



Takoma Park City Council Meeting – February 22, 2017 Agenda Item 1

Voting Session

First Reading of Ordinances Approving Extension of PILOT (Payment in Lieu of Taxes) Agreements for 8624-8626 Flower Avenue; 1001, 1003 and 1005 University Boulevard; and 641 Houston Court

Recommended Council Action

Approval of First Reading of Ordinances

Context with Key Issues

This is the first reading of Ordinances approving the ten-year extension of three existing PILOT agreements for properties owned by Montgomery Housing Partnership (MHP), a local non-profit affordable housing organization. The requested extension and the waiver of 50% of local property taxes for a period of ten years will allow MHP to keep rents at these properties at affordable levels, continue needed resident support services, address ongoing maintenance issues, and begin to repay debt incurred to acquire and renovate the properties.

Council Priority

A Livable Community for All with the goal of ensuring that a range of safe, quality, and stable housing options are available for residents of varying incomes.

Environmental Impact of Action

N/A

Fiscal Impact of Action

Based on data provided by Montgomery County Department of Finance for Tax Levy Year 2016 (July 1, 2016 through June 30, 2017), the total assessed value of the three properties is \$4,244,333. The present day value of the requested exemption, based on a combined Takoma Park property tax obligation of \$24,087 for Tax Levy Year 2016, would be \$120,432 over a period of ten years.

Attachments and Links

- PILOT Request Letter – January 19, 2017
- Ordinance Authorizing the City to Extend a Payment In Lieu Of Taxes Agreement with MHP TPP, LLC for Property at 8624-8626 Flower Avenue, Takoma Park, Maryland
- Ordinance Authorizing the City to Extend a Payment In Lieu Of Taxes Agreement with MHP TPP, LLC for Property at 1001, 1003, & 1005 East University Blvd., Takoma Park, Maryland
- Ordinance Authorizing the City to Extend a Payment In Lieu Of Taxes Agreement with MHP TPP, LLC for Property at 641 Houston Avenue, Takoma Park, Maryland



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January 19, 2017

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

Dear Ms. Daines:

The Takoma Park property tax pilots at three of MHP's properties have either recently expired or will expire in 2017. The property addresses and dates of expiration are provided below.

- 1) The Crossroads at Flower (27 units): 8624-8626 Flower Avenue, Takoma Park; PILOT expired on 6/30/16;
- 2) Merrimac Gardens (20 units): 1001, 1003, & 1005 University Boulevard, Takoma Park; PILOT expired on 6/30/16; and
- 3) Sligo View Apartments (28 units): 641 Houston Avenue, Takoma Park; PILOT will expire on 6/30/17.

MHP is requesting that the City of Takoma Park extend the PILOTs at these properties for an additional 10 years at a value of 50% of the full City property taxes. The pilots will allow MHP to keep the rents at affordable levels, continue needed resident support services and to pay for maintenance needs—now and in the future. In addition, starting in 2017, we are required to make cash flow debt payments to the County. These payments had been deferred for 10 years. The remaining cash flow comes to MHP to pay administrative and resident services fees. In addition, we leave some cash in the property to cover unexpected operating expenses.

Please let Jill Goodrich (Vice President of Operations at 301-812-4113) or me know if you have any questions or need additional information. Your continued support of MHP is greatly appreciated.

Sincerely,

Artie L. Harris
Vice President of Real Estate

cc: Jill Goodrich



Introduced by:

First Reading:

Second Reading:

Effective Date:

**CITY OF TAKOMA PARK, MARYLAND
ORDINANCE NO. 2017-___**

**AUTHORIZING THE CITY TO EXTEND A PAYMENT IN LIEU OF TAXES
AGREEMENT WITH MHP TPP, LLC FOR PROPERTY AT
8624-8626 FLOWER AVENUE, TAKOMA PARK, MARYLAND.**

WHEREAS, MHP TPP, LLC, a Maryland limited liability company, is the owner of The Crossroads at Flower, a 27-unit rental property at 8624-8626 Flower Avenue, Takoma Park, Maryland, that provides affordable housing to residents with low and moderate incomes; and

WHEREAS, Montgomery Housing Partnership, Inc. (“MHP”) is the sole member of the limited liability company known as MHP TPP, LLC; and

WHEREAS, the Council supports the provision and protection of affordable housing in the City and, by Ordinance No. 2006-16 adopted on May 14, 2006, authorized a 10-year Payment in Lieu of Taxes (“PILOT”) Agreement with MHP TPP, LLC for 8624-8626 Flower Avenue, Takoma Park, Maryland; and

WHEREAS, the PILOT Agreement, made effective July 1, 2006, provided for a full abatement of City property taxes for 8624-8626 Flower Avenue, Takoma Park, Maryland, for a 5-year period (Levy Years 2006-2010), a 75% abatement of City property taxes for the following 3 years (Levy Years 2011-2013), and a 50% abatement of City property taxes for the final 2 years (Levy Years 2014-2015) of the PILOT Agreement; and

WHEREAS, the PILOT Agreement for 8624-8626 Flower Avenue, Takoma Park, Maryland, expired on June 30, 2016, and

WHEREAS, MHP has requested that the City extend the PILOT Agreement for 8624-8626 Flower Avenue, Takoma Park, Maryland, for an additional 10 years, beginning with Levy Year 2016 (tax period 7/1/16 to 6/30/17), and abate 50% of the City property taxes for the entire term of the extended PILOT Agreement; and

WHEREAS, in order to ensure that 8624-8626 Flower Avenue, Takoma Park, Maryland, continues to serve low and moderate income residents, MHP TPP, LLC will agree with the City that at least 50% of the apartments rented at the property will be occupied by low or moderate income households for the 10-year term of the extended PILOT Agreement; and

WHEREAS, under Section 7-503(a) of the Tax-Property Article of the *Annotated Code of Maryland*, a nonprofit tax-exempt corporation that operates or manages rental housing that serves low-income households may be eligible under certain conditions to make a payment in lieu of taxes (“PILOT”) on the real property; and

WHEREAS, MHP, as the sole member of MHP TPP, LLC, represents that it continues to qualify under the provisions of Section 7-503 to enter into an agreement with the City to pay a negotiated amount in lieu of City real property taxes; and

WHEREAS, the Council finds that extension of the PILOT Agreement with MHP TPP, LLC for 8624-8626 Flower Avenue, Takoma Park, Maryland, serves a public purpose and promotes the peace, health, and general welfare of the City and its residents by preserving affordable housing for residents with low and moderate incomes.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF TAKOMA PARK, MARYLAND, THAT the Council approves a PILOT Agreement with MHP TPP, LLC for The Crossroads at Flower, located at 8624-8626 Flower Avenue, Takoma Park, Maryland, as follows:

A. For Tax Levy Years 2016 (tax period 7/1/16 to 6/30/17) through 2025 (tax period 7/1/25 to 6/30/26), MHP TPP, LLC shall have a 50% abatement of City real property taxes for The Crossroads at Flower, located at 8624-8626 Flower Avenue, Takoma Park, Maryland; and

B. A minimum of 50% of the rental units at The Crossroads at Flower, located at 8624-8626 Flower Avenue, Takoma Park, Maryland, shall be occupied by low or moderate income households (*i.e.*, households with incomes at or below 80% of the Washington Metropolitan Statistical Area (“WMASA”) median income).

The City Manager is authorized to enter into a PILOT Agreement on behalf of the City with MHP TPP, LLC, under the provisions of Section 7-503(a) of the Tax-Property Article of the *Annotated Code of Maryland*, for The Crossroads at Flower, located at 8624-8626 Flower Avenue, Takoma Park, Maryland, and to take such actions and execute such documents as are necessary in order to carry out the purposes of this Ordinance.

ADOPTED THIS ____ DAY OF _____, 2017, BY ROLL-CALL VOTE AS FOLLOWS:

AYE:

NAY:

ABSENT:

ABSTAIN:

Introduced by:

First Reading:

Second Reading:

Effective Date:

**CITY OF TAKOMA PARK, MARYLAND
ORDINANCE NO. 2017-___**

**AUTHORIZING THE CITY TO EXTEND A PAYMENT IN LIEU OF TAXES
AGREEMENT WITH MHP TPP, LLC FOR PROPERTY AT
1001, 1003, & 1005 EAST UNIVERSITY BLVD., TAKOMA PARK, MARYLAND.**

WHEREAS, MHP TPP, LLC, a Maryland limited liability company, is the owner of Merrimac Gardens, a 20-unit rental property at 1001, 1003, & 1005 East University Blvd., Takoma Park, Maryland, that provides affordable housing to residents with low and moderate incomes; and

WHEREAS, Montgomery Housing Partnership, Inc. (“MHP”) is the sole member of the limited liability company known as MHP TPP, LLC; and

WHEREAS, the Council supports the provision and protection of affordable housing in the City and, by Ordinance No. 2006-16 adopted on May 14, 2006, authorized a 10-year Payment in Lieu of Taxes (“PILOT”) Agreement with MHP TPP, LLC for 1001, 1003, & 1005 East University Blvd., Takoma Park, Maryland; and

WHEREAS, the PILOT Agreement, made effective July 1, 2007, provided for a full abatement of City property taxes for 1001, 1003, & 1005 East University Blvd., Takoma Park, Maryland, for a 5-year period (Levy Years 2007-2011), a 75% abatement of City property taxes for the following 3 years (Levy Years 2012-2014), and a 50% abatement of City property taxes for the final 2 years (Levy Years 2015-2016) of the PILOT Agreement; and

WHEREAS, MHP has requested that the City extend the PILOT Agreement for 1001, 1003, & 1005 East University Blvd., Takoma Park, Maryland, for an additional 10 years, beginning with Levy Year 2017 (tax period 7/1/17 to 6/30/18), and abate 50% of the City property taxes for the entire term of the extended PILOT Agreement; and

WHEREAS, in order to ensure that 1001, 1003, & 1005 East University Blvd., Takoma Park, Maryland, continues to serve low and moderate income residents, MHP TPP, LLC will agree with the City that at least 50% of the apartments rented at the property will be occupied by low or moderate income households for the 10-year term of the extended PILOT Agreement; and

WHEREAS, under Section 7-503(a) of the Tax-Property Article of the *Annotated Code of Maryland*, a nonprofit tax-exempt corporation that operates or manages rental housing that serves low-income households may be eligible under certain conditions to make a payment in lieu of taxes (“PILOT”) on the real property; and

WHEREAS, MHP, as the sole member of MHP TPP, LLC, represents that it continues to qualify under the provisions of Section 7-503 to enter into an agreement with the City to pay a negotiated amount in lieu of City real property taxes; and

WHEREAS, the Council finds that extension of the PILOT Agreement with MHP TPP, LLC for 1001, 1003, & 1005 East University Blvd., Takoma Park, Maryland, serves a public purpose and promotes the peace, health, and general welfare of the City and its residents by preserving affordable housing for residents with low and moderate incomes.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF TAKOMA PARK, MARYLAND, THAT the Council approves a PILOT Agreement with MHP TPP, LLC for Merrimac Gardens, located at 1001, 1003, & 1005 East University Blvd., Takoma Park, Maryland, as follows:

A. For Tax Levy Years 2017 (tax period 7/1/17 to 6/30/18) through 2026 (tax period 7/1/26 to 6/30/27), MHP TPP, LLC shall have a 50% abatement of City real property taxes for Merrimac Gardens, located at 1001, 1003, & 1005 East University Blvd., Takoma Park, Maryland; and

B. A minimum of 50% of the rental units at Merrimac Gardens, located at 1001, 1003, & 1005 East University Blvd., Takoma Park, Maryland, shall be occupied by low or moderate income households (*i.e.*, households with incomes at or below 80% of the Washington Metropolitan Statistical Area (“WMASA”) median income).

The City Manager is authorized to enter into a PILOT Agreement on behalf of the City with MHP TPP, LLC, under the provisions of Section 7-503(a) of the Tax-Property Article of the *Annotated Code of Maryland*, for Merrimac Gardens, located at 1001, 1003, & 1005 East University Blvd., Takoma Park, Maryland, and to take such actions and execute such documents as are necessary in order to carry out the purposes of this Ordinance.

ADOPTED THIS ____ DAY OF _____, 2017, BY ROLL-CALL VOTE AS FOLLOWS:

AYE:

NAY:

ABSENT:

ABSTAIN:

Introduced by:

First Reading:

Second Reading:

Effective Date:

**CITY OF TAKOMA PARK, MARYLAND
ORDINANCE NO. 2017-___**

**AUTHORIZING THE CITY TO EXTEND A PAYMENT IN LIEU OF TAXES
AGREEMENT WITH MHP TPP, LLC FOR PROPERTY AT
641 HOUSTON AVENUE, TAKOMA PARK, MARYLAND.**

WHEREAS, MHP TPP, LLC, a Maryland limited liability company, is the owner of Sligo View Apartments, a 28-unit rental property at 641 Houston Avenue, Takoma Park, Maryland, that provides affordable housing to residents with low and moderate incomes; and

WHEREAS, Montgomery Housing Partnership, Inc. (“MHP”) is the sole member of the limited liability company known as MHP TPP, LLC; and

WHEREAS, the Council supports the provision and protection of affordable housing in the City and, by Ordinance No. 2006-44 adopted on October 9, 2006, authorized a 10-year Payment in Lieu of Taxes (“PILOT”) Agreement with MHP TPP, LLC for 641 Houston Avenue, Takoma Park, Maryland; and

WHEREAS, the PILOT Agreement, made effective July 1, 2007, provided for a full abatement of City property taxes for 641 Houston Avenue, Takoma Park, Maryland, for a 5-year period (Levy Years 2007-2011), a 75% abatement of City property taxes for the following 3 years (Levy Years 2012-2014), and a 50% abatement of City property taxes for the final 2 years (Levy Years 2015-2016) of the PILOT Agreement; and

WHEREAS, MHP has requested that the City extend the PILOT Agreement for 641 Houston Avenue, Takoma Park, Maryland, for an additional 10 years and abate 50% of the City property taxes for the entire term of the extended PILOT Agreement; and

WHEREAS, in order to ensure that 641 Houston Avenue, Takoma Park, Maryland, continues to serve low and moderate income residents, MHP TPP, LLC will agree with the City that at least 50% of the apartments rented at the property will be occupied by low or moderate income households for the 10-year term of the extended PILOT Agreement; and

WHEREAS, under Section 7-503(a) of the Tax-Property Article of the *Annotated Code of Maryland*, a nonprofit tax-exempt corporation that operates or manages rental housing that serves low-income households may be eligible under certain conditions to make a payment in lieu of taxes (“PILOT”) on the real property; and

WHEREAS, MHP, as the sole member of MHP TPP, LLC, represents that it continues to qualify under the provisions of Section 7-503 to enter into an agreement with the City to pay a negotiated amount in lieu of City real property taxes; and

WHEREAS, the Council finds that extension of the PILOT Agreement with MHP TPP, LLC for 641 Houston Avenue, Takoma Park, Maryland, serves a public purpose and promotes the peace, health, and general welfare of the City and its residents by preserving affordable housing for residents with low and moderate incomes.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF TAKOMA PARK, MARYLAND, THAT the Council approves a PILOT Agreement with MHP TPP, LLC for Sligo View Apartments, located at 641 Houston Avenue, Takoma Park, Maryland, as follows:

A. For Tax Levy Years 2017 (tax period 7/1/17 to 6/30/18) through 2026 (tax period 7/1/26 to 6/30/27), MHP TPP, LLC shall have a 50% abatement of City real property taxes for Sligo View Apartments, located at 641 Houston Avenue, Takoma Park, Maryland; and

B. A minimum of 50% of the rental units at Sligo View Apartments, located at 641 Houston Avenue, Takoma Park, Maryland, shall be occupied by low or moderate income households (*i.e.*, households with incomes at or below 80% of the Washington Metropolitan Statistical Area (“WMASA”) median income).

The City Manager is authorized to enter into a PILOT Agreement on behalf of the City with MHP TPP, LLC, under the provisions of Section 7-503(a) of the Tax-Property Article of the *Annotated Code of Maryland*, for Sligo View Apartments, located at 641 Houston Avenue, Takoma Park, Maryland, and to take such actions and execute such documents as are necessary in order to carry out the purposes of this Ordinance.

ADOPTED THIS ____ DAY OF _____, 2017, BY ROLL-CALL VOTE AS FOLLOWS:

AYE:

NAY:

ABSENT:

ABSTAIN: