

**MEMORANDUM**

April 24, 2013

TO: Planning, Housing, and Economic Development Committee  
Health and Human Services

FROM: Linda McMillan, Senior Legislative Analyst   
Vivian Yao, Legislative Analyst 

SUBJECT: Amendments to the FY13-18 Recommended Capital Improvements Program  
**Progress Place Relocation and Personal Living Quarters**

The County Executive is recommending the addition of a new FY13-18 CIP project. Progress Place Relocation and Personal Living Quarters (© 1). The Executive is requesting a FY14 Capital Budget Appropriation of \$143,000 and total funding of \$429,000. The funding will be used to pay for County staff that will be managing this project. The source of funds is General Obligation Bonds.

Greg Ossont, Deputy Director of the Department of General Services, will be present to provide the joint Committee with an update on this project.

**Background**

In November 2011, the county issued a request for expression of interest (REOI) seeking a private or non-profit developer with a development strategy for the Progress Place site in the Ripley District. The REOI states that the county's goals include but are not limited to:

- Relocation of Progress Place at no cost to the County;
- Economic Development in the Fenton Village and Ripley Districts;
- Implementation of the Silver Spring, Ripley District Plan;
- Transit Oriented Development;
- Financial feasibility and market viability; and,
- Community compatibility of including the impact on the local circulation system.

The REOI notes that Progress Place is about 20,000 square feet and is a location for Department of Health and Human Services' services to low income and homeless populations that include programs run by current contractors Shepherd's Table and Interfaith Works (Community Vision) and that there are also a health clinic and offices; however, the health clinic and offices will not be relocated to the DHHS offices. All of the current services and uses for Shepherd's Table and Community Vision must be relocated in the new facility. The new facility is to be a "turn key" facility.

The recommended PDF says that the private developer will construct the new Progress Place building on County-owned property located at the Silver Spring Fire Station No.1 site. This will release the current site for construction of Dixon Avenue roadway, the Metropolitan Branch Trail, and a private high-rise residential building.

In addition, the County Executive is recommending that 42 Personal Living Quarters (PLQs) be collocated with the new Progress Place. Preliminary cost estimates are about \$3.7 million for the PLQs. The sources of funding have not yet been determined but may include HIF funds. The County Executive notes (©2) that this will expand the number of permanent housing units for homeless singles and leverage the use of County properties to expand affordable housing.

### **Council Staff Recommendation**

Council staff recommends approval.

# Progress Place Relocation and Personal Living Quarters (P601401)

Category  
Sub Category  
Administering Agency  
Planning Area

Health and Human Services  
Health and Human Services  
General Services (AAGE29)  
Silver Spring

Date Last Modified  
Required Adequate Public Facility  
Relocation Impact  
Status

3/11/13  
No  
None  
Planning Stage

Total	Thru FY12	Rem FY12	Total 6 Years	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	Beyond 6 Yrs
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### EXPENDITURE SCHEDULE (\$000s)

Planning, Design and Supervision	429	0	0	429	0	143	143	143	0	0	0
Land	0	0	0	0	0	0	0	0	0	0	0
Site Improvements and Utilities	0	0	0	0	0	0	0	0	0	0	0
Construction	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>429</b>	<b>0</b>	<b>0</b>	<b>429</b>	<b>0</b>	<b>143</b>	<b>143</b>	<b>143</b>	<b>0</b>	<b>0</b>	<b>0</b>

### FUNDING SCHEDULE (\$000s)

G.O. Bonds	429	0	0	429	0	143	143	143	0	0	0
<b>Total</b>	<b>429</b>	<b>0</b>	<b>0</b>	<b>429</b>	<b>0</b>	<b>143</b>	<b>143</b>	<b>143</b>	<b>0</b>	<b>0</b>	<b>0</b>

### APPROPRIATION AND EXPENDITURE DATA (000s)

Appropriation Request	FY 14	143
Supplemental Appropriation Request		0
Transfer		0
Cumulative Appropriation		0
Expenditure / Encumbrances		0
Unencumbered Balance		0

Date First Appropriation	
First Cost Estimate	
Current Scope	FY 14 429
Last FY's Cost Estimate	0

#### Description

Progress Place is an existing building, located in the Ripley District of Silver Spring, MD, which houses services the Department of Health and Human Services provides to low-income, homeless residents of Montgomery County. These services, currently provided in conjunction with Interfaith Works and Shepherd's Table, include medical, vision, and vocational services; case management; winter overflow overnight shelter; and meals. Due to development that is proposed for the Ripley District, these services will need to be relocated within the Central Business District (CBD), which has convenient transportation, available services and resources, and social networking opportunities in downtown Silver Spring for the homeless population.

In conjunction with a Public-Private partnership, a private developer will construct a new building within the downtown Silver Spring CBD, on County owned property located at the Silver Spring Fire Station No. 1 site. This new building will provide office space for the Progress Place services in exchange for the Ripley District land where Progress Place is currently located. This will release the existing site for construction of the Dixon Avenue roadway, the Metropolitan Branch Trail, and a private high-rise residential building. In addition, approximately 42 personal living quarter (PLQ) units will be colocated with the Progress Place services center.

#### Justification

Progress Place is a facility built nearly 20 years ago that is in need of major renovation. In addition, the east end of the building is in the path of Dixon Avenue extended (a Master Planned roadway), and the west end of the building is in the path of the Metropolitan Branch Trail.

Based on the 2012 Housing and Urban Development Unmet Need Calculation Methodology, the need for housing for Montgomery County homeless singles was 372 PLQs. This project includes the relocation of the services rendered at Progress Place and provides for placement of PLQs to increase the County's permanent supportive housing stock within the downtown Silver Spring CBD.

#### Fiscal Note

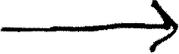
This is a public/private partnership. The County will exchange land within the Ripley District for a building that will satisfy the Program of Requirements to house Progress Place services. Funding from the Affordable Housing Acquisition and Preservation project (#P760100) will be used to support the creation of the PLQs. Preliminary construction cost estimates are in the range of \$3.7 million but non-County funding will also be sought to support PLQ construction and operating costs. Rental assistance from the Montgomery Housing Initiative Fund will be used to support operating costs not funded by outside contributions.

#### Disclosures

A pedestrian impact analysis will be performed during design or is in progress.

#### Coordination

### **Advancing Affordable Housing**

 Progress Place: The County has developed a public-private partnership to replace the current Progress Place homeless service center with a new “turnkey” facility on the Silver Spring Fire Station No. 1 site. In addition, approximately 42 units of Personal Living Quarters (PLQs) will be built on top of the Progress Place service center, expanding the number of permanent housing units for homeless singles and leveraging the use of County properties to expand affordable housing. The County will pursue outside funding for construction and ongoing operating costs; however, if non-County funding is not available, construction costs will be funded out of the CIP Affordable Housing Acquisition and Preservation project and operating support will be funded with Montgomery Housing Initiative Rental Assistance support.

Affordable Housing Acquisition and Preservation: An FY13 supplemental for \$3,881,000 has been submitted to support additional affordable housing activity. The funding source is prior year loan repayment proceeds received from private partners. This supplemental, coupled with this year’s operating support, will bring the total CIP and Montgomery Housing Initiative support for affordable housing to more than \$272 million since FY08. As previously noted, this project will provide future support to fund Progress Place PLQs after non-County funding is sought.

### **Design for Life Initiative**

My amended CIP also reflects my proposal to provide Schools Impact Tax credits to encourage developers to build housing units that have features that make it possible for persons with mobility impairments to visit and live in more homes in the County. As I indicated in my letter of support regarding the goals of Bill 5-13, Property Tax Credit – Accessibility Features, I feel it’s imperative that we not only incentivize homeowners – but also encourage developers to provide accessibility features in new homes in the County. Proposed legislation to implement this impact tax credit will be forthcoming.

### **Fiscal Prudence**

Since January, I have had an opportunity to reassess the availability of resources and needs for the capital and operating budgets. Fortunately, the increased availability of school impact taxes, recordation taxes, and recordation tax premium funding in FY13 and FY14, allowed me to shift \$11.29 million from the capital budget to the operating budget without cutting CIP projects. These shifts will reduce FY14 Pay-As-You-Go (PAYGO) funding to the 10 percent policy level of \$29.5 million, reduce FY14 tax-supported current revenue funding to \$54.8 million, and provide funds to support important operating budget public safety, library, youth, and senior initiatives.

I am recommending that increased recordation tax and recordation tax premium funding for FY15-18 be used to build up the general obligation bond set-aside. Given the continuing economic uncertainty, recent court cases that could result in significant income tax revenue loss, as well as, the loss of much of our operating budget flexibility due to state mandated funding requirements for schools and the college, it seems highly unlikely that the \$55.5 million FY15-18 annual PAYGO assumptions is

**FY13-18 BIENNIAL RECOMMENDED CIP  
MARCH BUDGET AMENDMENTS SUMMARY (\$000S)**

PROJECT #	PROJECT NAME	EXPLANATION OF ADJUSTMENT	FY13-18 CHANGE	FUNDING SOURCES
	<b>Existing Projects – Supplementals</b>			
P760100	Affordable Housing Acquisition and Preservation	Appropriate prior year loan repayments in FY13 based on actuals	3,881	Loan Repayment Proceeds
P500914	Residential and Rural Road Rehabilitation	In January, a supplemental was submitted shifting funds from FY14 to FY13. This amendment revises the PDF to also reflect an FY18 funding switch	-	Recordation Tax Premium, GO Bonds
P508182	Sidewalk and Infrastructure Revitalization	Revises January supplemental by increasing funds shifted from FY14 to FY13	-	GO Bonds
P508527	Resurfacing: Primary/Arterial	Revises January amendment shifting funds from FY15 to FY16 to also shift funds from FY14 to FY13	-	GO Bonds
	<b>New Projects – FY13-18 Amendments</b>			
P501403	Ripley Street	Adds bonds to fund 25% of costs to acquire land and design and construct widening of Ripley Street to improve pedestrian safety and traffic flow between the Silver Spring Transit Center and the adjacent properties. Private developer will fund remaining 75% of costs.	777	GO Bonds
P601401	Progress Place Relocation and Personal Living Quarters	Fund planning, design and supervision costs needed to implement public-private partnership to relocate Progress Place homeless service center. Personal Living Quarters (PLQs) will also be incorporated into the building with future funding from the Affordable Housing Acquisition and Preservation project	429	GO Bonds
P501430	Rockville Sidewalk Extensions	Fund Avery Road, Wooton Parkway and Falls Road West Side sidewalk improvements as noted in the Rockville CIP	532	Impact Taxes (Rockville)
P501405	Maryland/Dawson Extended	Fund design work related to extending Maryland Avenue between Beall Avenue and Dawson Avenue, as well as Dawson Avenue between North Washington Street and MD355 as noted in the Rockville CIP	500	Impact Taxes (Rockville)
	<b>Existing Projects - FY13-18 Amendments</b>			
P720601	Cost Sharing: MCG	Adds funding for grants (\$615K). Also assumes \$1M recommended in January for arts facility grants (bonds).	1,615	Current Revenue: General; GO Bonds
P509651	Fibernet	Adds funding for enhanced Fibernet service for all Montgomery College campuses. Also adds funds to cover full costs of 1) hub-to-hub connections needed for improved service reliability and 2) costs to overlash cables on PEPCO utility poles.	3,494	Cable TV, Current Revenue: General
P856509	Information Technology: College	Shifted Current Revenue: General funding to Fibernet project to support Fibernet work for the College	(750)	Current Revenue: General

