

**MEMORANDUM**

December 3, 2013

TO: Planning, Housing, and Economic Development Committee  
Health and Human Services Committee  
Government Operations and Fiscal Policy Committee

FROM: Linda McMillan, Senior Legislative Analyst 

SUBJECT: **Proposed Property Disposition - Progress Place**

The PHED and HHS Committees held a second worksession on September 26, 2013 to consider the proposal to dispose of three contiguous parcels of County-owned property in exchange for the construction of a new Progress Place and a cash payment to the Parking Lot District.

At the September session the joint Committee was briefed on an option that would construct a three-story building that would have two stories for Progress Place services and one story for 21 Personal Living Quarters (PLQ). The maximum estimated County contribution would be \$3.4 million for the PLQs. This proposal would reduce the amount of square footage for Progress Place programs from the original Program of Requirements that was developed as a part of the solicitation process. The joint Committee discussed the concerns raised by Interfaith Works and Shepherd's Table that the reduction in space would require that the emergency shelter and dining area share a common room (©10-11). While this is current practice, it is not an easy situation and the POR was developed to allow for separate spaces.

The joint Committee requested additional information on the current square footage for Progress Place programs, how this compares to the new proposal, costs associated with different types of construction, and the cost per PLQ compared to other options such as purchasing existing units. The response from the Department of General Services is attached at © 1-4.

**Council staff understands that the Executive now recommends building a three-story Progress Place to the specifications of the original POR and constructing a fourth**

**floor with 21 PLQs. The proposed developer would pay for the construction of the three-story Progress Place and the County would pay for the cost of the fourth floor of PLQs.**

Council staff recommends approval of this option as it will provide the full space needed for the Progress Place programs, it will provide a separate space for the dining room and the emergency shelter, and can accommodate a medical clinic and/or exam rooms as were discussed in the original POR. The cost of about \$170,000 per unit is not insignificant (particularly on a per square foot basis), but it will be new construction that will be fully paid for so that people with very low incomes can be housed. The new construction should not require any renovation for 20 to 30 years. The Department of Health and Human Services has looked at models of programs that have permanent housing with programs for the homeless and found successful models that can be the basis for best practices. And, as would be the case for any affordable housing, there are advantages to being located in a business district near transit, shops, and services.

Assuming the Executive is recommending this option and the joint Committee agrees, then the joint Committee would be recommending to the Council approval of a “Declaration of No Further Need” to be introduced in January.

**The joint Committee should also make a recommendation about whether the Council should have a public hearing on this Declaration of No Further Need.**

At the session last spring, the joint PHED and HHS Committees discussed information on the value of the proposed Progress Place, the payment to the Parking Lot District, the appraised value of the County-owned parcels that will be transferred to the proposed developer, and the Executive’s assessment that this is not a less-than full market value proposal. If the joint Committee continues to agree, the Declaration will reflect that this is a market value disposition.

## **Background**

On June 18, 2013 the joint PHED and HHS Committee met to discuss the material terms for the disposition of three contiguous County-owned properties in Silver Spring in exchange for the design and construction of a new Progress Place and a cash payment to the Parking Lot District (©17-22). During budget worksessions, the Executive proposed that in addition to these material terms, the project include personal living quarters (PLQs). Originally, the Executive thought that up to 42 PLQs might be feasible at an additional County cost of about \$3.7 million, depending on final costs and financing. The joint Committee was very supportive of this idea and asked if more than 42 PLQs could be constructed. On June 18<sup>th</sup> the joint Committee was informed that the estimated additional cost of constructing fourth and fifth floors to provide 42 PLQs was \$10.2 million. The joint Committee was extremely concerned about the high cost and agreed that further work should be done. The Council provided comments to the Executive (©5-6) saying that it does not want to miss this opportunity to help address the critical need for supportive housing for the homeless, asking that the type of construction be reviewed to see if

costs can be reduced, and supporting a building that would be as tall as the Fire Station/Police Substation next door.

On September 18<sup>th</sup> the Department of General Services forwarded an update (©7-9). The memo indicates the Executive's continued support for PLQs, if feasible, and provides an updated proposal to construct a building that would house Progress Place services on two stories. The third story would have 21 PLQs. The County contribution for this proposal is not to exceed \$3.4 million. The memo says that, given the small size of the building, true economies of scale would not be realized through the use of alternative structural systems. Cost reductions have been realized by reducing the square footage for Progress Place programs and changes to the building's mechanical systems.

The September 18<sup>th</sup> cost estimate (which is not final and still the subject of negotiations) is that the cost of the first two stories is about \$12 million and the cost of the third floor with 21 PLQs is \$3.4 million. The cost per PLQ is about \$161,300. The developer would provide a base building (turn-key) of 19,700 square feet and make a \$3.249 million payment to the Parking Lot District. The estimated value of the base building is \$11,957,765.

