



## Takoma Park City Council Meeting – November 16, 2016 Agenda Item 3

### **Work Session**

Check In on Affordable Housing Initiatives

### **Recommended Council Action**

Discuss information provided

### **Context with Key Issues**

The City Council identified within its overall priorities for programming this fiscal year its strong interest in working to ensure the provision of a range of safe, quality, and stable housing options for residents of varying incomes. This Work Session is intended to provide the Council with an update on progress made to advance that goal; specifically the review of existing housing policy, the updating of the Affordable Housing Plan, and the exploration of new approaches to providing affordable rental and home ownership opportunities. Updates on the following activities as they relate to these identified strategies will be provided by staff during the Work Session.

- 1) Tenant Opportunity to Purchase - Right of First Refusal Option
- 2) Rent Stabilization and Rental Licensing Inspections - Policy Recommendations
- 3) Down Payment Assistance Program
- 4) Tiny House Development
- 5) Housing and Economic Development Strategic Plan

### **Council Priority**

Livable Community for all: Ensure we have a range of safe, quality, and stable housing options for residents of varying incomes

### **Environmental Impact of Action**

N/A

### **Fiscal Impact of Action**

- Downpayment Assistance Program: \$50,000
- Housing and Economic Development Strategic Plan: \$90,000

### **Attachments and Links**

- [City Code Chapter 6.32 – Tenant Opportunity to Purchase](#)
- Rent Stabilization and Rental Licensing Policy Recommendations (CHEER October 21, 2016)
- Downpayment Assistance Program (DRAFT November 7, 2016)
- Tiny House Development Options Memo (November 7, 2016)

**Chapter 6.32**  
**TENANT OPPORTUNITY TO PURCHASE\***

Sections:

- 6.32.010 Legislative findings.**
- 6.32.020 Applicability.**
- 6.32.030 Tenant opportunity to purchase.**
- 6.32.040 Offer of sale.**
- 6.32.050 Contract negotiation.**
- 6.32.060 Earnest money deposits.**
- 6.32.070 Exercise or assignment of rights.**
- 6.32.080 Waiver of rights.**
- 6.32.090 Single-family rental facilities.**
- 6.32.100 Rental facilities with two to six rental units.**
- 6.32.110 Rental facilities with seven or more rental units.**
- 6.32.120 Obligations upon foreclosure.**
- 6.32.140 Enforcement of tenant opportunity to purchase rights.**
- 6.32.150 Statutory construction.**

\* Legislative History: Ord. No. 1986-45, 11/10/1986; Ord. No. 1992-36, 11/23/1992.

**6.32.010 Legislative findings.**

The Council of the City finds that, in the interest of providing home ownership opportunities to City residents and to promote the conversion of rental facilities to owner-occupied housing, including condominiums and housing cooperatives, it is necessary and appropriate to require that the owners of rental facilities in the City offer the tenants, tenant association, and the City an opportunity to purchase the rental facility before the rental facility may be sold to a third-party purchaser. (Ord. 2013-25 § 1, 2013/Ord. 2003-7 § 1 (part), 2003: prior code § 6-800)

**6.32.020 Applicability.**

A. All sales of rental facilities in the City are covered except those as follows:

1. To a family member;
2. Limited by the terms of a bona fide mortgage or deed of trust;

3. To a mortgagee in lieu of foreclosure;
4. Under a court order;
5. From one co-tenant to another by operation of law;
6. To the State or a local government;
7. Of a minority title interest; or
8. Of an accessory apartment.

B. This law is in addition to and is not intended to abrogate any other right of first refusal to buy rental housing provided by Montgomery County or other applicable law, except to the extent that those provisions conflict with the provisions of this law. If the provisions of this chapter conflict with another provision of applicable law, the provisions of this chapter control. (Ord. 2013-25 § 1, 2013/Ord. 2003-7 § 1 (part), 2003: prior code § 6-801)

**6.32.030 Tenant opportunity to purchase.**

A. Before an owner may settle on the sale of a rental facility, the owner shall give all tenants an opportunity to purchase the rental facility at a price and under terms which constitute an offer of sale in accordance with the requirements of Section 6.32.040 and shall comply with the time periods set forth in Sections 6.32.090, 6.32.100 and 6.32.110, as applicable.

