



Committee: Joint
Committee Review: At a future date
Staff: Naeem M. Mia, Legislative Analyst
Purpose: To receive testimony – no vote expected
Keywords: Property Disposition, Burtonsville Park and Ride, Affordable Housing

AGENDA ITEM #9
November 29, 2022
Public Hearing

SUBJECT

Declaration of No Further Need – Disposition via Transfer of a portion of Burtonsville Park and Ride Lot, located in Burtonsville, Maryland, to First Equity Holdings

EXPECTED ATTENDEES

None

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- Introduction on November 15, 2022.
- Public Hearing on November 29, 2022.
- A joint GO/PHED Committee worksession will be scheduled at a future date.
- Action will be scheduled at a future date.

DESCRIPTION/ISSUE

The County Executive requests Council approval of a Declaration of No Further Need (DNFN) to transfer a portion of approximately 6.06 acres of County-owned property known as the Burtonsville Park and Ride, Burtonsville, Maryland (“Property”) to First Equity Holdings (“First Equity”).

The Property is currently a park-and-ride lot for commuters with approximately 475 parking spaces is also the site of a FLASH Bus Rapid Transit (BRT) station.

The Executive is proposing a sale to First Equity to develop both market-rate and affordable low-to-mid-rise multi-family rental housing on the site, including a total of approximately 250 units, of which at least 30% (or 75 units) will be affordable at 120% of the area median income (AMI) or below. At least half of the affordable units (or 15% of the total number of units) will be targeted to households making less than 60% AMI, while the rest will be above 60% AMI to 120% AMI; the exact number of units will be determined through more detailed planning/design process and is subject to Planning Board approval.

The sales price is based on \$12,000 per market-rate unit, or approximately \$2.1M based on 175 market-rate units (at 70% of 250 total units). An appraisal was not conducted due to a lack of comparable multi-family sales in Burtonsville; the County relied on a land valuation exercise, conducted by JLL, to determine a value of \$5,000 to \$15,000 per unit.

The terms also include a County-funded (and developer-built) parking garage with 500 spaces to replace the surface parking currently serving commuters. The est. cost of the garage is \$18M (or \$36,000 per space), of which \$5M is expected to come from the State. \$500K of state aid was previously appropriated by the Council in FY22 in the County’s CIP to conduct a feasibility study on replacement options – see

here:

https://www.montgomerycountymd.gov/OMB/Resources/Files/omb/pdfs/fy23/cip_pdf/P502203.pdf

The County has the option of constructing a second, 500-space garage at its own expense if transit/commuter/traffic conditions require this need (land will be set-aside by the developer for this purpose). The existing FLASH BRT station is on National Drive, which runs between the shopping center and the park-and-ride lot/subject parcel; the station would remain at its current location and be located adjacent to the proposed parking garage(s).

The property transfer of this property complies with the requirements established under County Code 11B-45.01 Disposition of Real Property, including:

- This transaction is subject to the Property Disposition process as the subject property is owned by the County in fee simple.
- The Executive transmitted to the Council the material terms on October 3, 2022.
- On September 22, 2022 Executive Order 209-22 was published in the County Register to give notice of the County's intent to proceed with disposition to First Equity Holdings and that there was no further need for public use.
- The Executive transmitted to the Council the Declaration of No Further Need on November 8, 2022.

This report contains:

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|--|-------|
| 1. Resolution Approving Transfer | © 1-2 |
| 2. November 8, 2022 memo from County Executive | © 3-4 |
| 3. Executive Order 209-22 | © 5-6 |
| 4. October 3, 2022 memo from County Executive (material terms) | © 7-8 |

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Resolution No.: _____
Introduced: November 15, 2022
Adopted: _____

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsor: Council President at the request of the County Executive

SUBJECT: Approval of Disposition via Transfer of a portion of Burtonsville Park and Ride Lot, located in Burtonsville, Maryland, to First Equity Holdings

Background

1. Montgomery County Code §11B-45 requires the Council to approve a Declaration of No Further Need before the Executive can dispose of real property that has more than nominal value. Prior to seeking Council approval of a Declaration of No Further Need, the Executive must:
 - (a) submit all material terms of the proposed disposition and any appraisal the Executive relied on in setting the property's market value to the Council; and
 - (b) publish a declaration in the County Register and post a notice on the County website that the County has no further need for the property.If the Council, by resolution, approves the Executive's Declaration of No Further Need, the Executive may dispose of the property for fair market value.
2. On October 3, 2022, the Executive transmitted the material terms of the proposed disposition. The Executive recommended the transfer and sale of a portion (totaling 6.06 acres) of the Burtonsville Park-and-Ride lot to First Equity Holdings ("First Equity") to develop approximately 250 multi-family housing units. At least 30 percent (or 75) of the housing units will be made affordable to households earning less than 120 percent of the Area Median Income (AMI). The final number of apartments will be determined through the design and entitlement process.
3. The County will retain ownership of the remaining portions to develop a 500-space garage to replace the current 475-space surface lot. The County retains the ability to construct 500 additional garage spaces in the future as transit service expands.
4. The sales price is based on \$12,000 per market-rate unit, or approximately \$2.1M based on 175 market-rate units (at 70% of 250 total units). An appraisal was not conducted due to a lack of comparable multi-family sales in Burtonsville; the County relied on a land valuation exercise, conducted by JLL, to determine a value of \$5,000 to \$15,000 per unit.

1. On September 22, 2022 Executive Order 209-22 was published in the County Register to give notice of the County's intent to proceed with disposition to First Equity Holdings and that there was no further need for public use.
2. The Council is scheduled for a public hearing on this recommended disposition on November 29, 2022. A joint GO/PHED Committee worksession was held on XXXX.

Action

The County Council for Montgomery County, Maryland, approves the following action:

The Declaration of No Further Need for the Transfer of a portion of the County-owned park-and-ride lot located on National Drive in Burtonsville, Maryland is approved and the property may be disposed of as described in the material terms provided to the Council on October 3, 2022, the memorandum dated November 8, 2022, and in Executive Order 209-22 as published in the County Register on September 22, 2022.

This is a correct copy of Council action.

Judy Rupp
Clerk of the Council



OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

MEMORANDUM

November 8, 2022

TO: Gabe Albornoz, President
Montgomery County Council

FROM: Marc Elrich, County Executive *Marc Elrich*

SUBJECT: Declaration of No Further Need – Burtonsville Park and Ride Site Disposition

On October 3, 2022, I transmitted material terms to Council and provided notice that I intend to sell a portion of approximately 6.06 acres of County-owned property known as the Burtonsville Park and Ride, Burtonsville, Maryland (“Property”) to First Equity Holdings.

As required under Section 11B-45 of the Montgomery County Code, an Executive Order must be issued declaring that the County-owned site is no longer needed for public use. Attached please find Executive Order 209-22 which was published in the *County Register* on September 22, 2022 to give notice of my intent to proceed with the sale to First Equity Holdings.

The Property was included in a 2021 Request for Developer Proposals for the redevelopment of the site. I chose First Equity Holdings as the selected developer, who will act as the master developer of the Property.

The project will include the development of +/-250 rental apartments, with a minimum of 30% of the units affordable to households making less than 120% of the area median income (AMI). Half of the affordable units are to be affordable to households earning between 30% and 60% AMI. Specifically, 5% 30-40 AMI, 5% 40-50 AMI, 5% 50-60 AMI, 5% 60-80 AMI, 5% 80-100 AMI, 5% 100-120 AMI.

A 500-space garage will replace the current surface lot Park and Ride. The County retains the ability to construct 500 additional garage spaces in the future as transit service expands per MCDOT’s requirements. The County will retain ownership of the land to be used for the parking

garages. The final number of apartments will be determined through the design and entitlement process.

After an agreement is executed, First Equity will have a 90-day feasibility period and will provide a \$50,000 deposit. They will pay the County \$12,000 per approved market rate housing unit at the closing on the apartment land. The schedule assumes the 500-space County garage and apartments will be completed within five years after an agreement is executed.

In its role as master developer, First Equity will secure entitlements for both the housing and the garage. The intent is to secure Mandatory Referral approval for a 1,000 space County parking garage in addition to entitlements for apartments. In its role as fee developer of the parking garage, First Equity will design and construct the garage in accordance with the County-approved scope, budget, and schedule. The County will have final review and approval of garage plans, budget, architect/engineer, and general contractor. The County will pay First Equity for any due diligence, design, development, and construction costs monthly for a fee to be determined. The County will own and operate the garage. The garage is estimated to cost approximately \$18 million. The County received a \$5 million grant from the State of Maryland toward the cost.

I hope this information is helpful. If you have any questions, please contact Greg Ossont, Deputy Director, Department of General Services, at 240.777.6192 or greg.ossont@montgomerycountymd.gov.

Enclosure: Executive Order No. 209-22
Material Terms Memo dated October 3, 2022

cc: Jennifer Bryant, Director, Office of Management and Budget
Michael Coveyou, Director, Department of Finance
David Crow, Acting Controller, Department of Finance
Jewru Bandeh, Director, East County Regional Services Center
David Dise, Director, Department of General Services
Greg Ossont, Deputy Director, Department of General Services
Cynthia Brenneman, Division Chief, Department of General Services
Ronnie Warner, Division Chief, Department of General Services



MONTGOMERY COUNTY EXECUTIVE ORDER

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

Disposition of County Property: Burtonsville Park and Ride Site

Executive Order No.
209-22

Subject Suffix

Montgomery County Department of General Services

Department No.

Effective Date
09-22-22

County Executive Declaration of No Further Need

Recitals

WHEREAS, the County owns approximately 6.06 acres of property on Sandy Spring Road and Columbia Pike, Burtonsville, described in the Deed of Dedication recorded among the Land Records of Montgomery County at Book 39452, page 225 and Book 8811, page 549 ("the Property"); and

WHEREAS, the Property is currently utilized as the Burtonsville Park and Ride; and

WHEREAS, the Property was included in a 2021 Request for Developer Proposals for the redevelopment of the site; and

WHEREAS, First Equity Holdings ("First Equity") was chosen as the selected developer, who will act as master developer of the Property; and

WHEREAS, the project will include development of +/-250 rental apartments with a minimum of 30% of the units affordable to households making less than 120% of the area median income (AMI). Half of the affordable units are to be affordable to households earning between 30% and 60% AMI. Specifically, 5% 30-40 AMI, 5% 40-50 AMI, 5% 50-60 AMI, 5% 60-80 AMI, 5% 80-100 AMI, 5% 100-120 AMI. The final number of apartments will be determined through the design and entitlement process; and

WHEREAS, a 500-space garage will replace the current surface lot Park and Ride. The County retains the ability to construct 500 additional garage spaces in the future as transit service expands per MCDOT's requirements and will retain ownership of the land to be used for the parking garages; and

WHEREAS, after an agreement is executed, First Equity will have a 90-day feasibility period and will provide a \$50,000 deposit. They will pay the County \$12,000 per approved market rate housing unit at the closing on the apartment land. The schedule assumes the 500-space County garage and apartments will be completed within five years after an agreement is executed; and

WHEREAS, in its role as master developer, First Equity will secure entitlements for both the housing and the garage. The intent is to secure Mandatory Referral approval for a 1,000 space County parking garage in addition to entitlements for apartments. In its role as fee developer of the parking garage, First Equity will design and construct the garage in accordance with County-approved scope, budget, and schedule. The County will have final review and approval of garage plans, budget, architect/engineer, and general contractor. The County will pay First Equity for any due diligence, design, development, and construction costs monthly for a fee to be determined.



MONTGOMERY COUNTY EXECUTIVE ORDER

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

Disposition of County Property: Burtonsville Park and Ride Site	Executive Order No. 209-22	Subject Suffix
Montgomery County Department of General Services	Department No.	Effective Date 09-22-22

The County will own and operate the garage. The garage is estimated to cost approximately \$18 million. The County received a \$5 million grant from the State of Maryland toward the cost; and

WHEREAS, the County Executive has completed the Preliminary Reuse Review and Reuse Analysis; and

WHEREAS, the material terms of the sale of the Property are stated above; and

WHEREAS, in accordance with the provisions of Montgomery County Code Section 11B-45 and COMCOR 11B.45.01.08, Disposition of Real Property, the County Executive must issue an Executive Order declaring that County owned or controlled land is no longer needed for County use.

ACTION

In consideration of the above recitals, the County Executive hereby declares that the County Property, approximately 6.06 acres of property on Sandy Spring Road and Columbia Pike, Burtonsville, Maryland, 20866, is no longer needed for County use and, upon Council approval, a portion of the the property will be disposed of through a sale to First Equity Holdings.

Approved as to Form and Legality
Office of the County Attorney

By: Neal Anker
Date: 9/21/2022

APPROVED

[Signature]
Fariba Kassiri, Deputy Chief Administrative Officer
Date: 9/22/22



OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

MEMORANDUM

October 3, 2022

TO: Gabe Albornoz, President
Montgomery County Council

FROM: Marc Elrich, County Executive *Marc Elrich*

SUBJECT: Material Terms – Burtonsville Park and Ride Site

In accordance with the provisions of 11B-45, Property Disposition, the purpose of this memorandum is to provide the material terms related to the disposition of a portion of approximately 6.06 acres of County-owned property known as the Burtonsville Park and Ride, Burtonsville, Maryland (“Property”).

The Property was included in a 2021 Request for Developer Proposals for the redevelopment of the site. I chose First Equity Holdings as the selected developer, who will act as master developer of the Property.

The project will include development of +/-250 rental apartments with a minimum of 30% of the units affordable to households making less than 120% of the area median income (AMI). Half of the affordable units are to be affordable to households earning between 30% and 60% AMI. Specifically, 5% 30-40 AMI, 5% 40-50 AMI, 5% 50-60 AMI, 5% 60-80 AMI, 5% 80-100 AMI, 5% 100-120 AMI.

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The Executive Order No. 209-22 has been advertised in the County Register.

I hope this information is helpful. If you have any questions, please contact Greg Ossont, Deputy Director, Department of General Services, at 240.777.6192 or greg.ossont@montgomerycountymd.gov.

cc: Jennifer Bryant, Director, Office of Management and Budget
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Greg Ossont, Deputy Director, Department of General Services
Cynthia Brenneman, Division Chief, Department of General Services
Ronnie Warner, Division Chief, Department of General Services
Kimberly Williams, Controller, Department of Finance