The June cost estimate showed that the developer would provide a base building (turn-key) of 26,100 square feet and make a payment of \$3.249 million payment to the Parking Lot District. The estimated value of the base building was \$13,504,618. It did not include any costs associated with the PLQs.

In June, the developer was willing to provide a 26,100 square foot building that was estimated to have a value of \$13.5 million (©22-23).



DEPARTMENT OF GENERAL SERVICES

Isiah Leggett  
*County Executive*

David E. Disc  
*Director*

MEMORANDUM

October 24, 2013

TO: Nancy Navarro, President  
Montgomery County Council

FROM: Greg Ossont, Deputy Director  
Department of General Services 

SUBJECT: Progress Place

On June 13, 2013, the Department of General Services (DGS) provided the material terms for the disposition of three contiguous County-owned properties on Ripley Street and Colonial Lane. The terms outlined a plan to create a partnership with a private developer to design and construct a new Progress Place in exchange for the three County parcels. On June 18, 2013 and September 26, 2013, the PHED and HHS committees held a joint meeting to review these terms. The joint committee inquired about the cost to provide the PLQs and programming for Progress Place and asked Executive staff to provide further information as discussed below.

**1. What is the current square footage for Progress Place? How does this compare to the original Program of Requirements and the revised/reduced POR for the new Progress Place?**

The current square footage of Progress Place is estimated at 21,895 *gross* square feet. The Program of Requirements is for a program that includes 19,649 *net* square feet. The revised/reduced program that would fit in the two-story scenario is 15,372 *net* square feet. The revised program eliminated exam rooms, one conference room, a lounge for volunteers, a fitness room, several offices, an exterior client waiting area; reduced the size of an employee lounge and the number of restrooms on each floor; and assumed that the dining room also serves as the men's emergency shelter in the winter months as is the current practice. It is anticipated that with a highly efficient design the revised program would fit in a 19,700 *gross* square foot, two-story building. DGS does not have any information on the net square footage of the current Progress Place facility. However, given that it is housed in an old building that was not purpose-built, the total net square feet is likely approximate to what is proposed for the new building that would be purpose-built.

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**2. What is the cost of a four-story building that would include the original POR space for Progress Place programs and 21 PLQs on the fourth floor?**

The cost of a four-story building that would include the original POR space for Progress Place and 21 PLQs on the 4th floor is estimated to be \$13.5 million for Progress Place with various site improvements and \$3.75 million for the PLQs based on the estimate provided by the developer and confirmed by the County's independent cost estimator.

**3. The proposal brought to the joint Committee estimated that the maximum County contribution would be \$3.4 million which would be funded through the Housing Initiative Fund. If an additional \$4 million (estimated at meeting) is needed to build a four story building, can this be funded by the Housing Initiative Fund? If not, why not? (Please note that the joint Committee did not discuss the issue of developer contribution or agree that a \$3.4 million contribution was correct.)**

DHCA's FY14 budget for the Acquisition and Rehabilitation Fund includes \$2.9 million plus the anticipated 25% land proceeds (\$800,000+) from the PLD for this project. This would be sufficient to fund the 3rd floor of PLQs under the reduced Progress Place scenario. There are no additional FY14 funds available and it is not anticipated that there will be any additional FY15 HIF funds for this project. If the Council funded the HIF with an additional \$3.75 million, it could be used to pay for the cost of the PLQs on a 4<sup>th</sup> floor.

**4. What is the cost difference between commercial construction for the whole building and stick on concrete?**

Under the revised pricing, which assumed a two-story Progress Place with one story of PLQs, the cost difference between an all concrete/steel building and stick on concrete/steel is a savings of \$76,000.

**5. Why shouldn't stick construction be used for floors two through four?**

Staff believes that this small savings of building stick on concrete does not offset the long-term operating impact of a less durable construction type on one floor of a commercial building. Additionally, there may be design issues related to including assembly use code requirements on the upper floors and the impact of their load bearing requirements on the spaces on the lower floors.

**6. What is the highest a building could be built with stick construction – with a goal of additional housing?**

By code, the tallest that an all wood frame structure can be is four stories.

**7. What is the cost per PLQ in the revised proposal from the Executive? What is the cost in a four story building?**

As outlined in the September 18, 2013 memo that provided the Executive staff's response to Council inquiries, the cost per PLQ in the revised pricing scenario which included two floors of Progress Place program and a 3<sup>rd</sup> floor of PLQS is approximately \$161,000 assuming 21 units on the 3<sup>rd</sup> floor. In a four-story building, assuming two floors of Progress Place program and 42 total units on the 3<sup>rd</sup> and 4<sup>th</sup> floors, the cost per PLQ is approximately \$170,000. This translates into approximately \$3.4 million for the 3<sup>rd</sup> floor of PLQs and an additional \$3.75 million if a 4<sup>th</sup> floor of PLQs is added. As discussed previously, the cost of a four-story building that would include three floors for Progress Place and 21 PLQs on the 4th floor is \$13.5 million for Progress Place and \$3.75 million for the PLQs.