B. All contracts with third parties shall be subject to the rights of the tenant(s), a tenant association or the City to purchase the rental facility under this chapter. The time periods for negotiation of a contract of sale and for settlement under this chapter are minimum periods. The owner may give the tenant(s), the tenant association or the City a reasonable extension of time to purchase the rental facility, without liability under a third-party contract. Third-party purchasers are presumed to act with full knowledge of tenant rights under this chapter and the requirements in Chapter 6.28, Sale of Rental Facilities—Notice and Disclosure Requirements. (Ord. 2013-25 § 1, 2013/Ord. 2003-7 § 1 (part), 2003: prior code § 6-802)

**6.32.040 Offer of sale.**

A. The owner shall provide a written offer of sale to the following before going to settlement on the sale of the rental facility to another party:

1. To each tenant in the rental facility;
2. To any registered tenant association within the rental facility; and
3. To the City of Takoma Park, Maryland.

B. An offer of sale must:

1. State the asking price and material terms of the sale. If a third-party contract for the sale of the rental facility exists at the time the offer of sale is made, then such offer shall state that the tenant(s), registered tenant association and the City have the right to purchase the rental facility

under this chapter at the same price and on substantially the same terms and conditions as the third-party contract of sale for the rental facility;

2. State that the owner shall make available to the tenant(s), registered tenant association and the City, within seven calendar days of receiving a written request for the information:

a. For multifamily rental facilities: A complete copy of any third-party contract to purchase the rental facility, a floor plan or other architectural and engineering plans or specifications of the rental facility, all documents required under Chapter 6.28, Sale of Rental Facilities—Notice and Disclosure Requirements, and an itemized listing of monthly operating expenses and capital expenditures for each of the two preceding years. The owner shall, at the same time, provide the tenant or tenant association with the most recent annual rent stabilization report filed with the City, a rent roll, a list of tenants, and a list of vacant apartments.

b. For single-family rental facilities: a complete copy of any third-party contract to purchase the rental facility and all documents required under Chapter 6.28, Sale of Rental Facilities—Notice and Disclosure Requirements.

3. For every day of delay by the owner in providing this information, the time period for the tenant or tenant association or the City to express interest in purchasing the rental facility or to negotiate a contract with the owner for purchase of the rental facility, as applicable, shall be extended by one day.

C. An offer of sale shall be sent by first-class mail or personally delivered to each tenant, registered tenant association and to the City Manager. The offer of sale shall also be posted in a conspicuous place in the common area or on the entry doors of the rental facility except for single-family rental facilities.

D. An offer of sale must allow the tenant(s), registered tenant association or the City to purchase only the rental facility even if the third-party contract to purchase the rental facility includes other real or personal property.

E. Change in the Sales Price or Contract Entered into After Offering.

1. If there is a subsequent third-party contract after the initial offer of sale that results in a material change, or if the terms of a third-party contract to purchase the rental facility materially change between the time an offer of sale is made and the settlement, then the owner shall give each tenant(s), tenant association, and the City a new offer of sale.

2. The tenant(s), registered tenant association and the City shall have all rights provided under this chapter except that the period to express an interest in purchasing the rental facility on the revised terms of sale shall not exceed seven calendar days from the date of receipt of the new offer of sale; provided, that the initial time period to express interest has expired.

3. For rental facilities with seven or more rental units, a tenant association's prior registration shall continue in effect.

4. A material change shall include, but is not limited to, a change in the purchaser or a reduction in the sales price of 10% or more.

5. An owner shall not be required to give a new offer of sale if there is an increase in the sales price. (Ord. 2013-25 § 1, 2013/Ord. 2003-7 § 1 (part), 2003: prior code § 6-803)

**6.32.050 Contract negotiation.**

A. The tenant(s), tenant association and the City shall bargain in good faith for the sale of the rental facility.

B. The owner may not require the tenant(s), tenant association or the City to prove financial ability to perform, as a prerequisite to entering into a contract. (Ord. 2013-25 § 1, 2013/Ord. 2003-7 § 1 (part), 2003: prior code § 6-804)

**6.32.060 Earnest money deposits.**

To execute a contract, the owner may require the tenant(s), tenant association or the City to pay an earnest money deposit of up to 1% of the contract sales price for a single-family rental facility and for rental facilities with two to six rental units. For rental facilities with seven or more rental units, an owner may require an earnest money deposit of up to 1/2% of the contract sales price. The earnest money deposit shall be refundable within 30 calendar days in the event of failure of the tenant(s), tenant association or the City to perform under the contract despite good-faith efforts. (Ord. 2013-25 § 1, 2013/Ord. 2003-7 § 1 (part), 2003: prior code § 6-805)

**6.32.070 Exercise or assignment of rights.**

The tenant(s), tenant association or the City may exercise rights under this chapter in conjunction with a third party or by assigning or selling those rights to any party, whether private or governmental. The exercise, assignment or sale of rights of purchase may occur at any time in the process provided in this chapter and may be for any consideration which the tenant, tenant association or City finds acceptable. (Ord. 2013-25 § 1, 2013/Ord. 2003-7 § 1 (part), 2003: prior code § 6-806)

**6.32.080 Waiver of rights.**

An owner shall not request, and a tenant(s), tenant association or the City may not grant, a waiver of the right to receive an offer of sale or any other right under this chapter except in exchange for consideration which the tenant, tenant association or City, in their sole discretion, finds acceptable. (Ord. 2013-25 § 1, 2013/Ord. 2003-7 § 1 (part), 2003: prior code § 6-807)

**6.32.090 Single-family rental facilities.**

The following provisions apply to single-family rental facilities:

A. Upon receipt of a written offer of sale from the owner, the tenant shall have seven calendar days to deliver a written statement of interest to the owner and to the City Manager. Following that time period, if the tenant has not submitted a statement of interest, the City shall have seven additional calendar days to personally deliver or send by first-class mail a written statement of interest to the owner. The statement of interest must be a clear expression of interest on the part of the tenant or the City to exercise the right to purchase the rental facility as specified in this chapter.

B. The tenant or the City may accept the offer of sale by submitting a written contract within 14 calendar days after the date of the written statement of interest. The contract must include substantially the same terms and conditions contained in the owner's third-party contract of sale, if any, including any contract term that provides for a reasonable real estate commission.

C. Any contract of sale shall provide a reasonable period between the execution of the contract of sale and settlement for the tenant to secure financing. This period shall be not less than 30 calendar days. If the tenant is obtaining financing through a government or other loan program for low or moderate income persons or for first-time homebuyers and the government agency or lender estimates in writing that a decision with respect to financing will be made within 60 calendar days after the date of the contract, then the owner shall afford an extension of time consistent with that written estimate.

D. If six months elapse from the date an owner has given notice of an offer of sale to a tenant and the City under this chapter and the owner has not gone to settlement on the sale of the rental facility, the owner shall comply anew with the provisions of this chapter before selling the property. (Ord. 2013-25 § 1, 2013/Ord. 2003-7 § 1 (part), 2003: prior code § 6-808)

#### **6.32.100 Rental facilities with two to six rental units.**

The following provisions apply to rental facilities with two to six rental units:

A. The tenants may respond to an owner's offer of sale first jointly, then individually. Upon receipt of a written offer of sale from the owner, a group of tenants acting jointly shall have 14 days to provide the owner and the City Manager with a written statement of interest. The written statement of interest shall be personally delivered or sent by first class mail. Following that time period, if the tenants acting jointly have failed to submit a written statement of interest, then any individual tenant of the rental facility shall have seven additional calendar days to personally deliver or to send by first class mail a written statement of interest to the owner and the City Manager. Following that time period, if no individual tenant has submitted a statement of interest, the City shall have seven additional calendar days to personally deliver or to send by first class mail a written statement of interest to the owner. Each statement of interest must be a clear expression of interest on the part of the submitter to exercise the right to purchase the rental facility as specified in this chapter.

#### **B. Contract Negotiation Period.**

1. A tenant group, tenant, or the City may accept the offer of sale by submitting a contract within 30 calendar days after the date the written statement of interest is delivered. The contract must include substantially the same terms and conditions contained in the owner's third-party contract of sale, if any, including any contract term that provides for a reasonable real estate commission. If more than one individual tenant submits a written statement of interest, the owner shall negotiate with each tenant separately or jointly if the tenants agree to negotiate jointly.

