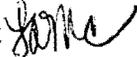


MEMORANDUM

March 18, 2014

TO: Government Operations and Fiscal Policy Committee

FROM: Linda McMillan, Senior Legislative Analyst 

SUBJECT: **Property Disposition – Declaration of No Further Need – Current Public Safety Training Academy (PSTA) Site**

Expected for this session:

Ronnie Warner, Redevelopment Manager, Department of General Services
Richard Nelson, Director, Department of Housing and Community Affairs

On February 25, 2014 the County Council received the County Executive's Declaration of No Further Need (DNFN) for the 52 acres County-owned property on 9710 Great Seneca Highway, which is the site of the current PSTA (© 1-3). Under the property disposition process, the Council has 60 days to act on the DNFN or extend time for consideration. If the Council does not act or extend the time for consideration, the DNFN is approved. If the Council is going to extend time for consideration, it must notify the Executive within 30 days of receiving the declaration.

At this session, the GO Committee is being asked to:

- Review the information provided by the Executive and determine whether the Committee has sufficient information to act on the DNFN or whether the Council should extend time for consideration. The GO Committee may also want to ask the Council President to notify the Executive that it may extend time for consideration in case the full Council has questions or needs additional information. Introduction of the DNFN is tentatively scheduled for April 1st and action for April 8th (there is no Council session on April 15th although the Council could act on April 22nd and still meet the 60 day requirement.)

- If the GO Committee agrees it has sufficient information, make a recommendation to the full Council on whether to approve the DNFN.
- Make recommendations on any requirements that should be included in the Council's approval resolution.
- Make a recommendation to the Council on whether to have a public hearing on the DNFN. If the GO Committee recommends that the public hearing can be waived, this recommendation would be acted on by the full Council on April 1st. If the GO Committee recommends a public hearing be held, such a public hearing requires 15 days notice. If the GO Committee recommends a public hearing, then the Council should extend the time for consideration.

Background

The Council has approved plans to relocate the PSTA to the Webb Tract in order to allow development of the current PSTA site in conformance with the Great Seneca Science Corridor Master Plan. Under the property disposition process, the County Executive must forward the material terms for any applicable disposition to the Council which then has up to 30 days to comment. The Executive forwarded the material terms in September 2013 (© 6-7). On June 12, 2012 the Council held a closed session regarding the disposition and the RFP that had been issued. The session was closed because the Executive was in negotiations regarding the contract award. The project goals in the RFP were:

- Assist in transforming the Life Sciences Center (LSC)-West into a dynamic live/work community that contributes to the economic and scientific sustainability of the Shady Grove LSC.
- Replace the PSTA site with a new residential-based community that is consistent with the Master Plan and includes supporting retail, open spaces, and community facilities.
- Create opportunities that will advance the County's Smart Growth Initiative.
- Concentrate density, building height and civic green spaces at the Corridor Cities Transitway (CCT) stations proposed for the LSC districts in the Great Seneca Science Corridor Master Plan.
- Create a grid pattern of new streets that improve local circulation and connectivity among the LSC districts, promote alternatives to car use, and enhance access to the future transit stations.
- Utilize the LSC Loop as the organizing element of the open space plan to connect districts and destinations, incorporating natural features, and providing opportunities for recreation and non-motorized transportation.
- Promote complimentary development with other LSC Districts.
- Provide a housing mix that supports the County's housing initiatives.
- Compliment existing incubator facilities and functioning to scientific supporting services for small businesses.
- Provide suitable pedestrian-focused connectivity and emphasize street level activity.

On November 27, 2012 the Council received an update on this project and the Executive's decision award from the RFP. The November 29, 2012 press release summarizing the award is attached at © 8-9.

The Council provided the Executive with the following comments and information requests in response to the material terms.

- Confirm that while the Executive is intending to request a Declaration of No Further Need for the entire 52 acres site, the terms of the agreement will not sell/transfer the entire 52 acres to Hines in one transaction.
- Provide a sketch or map showing the planned phases for development when it is completed. If a draft is available at the time the Council is asked to approve the Declaration of No Further Need, it should be provided.
- The Executive must brief the Council once the concept plan is approved by the County.
- The Executive must provide the Council with the appraisal that will be completed as a part of the concept plan and will be used as the County's land basis value.
- Confirm that Hines will be responsible for paying for the cost of infrastructure needed to deliver each phase of the development and that the County Government will not be expected to pay for this infrastructure as a capital improvement project or development district.
- Elaborate as much as possible on the "30% affordable housing component" providing any estimate of the percentage of affordable housing that will be targeted to households with MPDU incomes (60% to 70% of AMI), low or very low incomes, or to Workforce Housing incomes. Indicate whether the Executive expects to have any of the "affordable housing" priced for households with incomes above 100% of AMI.
- Executive staff said that the Executive expects to brief the Council at each phase of development so that the Council may be informed regarding any appraisals and expected revenue to the County from the sale of lots in each phase. The Council will want the Declaration of No Further Need process to include this commitment by the Executive to the Council.

The Executive's February 24, 2014 memo (© 4-5) says:

- The County does not intend to sell all 52 acres in one transaction, rather in a series of transactions over a period of time. This will allow the County to maintain control of that portion of the property that is not immediately developed.
- There will be multiple appraisals for each phase of the development and they will be made available to the Council.

- Under the terms of the General Development Agreement (GDA), Hines will be responsible for the entitlement and infrastructure costs as their cost basis...the Executive has no plans for the County to incur the up-front cost of entitlements or infrastructure and no plans for the creation of the development district.
- The GDA will have an affordable housing component equal to 30% of units that will be a mix of Moderately Priced Dwelling Units and Workforce Housing.

Some of the Council’s requests are dependent on the development of a concept plan. Council staff understands that this concept plan cannot be completed until the GDA with Hines is finalized.

Council Staff Comments/Recommendations

Council staff recommends approval of the Declaration of No Further Need with some specific provisions included in the Council’s approval resolution.

1. Affordable Housing

The Executive has committed to 30% affordable housing but only says that it will be a mix of MPDUs and Workforce Housing. **Council staff recommends that the Council be more specific in the requirements this is meant to be a work-life community and many people working there will be in need of moderately priced housing.**

Council staff notes that in the Chevy Chase Sector Plan for development to occur in the first stage, on site 7, a minimum of 20% Moderately Priced Dwelling Units or units affordable to households at or below 60% of area median income (AMI) is required in addition to a minimum of 20% Workforce Housing. The agreement for the Workforce Housing Units must ensure that they are affordable to a full range of eligible incomes up to 100% of AMI.

Council staff recommends that the DNFN resolution state: (1) a minimum of 30% of the units developed must be income-restricted; (2) a minimum of 15% of the units must be MPDUs or other units exempt from the development tax; (3) a minimum of 10% of the units must be Workforce Housing units affordable to a full range of incomes up to 100% of AMI; (4) the Executive must inform the Council at each phase of development how many affordable units will be built in each phase and the range of income affordability. If the units to be built will be condominiums, the Executive must inform the Council on plans to ensure that condominium fees will not make the units unaffordable to the targeted incomes.

The County Code requires that 25% of the proceeds from the sale of real property owned by the County must be transferred to the Housing Initiative Fund. The law also allows that the Executive to waive this requirement for the portion of the proceeds that will be used for a related purchase of real property. As a part of the Smart Growth Initiative, revenue received from the development of this property is meant to defray the cost of the land needed for construction of new facilities, including the new PSTA. **Council staff has been informed that the Executive**

intends to waive the requirement to transfer funds to the HIF both because of the related use and because of the commitment to a higher than required amount of affordable housing. Council staff agrees with the Executive's decision but also recommends that the DNFN resolution state that the Executive is waiving the transfer to the HIF.

2. Other Recommended Requirements for the DNFN Approval Resolution

Council staff recommends that the approval resolution contain these specific requirements: (1) The County Executive must provide the Council with the concept plan for the site within 15 days of its completion; (2) the County Executive must provide the Council with any appraisal completed with the initial concept plan and any appraisals completed for each phase of development at least 30 days prior to settlement on that piece of the property.

3. Public Hearing

Council staff recommends that the Council waive the requirement for a public hearing. While this is a very large and important property disposition, the future use of this site was debated as a part of the Great Seneca Science Corridor Master Plan and in the CIP discussions of the Smart Growth projects.