**8. How does the cost per unit compare to other options such as purchasing existing apartment units? (An example of Halpine Hamlet was mentioned at the meeting as a cost of \$85,000 per unit).**

Purchase of additional apartment units varies based on a number of factors including size, condition, location, and timing. Any effort to purchase scattered site apartments in lieu of these units would necessitate hiring a broker, commitment of considerable staff time to inspect units, preparation of specifications for rehabilitation, closing costs, rehabilitation costs, and ongoing management of scattered site units. To compare to previous acquisitions, the original sale price of Halpine Hamlet was approximately \$83,000/unit; however, all-in costs after purchase costs and rehabilitation were \$193,000 per unit. Six acquisitions, which included 54 total units, in the Takoma Park/Silver Spring area over the past few years have ranged from \$125,000 to \$250,000 per unit. The per unit average of these purchases, including acquisition and rehabilitation costs, is \$168,000.

**9. In which year of the CIP will County funds have to be programmed for design and/or construction of the new Progress Place?**

Other than staff costs already programmed into the CIP, there would be no costs to the County for the design and construction of Progress Place itself. The County's developer partner will design and construct on a turnkey basis a new facility for Progress Place. The cost of any PLQs would be the County's responsibility and, depending on execution of the development agreement, may need to be programmed as early as FY14.

**10. If a fourth floor is built, should space for a Medical Clinic be provided?**

The revised program eliminated exam space since there are nearby medical clinics which can service Progress Place clients. However, if a four-story building is approved, assuming three floors for Progress Place, then HHS would provide space for the exam rooms.

**11. Are there other possible sources of funding for the housing?**

A potential source of other funding for the housing is through Maryland DHCD, but an application would not be submitted until next year. DHCA has had preliminary discussions with the State about that possibility. However, any funding approved would be only for a small

percentage of the total costs. As is always the case with other funding, some strings would come attached but are manageable.

**12. Is there an option for having the dining room and the emergency shelter in separate spaces in a three story building (where the third story has PLQs)?**

The two-story Progress Place and one-story PLQ scenario assumes that the dining room would also serve as the men's emergency shelter space in the winter months in order to fit the program in a two-story building. Unless other parts of the program are reduced or eliminated, it is not possible to have these be separate spaces if the Progress Place program is in a two stories.

I hope this information is helpful. Executive staff is scheduled to brief PHED/HHS on October 31<sup>st</sup>.



MONTGOMERY COUNTY COUNCIL  
ROCKVILLE, MARYLAND

OFFICE OF THE COUNCIL PRESIDENT

MEMORANDUM

July 8, 2013

TO: Isiah Leggett, County Executive

FROM: Nancy Navarro, Council President 

SUBJECT: Comments on Property Disposition – Progress Place

On June 13, 2013 the Council received a memo from Department of General Services Director David Dise providing the material terms for the disposition of three contiguous County owned properties on Ripley Street and Colonial Lane to a private developer in exchange for a \$3,249,680 cash payment to the Silver Spring Parking Lot District and design and construction of a new Progress Place.

On June 18, 2013, the PHED and HHS Committees held a joint meeting to review this proposal. At that session, Executive staff provided an update on your proposal to include Personal Living Quarters (PLQs) at the new Progress Place to provide housing for chronically homeless individuals. The joint Committee was told that the estimated cost of construction of a fourth and fifth floor (42 PLQs) would cost \$10.182 million. The joint Committee was extremely concerned that the cost is high because of the type of commercial construction that has been proposed. The joint Committee asked that you look for ways to lower the cost so that PLQs can be a part of this project.

**The Council has the following comments regarding this property disposition:**

- The location proposed for the new Progress Place is an excellent location for both the current Progress Place services and affordable housing for chronically homeless individuals. The Council does not want to miss the opportunity to help address the critical need for supportive housing for very vulnerable people who are living on the streets or in temporary shelters.
- When building the new Progress Place, the Council wants a building as tall as the Fire Station/Police Substation. The County should use the height that is available and is compatible with the surrounding buildings.

Isiah Leggett  
Progress Place – Property Disposition Comments  
July 8, 2013  
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- The Council wants to maximize the number of housing units that can be built to house homeless individuals.
- The Council understands that the new building must also house Progress Place services as outlined in the Request for Expression of Interest (REOI).
- The Council suspects that a building for Progress Place services and housing does not have to be constructed from steel and concrete and asks that other, more cost efficient options be examined.
- The Council requests the Executive to consult with the National Alliance to End Homelessness about how other jurisdictions are constructing housing to house homeless individuals.

Thank you for your efforts to date on this project and your desire to include affordable housing at the new Progress Place. Please let me know when any new information, options, or cost estimates for this project are available.