2. If, at the end of the 30-calendar-day contract negotiation period and any extensions thereof, the tenant group has not jointly contracted with the owner for purchase of the rental facility, the owner shall provide an additional 30-calendar-day period, during which any one of the individual

tenants of the rental facility may contract with the owner for the purchase of the rental facility. If, at the end of the additional 30-calendar-day contract negotiation period and any extensions thereof, no individual tenant has contracted for the purchase of the rental facility, the owner shall provide an additional 30-calendar-day period, during which the City may contract with the owner for the purchase of the rental facility.

3. If the owner is required to negotiate with more than one tenant group or tenant pursuant to this section, the owner may decide which contract to accept without liability to any other tenant group or tenant.

C. Any contract of sale shall provide a reasonable period between the execution of the contract of sale and settlement for the buyer to secure financing or financial assistance. This time period shall be at least 90 calendar days.

D. If eight months elapse from the date an owner has given notice of an offer of sale to tenants or the City under this section and the owner has not gone to settlement on the sale of the rental facility, the owner shall comply anew with the provisions of this chapter before selling the property. (Ord. 2013-25 § 1, 2013/Ord. 2003-7 § 1 (part), 2003: prior code § 6-809)

#### **6.32.110 Rental facilities with seven or more rental units.**

The following provisions apply to rental facilities with seven or more rental units:

A. The tenants may respond to an owner's offer of sale only through a registered tenant association that represents at least one-third of the occupied rental units in the rental facility.

B. Upon receipt of an owner's offer of sale, the tenant association and the City shall have 45 calendar days to:

1. Mail or personally deliver to the owner and the City Manager a written statement of interest. The statement of interest must be an expression of interest on the part of the tenant association or the City to exercise the right to purchase the rental facility as specified in this chapter.

2. The tenant association shall mail or personally deliver to the owner and to the City Manager a registration statement listing the names, addresses and telephone numbers of all member tenants, officers, legal counsel and other confirmation that the tenant association represents at least one-third of the occupied rental units at the time of registration.

C. A registered tenant association or the City may accept the offer of sale by submitting a contract within 120 calendar days after the date the tenant association or the City delivered the written statement of interest to the owner. The contract must include substantially the same terms and conditions contained in the owner's third-party contract of sale, if any, including any contract term that provides for a reasonable real estate commission.

D. Any contract of sale shall provide a reasonable period, considering current market conditions, between the execution of the contract of sale and settlement for the tenant association or the City to secure financing. This time period shall be at least 120 calendar days. If a lending institution or agency estimates in writing that a decision with respect to financing will be made within 240

calendar days after the date of the contract, the owner shall afford an extension of time consistent with that written estimate.

E. Conversion to Limited Equity Housing Cooperative.

1. If the tenant association, by its articles of incorporation, bylaws or resolution adopted by the board of directors, or by other agreement which provides that the purpose of the tenant association is to convert the rental facility to a limited equity housing cooperative, then the owner shall afford the tenant association not less than 180 calendar days after the date of the contract in order to secure financing for the purchase of the rental facility.

2. If the purpose of the tenant association is to convert the rental facility to a limited equity housing cooperative pursuant to subsection (E)(1) of this section, the owner shall assist the tenant association in converting the rental facility to a limited equity housing cooperative by executing a contract of sale with the tenant association. Toward this end, at any time after execution of a contract of sale and at the written request of the tenant association, the owner shall execute and deliver any and all notices required under the Maryland Cooperative Housing Corporation Act, under Chapter 11C, Cooperative Housing, of the Montgomery County Code and under any other applicable or successor provisions of State and County law to all tenants at the rental facility and to all applicable government agencies. Such notices and any related documentation or offers of sale shall be prepared solely by the tenant association, and all reasonable costs associated with the publication and distribution of such notices shall be the sole responsibility of the tenant association. The tenant association shall indemnify and hold harmless the owner from the liability for any loss or damage suffered as a direct result of the giving of such notices.

