



Takoma Park City Council Meeting – December 5, 2018 Agenda Item 4

Voting Session

Second Reading Ordinance designating revenues from the Takoma Junction Ground Lease to the City's Affordable Housing Reserve

Recommended Council Action

Approve the ordinance at second reading.

Context with Key Issues

The City Council established the Affordable Housing Reserve in 2016 to provide funds to achieve the Council's affordable housing goals. Also in 2016, the City entered into a Joint Development Agreement with the Neighborhood Development Company ("NDC") under which NDC will redevelop the City-owned lot in Takoma Junction and lease space in the development to commercial tenants. In connection with the Agreement, NDC and the City entered into a 99-year ground lease requiring NDC to pay rent to the City.

On July 25, 2018, the City Council adopted Resolution 2018-41 authorizing the proposed redevelopment of the Takoma Junction lot to proceed. In that Resolution, the Council called for the revenues from the ground lease to be dedicated to the Affordable Housing Reserve. The proposed ordinance gives effect to the Affordable Housing Reserve funding requirement.

First reading of the ordinance was approved on November 14, 2018. On November 28, 2018, adoption of an amended second reading ordinance was moved by Ms. Dyballa and seconded by Mr. Kovar.

Ms. Kostiuk moved to include an additional "whereas" clause to the ordinance: "the Council intends to discuss plans for funding and use of the Housing Reserve in its discussion of the Housing and Economic Development Strategic Plan." Ms. Dyballa seconded.

The amendment passed unanimously.

Vote on the ordinance was postponed to December 5, 2018.

Council Priorities

- Community development for an improved and equitable quality of life.
- Fiscally sustainable government.
- A livable community for all.

Environmental Considerations

N/A

Fiscal Considerations

The proposed Ordinance will provide funding to the Affordable Housing Reserve.

Racial Equity Considerations

The proposed Ordinance will fund the Affordable Housing Reserve, which will be used to provide affordable housing to the City's low-income residents, many of whom are racial minorities.

Attachments and Links

- [Housing and Economic Development Strategic Plan Project Page](#)
- Draft ordinance for second reading, showing all amendments proposed or approved on November 28.

1
2 Introduced by: Councilmember Dyballa

First Reading: November 14, 2018

3 Second Reading:

4 Effective Date:

5
6 **CITY OF TAKOMA PARK, MARYLAND**
7 **ORDINANCE NO. 2018-47**

8 **DEDICATING REVENUES FROM THE TAKOMA JUNCTION GROUND LEASE TO**
9 **THE CITY’S AFFORDABLE HOUSING RESERVE**

10 **WHEREAS,** the Takoma Junction development site, consisting of ±54,493 square feet of City-
11 owned land, is located on the south side of Ethan Allen Avenue at the intersection
12 of Carroll Avenue (“Takoma Junction Property”); and

13 **WHEREAS,** following a lengthy solicitation and evaluation process the Takoma Park City
14 Council (“Council”) selected the Neighborhood Development Company (“NDC”)
15 to redevelop the Takoma Junction Property (“Takoma Junction Redevelopment
16 Project”); and

17 **WHEREAS,** on July 27, 2016, the Council approved Resolution No. 2016-26 authorizing the
18 City to enter into a Development Agreement and Ground Lease with NDC for the
19 Takoma Junction Redevelopment Project; and

20 **WHEREAS,** by Resolution No. 2018-41, adopted on July 25, 2018, the Takoma Park City
21 Council authorized Neighborhood Development Company (“NDC”) to submit the
22 Takoma Junction Development Project Combined Site Plan, as modified, to the
23 Montgomery County Planning Department for review; and

24 **WHEREAS,** by Ordinance No. 2016-20, adopted by the Council on May 18, 2016, the Council
25 established a Housing Reserve as a separate reserve fund for the purpose of
26 providing funds to meet the Council’s goals relating to affordable housing; and

27 **WHEREAS,** under the terms of the Ground Lease between the City and NDC for the Takoma
28 Junction Redevelopment Project, the City will receive rent payments under the
29 Takoma Junction Ground Lease; and

30 **WHEREAS,** in accordance with the provisions of Resolution No. 2018-41, the Council desires
31 to dedicate the ~~net-revenues (i.e., gross revenues after the deduction of direct~~
32 ~~expenses relating to the Takoma Junction development)~~ that the City receives
33 from NDC under the Takoma Junction Ground Lease to the City’s Housing
34 Reserve to be used for affordable housing purposes; and

35 **WHEREAS,** the Council intends to discuss plans for funding and use of the Housing Reserve
36 in its discussion of the Housing and Economic Development Strategic Plan; and

38 | WHEREAS, it is the Council’s intent that revenues dedicated to the Housing Reserve under
39 | this ordinance should supplement rather than displace other funds in, or deposited
40 | in the future in, the Housing Reserve.

41 | **NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF**
42 | **TAKOMA PARK, MARYLAND THAT:**

43 | **SECTION 1.** The ~~net~~ revenues that the City has received and will receive from NDC under the
44 | Takoma Junction Ground Lease are hereby dedicated to the City’s Housing
45 | Reserve (or its successor) to be used for affordable housing purposes. “~~Net~~
46 | ~~revenues~~” means the ~~gross revenues received by the City from NDC under the~~
47 | ~~Takoma Junction Ground Lease less the City’s costs relating to the Takoma~~
48 | ~~Junction Redevelopment Project.~~

49 | **SECTION 2.** This Ordinance shall become effective upon adoption.

50 |
51 | **ADOPTED BY THE COUNCIL OF THE CITY OF TAKOMA PARK, MARYLAND,**
52 | **THIS ____ DAY OF _____, 2018, BY ROLL-CALL VOTE AS FOLLOWS:**

- 53 | **AYE:**
- 54 | **NAY:**
- 55 | **ABSTAIN:**
- 56 | **ABSENT:**

57 |
58 | *Note:*
59 |
60 | *On November 28, 2018, adoption of the amended second reading ordinance was moved by Ms.*
61 | *Dyballa and seconded by Mr. Kovar.*
62 |
63 | *Ms. Kostiuk moved to include an additional “whereas” clause to the ordinance: “the Council*
64 | *intends to discuss plans for funding and use of the Housing Reserve in its discussion of the*
65 | *Housing and Economic Development Strategic Plan.” Ms. Dyballa seconded.*
66 |
67 | *The amendment passed unanimously.*
68 |
69 | *Vote on the ordinance was postponed to December 5, 2018.*
70 |
71 |