EXECUTIVE RECOMMENDATION

Reimburse HOC for Underground Utilities Infrastructure for 900 Thayer

(P091901)

Category	Housing Opportunities Commission	Date Last Modified	01/11/18
SubCategory	Housing (HOC)	Administering Agency	Housing Opportunities Commission
Planning Area	Silver Spring and Vicinity	Status	Planning Stage

EXPENDITURE SCHEDULE ($000s)

Cost Elements	Total	Thru FY17	Est FY18	Total 6 Years	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	Beyond 6 Years
TOTAL EXPENDITURES	-	-	-	-	-	-	-	-	-	-	-

FUNDING SCHEDULE ($000s)

Funding Source	Total	Thru FY17	Est FY18	Total 6 Years	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	Beyond 6 Years
TOTAL FUNDING SOURCES	-	-	-	-	-	-	-	-	-	-	-

COMPARISON ($000s)

	Total	Thru FY17	Est FY18	Total 6 Years	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	Beyond 6 Years	FY 19 Approp.
Prior Year Approved	-	-	-	-	-	-	-	-	-	-	-	-
Agency Request	3,000	-	-	3,000	3,000	-	-	-	-	-	-	3,000
Recommended	-	-	-	-	-	-	-	-	-	-	-	-

CHANGE	TOTAL	%	6-YEAR	%	APPROP.	%
Agency Request vs Prior Year Approved	3,000	-	3,000	-	3,000	-
Recommended vs Prior Year Approved	-	-	-	-	-	-
Recommended vs Agency Request	(3,000)	-100.0%	(3,000)	-100.0%	(3,000)	-100.0%

Recommendation

Not Recommended. The Executive recommends that new projects that require County Revenue funding be considered within the context of the Operating Budget due to fiscal constraints.

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EXPENDITURE SCHEDULE ($000s)

Cost Elements	Total	Thru FY17	Est FY18	Total 6 Years	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	Beyond 6 Years
Site Improvements and Utilities	3,000	-	-	3,000	3,000	-	-	-	-	-	-
TOTAL EXPENDITURES	3,000	-	-	3,000	3,000	-	-	-	-	-	-

FUNDING SCHEDULE ($000s)

Funding Source	Total	Thru FY17	Est FY18	Total 6 Years	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	Beyond 6 Years
Current Revenue: General	3,000	-	-	3,000	3,000	-	-	-	-	-	-
TOTAL FUNDING SOURCES	3,000	-	-	3,000	3,000	-	-	-	-	-	-

APPROPRIATION AND EXPENDITURE DATA ($000s)

Appropriation FY 19 Request	3,000	Year First Appropriation	
Appropriation FY 20 Request	-	Last FY's Cost Estimate	-
Cumulative Appropriation	-		
Expenditure / Encumbrances	-		
Unencumbered Balance	-		

Project Description

The Housing Opportunities Commission of Montgomery County (HOC) purchased the 900 Thayer property from a private, market rate developer with the Site Plan already approved. The Site Plan approval for 900 Thayer as a market rate rental community included, as a requirement, the implementation of approximately $3,000,000 in offsite infrastructure improvements. The improvements include sidewalk replacement and upgrade, utility burial, street lighting relocation, and general streetscape improvements.

All of these improvements are to the public thoroughfare - both sidewalks and streets. These offsite improvements extend to the west on Thayer Avenue beyond three neighboring properties, north on Fenton Street - 200 feet beyond Thayer's southern boundary, including fully improving the sidewalk in front of the neighboring County parking lot.

HOC purchased 900 Thayer already entitled as a way of delivering subsidized, family housing to downtown Silver Spring nearly two years faster than if HOC had begun a new development application on a similar site. Had 900 Thayer been an affordable housing project from its initial application to Planning, it is highly likely that the scope of offsite improvements would have been dramatically reduced. The reduced scope of improvements would have left nearly all of the currently required improvements to the County in the future. An amendment to the approved Site Plan would remove these requirements given the new public benefit

provided by HOC's plan and would have added significant delay to the start of construction of 900 Thayer (which is expected to begin in October 2017) and upset the surrounding community members who are now justifiably expecting these improvements. These streetscape improvements are not directly supportive of 900 Thayer, and 900 Thayer could be built and operated as designed without nearly any of the offsite improvements. These improvements do improve sidewalk accessibility, pedestrian safety, and aesthetic beauty within the public thoroughfare - all of which are public benefits that HOC, of course, supports. However, the cost of these improvements adds 10% to the construction costs of a new building that will be two-thirds deeply affordable.
Because these costs are physical infrastructure costs related to the County's public thoroughfare and not to inducing affordability, HOC is making this request of the Capital Improvement Program as opposed to the Housing Initiative Fund.

Estimated Schedule

This work is expected to be completed in FY18 and the Agency is seeking reimbursement from the FY19 County CIP.

Fiscal Note

The following table is a projection of the costs associated with the project:

UTILITY COMPNAY	TOTAL
PEPCO	$1,100,000
COMCAST	$12,600
VERIZON	$17,850
RCN	$132,300
PUBLIC STREETLIHGT	$10,424
Contingency (15%)	$190,976
TOTAL	$1,464,150
General Contractor *	$1,535,850
Total	$3,000,000

* Subcontractor, GC Overhead and Fee, Bonds, GC Insurance, and General Conditions. Also, this cost includes a construction management fee for HOC.

Pepco provided an estimate of $1,100,000 to complete the project. An estimate of $173,174 for the Comcast, Verizon, RCN and Public Streetlight costs were provided by a dry utility consultant engaged by HOC. In addition, staff requests a 15% contingency. The General Contractor fee is an estimate from CBG Building Company and also includes an HOC Construction Management fee.