F. If one year elapses from the date an owner has given notice of an offer of sale under this chapter and the owner has not gone to settlement on the sale of the rental facility, the owner shall comply anew with the provisions of this chapter before selling the property. (Ord. 2013-25 § 1, 2013/Ord. 2003-7 § 1 (part), 2003: prior code § 6-810)

**6.32.120 Obligations upon foreclosure.**

A lender's trustees or the lender's attorney who are foreclosing on a rental facility shall give notice of the time, place, and terms of sale to the tenants in the rental facility by mailing such notice to the tenants by first-class mail or by posting the notice in a prominent place in the common area or on the entry doors of the rental facility. Notice also shall be provided to the City Manager and to any registered tenant association by mailing or personally delivering the notice to the president of such tenant association and to the City Manager. This notice shall be given within the time frame currently applicable under State law or court rules for giving notice of the time, place, and terms of sale to the record owner of the property. (Ord. 2013-25 § 1, 2013/Ord. 2003-7 § 1 (part), 2003: prior code § 6-812. Formerly 6.32.130)

**6.32.140 Enforcement of tenant opportunity to purchase rights.**

A. An owner, tenant or tenant association may seek enforcement of any right or provision under this chapter through a civil action filed with a court of competent jurisdiction and, upon prevailing, shall be entitled to an award of reasonable attorney's fees and costs.

B. In addition to the above, the City may take all appropriate action, including but not limited to the actions specified in subsections (A) and (C) of this section, to enforce the provisions of this chapter.

C. In addition to any other remedy or enforcement measure, a tenant, tenant association or third party or public agency working with the tenant or tenant association may seek and any court of competent jurisdiction may: (1) issue restraining orders and/or temporary or permanent injunctions if the plaintiff is found likely to succeed on the merits of a complaint against an owner for violation of the provisions of this chapter; and/or (2) declare any transfer in which an owner has not complied with all requirements of this chapter void and the transfer documents set aside. (Ord. 2013-25 § 1, 2013/Ord. 2003-7 § 1 (part), 2003: prior code § 6-813)

**6.32.150 Statutory construction.**

The purpose of this chapter is to provide an opportunity for tenants to become owners of the rental facility in which the tenants reside or to allow tenants to exercise or assign their rights for their benefit, as provided in this chapter. If a court finds ambiguity and there is any reasonable interpretation of this chapter that favors the rights of the tenant or tenant organization, then the court should resolve such ambiguity toward the end of strengthening the legal rights of the tenant or tenant organization to the maximum extent permissible under law. (Ord. 2013-25 § 1, 2013/Ord. 2003-7 § 1 (part), 2003: prior code § 6-814)

## **RENT STABILIZATION AND RENTAL LICENSING RECOMMENDATIONS**

Submitted by Vineda Myers, Director of Housing Programs

Community Health and Empowerment through Education and Research (CHEER)

October 21, 2016

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### **REQUESTED CODE AMENDMENTS**

1. Exemptions from Rent Stabilization require a vote by City Council, not by administrative action. Residents of the affected buildings will be notified 180 days in advance of the date or dates that rent exemption applications are being considered by City Council. Failure to comply with any notification requirements will void the landlord's application.

- a. The City of Takoma Park will give notification to each leaseholder per unit by U.S. mail, as well as publishing notification in all volumes of the Takoma Park Newsletter for the 180 day notification period.
- b. Rent exemption applications will be coordinated with the City's Tenant Capacity Building Program, and follow a procedure similar to what is used for the right of first refusal processes, or with another appropriate organization, so that tenants can make informed decisions and take actions in response to the application, such as petitioning City Council.

#### ***Staff Note:***

*There are currently 13 individual rental units exempted from rent stabilization under City Code Section 6.20.030(A)(1) based on the rental assistance provided to the tenant. An average of 20 requests for an exemption from rent stabilization under this section of the Code are reviewed by staff on an annual basis.*

*An additional 21 rental facilities containing 1,275 rental units have been approved for an exemption from rent stabilization under City Code Section 6.20.030 (A)(2), having entered into an agreement with a governmental entity which establishes income limits for the occupants and the rents that can be charged. Twenty of the 21 exemptions were issued prior to 2014. More detailed information on the properties exempted under this provision of the City Code is attached.*

*Requests for exemption undergo an administrative review. The City Code currently does not provide for any discretion in the process of approving an exemption from the rent increase requirements established under rent stabilization. If the property owner meets the requirements set forth in City Code, an exemption is issued following an administrative review of their application. A Code amendment would be required to implement the recommendation that exemptions be approved by formal action of the Council.*

*Once an exemption has been approved, the property owner is required to notify the affected tenants of the action within 15 business days of receipt of notification that their application has been approved. The expanded notification requirements recommended by CHEER can be enacted with minor revisions to current practices and minimal cost. For example, property owners would be required to include with their application a current rent registry as the City does not maintain this information.*

*The expansion of the current Capacity Building program to include work with tenants prior to the issuance of an exemption from rent stabilization can be accomplished. The cost of this additional service will vary depending upon the nature of the application and the size of the rental facility.*

2. Landlords who have been granted rent stabilization exemptions must continue to file an annual rent report for each rental unit.

***Staff Note:***

*Properties exempted from rent stabilization under City Code Section 6.20.030(A)(2) are typically required by the regulatory entity to provide an annual accounting of the incomes of the tenants occupying the individual units and the rents charged for that specific unit. The City requires copies of the compliance reports that are submitted to the respective agency by the property owner.*

*Properties with one or more units exempted from rent stabilization City Code Section 6.20.030(A)(1) are required to submit annual rent reports for the entire building, including the exempted units.*

3. When a building is requesting rent stabilization exemption, it must be clear about any alternate rent limitations that will be put into place, and include detailed information including the definition and calculation of AMI (if applicable), the number of units affected, current and future rent amount (up to at least 3 years) specific to the number of bedrooms per unit.
  - a. Information about the timing of the increases must be clear.
  - b. The City will develop a process by which to monitor compliance to all rent stabilization exemption agreements, and if found in noncompliance, declare in default and impose penalties for violations of the rent stabilization exemption agreement, i.e. the building will revert back to rent stabilization, fines will be levied, etc.

***Staff Note:***

*Information on the rent schedules in place at the time the tenant is notified can be easily provided. It may however be more challenging to provide notice on what rents will be*

*charged for future years as they are typically calculated by the US Department of Housing and Urban Development, not the property owner or the City, on an annual basis.*

*The City currently does not have the staff capacity to undertake a comprehensive review of the individual household income or monthly rent information included in the compliance reports submitted by the property owners. In the event a complaint is filed by a tenant regarding the rents being charged by an exempted property owner, staff will investigate. The County is responsible for the review and monitoring of the information contained within the reports it requires as a condition of any rental agreement it has entered into with an exempted property owner.*

## **REQUESTED POLICY CHANGES**

The City's current code enforcement policies are not sufficient to prevent some of our apartment stock from being in a state of chronic disrepair, or deteriorating into deplorable conditions (i.e. Hampshire Towers Apartments and 636 Houston Avenue Apartments). We ask that the Council begin receiving quarterly reports for all properties with outstanding code violations that are at least 90 days old. Properties on this report should be given no more than an additional 30 days to correct all code violations. If the property is not brought into compliance within 30 days, we ask that the City begin levying fines and taking other significant actions to quickly bring the property into compliance, or remove it from the current owner.

### ***Staff note:***

*A request for information addressing this recommendation has been submitted to Montgomery County Department of Housing and Community Affairs (DHCA) and will be shared with the Council once it becomes available. The City currently contracts with DHCA for inspection services related to the rental housing licensing program. Changes to current inspection procedures or additional reporting requirements may result in an additional cost.*