C: Councilmembers  
David Dise, Director, DGS  
Richard Nelson, Director, DHCA  
Greg Ossont, Deputy Director, DGS



DEPARTMENT OF GENERAL SERVICES

Isiah Leggett  
*County Executive*

David E. Dise  
*Director*

MEMORANDUM

September 18, 2013

TO: Nancy Navarro, President  
Montgomery County Council

FROM: Greg Ossont, Deputy Director  
Department of General Services

SUBJECT: Progress Place

On June 13, 2013, the Department of General Services provided the material terms for the disposition of three contiguous County-owned properties on Ripley Street and Colonial Lane. The terms outlined a plan to create a partnership with a private developer to design and construct a new Progress Place in exchange for the three County parcels. On June 18, 2013, the PHED and HHS committees held a joint meeting to review these terms. At that session, Executive staff provided an update which included the co-location of Personal Living Quarters (PLQs) at the new Progress Place facility on fourth and fifth floors. Executive staff noted that the costs associated with the additional floors were significant but reiterated the County Executive's commitment to PLQ's at this location if feasible. The joint committee was also concerned about the cost to provide the PLQs and asked Executive staff to further study several issues as outlined in the July 8, 2013 memo to the County Executive.

Executive staff has responded to the committees' concerns in a two-fold manner by examining both the size of the Progress Place program and cost of construction. First, DGS worked with HHS and the two service providers, Shepherd's Table and Interfaith Works, to decrease the program space needed so that the services for Progress Place would be contained in a two-story building. The working group re-examined the program to eliminate any duplicative or non-essential space, reduced the square footage of some spaces and rethought how some of the services could be provided in less space. While it will be necessary to confirm that we have made sufficient reductions to the program through the design process, DGS is confident we can work with HHS to meet the Progress Place requirements in a two-story building.

To address overall cost, the developer provided a revised cost estimate to reflect the reduction of Progress Place to a 2-story building with an option for PLQs. The revised cost estimate also provided several cost savings opportunities related to the building's mechanical

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systems, building circulation and the use of unconventional structural systems as requested by the committees. DGS, HHS and DHCA jointly agreed to accept some of these savings options with the largest savings related to the building systems. Please note that given the small size of the building, true economies of scale would not be realized through the use of alternative structural systems compared to larger buildings using these systems and would likely increase the duration of construction by adding complexity and a new trade group to the relatively small building. Therefore, the building's structural system would remain unchanged.

Based on the combination of a reduction in program and overall size of the building, and the selection of alternative building systems, Executive staff believes the best option would be to proceed with a 3-story building with the first two floors containing Progress Place and a 3<sup>rd</sup> floor of PLQs. The cost to the County for the 21 PLQs is estimated to not exceed \$3.4 million. The cost estimate for the 3-story building and revised materials terms is attached for your review.

I hope this information is helpful. Executive staff is scheduled to brief PHED/HHS on September 26<sup>th</sup>.

**Progress Place**  
**Revised July 2013 Cost Estimate**

New Building Cost

Base Building: 2 Stories (19,700 sf)

Soft Costs	\$4,174,157
Hard Costs	<u>7,783,608</u>
Subtotal	\$11,957,765

PLQs: 1 Story (21 units)

Soft Costs	\$1,131,072
Hard Costs	<u>2,255,996</u>
Subtotal	\$3,387,068
Cost per Unit	\$161,289

Total Building Cost \$15,344,833

Contributions

Developer Payments

PLD Payment	\$3,249,680
Progress Place Cost	<u>11,957,765</u>
Subtotal	\$15,207,445

County Contribution

HIF Payment from PLD Sale	\$800,000
DHCA Funding	<u>2,587,068</u>
Subtotal	\$3,387,068



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RECEIVED  
MONTGOMERY COUNTY

September 19, 2013

County Council President Nancy Navarro  
County Councilmember George Leventhal  
County Councilmember Valerie Ervin  
100 Maryland Ave  
Rockville, MD 20850

Dear County Council President Navarro and Councilmembers Leventhal and Ervin:  
We thank you for your service to the most vulnerable citizens of Montgomery County, the poor and the homeless. We thank you for your support of the ongoing mission of Shepherd's Table as we serve men and women experiencing homelessness and people living in poverty in Silver Spring. Your support throughout our 30 years allows us to impact the lives of over 60,000 individuals!

The upcoming move of Progress Place to a site behind the new fire station will allow us to continue essential services, and expand our outreach to food service which includes 3 meals a day 7 days a week.

Throughout the past several years Shepherd's Table advocated for space to maintain services, and space to expand services. Shepherd's Table has strongly advocated for housing, and the inclusion of a medical clinic in the facility. To build a new building without adequate space to meet current needs and expanded space to meet future needs simply does not make sense.

We understand that if housing is to be included in the new building, both Shepherd's Table and Interfaith Works are expected to cut program space.

