



# Takoma Park City Council Meeting – February 21, 2024

## Agenda Item 3

### Work Session

FY25 Budget Priorities: Recreation Center Redevelopment Next Steps Discussion

### Recommended Council Action

Hold a work session on the Takoma Park Recreation Center (7315 New Hampshire Avenue) redevelopment options and proposed next steps. Indicate level of Council’s support for a defined-term tax rate increase or similar method to enable the redevelopment of the Recreation Center facility.

### Context with Key Issues

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.
2023	Request for Proposals	RFP HCD-2022-10 released for a public-private disposition and redevelopment of the site. Two responses received; no agreement recommended by Council

## 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 with a full-sized gymnasium and additional recreation components. 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.

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. After analysis of both responses, staff did not recommend moving forward with either respondent due to the analyzed feasibility of a shovel-ready public-private partnership. Instead, three activities were identified for next steps:

**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.

**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.

**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.

In preparing to facilitate a conversation on the City's financial commitment, staff project the City outlay for constructing a 15,000-20,000 square foot modern recreation center to approximate \$10,000,000-\$15,000,000. Further analysis would be needed to refine this projection, but the estimated outlay is based on both financial analysis of prior private development offerings for the site and comparable construction costs for recent municipality-led renovation projects. During the work session, staff will outline several ways the City could fund this projected expense and walk through the potential impact on individual property short- and long-term tax burden. Assuming the expiration of certain existing City-bonded debt and support from the State of Maryland and other partners, the potential cost of raising necessary funding may impact the City's annual tax rate by \$0.012-0.03 per \$100 of assessed value.

**Council Priority**

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**

Raising the funding necessary to construct a new Recreation Center, either as a standalone structure or as part of a public-private partnership, will likely have significant budgetary implications for the City of Takoma Park. While some of this cost may be defrayed through partnerships with other government entities and private development, the construction of a new recreation center will require consideration of a 20-30 year increase in the City's tax rate.

**Racial Equity Considerations**

Redevelopment of the existing Recreation Center remains a high priority for the City and a critical tool for bridging existing racial equity gaps in City services.

**Attachments and Links**