**RENT STABILIZATION EXEMPTIONS (Takoma Park Code 6.20.030(A)(2))**

PROPERTY INFORMATION				INCOME LIMITATIONS				RENT LIMITATIONS		EXEMPTION		
Ward	Property Address		Property Owner	Units	40% AMI	50% AMI	60% AMI	80% AMI	Market Rent	AMI Rent	Issued	Expires
1	Philadelphia Avenue	8	New Takoma Homes, LLC	2		2			-	2	2009	November 30, 2040
1	Carroll Avenue	7051	Takoma Tower, L.P.	187	-	-	187	-	-	187	2007	December 16, 2043
2	Aspen Court	7411, 7419	Housing Opportunity Commission	23		13			10	13	2012	July 7, 2040
2	Aspen Court	7423 - 7427	Housing Opportunity Commission	16		9			7	9	2012	July 7, 2040
3	Lee Avenue	108 - 110	MHP Scattered Sites, Inc.	25	13				12	13	2006	January 1, 2043
4	Maple Avenue	7667	MHP Parkview Towers, LLC	125				62	63	62	2012	December 20, 2020
4	Maple Avenue	7513	MHP Edinburgh House, Inc.	45		9	13	23	-	45	2006	August 23, 2025
4	Maple Avenue	7777	Essex House Limited Partnership	135		5	61	5	64	71	2007	September 9, 2025
4	Maple Avenue	7620	Franklin Associates	183	55	128	-	-	-	183	2007	July 2, 2030
4	Maple Avenue	7610	MHP Maple Towers, LLC	36	4		24		8	28	2013	June 16, 2050
5	Houston Avenue	676	Cambridge Apartments, Inc.	33			16		17	16	2006	December 12, 2042
5	Houston Avenue	666	Winslow House, Inc.	46			23		23	23	2006	April 25, 2045
5	Flower Avenue	8624 - 8626	MHP TPP, LLC	27	4		21		2	25	2006	May 12, 2046
5	Houston Avenue	641	MHP TPP, LLC	28	4		12		12	16	2006	September 26, 2046
5	Flower Avenue	8508 - 8510	MHP Flower - Maple LLC	21	5		12		4	17	2007	April 5, 2047
5	Flower Avenue	8316	New Takoma Homes, LLC	6	6					6	2010	December 23, 2049
6	University Boulevard East	1007	New Takoma Homes, LLC	4		4			-	4	2011	June 21, 2026
6	University Boulevard East	1001 - 1005	MHP TTP, LLC	20	2		10	8	12	12	2006	July 31, 2046
6	Lockney Avenue	7901	Coalition Homes, Inc.	4	4					4	2013	April 29, 2042
6	New Hampshire Avenue	7401	Orlo Takoma, LLC *	216	30	-	-	-	-	216	2009	December 19, 2028
6	New Hampshire Avenue	7101	MHP Hillwood Manor, LLC	95	-	4	44	-	47	95	2016	May 31, 2026

\* Reassignment of 7401 New Hampshire Avenue, LLC Exemption



## City of Takoma Park The Home Stretch Down Payment Assistance Program

With homeownership simply out-of-reach for many Takoma Park families, the City Council seeks to make owning residential property more of a possibility for those that have the greatest housing need. For FY17, the Council has set aside funds for down payment assistance to income qualified first-time homebuyers. The purpose of this fund is to significantly impact the manner in which families access and navigate through the housing continuum in the City.

The funds may be utilized to leverage participation in the Maryland Mortgage Program and potentially offer additional contributions under the State of Maryland's Community Partners Incentive Program (CPIP).

### Funding

\$50,000 has been allocated from General Funds for the first iteration of this program

### Goal

To assist five (5) families at \$10,000 each *or* ten (10) families at \$5,000 each

### Participant Requirements

- Applicant must be a "First-Time Homebuyer." For the purposes of this Program, a first-time homebuyer is defined as one who has not owned property in the past five (5) years.
- Homebuyer's income must not exceed 80% of Area Median Income (AMI) for Montgomery County. For a family of four, for example, the maximum income is \$86,880 for 2016. The median income for the County is \$108,600.
- The home must be located in the City of Takoma Park.
- Home must successfully pass a certified home inspection.
- Home must serve as participant's principal residence.
- The homebuyer must successfully complete a homebuyer education course approved by the City of Takoma Park prior to receiving assistance.

## **Principal Residence**

Homebuyers will be required to certify that they intend to occupy the unit as their principal residence during the required affordability period. Annual occupancy recertification must be made throughout the five year affordability period.

## **Payment Options**

### Forgivable Loan

Assistance may be provided in the form of a deferred payment loan forgiven at 20% per year after the first year of purchase. If the homebuyer(s) sells, refinances, or moves out of the property within the five year period, the homebuyer(s) will be responsible for the full amount of the loan that has not been forgiven.

### Second Mortgage\*

Assistance may be provided in the form of a second lien on the property with 0% interest. Participants will be required to make monthly payments of no more than \$100 after settlement. Unpaid principal payments will capitalize and roll into property taxes.

## **Eligible Borrower Financing**

Only fixed-rate loans are acceptable. Balloon payments, adjustable rate loans, subordinate financing, and owner financing are not acceptable.

