

Oversight of Transit-Oriented Development Projects

A Report to the Maryland General Assembly

Senate Budget and Taxation Committee

and

House Appropriations Committee

Maryland Department of Transportation

MSAR# 13006
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Introduction

The Maryland Department of Transportation (MDOT) offers this report in response to language contained in an Administrative Agreement between the MDOT and the Department of Legislative Services (DLS). The language states:

Annual TOD Report: to DLS and to the members of the Senate Budget and Taxation Committee and the House Appropriations Committee (the Budget Committees) in coordination with the Consolidated Transportation Program (CTP). The TOD report will provide the following information regarding each active MDOT TOD project:

- *a brief progress report;*
- *the contemplated TOD agreement framework (including any likely financial components); and*
- *any expected activity on the project during the coming year, including requests for approvals from the Board of Public Works.*

Transit-Oriented Development

The concept of Transit-Oriented Development (TOD) has received significant attention nationwide in recent decades to achieve a range of public policy goals. TOD is development that is:

- Physically and functionally integrated with equitable transit
- Reduces auto dependency
- Increases pedestrian/bicycle trips
- Fosters safer station areas
- Enhances walkable connections to transit stations
- Provides mixed-use development (including housing and convenient access to goods and services)
- Offers attractive public spaces
- Promotes and enhances public transportation ridership, and
- Encourages revitalization and smart growth.

By achieving these principles, TOD can increase transit ridership which can reduce fuel consumption, air pollution, greenhouse gas emissions, and local infrastructure costs, while increasing the mobility of citizens of all income groups by providing more convenient access to mass transit.

In 2008, legislation was passed that encouraged the creation of TOD in Maryland. Section 7-101(m) of the Transportation Article defines TOD to be a “transportation purpose,” thus authorizing the MDOT to use departmental resources, including land, funds, and personnel, to support “designated” TOD projects. Projects are co-designated by local governments and the MDOT after consultation with the Smart Growth Subcabinet.

MDOT promotes TOD as an approach to help increase transit ridership, support economic development, and maximize the efficient use of transportation infrastructure. MDOT collaborates with state, local, and private partners to support this valuable tool to help leverage transportation infrastructure investments, promote active and engaged communities, protect environmental and land resources, and support growth without adding traffic congestion.

Scope of the Report

This report includes information on various active TOD projects located at MDOT MARC, Metro, and Light Rail station sites. The projects are in varying stages and not all have yet been TOD designated. Typically, projects will involve the Board of Public Works (BPW) approving a sale or lease of State property and approving agreements such as master development agreements.

In this report, please find a brief description and status for TOD projects, including the progress being made toward a master development or other agreements, and the likelihood that the MDOT will seek the BPW approval for any component of the project during the coming year. In addition, if applicable, this report will include any agreement framework that has been considered, including MDOT's estimate of whether the project might involve public funds other than standard pre-development study costs, and anticipated action on the project during the current fiscal year.

MDOT Funding for TOD

The draft FY 24 - FY29 Consolidated Transportation Program (CTP) includes FY 2024 funding of \$100,000 for the TOD implementation program (item #0143) and \$1,200,000 for the TOD planning program (item #0374). The implementation program includes pre-development, infrastructure, and other costs associated with the projects described below. The MDOT anticipates that pre-development activities will include financial and economic analyses, environmental and geotechnical studies, site planning, title searches, appraisals, and other standard tasks associated with real estate development. The planning program funds are directed toward a Penn Line investment strategy and a Baltimore investment strategy. All revenues generated for the State by MDOT's investments in TOD projects are returned to the Transportation Trust Fund (TTF).

MDOT encourages the Washington Metropolitan Area Transit Authority (WMATA) to use direct planning resources to support pre-development planning. The WMATA Board of Directors budgets annually for planning activities to address regional and station-related issues under its Project Development Program. This includes regional rail and bus systems planning, as well as feasibility analyses. The MDOT staff and the Washington Suburban Transit Commission (WSTC) staff work collaboratively with Maryland's appointed representatives on the WMATA Board of Directors and WMATA staff to ensure that portions of the planning program are focused on TOD priorities of both State and local governments. Such studies focus on access planning for stations prioritized for TOD redevelopment to estimate transit facility needs and develop replacement strategies.

Status of Projects at MDOT Transit Stations

MDOT stations and/or property:

1. Baltimore Penn Station MARC Station (Baltimore City)
2. Bowie State MARC Station (Prince George's County)
3. Laurel Park MARC Station TOD (Howard County)
4. Odenton MARC Station TOD (Anne Arundel County)
5. Owings Mills Metro Station TOD (Baltimore County)
6. Reisterstown Plaza Metro Station TOD (Baltimore City)
7. Savage (Annapolis Junction) Town Center MARC Station (Howard County)
8. Westport MARC Station (Baltimore City)

1. Baltimore Penn Station MARC Station (Baltimore City): Penn Station Partners is proposing a multi-phased, mixed-use development that could bring as much as 1.6 million square feet of development to the area. Preliminary concepts include a hotel in the historic station Headhouse, as well as office and residential space to the north along E. Lanvale Street, connected by an expanded concourse with new retail opportunities. Baltimore City has requested in their transportation priority letter dated April 27, 2022, for the station area (Station) to be State designated as a TOD. The designation would allow for the project to qualify for additional sources of funding.

During this reporting period:

- The MDOT continues to participate in the Baltimore Penn Station Coordinating Committee meetings.
- The MDOT MTA was awarded \$14.6 million in a combination of federal and state grant funding for the Station area. These grants included the Consolidated Rail Infrastructure and Safety Improvements (CRISI), Rebuilding American Infrastructure with Sustainability and Equity (RAISE), and Federal Railroad Administration (FRA).
- Penn Station Partners are looking to start construction on the E. Lanvale site in early 2024. The Station Headhouse continues to have exterior/interior renovation activities. Completion of the Station Headhouse is slated for mid-2024. Penn Station Partners are working with future tenants and aiming to lease space inside the station in 2024. Amtrak is near completion with the high-speed rail platform.
- The developer continues to work with a master plan analyst for the purpose of drafting a comprehensive master plan for the Station area. Next steps include conducting a feasibility study.
- As a priority of the City of Baltimore, MDOT provided a TOD Designation for the station area after receiving a favorable recommendation from the Smart Growth Subcabinet.

Expected Actions in Fiscal 2024: The MDOT will continue to provide support to the project. The Developer anticipates construction activity on the E. Lanvale lot in 2024.

2. Bowie State MARC Station (Prince George's County): Prince George's County, Bowie State University (BSU), and MDOT have coordinated efforts to pursue a TOD at the Bowie State MARC Station that will offer retail, student housing, and other amenities to create a vibrant walkable community and assist in connecting BSU to the surrounding community. The MARC station area includes 560 acres, including 307 which are publicly

owned. To accommodate both the parking needs of the BSU and the transit commuters, conversations continue in regard to the perpetual easement that the MTA holds on BSU's parking area. BSU is hopeful that by accommodating the parking elsewhere near the station, MTA will release the easement for the BSU students to utilize as the campus grows with new construction.

During this reporting period:

- Recurring meetings with BSU are resuming to discuss the institution's development plans for their campus and impediments created by the perpetual easement currently in place with MDOT MTA.
- The Gateway Parcel RFP process concluded in Q1 2023 with the selection and completion of negotiations with Mosiac Development Partners Joint Venture, a Philadelphia based firm with an office in New Carrollton, Maryland, as the awardee. Schematic designs for the student housing facility and market studies are ongoing in relation to the 1.5 acres of BSU-owned land at the campus entrance.
- The Prince George's County Revenue Authority discontinued the solicitation process for the 97.5-acres of land pending further strategy development.
- MDOT Office of Real Estate and Economic Development (ORED) has partnered with the Maryland Economic Development Corporation (MEDCO) to procure a Penn Line TOD Strategy effort which will develop holistic TOD strategies for MDOT stations on the Penn Line including Bowie State. This effort has been initiated with results expected in Spring 2024.

Expected Actions in Fiscal 2024: The MDOT will collaborate with Bowie State University, Prince George's County, and other stakeholders in developing a TOD Strategy for this station.

3. Laurel Park MARC Station (Howard County): The Laurel Park Station property consists of 63.84 acres located adjacent to US Route 1, immediately north of the City of Laurel, Maryland. In 2004, the property was re-zoned to Howard County's high-density TOD district. This property is owned by Stronach Group, owners of the Laurel Racetrack and is programmed for a mixed-use development consisting of 1,000 residential units, 650,000 square feet of office space, 127,000 square feet of retail, and structured parking.

It was estimated by MDOT MTA that adding a new train station at the site would require between 300 and 400 parking spaces for commuter purposes.

In early 2017, a MOU between MDOT and CSX was executed and later extended through December 31, 2020, for the purposes of converting the current flag stop into a limited stop, providing three morning stops and three evening stops. To accommodate for these additional stops, a morning flag stop at the St. Denis Station would need to be eliminated and the Jessup Station having a single flag stop in the morning and evening will be permanently decommissioned and closed upon completion of Laurel Park Station improvements.

In late 2019, the Developer submitted the 30 percent station engineering plans for review by both MDOT MTA and CSX. In March 2020, a condition letter was received from CSX in response to the Developer's 30 percent station design. The letter outlined what will be required to achieve 30 percent design approval which included but was not limited to track

realignment and interlock fencing (estimated at \$17 million), updates to design plans, fill-in on tunnels, and station operation and maintenance responsibility determinations.

The Developer then proposed a scaled back alternative to utilize the existing pedestrian tunnels in lieu of the elevators and over-the-track walkway. The Developer hoped CSX would no longer require inter-track fencing and that MDOT MTA could purchase the tunnels with this alternative. However, CSX has responded that these would still be required. Negotiations on the station improvements eventually stalled and CSX closed out the project due to the lack of activity.

During this reporting period: The mixed-use development continues forward without plans for station improvements.

Expected Actions in Fiscal 2024: Beyond the Stronach Group development, there is currently no additional activity planned at this time. Without further advancement, this project will be removed from future reporting.

4. Odenton MARC Station (Anne Arundel County): For more than a decade, a mixed-use project was envisioned on approximately 33 acres of MDOT MTA-owned property, adjacent to Anne Arundel County-owned land. Despite concerted efforts by the Developer (Odenton TS Ventures LLC led by Bozzuto Development), the County, MDOT Office of Real Estate and Economic Development (MDOT TSO ORED), and MEDCO, the Developer was unable to formulate a budget that resulted in an economically feasible project, even with the Anne Arundel County Council approving a TIF that would have provided \$16.4 million in net proceeds for public facilities and MDOT committing \$5 million toward the public facilities.

Although all indications were positive that the project met the criteria for U.S. Department of Transportation (USDOT) Railroad Rehabilitation and Improvement Financing (RRIF) Program funding, the criteria was refined during the application period and ultimately, no TOD projects were approved nationally. The Memorandum of Understanding (MOU) between the Developer and MDOT terminated on September 30, 2018.

Since the expiration of the MOU, MDOT has continued conversations with Anne Arundel County on opportunities to advance the TOD project. In addition, MDOT MTA acquired Parcel 159 which is a key property for the TOD, located at the major intersection of MD 175 and Town Center Boulevard.

During this reporting period:

- As an effort to address parking at the station and as a precursor to a TOD that MDOT is planning, Anne Arundel County has engaged MEDCO to construct a commuter parking garage on the West Lot of the Odenton MARC Station.
- The MDOT received BPW approval for the surplus of the West Lot which a portion was leased for the purpose of the commuter garage.
- MDOT Office of Real Estate and Economic Development (ORED) has partnered with the Maryland Economic Development Corporation (MEDCO) to procure a Penn Line TOD Strategy effort which will develop holistic TOD strategies for MDOT stations on the Penn Line including Odenton. This effort has been initiated with results expected in Spring 2024.

Expected Actions in Fiscal 2024: The MDOT will collaborate with Anne Arundel County in developing a TOD Strategy for this station.

5. Owings Mills Metro Station (Metro Center at Owings Mills, Baltimore County): The Owings Mills Metro Station TOD project site is made up of approximately 43 acres of MDOT MTA-owned non-contiguous surface parking lots (North and South parcels) adjacent to the Metro station. The mixed-use project includes office, residential, retail, public library, hotel, community college, and commuter parking which is being developed in several phases. The MDOT contributed \$15.1 million, and Baltimore County committed \$13.1 million for the project. In July 2005, the BPW approved an MDA between MDOT MTA and the David S. Brown Company (Developer). Under the agreement, the Developer pays ground rent payments to MDOT for 99 years.

The TOD consists of the following buildings being constructed:

- Parking Garage #1 (2,865 spaces)
- Parking Garage #2 (2,089 spaces)
- Community College of Baltimore County (40,000 sf)
- Baltimore County Public Library (80,000 sf)
- The Met at Metro Centre (137-unit residential building)
- Office Space (140,446 sf)
- Retail Space (42,466 sf)
- Metro Crossing Apartments (2 buildings each having 116-residential units and retail)
- Marriott Hotel (229 rooms), and
- The Willard (227-unit residential building with 401 space parking garage)

During this reporting period:

- As development on the South Lot continues, the MDOT continues to review and provide feedback on document language for the Developer's refinancing of longer-term loans.

Expected Actions in Fiscal 2024: Conversations are expected for the North Lot development.

6. Reisterstown Plaza Metro Station (Baltimore City): The Reisterstown Plaza Metro Station project site consists of 35.0 acres of MDOT MTA owned surface parking lots and open space adjacent to the Metro Station. In 2009, JBG Company (JBG) of Bethesda, Maryland, acquired 11.3 acres of the site for the United States General Services Administration (GSA) construction of a new 538,000 square foot Leadership in Energy and Environmental Design (LEED) Silver building and 1,076-space parking garage. In 2014, the single tenant, the Social Security Administration (SSA), occupied the facility under a renewable 10-year lease. In May 2018, JBG sold the building to CoreCivic, LLC for \$242 million.

An award was issued in 2021 for the construction of a TOD on the remaining 25.6 acres to Wabash Development Partners. Currently the site includes two surface parking lots, but once developed will offer a mix of housing, retail, parking, and recreational amenities.

During this reporting period:

- Wabash Development Partners (Developer) has continued to complete predevelopment work at the site towards the future TOD.
- MDOT has engaged its consulting team to work in partnership with MTA, City of Baltimore, and the Developer to complete a master plan for the TOD and surrounding community.
- As a priority of the City of Baltimore, MDOT provided a TOD Designation for the station area after receiving a favorable recommendation from the Smart Growth Subcabinet.

Expected Actions in Fiscal 2024: The MDOT plans to continue working towards a master development agreement with the Developer.

7. Savage (Annapolis Junction Town Center) MARC Station (Howard County): The Savage MARC Station TOD project is located on an 18.8-acre site adjacent to the station. In September 2013, the BPW approved the 1st Amendment to the Master Development Agreement (MDA), with the development site including 9.2 acres of the 12.7 acres of State land (conveyed to the developer), as well as 5.9 acres of assembled private property.

Howard County issued \$17 million in Tax Increment Financing (TIF) debt for the 704-parking space commuter garage construction. The commuter garage was constructed to MTA standards and was designed to accommodate future expansions. The height of the first-floor ceiling was designed to accommodate transit bus access and the facility is designed to accommodate a pedestrian bridge across the railroad tracks. The real estate closing was completed in March 2014 and the County's TIF bond issuance was closed the same month. The construction of the garage was completed in April 2015.

In August 2017, The Residences at Annapolis Junction, a five-story, 416-unit ultra-luxury apartment community was completed. Also completed was 5,420 square feet of retail space, four-story 101,200 square foot LEED Gold Certified Class A office building, and adjacent 500-space parking garage with 150 surface parking spaces.

In February 2021, because of changing market conditions, the developer requested changes to the approved development program that would reduce the amount of retail, add a 16-story residential building with 280 +/- apartments, add two restaurants to be shared by the hotel and residential building, and expand parking. In August 2021, the changes were formalized by the execution of a 2nd Amendment to the MDA.

During this reporting period:

- Now that development changes which were identified in the MDA amendment can move forward, the MDOT will continue to monitor activity.

Expected Actions in Fiscal 2024: Construction commencement on the private components of the project which will include a parking garage followed by the additional residential and hotel are planned to calendar year 2024.

8. Westport MARC Station (Baltimore City): The City of Baltimore is looking for State support to help formalize the TOD designation. Additionally, developer (Stonewall Capital) is looking to build affordable housing (Parcel A) as well as the market rate apartment building (Parcel C) which will have 350 apartments and 40,000 square feet of first floor retail. Ryan Homes plans to build 275 townhomes at the ‘ONE Westport’ waterfront development (43 acres – Parcel B on Map). Two additional market rate apartment buildings and a 100,000 square foot innovation center, retail, and commercial building are also planned, bringing a total of 1,575 housing sites to be built.

During this reporting period:

- The MDOT has been monitoring actions from the lawsuit between Baltimore Washington Rapid Rail (BWRR) and Stonewall Capital. In November 2023, a settlement was reached to allow both the mixed-use development and the Maglev train project.

Expected Actions in Fiscal 2024: The MDOT will continue conversations with Baltimore City to pursue a TOD designation and further support development efforts.