As the Board of Directors of Shepherd's Table, we urge the County Council to

- include housing in the new facility, and include a medical clinic
- allow for the space needs set forth in the Program of requirements, i.e., not a reduction in services and program space.

The County's new initiative, 100,000 Homes, certainly speaks of the County's commitment to house women and men experiencing homelessness. The addition of housing in the new building would add to the number of housing opportunities available in the County.

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Community 1st  
Greater Washington, DC



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www.shepherdstable.org

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We know that the County Council and County Executive Ike Leggett are committed to housing and to provide housing and wrap around services to those most vulnerable in our community.

With this momentum, we urge the County Council to explore alternate sources of funding to maximize service space, housing and the medical clinic.

Shepherd's Table is prepared to explore other sources of funding.

In order to do this we ask that you respond to the following questions:

- Is the County open to alternative sources of funding?
- What is the timeline of the County on the construction of the new building?
- What is the timeline to receive funding for new building?
- How much money is needed to ensure the programmatic space needs are not reduced, AND add 1 floor of housing? 2 floors of housing?
- Will there be naming rights for new building should a donor be found?

Please accept our gratitude once again for your service to Montgomery County and your passionate efforts on behalf of all who experience homelessness in our community!

We look forward to your response.

Gratefully,



George Neighbors  
Chair of the Board of Directors, Shepherd's

Cc: County Executive Isaiah Leggett

Progress Place  
Proposed Program Changes

7/22/13

Shepherd's Table

<u>No.</u>	<u>Room</u>	<u>POR</u>		<u>Revised</u>	
		<u>Req'd Rms</u>	<u>Space Size</u>	<u>Req'd Rms</u>	<u>Space Size</u>
	<u>Client Area/Resource Suite</u>				
3.1	Resource Waiting Room	1	150	1	150
3.2	Waiting Room Restrooms	2	90	2	260 1st floor men's and women's client restrooms
3.3	Resource Room Intake/Window Area	1	200	1	200
3.4	Eye Clinic	1	150	1	150
3.5	Exam Room	2	240	0	0 deleted
3.6	Doctor's Office	1	120	1	120
3.7	Mental Health Counselor Office	1	120	1	120
3.8	Director of Social Services Office	1	150	1	150
3.9	Social Services Counselor Office	1	100	1	100
3.10	Social Worker Office	1	100	1	100
3.11	Bi-Lingual Conselor Office	1	100	1	100
3.12	Resource Bulk Storage Area	1	160	1	160
3.13	Clothing Closet and Storage	1	798	1	798
	<u>Adminsitrative Suite</u>				
3.14	Executive Director Office	1	200	1	200
3.15	Resource Development Manager Office	2	400	2	400
3.16	Director of Operations Office	1	100	1	100
3.17	Bookkeeper Office	1	100	1	100
3.18	Conference Rooms	2	760	1	380 deleted one
3.19	Office Supplies and Historical Data Storage	1	200	1	200
3.20	Copier Room	1	100	1	100
3.21	Staff Restrooms	2	90	0	0 deleted; assumed one set of staff restrooms per floor
3.22	IT Closet	1	80	1	80
	<u>Food Preparation</u>				
3.23	Kitchen	1	1,796	1	1,796
3.24	Dining Room	1	1,800	1	1,800
3.25	Dining Area Restrooms	2	90	0	0 deleted; assumed one set of client restrooms per floor
3.26	Dish Room	1	150	1	150

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3.27	Kitchen Laundry Room	1	187	1	187
3.28	Cold and Frozen Food Storage	1	600	1	600
3.29	Food Service Mgr./Assist. Mgr Office	1	150	1	150
3.30	Volunteer Manager Office	1	150	0	0 deleted
3.31	Volunteer Lounge	1	150	0	0 deleted
3.32	Volunteer/Staff Restrooms	2	90	2	120 1st floor staff restrooms
3.33	Bulk Food Storage	1	800	1	800
3.34	Kitchen Janitor's Closet	1	80	1	80
3.35	Janitorial Supplies Room	1	50	1	50
	Sub Total (NSF)		10,601		9,701

#### Interfaith Works

No.	Room	POR		Revised	
		<u>Req'd Rms</u>	<u>Space Size</u>	<u>Req'd Rms</u>	<u>Space Size</u>
	<u>Client Area</u>				
3.36	Case Management Waiting Area	1	150	1	150
3.37	Restrooms	2	90	0	0 deleted; assumed one set of client restrooms per floor
3.38	Floor Supervisor Office	1	100	1	100
3.39	Security/Maintenance Office	1	120	1	120
3.40	Interview Rooms	2	140	2	140
3.41	Computer Classroom	1	300	1	300
3.42	Meeting Room/Women's Shelter	1	400	1	400
3.43	Multi-Purpose Room/Women's Shelter	1	530	1	530
3.44	Meeting Room/Women's Shelter Storage	1	200	1	200
3.45	Women's Restrooms	1	160	1	160 2nd floor women's client restrooms
3.46	Women's Shower Area	1	59	1	59
3.47	Women's Locker Room	1	150	1	150
3.48	Recreation Room/Men's Shelter	1	1,590	0	0 deleted; assumes will use dining room
3.49	Recreation Room/Men's Shelter Storage	1	100	1	100
3.50	Men's Restrooms	1	200	1	200 2nd floor men's client restrooms
3.51	Men's Shower Area	1	167	1	167
3.52	Men's Locker Room	1	248	1	248
3.53	Private Bathroom	1	63	1	63
3.54	Client Laundry Room with Closet	1	234	1	234