## **Other Key Requirements**

- Mortgage must be conventional, Portfolio, FHA, VA, CDA, or Rural Development mortgage loan.
- Housing Cost cannot exceed 30% of the buyer's gross income, based on the lender's calculation.
- All Buyers must contribute at least \$1000 of their own funds.
- Loan Terms must be 10 to 30 years.
- *A subordination of the first lien is not allowed during the affordability period except where it will be used to reduce the monthly payment or finances a home improvement to be approved by the City of Takoma Park.\**
- *The City must remain in the second lien position\**

- If Buyer is receiving assistance from more than one program, written approval from the City of Takoma Park is required.
- It is strictly prohibited for the same person to act as Agent and Lender in the same transaction.

### **Administration and Enforcement**

Under this program, the City's Housing and Community Services Division will coordinate administration and marketing efforts, including the verification of the eligibility of the prospective homebuyer and ensuring a partnership exists with lenders that have been selected by the homebuyer.

The City's Finance Department will bill, receive, and track payments\*.

\*Details specifically related to Second Mortgage option

DRAFT November 16, 2016



City of Takoma Park, Maryland  
Housing and Community Development Department

# Memorandum

**To:** Sara Anne Daines, HCD Director  
**From:** Jamee Ernest, Planning Intern  
**CC:** Roz Grigsby, Community Development Manager  
**Date:** November 7, 2016  
**Subject:** Montgomery County Regulations – Tiny Houses

**Comments:** There is currently no set definition of what constitutes a tiny house. A residential structure of 500 square feet or less is generally accepted to be a tiny home. There is not an exclusive definition for tiny homes specifically, but rather an inclusive category of small residences.

Tiny houses can be built on foundations with permits. Some communities have minimum dwelling size rules. Tiny houses most often require exception to the minimum square footage requirement. Land zoned for multi-family housing often have no minimum size for dwellings. Another option is the ADU (Accessory Dwelling Unit) allowances. Many communities allow homes to be built in the backyard of a larger home if the dwelling is to be used for family or caretakers.

If a tiny home is built on a trailer, it typically falls into the category of “travel trailer” and building codes do not normally apply. If a tiny house fits the definition of a shed, it may not need permits, but also may not be legal to use as a dwelling.

## Montgomery County Zoning Ordinance

In some cases, tiny houses can fall under the category of accessory apartment. As of May 20, 2013, Montgomery County has replaced the special exemption approval previously required for accessory apartments. Accessory apartments must meet certain minimum standards. However, as accessory apartments must be internal to the existing home, this would change the nature of the tiny house.

Montgomery County defines an accessory building as “a building, subordinate to and located on the same lot with a main building, the use of which is clearly incidental to that of the main building or to the use of the land, and which is not attached by any part of a common wall or common roof to the main building.”

Montgomery County uses the terms shed and accessory building interchangeably. A permit is required to install or construct any accessory building or shed in Montgomery County. When in residential zones, accessory buildings are only permitted on lots with an established principal use. An accessory building must not be attached to or have direct access from the principal structure. Regardless of structure size, it must comply with zoning ordinances for accessory building setbacks and location. Accessory buildings are only permitted in rear yards.

#### International Residential Code - Building Code

Multi-story sheds and those with a floor area greater than 200 square feet, must have footings and floors designed in accordance with the International Residential Code (IRC) for One and Two Family Dwellings, 2009 edition, as amended. Additionally, these sheds may require footing and framing inspections in addition to the final inspection.

The minimum standards for dwelling units are as follows:

A dwelling unit is defined as “any room or group of rooms located within a dwelling forming a single habitable unit with facilities which are used or intended to be used for living, sleeping, cooking and eating”.

Each dwelling unit must contain:

- Kitchen: stove, sink, refrigerator, space for storage and preparation of food;
- Bathroom: toilet, basin, shower or bathtub;
- Adequate rubbish facilities;
- Hot water: heated to at least 120 but not more than 140 degrees Fahrenheit;
- Safe, unobstructed means of escape to the outside;
- A heating system capable of providing a minimum temperature of 68 degrees in all habitable rooms; and
- Access to any sleeping room must not pass through another sleeping room.

Minimum Space, Use, and Location Requirements:

- Every dwelling unit must contain at least 150 square feet for the first occupant and 100 square feet for every additional occupant;
- Bedrooms require at least 70 square feet for one occupant and at least an additional 50 square feet of usable area for more than one occupant

Tiny houses may be constructed on single family lots as stand-alone structures. The majority of Takoma Park is zoned as R-60 Single Family Residential. The Montgomery County Zoning Ordinance does not have a minimum size for single family homes.