



Takoma Park City Council Meeting – June 16, 2021

Agenda Item 1

Voting Session

Second Reading Ordinance Amending Takoma Park Code Chapter 8.36 Commercial Management Districts and Authorities (Takoma/Langley CDA)

Recommended Council Action

Approve the ordinance at second reading. First reading was held on June 9.

Context with Key Issues

The Takoma Langley Crossroads Development Authority has requested Council consideration of a proposal to amend *Takoma Park City Code Chapter 8.36 Commercial Management Districts*. The Ordinance, which is scheduled to sunset on June 30, 2021, serves as the enabling legislation for the organization.

The CDA has conducted a review of surrounding Business Improvement Districts and other commercial district fees in the area and have come to understand the fees for the Crossroads commercial district are greatly misaligned with the neighboring jurisdictions. After additional review of the findings with City staff, there is a concern that the much higher fees in the Crossroads will be a deterrent to future development in the Crossroads and current ability to attract small business owners making location decisions between Takoma Park and nearby Silver Spring. There is additional concern around retaining current local business owners recovering from the financial devastation of the COVID-19 Public Health Emergency. The CDA recommends changes to the existing license fee structure to remain competitive with neighboring jurisdictions and inviting for future development and current business activity.

The Council is asked to consider the following license fee changes and extension to the current Ordinance:

- Place a maximum fee of \$4,000 on all Retail and Professional Service Provider assessments. The current maximum is \$10,000.
- Re-designate hair and nail salons from "Retail" to "Professional Service Providers." Clarify in the definitions section that Professional Service Providers includes those offering services in hair/nail/eyebrow salons and barbershops.
- Adjust Retail assessment rate from .5 to .42
- Adjust Property Owner assessment from .13 to .10
- Set the new ordinance expiration date to June 30, 2026

Council Priority

The Reauthorization of the Takoma Langley Crossroads Development Authority (CDA) and license fee adjustments support the following Council Priorities:

- Engaged, Responsive, and Service-oriented Government
- Community Development for an Improved & Equitable Quality of Life

Environmental Considerations

The reauthorization and recommended changes to the Takoma Park Code do not have any new adverse effects on the environment. We also believe that new development encouraged by these

changes will provide a chance to upgrade the Crossroads commercial district with environmentally sustainable materials and buildings.

Fiscal Considerations

The CDA is largely funded by the license fees mandated in the Takoma Park Code. Reduced fees will reduce the budget of the CDA, but will not have a direct impact on the City budget. The CDA plans to address their reduced budget by seeking grants funds through their pending 501(c)(3) foundation designation and from sponsorships. It is also anticipated that City staff will continue to spend staff hours identifying, applying, and implementing grants (such as the MD DHCD New Hampshire Ave Facade Grant) that support the work of the CDA and its members.

Racial Equity Considerations

We believe the suggested recommendations will positively impact local business owners of color and immigrant business owners. The recommended reduction in license fees will also relieve an additional financial burden on business owners of color in our largest, racially diverse commercial district with a total of 180 CDA members being positively impacted by the recommended changes.

Attachments and Links

- Draft Second Reading Ordinance

1 Introduced by: Councilmember Searcy

First Reading: June 9, 2021

2 Second Reading:

3 Effective Date:

4
5 **CITY OF TAKOMA PARK, MARYLAND**
6 **ORDINANCE NO. 2021-24**

7
8 **AMENDING THE TAKOMA PARK CODE, TITLE 8, CHAPTER 8.36,**
9 **COMMERCIAL MANAGEMENT DISTRICTS AND AUTHORITIES**

10
11 **WHEREAS,** Takoma Park Code, Section 8.36.140, Expiration, provides that Chapter 8.36,
12 Commercial Management Districts and Authorities, will expire on June 30, 2021,
13 unless extended by an ordinance adopted by the Council; and

14
15 **WHEREAS,** the Board members of the Takoma/Langley Crossroads Development
16 Authority (the "CDA"), established under the provisions of Maryland Local
17 Government Code Annotated, Section 5-214(b) and Takoma Park Code, Chapter
18 8.36, believe that the continued operation of the CDA is in the best interests of the
19 commercial district represented by the CDA; and

20
21 **WHEREAS,** the CDA has requested that the City extend the term of the CDA and also amend
22 certain sections of Chapter 8.36 dealing with license fees and other operational
23 matters; and

24
25 **WHEREAS,** the Council supports the continuation of the CDA and its ongoing operation as a
26 commercial district management authority serving the Takoma Langley
27 Crossroads commercial district.

28
29 **NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF**
30 **TAKOMA PARK, MARYLAND.**

31
32 SECTION 1. Title 8, Business, Chapter 8.36 Commercial Management Districts and Authorities,
33 of the Takoma Park Code is amended as follows:

34
35 **Chapter 8.36**

36 **COMMERCIAL MANAGEMENT DISTRICTS AND AUTHORITIES**

37 Sections:

38 8.36.010 Definitions.

39 8.36.020 Establishment.

40 8.36.030 Purpose.

41 8.36.040 District boundaries.

- 1 8.36.050 Limitations on the powers of Authority.
- 2 8.36.060 Composition of the Authority.
- 3 8.36.070 Bylaws.
- 4 8.36.080 Board of Directors—Officers.
- 5 8.36.090 Budget.
- 6 8.36.100 Licenses.
- 7 8.36.110 License fees.
- 8 8.36.120 Meetings.
- 9 8.36.130 Annual Reporting.
- 10 8.36.140 Expiration.

11

12 **8.36.010 Definitions.**

13

14 For the purpose of this chapter, the following terms shall have the meanings indicated:

15

16 “At-large” means elected by all voting members of the authority.

17

18 “Authority” means the Takoma/Langley Crossroads Development Authority.

19

20 “Business” means any person or organization operating or conducting an occupation,
21 profession, trade or business, including, without limitations, retail and wholesale enterprises
22 and property owners.

23

24 “City” means the City of Takoma Park, Maryland, a municipal corporation.

25

26 “District” means the geographical area designated in this chapter in which the Authority shall
27 operate and perform its responsibilities.

28

29 “Exempt business” means a business within the district which is not subject to the assessment
30 of fees by the Authority. “Exempt businesses” shall include:

31

32 1. Federal, State, County or City governments or their agencies;

33

34 2. A place or house that is actually used exclusively for public religious worship or a
35 parsonage, or convent for a house of public worship;

36

37 3. Residential facilities and properties; and

38

39 4. Warehouses.

40

1 “Fees” means the license fees of the members of the Authority used to finance the programs
2 and accomplish the purpose of the Authority.

3
4 “Hotel/motel” means an establishment which contains six or more guest rooms where
5 temporary lodging is provided for compensation.

6
7 “Professional” means any person or organization that

- 8
9 1. Provides professional services by members of a licensed or otherwise recognized
10 profession, including but not limited to, attorneys, medical practitioners, architects,
11 engineers, surveyors, barbershops, and, hair, nail, and eyebrow salons and the like;
12 and
13
14 2. Does not sell retail goods.

15
16 “Retail” means a business establishment that:

- 17
18 1. Sells goods or services directly to ultimate consumers; and/or
19
20 2. Uses space that has direct access to:
21
22 a. The street;
23
24 b. The ground floor of a building;
25
26 c. A mall; or
27
28 d. A parking lot of a shopping center or mall.

29
30 “Residential facility” means an apartment, single family house, accessory apartment or
31 condominium unit that is occupied or is intended to be occupied by one or more individuals.

32
33 “Warehouse” means a building used for the storage of goods or materials.

34
35 **8.36.020 Establishment.**

- 36
37 A. Pursuant to Section 5-214(b), of the ~~Maryland~~ Local Government Article of the
38 Maryland Code, there is established the Takoma/Langley Commercial
39 Management District and the Takoma/Langley Crossroads Development Authority,
40 as an independent entity.
41

1 B. The Authority shall incorporate and obtain liability insurance.

2
3 **8.36.030 Purpose.**

4
5 The purpose of the Authority shall be to promote and market the district, and to provide
6 security, maintenance and amenities within the district.

7
8 **8.36.040 District and Area boundaries.**

9
10 The Takoma/Langley Crossroads Commercial Management District is comprised of the
11 following described Areas:

- 12
13 A. Area A: All land bounded by University Boulevard, Carroll Avenue, Merrimac
14 Drive, Hammond Avenue, and Anne Street.
15
16 B. Area B: All land bounded by New Hampshire Avenue, University Boulevard,
17 Anne Street, Kennewick Avenue, and Kirklynn Avenue.
18
19 C. Area C: All land bounded by New Hampshire Avenue, Kirklynn Avenue,
20 Hammond Avenue, and Holton Lane, except lots 13, 14, 15, 16, 17, 18 and 19;
21
22 D. Area D: All land bounded by University Boulevard, New Hampshire Avenue,
23 Holton Lane, and the eastern corporate limits of the City; and
24
25 E. Area E: All land bounded by Holton Lane, New Hampshire Avenue, parcels B and
26 C of the property known as the "Cohen Brothers' Property" recorded in the Land
27 Records of Prince George's County in Plat Book WWW55 at Plat No. 6, and the
28 eastern corporate limits of the City.
29

30 **8.36.050 Limitations on the powers of Authority.**

31
32 The Authority shall not:

- 33
34 A. Be able to exercise the power of eminent domain;
35
36 B. Purchase, sell, construct or, as a landlord, lease office or retail space;
37
38 C. Except as otherwise authorized by law, engage in competition with the private
39 sector; or
40

- 1 D. Enter into any contract, agreement, undertaking or obligation which could result in
2 any pecuniary liability to the City or a charge against the general credit and taxing
3 powers of the City.
4

5 **8.36.060 Composition of the Authority.**
6

- 7 A. Every business in the District is a member of the Authority and may participate in
8 the activities of the Authority.
9
10 B. Every member of the Authority may vote on matters before the Authority except:
11
12 1. Exempt businesses;
13
14 2. Businesses that have not paid all fees that are due;
15
16 3. Any other business that is not in good standing under the bylaws.
17

18 **8.36.070 Bylaws.**
19

- 20 A. The Authority shall adopt bylaws consistent with the requirements of Section
21 5214(b), of the Maryland Local Government Code Annotated and this chapter. A
22 copy of the bylaws shall be provided to the City for its review.
23
24 B. An amendment to the bylaws cannot be adopted at the same meeting at which the
25 amendment was introduced. The bylaws may be amended by a two-thirds vote of
26 the members present.
27

28 **8.36.080 Board of Directors—Officers.**
29

- 30 A. The Authority shall be directed and administered by a Board of Directors elected
31 by the voting members of the Authority in accordance with the bylaws.
32
33 B. The Board shall consist of not more than eleven voting members.
34
35 C. There shall be two types of Directors: At Large Directors and Area Directors.
36 Directors shall be equivalent in all respects and shall have the same rights,
37 privileges, obligations and responsibilities.
38
39 D. There shall be not more than six At Large Directors elected to the Board; one of
40 which shall be elected as President of the Authority, and second shall be elected as
41 the Vice President of the Authority.
42

- 1 E. There shall be not more than a total of five Area Directors representing each of the
2 areas described herein Section 8.36.040, elected by the members in those areas as
3 provided for in the bylaws.
4
- 5 F. The Board shall also include, as ex officio, up to five nonvoting Directors:
6
- 7 1. The City Councilmember in whose Council Ward(s) the Takoma/Langley
8 Commercial Management District is located, or a designee;
 - 9
 - 10 2. A representative of the Maryland Department of Housing and Community
11 Development;
 - 12
 - 13 3. A representative of the City of Takoma Park designated by the City
14 Manager;
 - 15
 - 16 4. A representative of Prince George's County designated by the County
17 Executive; and
 - 18
 - 19 5. A representative of Montgomery County designated by the County
20 Executive.
- 21
- 22 G. In addition to the Chair and Vice Chair who are elected at large, the Directors shall
23 elect two-Directors as Secretary and Treasurer. These 4 Directors shall constitute
24 the officers of the Authority.
25

26 **8.36.090 Budget.**
27

- 28 A. The Board shall submit a proposed annual budget to the members of the Authority
29 and the Mayor and Council of the City. The Board shall adopt a budget at a meeting
30 of the Authority within 30 days of the date the proposed budget is submitted to the
31 members and to City officials.
32
- 33 B. The Board may amend the budget without 30 days' notice if the amendment
34 involves less than the amount of money specified in the proposed annual budget.
35

36 **8.36.100 Licenses.**
37

38 Every business in the District must obtain an annual license issued by the Authority and
39 pay the annual license fee. License fees are due and licenses shall be issued on or before the first
40 day of July of each year.
41
42

1 **8.36.110 License fees.**

- 2
- 3 A. The annual license fee shall be based on the nature of the business and the number
- 4 of square feet used in the business.
- 5
- 6 B. Exempt businesses do not pay any fees.
- 7
- 8 C. Enumeration of Fees.