3.55	Fitness Room	1	300	0	0 deleted
3.56	Business Clothes Closet	1	150	1	150
3.57	Maintenance Storage Room	1	100	1	100
<u>Administrative Area</u>					
3.58	Supervisor Office	3	300	2	200 deleted one
3.59	Facility Manager Office	1	100	1	100
3.60	Case Management and Vocational Counseling (	6	600	4	400 deleted two
3.61	Intern Work Area	1	270	3	108 6x6' cubicles; must keep 2 interview rooms
3.62	File Room	1	63	1	63
3.63	Office Supply Closet	1	60	1	60
3.64	Staff Restrooms	2	90	2	120 2nd floor staff restrooms
3.65	Employee Lounge	1	195	1	120 decreased by 75sf
3.66	Copier Room	1	100	1	100
3.67	IT Closet	1	49	1	49
3.68	Storage	1	<u>430</u>	1	<u>430</u>
	Subtotal (NSF)		7,808		5,321

**Combined Shepherd's Table and Interfaith Works**

No.	Room	POR		Revised	
		Req'd Rms	Space Size	Req'd Rms	Space Size
<u>Combined Client Area</u>					
3.72	Exterior Waiting Area	1	450	0	0 deleted
3.73	Central Lobby	1	150	1	150
3.74	Outside Professional Staff Office	4	400	2	200 deleted two
3.75	Client Restrooms	2	<u>240</u>	0	0 deleted; assumed one set of client restrooms per floor
			1,240		350
	Total		19,649		15,372

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## Progress Place Relocation and Personal Living Quarters (P601401)

Category	Health and Human Services	Date Last Modified	5/3/13
Sub Category	Health and Human Services	Required Adequate Public Facility	No
Administering Agency	General Services (AAGE29)	Relocation Impact	None
Planning Area	Silver Spring	Status	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
<b>EXPENDITURE SCHEDULE (\$000s)</b>											
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>
<b>FUNDING SCHEDULE (\$000s)</b>											
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
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, personal living quarter (PLQ) units will be colocated with the Progress Place service 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. 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

## Progress Place Relocation and Personal Living Quarters (P601401)

U.S. Department of Housing and Urban Development  
Department of Housing and Community Affairs  
Department of Health and Human Services  
Department of General Services  
Department of Transportation  
Department of Police  
Department of Fire and Rescue Services  
Department of Technology Services  
Utilities  
Private developers  
Private homeless service providers



Received 6/13/2013

DEPARTMENT OF GENERAL SERVICES

Isiah Leggett  
County Executive

David E. Disc  
Director

MEMORANDUM

To: Nancy Navarro, President  
Montgomery County Council

From: David Disc, Director  
Department of General Services *gpd/dd*

Subject: Progress Place Project

In November 2011, the Department of General Services issued a Request for Expressions of Interest (REOI) seeking a private or non-profit developer with a development strategy for the Progress Place site in the Ripley District. The goals and objectives of the REOI included:

- 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 site identified for the new Progress Place facility is located directly behind Fire Station 1 on Georgia Avenue. The new site is one block from the existing facility. The proposal would relocate the existing Progress Place into a new facility at the fire station site. The new facility would be planned, designed and constructed by the development partner. Upon completion and delivery of a turnkey facility the County would transfer three properties that make up the current site to the developer.

To date, County staff and the developer have been working on several facets of the project. A final Program of Requirements (POR) has been established for Progress Place and a basic site plan has been developed for the new facility. Additionally, staff has conducted multiple outreach efforts with various stakeholders including end users, adjacent property owners and the various County departments involved in the project. Finally, the Executive Branch has commenced discussions with the development partner regarding the material terms of a General Development Agreement (GDA).

In following the process prescribed through Bill 11-12, we note some confusion as to whether the solicitation and subsequent CIP process and all other previous discussions with Council to which this project has been

subjected has been sufficient advertisement of the plan to dispose and develop the property supplants the customary reuse analysis. As Council is aware the property disposition regulations in place prior to the passage of Bill 11-12 required a re-use analysis, which we endeavored to follow when managing this Progress Place project.

Notwithstanding the reuse matter and in accordance with the provisions of Section 11B-45, *Disposition of Real Property*, before seeking County Council approval of a declaration of no further need, the County Executive must submit all material terms of the disposition, including the price or rent to be paid and any associated economic incentives and any appraisal that the Executive relied on or will rely on in selling the property's market value. The Council is permitted 30 days to comment.

Accordingly, the following is a summary of the material terms thus far:

1. The County and the Developer intend to enter into an Agreement to establish the procedure by which the Developer will design and construct on a "turnkey basis" a new facility for Progress Place on County owned land behind the Silver Spring Fire Station #1. As part of the facility, the Developer may build private living quarters ("PLQs") for the County at the County's sole cost and expense;
2. In exchange for the Developer's (a) design and construction of the new Progress Place, and (b) payment to the County of \$3,249,680 in cash for the PLD Site (based on an appraisal of the PLD Site by the Treffer Appraisal Group dated as of June 7, 2012), the County will convey the PLD Site, Lot 7 and Progress Place Parcel to the Developer with settlement to occur within thirty (30) days after the issuance of a certificate of use and occupancy for the Progress Place;
3. 25% of the payment to the County for the PLD site will be diverted to the Housing Initiatives Fund;
4. The Developer's obligations under the Agreement will be contingent upon the Developer obtaining a certified site plan ("Site Plan") for the optional method redevelopment of the Redevelopment Property (the "Project") providing:
  - a. That the approved base density for the Project shall be at least 317,975 gross square feet plus, at Developer's option, an additional 22% residential bonus density achieved by providing 15% moderately priced dwelling units;
  - b. That the Site Plan approval shall find that the Project fully satisfies all required parking under Chapter 59 of the County Code;
  - c. That at the time of Site Plan approval the remaining 186 parking spaces existing in the 1150 Ripley Project (i.e., the total existing parking net of the 123 parking spaces that will be used exclusively for the Project) shall be deemed to fully satisfy all required parking under Chapter 59 for the 1150 Ripley Project; and
  - d. That the design and construction of the new Progress Place by the Developer shall be considered in the Site Plan approval of the Project as "public use space" (on an equal per

square feet basis) for the Project as such “public use space” is defined and required through the optional method redevelopment of the Redevelopment Property.

5. In addition to a purchase agreement setting forth the details of the proposed transaction, the County and the Developer shall enter into a turnkey design and construction agreement for the delivery of Progress Place, in the condition of a “warm, lit shell” with lighting, carpeting and kitchen equipment all as described in the GDA Requirements.
6. The County will pay the cost of building, furnishing and equipping any PLQs, if applicable. If the County makes any changes after the agreements are signed or needs any additional furniture, fixtures and equipment, which will be provided at the County’s cost. The County’s share of the costs for the PLQs at the Progress Place will be set forth in the Turnkey Contract.
7. Part of the Fire Station site was used for the disposal of fly ash and other soils. The cost to remove this soil to permit the construction of the Progress Place is currently estimated to be \$370,000.00. The Developer shall be responsible for the first \$200,000.00 of such cost; the County shall pay the balance.

Please note that the Council must ultimately approve the County Executive’s declaration of no further need.

In terms of timing, the developer expects to submit the new Progress Place facility for mandatory referral in August 2013 followed by their redevelopment project in fall 2013. We expect the private redevelopment entitlement process to take much longer than the County approvals. The developer will continue the design of Progress Place during the private development entitlements. Once the private development is approved, construction will commence and the County properties will be transferred upon completion.

Additionally, in accordance with Bill 37-12, *Capital Improvements Program – Affordable Housing Assessment*, the Department of General Services evaluated the feasibility of providing a significant amount of affordable housing with this project. Noting the County Executive’s support for including PLQ’s in this project, DGS indicated a feasibility study was underway as part of this project at the HHS/PHED worksession on April 25, 2013. The HHS/PHED committees requested that DGS review the feasibility of a 5<sup>th</sup> floor as well. At that time, a preliminary cost estimate to furnish an underutilized portion of the 3<sup>rd</sup> floor and create an entire 4<sup>th</sup> floor of PLQ’s was \$3.7M.

Since that time, the design team refined the PLQ program for Progress Place and worked through a number of design and operational issues for both the Progress Place and PLQ components. For example, a second entrance and elevator was introduced to separate the uses, the mechanical core required upgrading to a different system and trash chutes, laundry and kitchen facilities were introduced. Due to these new elements, the core of the building expanded and the underutilized 3<sup>rd</sup> floor space began to shrink as more of the Progress Place program moved to the 3<sup>rd</sup> floor. As a result, the number of PLQ units possible on the 3<sup>rd</sup> floor became operationally inefficient so the design team focused on a 21-unit scheme on floors 4 and 5 only.

Costs estimates for the 21-unit schemes on floors 4 and 5 are attached for your review. Due to the significant increase from preliminary estimates, the County's cost estimator has reviewed all the cost estimate documents and concurs with the estimates. DGS is continuing to evaluate the introduction of PLQ's to the project and will continue to update Council as necessary.

