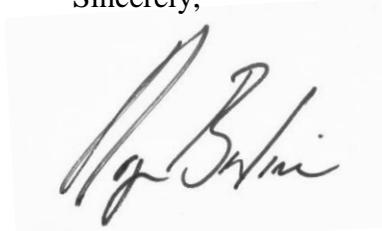
Yet LCOR, the company Metro selected as the site's master developer, has failed to move forward on the bulk of the 4.5 million square feet of envisioned development notwithstanding an extension of their lease. It is time to move on, for WMATA's sake and our county's. WMATA should send the signal that it is only interested in partners who are prepared to act, as opposed to hold for future development.

I understand that there may be advantages to ground leases versus sales in certain situations, some of which derive from the manner in which the federal government requires WMATA to "book" the proceeds. Revenue from ground leases can be used for operating, while revenues from the sale of property can only be used for capital purposes. I believe WMATA would be well served to explore with our federal partners whether this distinction and the constraints that it places on the agency is in the public interest.

Regardless, WMATA should seek to become more nimble in the way it works right now with private developers on station-adjacent properties. These properties hold tremendous potential, not just as sources of additional revenue but also as sources of additional ridership.

As you and your able Director of Real Estate made clear in our discussion, your team is committed to ensuring that WMATA takes full advantage of your extraordinary real estate holdings. I look forward to hearing back from you as to the specific measures you will advance to achieve our mutual objective in this regard.

Sincerely,

A handwritten signature in black ink, appearing to read "Roger Berliner", is centered on a light gray rectangular background.

Roger Berliner
Council President
Chair, Transportation, Infrastructure,
Energy & Environment Committee

