

## MEMORANDUM

February 6, 2023

TO: Planning, Housing, & Parks (PH) Committee

FROM: Eunice Jeong, Legislative Analyst  
Naeem M. Mia, Legislative Analyst

SUBJECT: FY23 Supplemental Appropriation and Amendment to the FY23-28 Capital Improvements Program (CIP): **Housing Opportunities Commission**

PURPOSE: Vote on County Executive's recommendations for the Council's consideration

### Expected Attendees:

- Chelsea Andrews, Executive Director, HOC
- Ken Silverman, Director of Government Affairs, HOC
- Tim Goetzinger, Chief Development Funds Officer/ Acting Chief Financial Officer, HOC
- Anita Aryeetey, Fiscal and Policy Analyst, Office of Management and Budget (OMB)

### FY23-28 Capital Improvements Program

The County Executive has included a total of \$12,375,000 for the six-year CIP for HOC. This includes FY24 appropriations of \$1,250,000 plus cumulative appropriations of \$11,125,000. The new appropriations include funds for one new project (Elizabeth House Demolition) and funds to an ongoing project (WSSC Sewer and Storm Line Improvements at Elizabeth Square). Both projects funded through Current Revenue (General).

- Elizabeth House Demolition (© 3-5)
- WSSC Sewer and Storm Line Improvements at Elizabeth Square (© 6-7)

#### 1. Elizabeth House Demolition

(FY23-28 Recommended PDF © 3-5)

This new project would program \$1.5M of County funding through Current Revenue. The total cost of the project is \$3M (of which HOC will contribute the remaining \$1.5M, including \$1M through the Department of Housing and Community Affairs (DHCA) housing loans). Demolition of the building is scheduled for the spring/summer of 2023, resulting in lower operating costs for

HOC and ensure safe and easy access to South County Regional Recreation and Aquatic Center (SCRRAC) patrons.

SCRRAC is expected to be substantially complete in April. An opening date for the public has yet to be decided. The residential building is substantially complete and expected to be open by March.

**Elizabeth House Demolition**

	<u>Total</u>	<u>Thru</u> <u>FY22</u>	<u>Rem</u> <u>FY22</u>	<u>Total</u> <u>6</u> <u>years</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
CE Recommended	1,500	-	-	1,500	1,500	-	-	-	-	-

Source of funds: Current Revenue: General

**Council staff recommendation: Approve as recommended by the Executive**

**2. WSSC Sewer and Storm Line Improvements at Elizabeth Square**  
(FY23-28 Recommended PDF © 6-7)

The CE recommends a funding increase of \$520,000 because WSSC Water has requested that HOC install a temporary 15-inch storm line to accommodate the Elizabeth House III and SCRRAC project until MTA/Purple Line is completed. The cost increase is due to revised bid estimates and changes in the scope of the project.

The sewer and storm line upgrades must be implemented prior to Elizabeth House III and SCRRAC receiving a final certificate of occupancy. The recommended amendment is consistent with the criteria for amending the CIP because it supports significant economic development and affordable housing initiatives. This addition supplements the cumulative appropriation of \$705,000 for a total of \$1.225M.

**WSSC Sewer and Storm Line Improvements at Elizabeth Square**

	<u>Total</u>	<u>Thru</u> <u>FY22</u>	<u>Rem</u> <u>FY22</u>	<u>Total</u> <u>6</u> <u>years</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Previously Approved	705			705	705					
CE Recommended	1,225	-	-	1,225	1,225	-	-	-	-	-
Delta	520			520	520					

Source of funds: Current Revenue: General

**Council staff recommendation: Approve as recommended by the Executive**

# EXECUTIVE RECOMMENDATION



## Elizabeth House Demolition (P092302)

Category	Housing Opportunities Commission	Date Last Modified	01/11/23
SubCategory	Housing (HOC)	Administering Agency	Housing Opportunities Commission
Planning Area	Silver Spring and Vicinity	Status	Planning Stage

### EXPENDITURE SCHEDULE (\$000s)

Cost Elements	Total	Thru FY22	Rem FY22	Total 6 Years	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	Beyond 6 Years
Site Improvements and Utilities	1,500	-	-	1,500	1,500	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>1,500</b>	<b>-</b>	<b>-</b>	<b>1,500</b>	<b>1,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### FUNDING SCHEDULE (\$000s)

Funding Source	Total	Thru FY22	Rem FY22	Total 6 Years	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	Beyond 6 Years
Current Revenue: General	1,500	-	-	1,500	1,500	-	-	-	-	-	-
<b>TOTAL FUNDING SOURCES</b>	<b>1,500</b>	<b>-</b>	<b>-</b>	<b>1,500</b>	<b>1,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### COMPARISON (\$000s)

	Total	Thru FY22	Rem FY22	Total 6 Years	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	Beyond 6 Years	FY 24 Approp.
Prior Year Approved	-	-	-	-	-	-	-	-	-	-	-	-
Agency Request	3,000	-	-	3,000	3,000	-	-	-	-	-	-	-
Recommended	1,500	-	-	1,500	1,500	-	-	-	-	-	-	-

CHANGE	TOTAL	%	6-YEAR	%	APPROP.	%
Agency Request vs Prior Year Approved	3,000	-	3,000	-	-	-
Recommended vs Prior Year Approved	1,500	-	1,500	-	-	-
Recommended vs Agency Request	(1,500)	-50.0%	(1,500)	-50.0%	-	-

## RECOMMENDATION

Approve with Modifications. The County Executive's Recommended CIP assumes shared contributions towards the Elizabeth House demolition costs. The County will contribute \$1.5 million in Current Revenue. HOC will be responsible for the remaining costs, a portion of which will be facilitated through a long-term (e.g. 20 years) \$1 million loan through the Department of Housing and Community Affairs (DHCA) housing programs.



# Elizabeth House Demolition

(P092302)

Category	Housing Opportunities Commission	Date Last Modified	01/11/23
SubCategory	Housing (HOC)	Administering Agency	Housing Opportunities Commission
Planning Area	Silver Spring and Vicinity	Status	Planning Stage

## EXPENDITURE SCHEDULE (\$000s)

Cost Elements	Total	Thru FY22	Rem FY22	Total 6 Years	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	Beyond 6 Years
Site Improvements and Utilities	3,000	-	-	3,000	3,000	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>3,000</b>	<b>-</b>	<b>-</b>	<b>3,000</b>	<b>3,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## FUNDING SCHEDULE (\$000s)

Funding Source	Total	Thru FY22	Rem FY22	Total 6 Years	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	Beyond 6 Years
Current Revenue: General	3,000	-	-	3,000	3,000	-	-	-	-	-	-
<b>TOTAL FUNDING SOURCES</b>	<b>3,000</b>	<b>-</b>	<b>-</b>	<b>3,000</b>	<b>3,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## APPROPRIATION AND EXPENDITURE DATA (\$000s)

Appropriation FY 24 Request	-	Year First Appropriation	FY23
Cumulative Appropriation	3,000	Last FY's Cost Estimate	-
Expenditure / Encumbrances	-		
Unencumbered Balance	3,000		

## PROJECT DESCRIPTION

The requested funding totaling approximately \$3 million will cover the estimated expense for demolishing the existing Elizabeth House multifamily building, which is directly adjacent to HOC's Alexander House, HOC's The Leggett, and Montgomery County's South County Regional Recreation and Aquatics Center "SCRRAC"). These are all part of the larger Elizabeth Square redevelopment of a city block in Downtown Silver Spring. Elizabeth Square will be a mixed-income, multigenerational, mixed-use development consisting of three (3) buildings: The Leggett, formerly known as Elizabeth House III, under which will reside the SCRRAC; the redeveloped Elizabeth House; and the renovated Alexander House.

One of the key elements of Elizabeth Square will be The Leggett, a highly amenitized, mixed-income, senior living community that comprises 106 units of relocated former Public Housing, 134 Low Income Housing Tax Credit units, and 29 market rate units. The SCRRAC will be a place that welcomes people from both surrounding neighborhoods and across the region to a state-of-the-art public aquatic and recreation center, promoting physical health and intergenerational activity. A destination where seniors can thrive within modern residences, benefit from a senior wellness center, and enjoy shopping and dining, surrounded by green spaces and walking paths, for a truly holistic living experience.

The County has requested that the existing Elizabeth House be demolished in advance of the opening of the SCRRAC facility in the first half of 2023. The \$3 million budget assumes the cost to prepare the building and site for demolition, obtain necessary permits and County approvals, disconnecting various public utilities, removing, and abating hazardous materials, and providing for contingency

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fund for project unknowns.

## LOCATION

1400 Fenwick Lane, Silver Spring, MD 20910

## ESTIMATED SCHEDULE

Commission is expected to approve contractor in early April 2023 and notice to proceed given by end of April or beginning of May 2023. The demolition is expected to be completed by September 2023.

## PROJECT JUSTIFICATION

As previously mentioned, the County has explicitly requested that the existing Elizabeth House be demolished in advance of the opening of the SCRRAC facility in the first half of 2023. Demolishing the Elizabeth House within the specified timeline will provide numerous benefits to the County including increasing visibility to the SCRRAC from Second Avenue and Fenwick Lane, eliminating security and life safety concerns associated with a building remaining vacant while The Leggett and new SCRRAC facility are fully-operational; reducing disruptions to future residents and occupants, which inherently come with demolishing a building of this scale; and expediting the master planning and predevelopment process for the final component of the Elizabeth Square Master Plan.

## FISCAL NOTE

FY23 supplemental in Current Revenue: General for the amount of \$3,000,000.

## COORDINATION

Department of Finance, Department of Housing and Community Affairs, Department of Permitting Services, Department of General Services.



# WSSC Sewer and Storm Line Improvements at Elizabeth Square

(P092301)

Category	Housing Opportunities Commission	Date Last Modified	01/03/23
SubCategory	Housing (HOC)	Administering Agency	Housing Opportunities Commission
Planning Area	Silver Spring and Vicinity	Status	Final Design Stage

## EXPENDITURE SCHEDULE (\$000s)

Cost Elements	Total	Thru FY22	Rem FY22	Total 6 Years	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	Beyond 6 Years
Site Improvements and Utilities	1,225	-	-	1,225	1,225	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>1,225</b>	<b>-</b>	<b>-</b>	<b>1,225</b>	<b>1,225</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## FUNDING SCHEDULE (\$000s)

Funding Source	Total	Thru FY22	Rem FY22	Total 6 Years	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	Beyond 6 Years
Current Revenue: General	1,225	-	-	1,225	1,225	-	-	-	-	-	-
<b>TOTAL FUNDING SOURCES</b>	<b>1,225</b>	<b>-</b>	<b>-</b>	<b>1,225</b>	<b>1,225</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## APPROPRIATION AND EXPENDITURE DATA (\$000s)

Appropriation FY 24 Request	-	Year First Appropriation	FY23
Cumulative Appropriation	1,225	Last FY's Cost Estimate	1,225
Expenditure / Encumbrances	-		
Unencumbered Balance	1,225		

## PROJECT DESCRIPTION

### Sewer Line Upgrades-

HOC's original 2017 Sewer and Storm Line improvement plans were approved by WSSC for Elizabeth Square and included the replacement of the 10-inch sewer line with 12-inch line. The sewer line to be replaced was on the west portion of the Washington Metropolitan Area Transit Authority ("WMATA") and CSX tracks and did not go under the tracks. The current proposed Purple Line Development sewer line replacement conflicted with the approved HOC sewer plan from 2017. The Purple Line was required to design an alternate route under the tracks. The Purple Line Plan ("PLP") was approved by WSSC for this alternative route, and is a 10-inch line replacement. WSSC will no longer accept the HOC 2017 plans and is now requiring HOC to install at minimum a 15-inch sewer line along the alternate route to meet the capacity of the Elizabeth Square and the proposed HOC Headquarters building at Fenwick Lane and Second Avenue. They have instructed HOC to work with the PLP to ensure the revised plans are in effect before The Leggett, formerly known as Elizabeth House III, and the South County Regional Recreation and Aquatic Center ("SCRRAC") building obtain final occupancy permit.

### Temporary Storm Line Installation-

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The current approved contract documents indicate that the new Capital Crescent Trail (located in between Elizabeth House and CSX/Washington Metropolitan Area Transit Authority (WMATA) tracks), including the associated retaining wall, trail and storm systems will be completed by the Maryland Transportation Authority (MTA)/Purple Line. The HOC project will eventually connect into these Capital Crescent Trail storm systems in order to achieve final inspections. However, MTA/Purple Line is not scheduled to install these Capital Crescent Trail storm systems until after the HOC project completion date. As a result, HOC must install a temporary 15-inch storm line to accommodate the Elizabeth House III and South County Regional Recreation and Aquatic Center (SCRRAC) project until MTA/Purple Line is completed.

## LOCATION

1315 Apple Avenue, Silver Spring MD. 20910

## COST CHANGE

Cost increase due to additional costs for installing the upgraded sewer line and temporary storm line at the Elizabeth Square development.

## PROJECT JUSTIFICATION

There is a need to replace the 10-inch sewer line with a minimum 15-inch line because the flows are too low to meet capacity for Elizabeth Square, including the SCRRAC, and HOC office building. The storm work was previously to be undertaken by MTA per the Purple Line project. However, the MTA work has been delayed beyond HOC's projected occupancy date. The sewer and storm line upgrades must be implemented prior to Elizabeth House III and SCRRAC receiving a final certificate of occupancy.

## FISCAL NOTE

The total estimated projected costs for installing the upgraded sewer line and temporary storm line is \$1,225,000. Installation of the minimum 15-inch sewer line is estimated at \$950,000 and includes hard costs of \$750,000, soft costs of \$100,000, and a contingency of \$100,000. Installation of the 15-inch temporary storm line is estimated at \$275,000 which includes hard costs of \$100,000, soft costs of \$75,000, and a contingency of \$100,000.

FY23 supplemental in Current Revenue: General for the amount of \$520,000.

## COORDINATION

Department of Finance, Department of Housing and Community Affairs, Department of Permitting Services, Department of General Services, and Maryland Transportation Authority.