9

10 1. The fees shall be as follows:

11

Category	July 1, 2014		July 1, 2015		July 1, 2016 21 through	
	through June		through June		June 30, 2017 26	
	30, 2015	30, 2015	30, 2016	30, 2016		
	Fee per <u>Maximum</u>	Fee per <u>Maximum</u>	Fee per <u>Maximum</u>	Fee per <u>Maximum</u>	<u>Fee per Sq.</u>	<u>Maximum</u>
	Sq. Ft. <u>Fee</u>	Sq. Ft. <u>Fee</u>	Sq. Ft. <u>Fee</u>	Sq. Ft. <u>Fee</u>	<u>Ft.</u>	<u>Fee</u>
Retail	\$0.29 <u>\$5,000.00</u>	\$0.38 <u>\$10,000.00</u>	\$0.29 <u>\$5,000.00</u>	\$0.38 <u>\$10,000.00</u>	<u>\$0.50</u> 42	<u>\$4,000.00</u>
Professional	\$0.14 <u>\$5,000.00</u>	\$0.19 <u>\$10,000.00</u>	\$0.14 <u>\$5,000.00</u>	\$0.19 <u>\$10,000.00</u>	<u>\$0.25</u>	<u>\$4,000.00</u>
Hotel/Motel/Theater	\$0.10 <u>\$5,000.00</u>	\$0.13 <u>\$10,000.00</u>	\$0.10 <u>\$5,000.00</u>	\$0.13 <u>\$10,000.00</u>	<u>\$0.18</u>	<u>\$10,000.00</u>
Property Owner	\$0.07 <u>\$5,000.00</u>	\$0.09 <u>\$10,000.00</u>	\$0.07 <u>\$5,000.00</u>	\$0.09 <u>\$10,000.00</u>	<u>\$0.13</u> 0	<u>\$10,000.00</u>

- 12
- 13 2. License fees shall be rounded to the nearest dollar.
- 14
- 15 3. If a business falls in more than one license fee category, it shall be charged
- 16 a license fee for each category in which the business falls.

17

18 D. Effective on July 1st of each year, beginning with July 1, 2017, all license fees shall

19 be increased by an amount equal the percentage increase in the Consumer Price

20 Index-All Urban Consumers All Items, Washington-Baltimore from March in the

21 preceding year to March in the current year. The CPI shall be the CPI published as

22 of March in each year. If there is no increase in the CPI-U, then the license fee shall

23 remain the same.

24

25 E. License fees are nonrefundable and may be prorated for new businesses moving

26 into the District during the course of the licensing period.

27

28 F. Unpaid license fees may be assessed a late fee of 5% per month for each month or

29 portion of a month after July 1st that the license fee is unpaid.

30

31 G. The City Manager may, at his or her discretion and upon written request of the

32 Board, assume responsibility for the billing and collection of license fees on behalf

1 of the Authority. The Authority shall be responsible for all expenses incurred by
2 the City.

3
4 H. The Authority, by vote of its Board, is empowered to institute suit to collect unpaid
5 fees, late payment fees, plus all reasonable legal fees and costs incurred in this
6 collection of unpaid fees.

7
8 I. The Board may appoint an appeals panel to hear all objections to the license fee set
9 for each business. The only issues that may come before the appeals panel are
10 whether:

- 11
12 1. The nature of the business has been accurately determined;
13
14 2. The number of square feet of space used by the business is correct; and
15
16 3. The fee has been correctly calculated based on the rate and the square
17 footage.

18
19 **8.36.120 Meetings.**

- 20
21 A. The Board shall meet at least quarterly. The Authority shall meet at least once a
22 year.
23
24 B. All meetings shall be open to the public, except for executive sessions as provided
25 for in the bylaws.

26
27 **8.36.130 Annual Reporting.**

28
29 The Authority shall prepare an annual report to the Council in July of each year and may
30 provide additional briefings as needed.

31
32 **8.36.140 Expiration.**

33
34 Unless extended by an ordinance adopted by the Council, Sections 8.36.010 through
35 8.36.130 will no longer have any effect and are repealed effective June 30, 2024~~6~~.

36
37 Section 2. This ordinance shall become effective on July 1, 2021.

38
39 THIS ORIDNANCE IS ADOPTED BY THE COUNCIL OF THE CITY OF TAKOMKA
40 PARK, MARYLAND, THIS ___ DAY OF JUNE, 2021, AND SHALL BE EFFECTIVE
41 BEGINNING ON JULY 1, 2021, BY ROLL-CALL VOTE AS FOLLOWS:
42

- 1 AYE:
- 2 NAY:
- 3 ABSENT:
- 4 ABSTAIN:

5

6 **Explanatory Note:**

- 7 1. Underlining indicates language being added to the Code.
- 8 2. ~~Strikethrough~~ indicates language being deleted from the Code.