



Takoma Park City Council Meeting – October 20, 2021 Agenda Item 1

Voting Session

Single Reading Ordinance Authorizing the City Manager to use \$250,000 from the Housing Reserve Fund to Support the Renovation of Hillwood Manor Apartments at 1100 Linden Avenue

Recommended Council Action

Approve the City's financial support of the Hillwood Manor renovation in the amount of \$250,000.

Context with Key Issues

Hillwood Manor, 1100 Linden Avenue in Ward 6, is a 96-unit property with fifteen (15) entrances and six (6) individual buildings. Montgomery Housing Partnership (MHP), the largest non-profit affordable housing developer in Montgomery County, purchased Hillwood Manor in 2016 from a single landlord as part of a three-property acquisition. When MHP purchased the Hillwood Manor property there were over 500 housing code violations and MHP then brought the Hillwood Manor property up to code.

MHP has assembled financing to perform a full modernization of the property, which will include the renovation of every unit, including new kitchens, baths, HVAC, electrical, plumbing, paint, flooring, and extensive repair to the common areas and exteriors. The project will see the expansion of some current units and the construction of a community center. The project design is focused on sustainability, including the electrification of the entire property, Energy Star rated roofs and windows, high efficiency heat electric pumps in all units, and high efficiency water heaters in all units.

The \$36.7 million project is supported by multiple public and private funding sources, including the State of Maryland, Montgomery County, Freddie Mac, Chase Bank, Low Income Housing Tax Credit (LIHTC) investors, and MHP's own equity contribution. MHP has requested the City contribute to the project as well.

MHP's LIHTC financing requires that the units be income-restricted. Once completed the renovation will result in ninety-six (96) affordable units ranging from 1-bedroom apartments to 4-bedroom apartments, with sixty (60) affordable units available to households with income less than 60% of the Area Median Income (AMI), twenty-three (23) affordable units available to households with income less than 50% of AMI, and thirteen (13) affordable units available to households with income less than 30% AMI.

Due to the income restrictions, approximately fourteen (14) current households are projected to be ineligible to remain in their units after renovation as their incomes exceed the 60% AMI income threshold required for this LIHTC-financed project. This number of households may change due to updated income verification and the unstable nature of the economy due to the COVID-19 pandemic. The households that are no longer income eligible will be allowed to remain on the property until the construction phase in which their units are located is completed. MHP has hired a relocation company, Housing to Home, to provide counseling, perform tenant surveys, and implement next steps per the Uniform Relocation Act (URA), which governs these situations. Each

resident who does not meet income eligibility will receive relocation counseling, reimbursement of moving costs, and a relocation benefit of \$7,200.

Council Priority

A Livable Community for All, Environmentally Sustainable Community, Community Development for an Improved and Equitable Quality of Life

Environmental Considerations

The project was designed with sustainable features, including the electrification of the entire property, Energy Star rated roofs and windows, high efficiency heat electric pumps in all units, and high efficiency water heaters in all units.

Fiscal Considerations

The City's \$250,000 contribution to the project will be paid out of the Housing Reserve Fund in two tranches of \$125,000 each. The Housing Reserve Fund currently has a balance of \$645,668.28. The FY22 budget of the City of Takoma Park will need to be amended to add \$125,000 to the Housing Fund Expenditure account, and funds totaling \$125,000 will be expended in FY23 as well.

Racial Equity Considerations

The full modernization of Hillwood Manor will upgrade the quality of the affordable rental housing stock and the livability of City renters that have incomes below 60% of AMI. Per Census data, the majority of renters in Takoma Park are racial minorities, and the City's financial support of a full modernization of an affordable rental property contributes to the City's race equity efforts.

Attachments and Links

Draft Single Reading Ordinance

Introduced by:

Single Reading

CITY OF TAKOMA PARK, MARYLAND

ORDINANCE NO. 2021-

AUTHORIZING THE CITY MANAGER TO USE \$250,000 FROM THE HOUSING RESERVE FUND TO SUPPORT THE RENOVATION OF HILLWOOD MANOR APARTMENTS AT 1100 LINDEN AVENUE

WHEREAS, the Takoma Park City Council adopted the Housing and Economic Development Strategic Plan on October 16, 2019; and

WHEREAS, an opportunity has arisen for the City to financially support a project that advances the goals and objectives of the City's Housing and Economic Development Strategic Plan and that impacts almost 100 resident households; and

WHEREAS, the specific objectives of the Housing and Economic Development Strategic Plan that the project advances are: i.) preserve the affordability of the existing multifamily housing stock, ii.) conserve and improve the physical condition of the existing low to moderate cost housing stock, and iii.) plan, build, and maintain properties, buildings, and neighborhoods with environmental sustainability as a major consideration, including climate change resiliency and greenhouse gas reduction; and

WHEREAS, this project involves the full modernization of the Hillwood Manor apartment complex, located at 1100 Linden Avenue, in which ninety-six (96) affordable apartments will be fully renovated and a new community center will be developed by Montgomery Housing Partnership (MHP); and

WHEREAS, once completed the renovation will result in ninety-six (96) affordable units ranging from 1-bedroom apartments to 4-bedroom apartments, with sixty (60) affordable units available to households with income less than 60% of the Area Median Income (AMI), twenty-three (23) affordable units available to households with income less than 50% of AMI, and thirteen (13) affordable units available to households with income less than 30% AMI; and

WHEREAS, MHP is the largest non-profit developer of affordable housing in Montgomery County, and MHP owns nine large apartment complexes in Takoma Park comprising 420 affordable apartment units within the City; and

WHEREAS, MHP purchased the property in the year 2016 at which time Hillwood Manor had over 500 outstanding code violations that MHP has since rectified and brought the Hillwood Manor apartment complex into compliance with code requirements; and

WHEREAS, the estimated total project cost of the modernization of Hillwood Manor is \$36.7 million; and

WHEREAS, the renovation of the ninety-six (96) affordable units will be completed in four phases, with the start of construction anticipated to begin November 2021 and estimated completion of the entire project in June 2023; and

WHEREAS, the project will incorporate sustainability and climate action in its design and construction to meet the goals of City's Sustainability and Climate Action Plan, including high efficiency heat pumps, water heaters, and the complete electrification of the property; and

WHEREAS, MHP has secured funds from multiple public and private sources, including the State of Maryland, Montgomery County, Freddie Mac, Chase Bank, Low Income Housing Tax Credit (LIHTC) investors, and MHP's own equity contribution; and

WHEREAS, the \$250,000 contribution from the City will assist with the project and demonstrate the City's commitment to preserving affordable housing stock and improving the physical condition, safety, resiliency, and energy efficiency of existing housing; and

WHEREAS, the Housing Reserve Fund currently has a balance of \$645,668.28 and the FY22 budget of the City of Takoma Park will need to be amended to add \$125,000 to the Housing Fund Expenditure account.

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

Section 1. The City Manager is authorized to execute any documents and take any action necessary to provide no more than \$250,000 from the City's Housing Reserve Fund to MHP to support the renovation of the Hillwood Manor property at 1100 Linden Avenue.

Section 2. The City Manager is authorized to use \$250,000 of funds from the City of Takoma Park Housing Reserve, to be advanced in two tranches of \$125,000 in FY22 and \$125,000 in FY23, to MHP and its affiliates.

This ordinance is ADOPTED by the Council of the City of Takoma Park, Maryland, this ____ day of October, 2021, and shall be EFFECTIVE immediately upon its adoption, by roll-call vote as follows:

AYE:

NAY:

ABSTAIN:

ABSENT: