



Takoma Park City Council Meeting – July 5, 2023 Agenda Item 2

Work Session

Presentation on the City of Takoma Park's RFP HCD-2022-10 for the public-private redevelopment of City-owned property at 7315 New Hampshire Avenue.

Recommended Council Action

To review findings and anticipated action items from the RFP process for the Takoma Park Recreation Center site.

Context with Key Issues

In October 2022, the City of Takoma Park Department of Housing and Community Development (HCD) released a Request for Proposal (RFP) HCD-2022-10 soliciting development proposals from private developers for the redevelopment of the City-owned property at 7315 New Hampshire Avenue, Takoma Park, MD 20912 (Property) into a mixed-use facility that includes a recreation center and multifamily housing. The RFP closed in January 2023 and the City received two (2) responsive proposals.

Project Background

The 2012 Takoma-Langley Sector Plan identified the parcel at 7315 New Hampshire Avenue as a potential redevelopment opportunity, which could retain recreation uses for the community while providing additional mixed-income development along the New Hampshire Avenue corridor. Within the Sector Plan, the site was rezoned to a Commercial Mixed-Use (CRT) zone to better enable this type of future redevelopment.

Since the Sector Plan, the City has taken several concrete steps to advance a potential redevelopment of the site. The key moments are summarized in Table 1 below.

Table 1. Post-Sector Plan Timeline

Year	Activity	Description
2015	Recreation Center Zoning Analysis & Concept Plans Recreational Needs Study	A study commissioned by the City to analyze potential development projects on the site, including their feasibility and potential cost.
2017	Letter of Interest	Release of LOI 2017-03-21 seeking interested developers

		for the Property.
2019	Property Acquisition	Land swap arrangement between the City of Takoma Park and M-NCPPC for the acquisition of the Property by the City.
2020	Community Outreach	The City partnered with Brick & Story to conduct a community engagement report to help reimagine the Recreation Center and capture needs & preferences of community members.

Site Context

The Property is located at 7315 New Hampshire Avenue, Takoma Park, MD 20912. The Property is approximately 1.86 acres in size and is zoned for relatively high-density, mixed-use development with a sixty-foot height restriction (CRT 2.0 C-2.0 R-2.0 H-60'). Currently, the property houses the Takoma Park Recreation Center, owned and operated by the City of Takoma Park to provide recreational services and meeting spaces for City residents. The Property was acquired by the City in 2019 from Montgomery Parks & Planning (M-NCPPC) with the requirement that recreational services continue to be provided on site.

The Recreation Center operates from an approximately 10,000 SF, one-story structure initially built in the 1970s and a parking lot with 20 parking spaces. Access to the property is currently provided through a permanent easement to the access road leading to Merwood Drive.

The Property adjoins two large high-rise housing developments, the Takoma Overlook Condominiums (7333 New Hampshire Avenue) and Hampshire Tower Apartments (7401 New Hampshire Avenue). The Property is also located less than one mile from the new Takoma-Langley Purple Line Station, which will provide easy access to commuters and visitors from Bethesda to New Carrollton.

The Takoma-Langley Crossroads is a main commercial node in the metropolitan Washington region and is home to over 200 local businesses catering to a diverse clientele of residents from throughout the University Boulevard corridor.

Request for Proposal HCD-2022-10

RFP HCD-2022-10 was released in October 2022 and closed on January 19, 2023. The intent of the RFP was to promote the reuse of the Property in a fashion that achieved the City's objectives of the development of a new recreation facility, expansion of high-quality, stable housing along the New Hampshire Avenue corridor, and increased tax generation opportunities.

The RFP outlined requirements for a new recreation center based on feedback from the City's Recreation Department and the 2020 Engage Takoma process. The requirements in the RFP included a 15,000-18,000 square foot recreation center that included:

- Front Desk & Welcome Area;
- Multi-Purpose Classroom Space & Fitness Room;
- Regulation Basketball Court with Retractable Bleacher Seating;
- Staff Work Area;
- Reserved Staff and Guest Parking

As a component of the RFP, no City subsidy or exceptional development privileges were offered for any prospective projects as the RFP presumed that the cost of the Recreation Center construction would be met through the proposed purchase price and future revenue potential of the disposition. Responses were evaluated on the criteria in Table 2.

Table 2. Evaluation Criteria

Criteria	Description	Level of Importance
Addressing the RFP Intent of Offering	How well does the submission address the intent of the RFP release outlined in Section 4?	High
Short- and Long-Term Benefits for the City of Takoma Park	What benefits will be realized by the City from the Project? Benefits may be financial (purchase price, additional real property taxes, etc.) or non-financial (additional community space, expanded services, increased employment opportunities for City residents, etc.)	High
Project Feasibility	How likely is it that the Project will be financed and completed as described in the timeline from the Project Schedule?	High
Team Experience	How much experience does the Project Team have with implementing similar Projects either within the City of Takoma Park or in the metropolitan Washington region?	High
Economic Impact	What impact will the Project have on both the City's economic health and the economic growth and stability of City residents?	Medium
City Equity and Sustainability Goals	How well does the Project address City of Takoma Park equity and sustainability goals as outlined in the City Council's annual priorities?	Medium

Project Timeline	How realistic and quickly will the Project be activated and stabilized?	Low
Project Fit Within the Community	How well does the Project address resident needs and fit with existing community plans and surrounding current and future uses?	Low

RFP Responses

In response to the RFP release, the City received two proposals. Both proposals included similar concepts, with sub-grade parking structures, a multi-floor recreation center, and multiple stories of subsidized or affordable housing that took advantage of the full by-right zoning capacity of the site. A full summary of the responses is provided in Table 3.

Table 3. RFP Responses

Respondent	Respondent 1	Respondent 2
Team Lead	Mission First Housing	7315 New Hampshire Partners <ul style="list-style-type: none"> - EquityPlus - Housing Initiative Partnership - Takoma Partners
Concept Summary	A 5-story building with 118 units of senior affordable housing over a Recreation Center with underground parking	A 7-story building with 172 units of affordable housing over a Recreation Center with underground parking and a connected gym
Recreation Center Component	1.5 story, ~23,000 SF Recreation Center	1.5 story, ~17,000 SF Recreation Center
Private Development Component	118 units of senior housing at 30-70 AMI <ul style="list-style-type: none"> - 96 1BR - 22 2BR 	156-172 units of housing at 30-80 AMI <ul style="list-style-type: none"> - 16 studio - 62 1BR - 62 2BR - 16 3BR
Parking	102 spaces	118 spaces
Project Timeline	4-year financing-construction window	4-year financing-construction window

RFP Process and Response Findings

Based on analysis of responses, City staff do not recommend entering into a formal agreement with either Respondent. While staff found both proposals responsive in project design, potential impact, and general fit within the community, neither proposal is considered feasible at this stage of development. Based on a review of the submissions, there remain significant concerns over the immediate financing and long-term health of a project on the site. A feasible and viable project on the Property at this stage, based on the proposals received, would likely require a multi-million-dollar City subsidy in addition to already presumed federal, state, and county financing assistance.

Based on this review of responses and existing site conditions, staff have identified the following deficiencies preventing the realization of a shovel-ready project:

1. **Project Expectations:** The allowable, by-right zoning of the site and current market conditions make it difficult to successfully finance a 20,000 SF recreation center with a regulation basketball court, fitness room, and multiple classrooms through the private development of the remainder of the site. Additionally, existing market conditions in Takoma Park likely do not make any private development except subsidized, affordable housing feasible on the Property. Due to the low returns on market rate housing in Takoma Park, the only feasible way to finance a by-right development on the Property is through federal Low-Income Housing Tax Credits (LIHTC) or similar subsidy programs, in addition to affordable housing incentive programs from the State of Maryland and Montgomery County.
2. **Site Pre-Development Analysis:** To clearly understand added project costs associated with the site's physical limitations, additional pre-development activity should include engineering studies of below grade construction, an evaluation of site access, stormwater and environmental analysis, and site usage, including topography, tree conservation requirements, and availability of adjacent parcels. Progressing these analyses will help private developers make more firm construction and operation projections.
3. **Capacity:** Staffing challenges since the departure of the Housing and Community Development Director, and subsequently the Economic Development Manager in February 2023, have hindered the Economic Development division from providing needed expertise to advance City participation in any future redevelopment effort.
4. **City Financial Commitment:** Based on staff analysis of the site and responses, proceeds from the sale of the Property for private development will not pay for a full recreation center as outlined in the RFP. As such, the City needs to determine how much, if any, public subsidy it is willing to provide for a future redevelopment effort.

Advancing the Recreation Center Redevelopment Project

While staff do not recommend moving forward with formalizing an exclusive negotiating process with either Respondent at this time, we are impressed with the experience, commitment and passion of both Respondents to continue working towards potential redevelopment project. In order to continue advancing the project and determining if a public-private partnership can deliver a shovel-ready

redevelopment of the Property, the City will engage in the following activities over the summer and fall:

1. **Progressing Site Pre-Development Activities:** Utilizing funding from the FY2022 State of Maryland Department of Housing and Community Development - National Strategic Economic Development Fund Grant for the property, the City can begin conducting additional pre-development activities on the site as outlined above to allow the Respondents to further refine their project assumptions.
2. **Expanding Staff Capacity:** HCD will either more fully staff the Economic Development Division or hire an outside consultant to provide expert project management to advance the redevelopment efforts.
3. **Facilitating Conversations on City Financial Commitment and Project Expectations:** HCD will partner with other departments and the City Council to see if project requirements within the RFP can be further refined and/or the City can articulate a financial commitment to a final, shovel-ready project. Staff will present a full recommendation to Council based on financial considerations in the fall.

Council Priorities

Fiscally Sustainable Government

Engaged, Responsive, Service-Oriented Government

Community Development for an Improved & Equitable Quality of Life

Environmental Considerations

As a project update, this item has no direct environmental impact. Future development on the site will have environmental considerations, including the environmental-certification of any new construction, impact on the forested area of the site, and additional impervious surface construction.

Fiscal Considerations

As a project update, this item has no fiscal impact. However, in reviewing responses, staff took into account the short- and long-term financial impact to the City. If the City Council decides to move forward with an RFP respondent, it would require significant City financial support through up front subsidy or long-term property tax relief. To advance the Recreation Center Project through site pre-development activities, the City will utilize an existing State of Maryland grant; no general fund dollars will be expended.

Racial Equity Considerations

In evaluating responses, the City reviewed how well a project addressed the City's equity goals, including meeting the community requests from the 2020 Engage Takoma process.

Attachments & Links

- [Takoma Park Recreation Center Redevelopment Webpage](#)