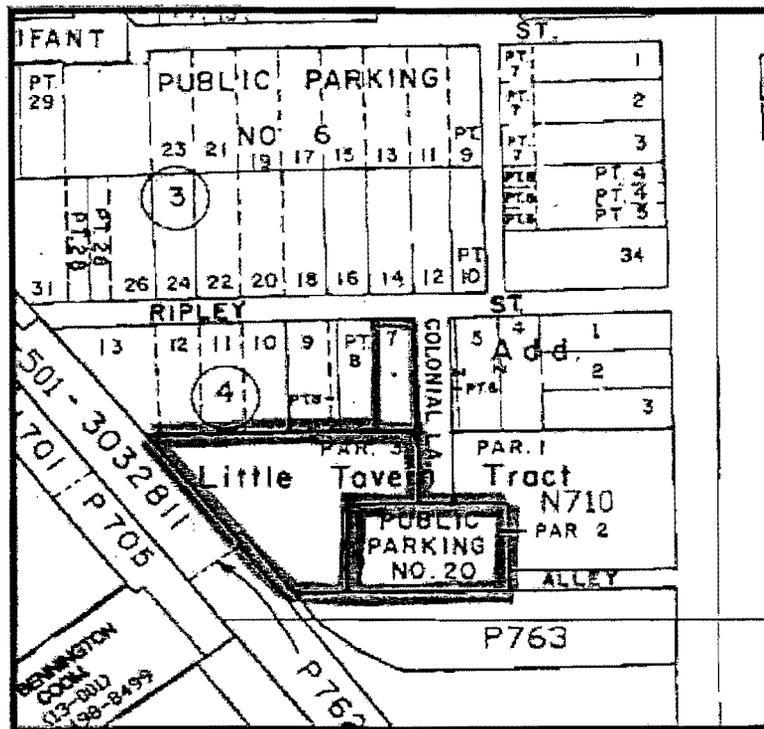
I hope this information is helpful. Executive staff is scheduled to brief PHED/HHS on June 18<sup>th</sup>.

The Progress Place facility is approximately 20,000 square feet and the site consists of three properties:

1014 Ripley Street,  
JN 33, Block 4, Lot 7  
7,062 SQ FT  
\$1,144,044 (extrapolated)

8206 Colonial Lane  
Parcel 2/Parking Lot 20  
20,364 SQ FT  
\$3,298,968

8210 Colonial Lane  
Parcel 3  
36,169 SQ FT  
\$5,859,378



Progress Place  
Base Building Estimate : June 2013

Base Case: 3 Story Building

26,100 sf

<b>Soft Costs</b>	<b>3,761,329</b>	
<b>Hard Costs</b>		
Clark Costs		
Base Cost	6,054,000	
Add: Wage Scale	363,000	
Add: Fly Ash	369,000	
Add: Parking Lot/Barns	141,000	
Add: Return Duct	207,000	
Add: Open Stair	33,000	
Total Clark	7,167,000	
Builders Insurance	25,000	
Kitchen Equipment	450,000	
Other Construction	262,500	
Subtotal Hard Costs	7,904,500	
Hard Cost Escalation	474,270	6%
Hard Cost Contingency	553,315	7%
<b>Subtotal Hard Costs</b>	<b>8,932,085</b>	
<b>Total Development Cost Net Carry</b>	<b>12,693,414</b>	
<b>Cost of Equity</b>	<b>571,204</b>	4.5%
<b>Total Development Costs</b>	<b>13,264,618</b>	
<b>FF&amp;E Progress Place</b>	<b>240,000</b>	
<b>TOTAL</b>	<b>13,504,618</b>	

Progress Place  
 PLQ Cost Estimate: June 2013

	<u>(4th floor/21 dus)</u>	<u>(5th floor/21 dus)</u>
Hard Cost	1,971,000	2,292,000
Prevailing Wage	118,000	138,000
2nd Elevator	203,000	n/a
STC Windows	46,000	22,000
Central System	147,000	109,000
Ducted Return	82,517	51,483
Soft Cost	1,257,608	1,279,192
Escalation	232,664	236,658
Contingency	411,029	418,083
FF&E	52,500	52,500
<b>Total</b>	<b>4,521,318</b>	<b>4,598,916</b>
 <u>Additional Cost to Base Building if Add PLQs</u>		
Upgrade from Hydraulic to Traction for 1st Elevator	119,000	
Upgrade to Central System for Base Building	290,000	
Ducted Returns Base Building	207,000	
Fit Out of 3rd Floor	213,000	
Escalation	84,720	
Contingency	149,672	
Subtotal Additional Costs	1,063,392	
 <b>Total PLQ</b>	 <b>5,584,710</b>	 <b>4,598,916</b>