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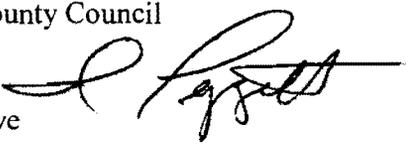
OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Isiah Leggett
County Executive

MEMORANDUM

February 24, 2014

TO: Craig Rice, President
Montgomery County Council

FROM: Isiah Leggett 
County Executive

SUBJECT: Executive Order 226-13
Disposition of Public Safety Training Academy

RECEIVED
MONTGOMERY COUNTY
COUNCIL

2014 FEB 25 PM 3:23

On September 10, 2013 the Department of General Services (DGS) provided the material terms for the disposition of County-owned property on 9710 Great Seneca Highway, Rockville, Maryland, the current site of the County Public Safety Training Academy. As a result of that submission during a closed session Council made comments. Under separate memorandum I have submitted responses to those comments in further support of my plan to finalize the disposition of this property.

As required under Section 11B-45 of the Montgomery County Code, the County Executive must issue an Executive Order declaring that the County-owned site is no longer needed for public use. Attached please find Executive Order 226-13 which has been published in the February *County Register* to give notice of my intent to proceed with the disposition of the existing Public Safety Training Academy property located at 9710 Great Seneca Highway, Rockville, Maryland and to declare that this parcel is no longer needed for public use.

I hope this information is helpful. If you have any questions, please feel free to contact me directly or speak with Greg Ossont at 240-777-6192 or greg.ossont@montgomerycountymd.gov.

IL:rbp

Attachment

cc: Ramona Bell-Pearson, ACAO
Greg Ossont, Deputy Dir. DGS

1



MONTGOMERY COUNTY EXECUTIVE ORDER

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

Subject: Declaration of No Further Need; Real Property located at 9710 Great Seneca Highway	Executive Order No. 226-13	Subject Suffix ORE
Department: General Services	Department No. ORE 02-13	Effective Date 12/19/13

BACKGROUND

WHEREAS, in furtherance of the County's Smart Growth Initiative, the County intends to close the existing Public Safety Training Academy, located at 9710 Great Seneca Highway, and construct a replacement facility on land commonly referred to as the "Webb Tract" along Snouffer School Road in Gaithersburg; and

WHEREAS, site development of the combined Multi-Agency Service Park and replacement Public Safety Training Academy is underway and is scheduled to begin construction in 2014; and

WHEREAS, a reuse recommendation was made by the Department of General Services ("DGS"), regarding the land at the existing Public Safety Training Academy and the County Executive or his designee has considered the reuse recommendation; and

WHEREAS, in accordance with the reuse recommendation, DGS issued a Request for Expressions of Interest in November 2011 ("REOI") seeking proposals from developers interested in developing the land at the existing Public Safety Training Academy following the relocation of the facility to the Webb Tract; and

WHEREAS, Hines was selected as the developer under the REOI and the County intends to enter into a General Development Agreement ("Agreement") with Hines for the development of the land ; and

WHEREAS, the terms of the Agreement will memorialize the disposition of the Public Safety Training Academy land and the terms of the subsequent redevelopment of the property; and

WHEREAS, the County Executive approves the disposition of the Public Safety Training Academy land for redevelopment in accordance with the terms of the Agreement and

WHEREAS, as required under §11B-45 of the Montgomery County Code, the County Executive must issue an Executive Order declaring that County owned or controlled real property is no longer needed for public use.



MONTGOMERY COUNTY EXECUTIVE ORDER

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

Subject: Declaration of No Further Need; Real Property located at 9710 Great Seneca Highway	Executive Order No. 226-13	Subject Suffix ORE
Department: General Services	Department No. ORE 02-13	Effective Date 12/19/13

ACTION

In consideration of the above recitals, the County Executive declares that the County-owned land located at 9710 Great Seneca Highway and consisting of 52 acres, more or less, is no longer needed for public use and hereby directs the Department of General Services to take all steps necessary to dispose of the land in the manner described in this Executive Order.

Approved as to Form and Legality
Office of the County Attorney

By: *[Signature]*
Date: 12/19/13

APPROVED

[Signature]
Ramona Bell-Pearson
Assistant Chief Administrative Officer

Distribution:

- County Council
- County Attorney
- Department of General Services

PS



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OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Isiah Leggett
County Executive

February 24, 2014

To: Craig Rice, President
Montgomery County Council

From: Isiah Leggett
County Executive

Subject: Public Safety Training Academy (PSTA) Disposition

RECEIVED
MONTGOMERY COUNTY
CORPORAL

2014 FEB 24 PM 1:25

This memorandum is in response to the County Council comments on the material terms for the redevelopment of the Public Safety Training Academy site. The Council has requested certain assurances in moving forward with the disposition of the PSTA site and execution of a General Development Agreement (GDA) with our development partner, Hines. I have reviewed the comments and I intend to accommodate each request.

Specifically, Council has requested clarification on the transfer of land. While the declaration of surplus will include all 52 acres, the County does not intend to sell all 52 acres in one transaction, rather in a series of transactions over a period of time. This will allow the County to maintain control of that portion of the property that is not immediately developed. The phasing plan will be an element of the concept plan which we will provide to Council upon completion along with the appraisal establishing the County's land basis.

There will be multiple appraisals for each phase of the development that will be used to determine the final land value prior to settlement on any particular portion of the property. Those appraisals will be made available to the Council for review as well.

Under the terms of the draft GDA, Hines would be responsible for entitlement and infrastructure costs as their cost basis. Because of the confidential nature of the GDA negotiations, I am not at liberty to disclose more specifics about those terms. I can say however, that I have no plans for the County to incur the up-front costs of entitlements or infrastructure and no plans for the creation of the development district.

4

Craig Rice, President
February 24, 2014
Page 2

As you are aware, I have included a significant affordable housing component for this redevelopment. The County is in a unique position to leverage this County asset to achieve a greater amount of affordable units in the Great Seneca Science Corridor. The GDA will include a 30% affordable housing component with a mix of both Moderately Priced Dwelling Units and workforce housing. The specifics of income ranges for housing qualification will be further negotiated at the time of plan approval for different phases.

Thank you for your continued support of the Public Safety Training Academy redevelopment.

IL:rbp

cc: Ramona Bell-Pearson, ACAO
Greg Ossont, Deputy Director, DGS



9/10/2013

DEPARTMENT OF GENERAL SERVICES

Isiah Leggett
County Executive

David E. Disc
Director

MEMORANDUM

To: Nancy Navarro, President
Montgomery County Council

From: Greg Ossont, Deputy Director
Department of General Services

Subject: Public Safety Training Academy (PSTA) Disposition

In November 2011, the Department of General Services issued a solicitation for a development partner to work with the County on the redevelopment of the Public Safety Training Academy (PSTA). The goals and objectives included:

- Assist in transforming the LSC-West into a dynamic live/work community that contributes to the economic and scientific sustainability of the Shady Grove LSC.
- Replace the PSTA site with a new residential-based community that is consistent with the Master Plan and includes supporting retail, open spaces, and community facilities.
- Create opportunities that will advance the County's Smart Growth Initiative.

To date, County staff and the developer have been working on several facets of the project and the Executive Branch has commenced discussions with the development partner regarding the material terms of a General Development Agreement (GDA).

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:

- Following the approved declaration of surplus and execution of a General Development Agreement (GDA), Hines will proceed with a feasibility period and development of a concept plan for County review and approval. Concurrently, the County will seek an appraisal of the PSTA property and that will establish the County's land basis value;
- Hines will manage and fund the zoning entitlements process that will include a sketch plan, preliminary plan and a detailed site plan for the 1st phase of development;
- When entitlements are in place, Hines will market the development site and then manage and fund the horizontal infrastructure construction required to deliver the 1st phase of development. The costs incurred by Hines to entitle the land and construct the infrastructure will become the Hines investment basis;
- Upon completion of the horizontal infrastructure, a second appraisal will be completed to establish the 'finished lot' value of the 1st phase of development. After a completed transaction for the 1st phase, the County and Hines will receive their pro-rata basis cost plus 50% of the finished lot profit. Transactions will repeat in the same manner, several times over a period of time until all phases have been completed;
- The County maintains ownership of the remaining phases of development until such time as development is imminent. Hines only proceeds with infrastructure construction after the phase is under purchase contract. The County will not be required to fund the activities leading up to sales and Hines will not incur exorbitant carrying costs for infrastructure improvements.

In addition to the entitlements and transactional terms within the general development agreement, there will also be certain developer performance requirements. For example, if the County is not satisfied with the developer's marketing of the development site or the general pace of development, there will be remedies available to the County.

