



Takoma Park City Council Meeting – November 30, 2016

Agenda Item 1

Voting Session

Resolution Approving the Purchase of 126 and 128 Lee Avenue by Montgomery County Maryland Department of Housing and Community Affairs

Recommended Council Action

Approve Resolution

Context with Key Issues

Before an owner may settle on the sale of a rental facility, Tenant Opportunity to Purchase (Chapter 6.32) grants the City of Takoma Park the right to acquire the property at a price and under terms which constitute an offer of sale in accordance with the requirements of Section 6.32.040. Under a similar law, Montgomery County is granted the Right of First Refusal, where an owner must offer the County to buy a property before it can be sold privately.

Solo Investment Group, LLC, a private real estate investment firm and developer, possesses a fully-executed contract of sale for the above-referenced properties with the intent to lease to Housing Choice Voucher Program participants, persons with disabilities, and market-renters. After notification of this pending sale, Montgomery County elected its Right of First Refusal, engaging a non-profit, Montgomery County Coalition for the Homeless, as a service-provider, and Coalition Homes, Inc. as the developer, to secure the properties for purposes of providing affordable housing opportunities within the City, primarily for homeless and highly vulnerable families with children and low to moderate income households. The County requests that the City approve the purchase of 126 and 128 Lee Avenue under its Right of First Refusal. Details on both proposals, summarized below, are detailed in the accompanying attachments.

Purchaser	Purchase Price	Total Development Costs	Targeted Population	Tenant Services Provided
Montgomery County	\$702,000	\$2.4 million	Homeless families, persons with disabilities, low- to moderate-income renters	Yes
Solo Investment Group, LLC	\$702,000	\$1.4 million	Housing Choice Voucher Program Participants, persons with disabilities, seniors, market-rate renters	No

It is recommended that the City elect to *not* exercise its opportunity to purchase the properties known as 126 and 128 Lee Avenue.

Council Priority

A 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

TBD

Fiscal Impact of Action

TBD

Attachments and Links

- Resolution Authorizing Purchase 126 and 128 Lee Avenue by Montgomery County Maryland
- Solo Investment Group, LLC - Letter of Interest (November 21, 2016)
- Montgomery County DHCA - Right of First Refusal Notice (November 21, 2016)
- [Montgomery County Coalition for the Homeless / Coalition Homes, Inc.](#)

November 21, 2016

City of Takoma Park

Re: 126 & 128 Lee Avenue - Takoma Park, MD 20912

Our company, Solo Investment Group, LLC, has been developing real estate for over the last 5 years in the DC Metro Area. We use very cost effective construction methods and contemporary finishes.

Our company is seriously interested in purchasing the subject properties. The city has the right to assign its first right of refusal and I am requesting for the city to assign their right to Solo Investment Group, LLC. By assigning the rights to a small business, such as ours, the city will be showing how supportive they are of small businesses. Our construction budget is \$700K for both of the buildings. The total budget for acquisition and renovation is \$1.4 million versus the \$2.4 million that the county is proposing to spend using the non-profit organization being considered.

The subject properties have been condemned by the city and the current owner was court ordered to renovate or sell them. Upon completion of the construction, we will give the city priority status by placing section 8/housing voucher clients, veterans, special need tenants, seniors, low income tenants etc. into the buildings. In turn, my company will be helping the community by renovating both buildings with high end finishings and providing families with much needed housing.

We have the ability to obtain permits, renovate and close/settle quickly. We are using Bryant Mitchell PLLC for the design and permitting and they have been practicing for over 40 years, both in the private and public sectors.

Our funds are available to close this Friday, November 25th, 2016 and it will only take up to 2 months to complete the project from the time that closing takes place, therefore, the project will be completed by January 25th, 2016.

Please do not hesitate to contact me with any and all questions, as I am fully available to discuss my plans in detail. Thank you for your time and consideration.

Sincerely,

Siem Abebe
Principal
Solo Investment Group
Main: (202) 770-4337
Siem@SoloInvestmentGroup.com
www.SoloInvestmentGroup.com

Introduced by:

CITY OF TAKOMA PARK, MARYLAND

RESOLUTION 2016-

**RESOLUTION APPROVING MONTGOMERY COUNTY DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS PURCHASE OF 126 AND 128 LEE AVENUE**

WHEREAS, City Code Chapter 6.32 *Tenant Opportunity to Purchase* gives the City of Takoma Park the right to purchase rental property under the same terms and conditions that have been negotiated by a third party; and

WHEREAS, County Code Chapter 53A-4 *Right of First Refusal to Buy Rental Housing* grants similar authority to Montgomery County, requiring the approval of the local municipality prior to the purchase of any property; and

WHEREAS, a contract has been entered into by Solo Investment Group LLC for the acquisition of 126 and 128 Lee Avenue, two vacant condemned six-unit multi-family properties located in Ward 4; and

WHEREAS, Montgomery County Department of Housing and Community Affairs (DHCA) has notified the City of its interest in exercising its right of first refusal to acquire said properties; and

WHEREAS, DHCA proposes to transfer ownership of the properties to Coalition Homes for purposes of providing affordable mixed income rental housing with six units set aside for chronically homeless and highly vulnerable families with children, three units available to low to moderate income households, and the remaining three units available at market rates; and

WHEREAS, the Council, having identified the importance of providing a range of safe, quality, and stable housing options for residents of varying incomes, supports the affordable housing proposal submitted by Montgomery County DHCA and the Coalition of Homes; and

WHEREAS, the Council has elected not to pursue its rights to purchase said properties under City Code Chapter 6.32.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF TAKOMA PARK, MARYLAND THAT the City approves the purchase of 126-128 Lee Avenue by the Montgomery County Department of Housing and Community Affairs and the transfer of said property to Coalition Homes as permitted under County Code Chapter 53A.

Adopted this __ day of _____, 2016.

ATTEST:

Jessie Carpenter, CMC
City Clerk



DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Isiah Leggett
County Executive

Clarence J. Snuggs
Director

November 21, 2016

Ms. Sara Anne Daines
Housing and Community Development Director
City of Takoma Park
7500 Maple Avenue
Takoma Park, MD 20912

RE: 126 and 128 Lee Avenue Takoma Park 20912
VIA – Electronic Mail

Dear Ms. Daines:

Please accept this letter as a notice by the Department of Housing and Community Development (DHCA) of Montgomery County to exercise the Montgomery County – Right of First Refusal (ROFR) for 126 and 128 Lee Avenue – in the City of Takoma Park as permitted under Chapter 53A. Concurrently with this notice I am requesting that the City of Takoma Park provide the required resolution for the County to proceed. Below is information on the ROFR submittal and details of the County's plan.

- On October 4, 2016 – DHCA provided Notice of Receipt to Ms. Michele Kraft of Long and Foster Realtors (copy attached) of the ROFR information submitted October 3, 2016.
- November 9, 2016 DHCA provided notice to Ms. Kraft of Montgomery County's intent to exercise its Right of First Refusal (copy attached).

BACKGROUND

The Lee Avenue Properties will provide six (6) units of affordable, permanent supportive housing (PSH) for households referred through the Montgomery County Department of Health and Human Services (HHS) Continuum of Care Housing prioritization process, with priority for chronically homeless and highly vulnerable homeless families with children populations. In addition, the Lee Avenue Properties will provide three (3) units that will be affordable to households with incomes ranging from 60% to 80% of AMI and three (3) units that charge market rate rents. Case management services for six (6) of the households will be provided by Montgomery County Coalition for the Homeless (MCCH). Project Based Housing Choice Vouchers are available to provide the necessary rental assistance and operating subsidy.

Division of Housing

Affordable Housing Common Ownership Communities Landlord-Tenant Affairs Multifamily Housing

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The County is acquiring both properties under the Right of First Refusal (ROFR) law and will transfer them to Coalition Homes (CH). The 126 & 128 Lee Avenue properties are two six (6) unit, garden style, walk up buildings adjacent to each other located in Takoma Park. Each building contains five (5) two-bedroom units and one (1) one-bedroom unit and each building has a contract price of \$351,000 or \$58,500 per unit. All units are currently vacant and both buildings have been condemned by the County's Code Enforcement. Both buildings will require total rehabilitation. The proposed unit mix of the 12 units will include six units to be leased to households referred to CH through the HHS Continuum of Care process, with priority for chronically homeless and highly vulnerable families with children. The remaining units will be rented to households that can pay market-rate rents and rents below market rate. CH is proposing a unit and affordability mix of six (6) units with priority for chronically homeless and highly vulnerable homeless families with children populations, three (3) units serving households earning between 60% and 80% of the Area Median Income (AMI) and three units (3) at market rate. Both buildings will be mixed income.

SPONSORSHIP

Coalition Homes, Inc. (CH) is a private, nonprofit organization that develops and manages affordable housing to meet the needs of the most vulnerable populations in Montgomery County, Maryland. With the encouragement and support of the Montgomery County Department of Housing and Community Affairs (DHCA), CH was incorporated in 2005 to address the need to increase the supply of permanent supportive housing for households exiting homelessness. CH currently owns 97 units spread geographically across Montgomery County's urban centers, primarily in Silver Spring, Takoma Park, Bethesda, and Germantown. The units range from scattered single family dwellings, duplexes, and condominiums, to small apartment/condominium assemblages comprising 32 PLQ's, 21 studios, 27 one-bedroom, 9 two-bedrooms, and 8 three-bedroom units. CH oversees the property management of the PLQ units and directly manages the balance. Over the course of its eleven-year history, CH has accomplished many successes, including:

- The purchase and \$2.4M renovation of a former office building in downtown Bethesda, turning it into a 32-unit apartment building (Cordell Place) providing housing for single adults who have experienced chronic homelessness;
- The purchase and renovation of two distressed properties (7 units) in Takoma Park, now known as Silver Flower Homes, creating special needs housing and neighborhood stabilization;
- Developing three permanent supportive housing projects with HUD 811 funds consisting of 25 units for formerly homeless individuals with disabilities.

Ms. Sara Anne Daines

November 21, 2016

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CH is the only nonprofit dedicated to the development of permanent supportive housing (PSH) projects in Montgomery County, a national best practice and proven solution to ending homelessness. Building upon its portfolio and working in partnership with DHCA and HHS, CH is positioned to acquire additional properties, building upon the successful elements in urban centers together with the provision of MCCH support services.

CH is a 501(c)(3) affiliate of MCCH and is governed by a separate Board of Director approved by the MCCH Board of Directors. Susie Sinclair-Smith (MCCH's Executive Director) serves as the CH Board President, providing active support and strategic oversight for CH; and Richard Pettit (MCCH's Board Chair) serves as the CH Board Vice President, ensuring the integration of CH and MCCH operations. The CH Board includes real estate development and legal expertise which supports the CH development focus.

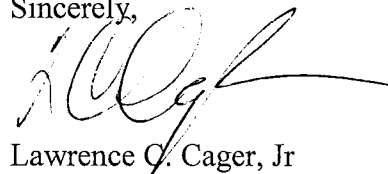
CH has a current staff of three:

- Deborah Photiadis, Director;
- Jacob Schans, Facilities Administrator and Property Manager; and
- Richard Bishop, Senior Maintenance Technician.

DHCA will provide MCCH acquisition and rehabilitation financing for the properties currently estimated at \$2,400,000.

Please advise if you need any additional information and as always thanks for your assistance and cooperation.

Sincerely,



Lawrence C. Cager, Jr

LCC:lgb