The affordable housing component for this project is significant. The general development agreement will contractually obligate the partnership to develop a concept plan and receive site plan approvals with a 30% affordable housing component. The commitment to the 30% component will be assured in several layers. There will be a contractual obligation through the general development agreement followed by zoning entitlements that include an affordable housing plan which will be binding. Further, each transaction of finished lots will have the customary declaration of covenants. Finally, the phasing plan will be developed in a manner that delivers the affordable units at a proportionate rate.

I hope this information is helpful. If you have any questions please contact me directly at 240-777-6192 or greg.ossont@montgomerycountymd.gov

McMillan, Linda

From: Bowring, Esther
Sent: Thursday, November 29, 2012 3:46 PM
To: #PIO.Releases
Subject: Leggett Announces Next Phase in Smart Growth Initiative for the Life Sciences Corridor; Hines Team Selected to Lead Effort

Eb/psta.pr

For Immediate Release: November 29, 2012

Leggett Announces Next Phase in Smart Growth Initiative for the Life Sciences Corridor; *Hines Team Selected to Lead Effort*

Montgomery County Executive Isiah Leggett announced today that the Department of General Services has selected a team to develop the County's former Public Safety Training Academy (PSTA) property – moving forward Leggett's Smart Growth Initiative in the County's life sciences corridor. The Smart Growth Initiative is redeveloping key County properties to support mixed use, transit-oriented, sustainable developments. The redevelopment team will be led by Hines, a privately owned firm involved in real estate investment, development and property management worldwide.

"The next step in the County's Smart Growth Initiative is the redevelopment of the former Public Safety Training Academy property to create a transit-oriented community adjacent to higher education campuses," said Leggett. "This new center will be a place that generates high paying, quality jobs that will keep our economy competitive at both a national and international level."

The Hines team includes:

- Montgomery County Housing Opportunities Commission (HOC), which will lead the affordable housing component of the project
- Lead land planner Moule & Polyzoides Architects & Urbanists of Pasadena, CA. Principal of the firm, Stefanos Polyzoides, is a co-founder of the Congress for the New Urbanism, a national association of more than 3,500 architects, planners, engineers, developers, government officials and environmentalists who are working toward the restoration of existing urban centers and suburbs while supporting protection of nature in the built environment.
- Architect and urbanist Michael Watkins Architect, LLC of Gaithersburg
- Architects Grimm & Parker of Calverton, McLean and Charlottesville
- Land-use counsel Lerch Early & Brewer, Bethesda, MD
- Civil engineers Johnson Bernat Associates, Inc., Gaithersburg, MD
- Denver-based transportation specialists RNL Design
- Community governance counsel McGuireWoods LLP of Richmond, VA

"The Hines proposal was crafted to support the specific needs of the County's critical life

8

sciences industry, and it supports smart growth and sustainability,” said Chuck Watters, Hines senior managing director in the firm’s Washington D.C. regional office.

Hines’ project officer and Montgomery County resident Matthew Hurson added, “Our entire team is aware of the ambitious goals for this project and looks forward to a fully collaborative planning process with the County, the community and all stakeholders.”

“We are thrilled to have the opportunity to work with Hines and the entire Montgomery County community to lead the design effort on such a critical and large-scale project,” said architect and team member Stefanos Polyzoides. “We look forward to a collaboration resulting in a built environment where families are able to access their homes, work places and services without being tethered to their cars, reducing the environmental impacts associated with car-generated growth.”

The project is expected to include up to 2,000 housing units to serve a broad range of incomes and needs, along with stores, shops and work places.

“We are very excited to be part of this development, and look forward to offering the County’s citizens a broad variety of affordable housing options in a uniquely creative community,” said HOC Executive Director Stacy Spann.

The Smart Growth Initiative is a plan that leverages County assets and budgets to consolidate County properties to make room for mixed-use and transit-oriented development. Proposed by Leggett in 2008, the goal of this project is to create clean and sustainable communities with mixed use development. Cost neutrality is an important goal of the initiative that is realized by acquiring properties when land value is low to meet important public needs and moving old, outdated facilities to sites zoned for them.

Included in this initiative is the relocation and consolidation of several Montgomery County facilities and departments to create space for the bioscience planning area as well as housing units to support its residents. The properties include the PSTA.

For more information on the Smart Growth Initiative, see the [County’s website](#). Information about Hines is available on the [firm’s website](#).

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Media Contact: Esther Bowring, 240-777-6507