



Takoma Park City Council Meeting – October 16, 2024

Agenda Item 1 and 3

Public Hearing and Work Session

Agenda Item 1. At the beginning of the City Council meeting, the Council will hold a second public hearing on the proposed housing tax credits.

Agenda Item 3. Presentation on Proposed Housing Tax Credits

Recommended Council Action

Receive a presentation on the fiscal impact analysis of the New Rental Housing Tax Credit, and continue a discussion on the three proposed tax credits to incentivize new rental housing construction, affordable housing preservation, and housing reinvestment for existing multifamily properties.

A draft ordinance and a draft resolution are included for Council’s consideration. The ordinance establishes a by-right process for two tax credits (New Rental Construction & Affordable Housing Preservation) that forthcoming administrative regulations will flesh out into a full process. For the Reinvestment credit, Staff are putting forward a resolution to establish a program not fixed in law but to instead direct staff to develop a competitive allocation program based on the concept presented through policies, and to bring to Council properties selected through that competitive program for an allocation of Tax Credits.

Context with Key Issues

On July 24, 2024, staff presented proposals on four housing tax credits aimed at incentivizing new rental housing construction, missing middle housing, affordable housing preservation, and housing reinvestment for existing multifamily properties shown below. A brief note: staff are recommending holding off on moving forward with the missing middle housing tax credit pending action by the County and State directly affecting missing middle housing.

	<i>New Rental Housing Tax Credit</i>	<i>Affordable Housing Preservation</i>	<i>Housing Reinvestment</i>
Goal/Purpose	Encourage the creation of new rental housing.	Subsidize deed-restricted affordable housing for specific populations.	Incentivize reinvestment in existing multifamily housing.
By-Right/By-Application	By-Right	By-Right	By-Application
Eligibility Criteria*	10+net new rental units	Provides 30% AMI, Transitional or Units for specific groups (Individuals with Disability, Seniors)	Investment meets HUD definition of substantial rehab. Multifamily rental building
Credit Amount	Incremental difference between current tax bill and reassessed amount. (10 years	Percentage Discount equal to the share of qualifying units, capped at 50% of the tax bill. Annually renewed/verified	50% off tax bill for 10 years

	full credit with 5-year scale down)		
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Council considered a draft ordinance and resolution for the three tax credits at the October 9th Council session.

Changes and Updates

Based on conversations internally, City staff added language in the ordinance to clarify that the credit would be scaled for mixed use projects. A tracked version of the ordinance with the change is attached for your convenience.

Fiscal Impact Analysis

HCD engaged BAE Urban Economics, an innovative, award-winning urban economics and real estate advisory consulting practice to conduct a fiscal impact analysis of the proposed New Rental Housing Tax Credit. BAE studied the pro forma implications for potential projects in the city and developed a 30-year likely revenue impact of the credit. A memo summarizing the work done and findings is attached, and Mary Burkholder, a principal at the firm, will present on the methodology used and the results.

Council Priorities

Environmentally Sustainable Community
 Community Development for an Improved & Equitable Quality of Life

Environmental Considerations

The proposed credits would incentivize potential new construction. Each potential project would be evaluated as part of the development review and permitting process, and would have to mitigate or address potential environmental impacts. Some tax credits incentivize the improvement or preservation of housing, which can result in lower emissions.

Fiscal Considerations

The New Rental Construction tax credit would not reduce current revenue, but would provide a credit that would forgo future revenue created by development for a period of time.

The Affordable Housing Preservation Tax Credit is currently expected to result in an annual revenue reduction of \$40,000 to \$197,000 depending on the AMI selected by Council (the City already waives roughly \$60,000 for affordable housing properties).

The Housing Reinvestment Credit would require an annual allocation by Council. City staff have provided a range of options that would require an allocation of \$50,000 - \$150,000.

Depending on the criteria and credits adopted, the annual reduction in tax revenue for the proposed credits could be between \$150,000 and \$407,000. Currently, the City waives roughly \$60,000 in property tax revenue to properties under existing Payment in Lieu of Taxes (PILOTs). The maximum annual cost of PILOTs in the past 10 years has been \$114,000.

A fiscal analysis has been prepared for the New Rental Housing Tax Credit to estimate the foregone revenue from the credit and will be presented at this meeting.

Racial Equity Considerations

Approximately 50% of city residents are renters, and non-Hispanic white households make up less than 20% of renter households. Roughly half of the city's renters qualify as low income. Approximately 90% of the city's housing stock was built over 40 years ago and most of the city's high-rise apartments were built before 1970.

Attachments and Links

[July 1st Housing Staff Report](#)

[July 24th Tax Credit Proposals Staff Report](#)

[Housing Tax Credits City Webpage](#)

[Housing Policy Forum Recording](#)

[October 9th Cover Memo](#)

[Presentation \(October 9, 2024\)](#)

Fiscal Analysis Memorandum

Draft Ordinance – Tracked Changes

Draft Ordinance – Clean

Draft Resolution

WORKING DRAFT

City Attorney to Staff
10.4.2024

1 Introduced by: Councilmember XXXXX

2 First Reading: MONTH XX, 202X
3 Second Reading: MONTH XX, 202X
4 Effective Date: MONTH XX, 202X

5 **CITY OF TAKOMA PARK, MARYLAND**

6
7 **ORDINANCE 2024-XX**

8
9 **AMENDING TITLE 6 OF THE CITY OF TAKOMA PARK**
10 **CODE IN ORDER TO ADD PROVISIONS TO CREATE A**
11 **NEW RENTAL HOUSING TAX CREDIT AND HOUSING**
12 **PRESERVATION TAX CREDIT**
13

14 WHEREAS, the Maryland Code, Local Government Article, Section 5-202, as amended,
15 authorizes the legislative body of each municipal corporation in the State of
16 Maryland to pass ordinances that such legislative body deems necessary to assure
17 the good government of the municipality, to protect and preserve the municipality's
18 rights, property and privileges, to preserve peace and good order, to secure persons
19 and property from danger and destruction, and to protect the health, comfort, and
20 convenience of the citizens of the municipality; and
21

22 WHEREAS, Section 401 of the City Charter states that the Council has the power to pass all
23 such ordinances not contrary to the Constitution and laws of the State of Maryland
24 as it may deem necessary for the good government of the City, for the protection
25 and preservation of the City's property, rights, and privileges, for the preservation
26 of peace and good order, for securing persons and property from violence, danger
27 or destruction, and for the protection and promotion of the health, safety, comfort,
28 convenience, welfare, and happiness of the residents of and visitors in the City; and
29

30 WHEREAS, the Council wishes to amend Title 6, Housing, of the Takoma Park Code, to provide
31 incentives to development projects which create new rental housing within the City.
32

33 NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF TAKOMA
34 PARK, MARYLAND, THAT:
35

36 SECTION 1 Title 6, Housing, of the Takoma Park Code is hereby amended as follows:
37

Chapter 6.16
LANDLORD-TENANT RELATIONS

Sections:

- 6.16.010 Legislative findings.
- 6.16.020 Applicability
- 6.16.030 Tenant rights of association
- 6.16.040 Obligations of tenants.
- 6.16.050 Obligations of landlords.
- 6.16.060 Lease requirements.
- 6.16.070 Lease term and renewal requirements.
- 6.16.080 Rent increases--Frequency and notification requirements.
- 6.16.090 Fees—General provision, permitted fees, optional fees, prohibited fees.
- 6.16.100 Utilities—Charges to tenant and transfer of utility payments.
- 6.16.110 Entry.
- 6.16.120 Notice to vacate.
- 6.16.130 Security deposits.
- 6.16.140 Defective tenancy.
- 6.16.150 Retaliatory practices.
- 6.16.155 Window Guards.
- 6.16.160 Department investigation and conciliation.
- 6.16.170 Landlord-tenant complaints
- 6.16.180 Tenant displacement and relocation expenses.
- 6.16.190 New Rental Housing Tax Credit
- 6.16.200 Housing Preservation Tax Credit

* * *

6.16.190 New Rental Housing Tax Credit

A. Definitions. As used in this Section:

- 1. “Applicant” means the party applying for the Tax Credit.
- 2. “Application” means an application for a Tax Credit submitted to the City and accepted by the City as complete.
- 3. “Department” means the City of Takoma Park Department of Housing and Community Development.
- 4. “Tax Credit” means the New Rental Housing Tax Credit.
- 5. “Project” means a proposed housing project in the City of Takoma Park.
- 6. “Site” means the parcel(s) on which the Project is being built.

7. “Net New Rental Units” means the difference between the units being proposed on the site by the project and the maximum number of units on the site in the prior three (3) fiscal years before the application as evidenced by City Records or other documentation accepted by the Department.

8. “Tax Reference Year” means the fiscal year that a Project’s Application was approved.

9. “Gross Floor Area (GFA)” means the sum of the gross horizontal areas of all floors of all buildings on a tract, measured from exterior faces of exterior walls and from the center line of walls separating buildings.

a. Gross Floor Area includes:

- i. basements;
- ii. elevator shafts and stairwells at each floor;
- iii. floor space used for mechanical equipment with structural headroom of 6 feet, 6 inches or more, except as exempted in the LSC and Industrial zones;
- iv. floor space in an attic with structural headroom of 6 feet, 6 inches or more (regardless of whether a floor has been installed); and
- v. interior balconies and mezzanines.

b. Gross Floor Area does not include:

- i. mechanical equipment on rooftops;
- ii. cellars;
- iii. unenclosed steps, balconies, and porches;
- iv. parking;
- v. floor area for publicly owned or operated uses or arts and entertainment uses provided as a public benefit under the optional method of development;
- vi. interior balconies and mezzanines for common, non-leasable area in a regional shopping center;
- vii. in the LSC and Industrial zones, floor space used for mechanical equipment; and
- viii. any floor space exclusively used for mechanical equipment for any ~~M~~medical/~~S~~cientific, ~~M~~manufacturing and ~~P~~roduction use.

8-10. “Residential Gross Floor Area” means the portion of a building or Project’s Gross Floor Area that is devoted exclusively to residential use.

B. Project Eligibility. A Project is eligible for the Tax Credit if:

- 1. The Project is located within the City Limits;
- 2. The Project will create ten (10) or more Net New Rental Units;

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2 3. The Project has received all necessary planning approvals required by the Maryland
3 National Capitol Parks and Planning Commission;
4

5 4. The Project has been issued all permits required by the City for its construction,
6 with eligibility for the Tax Credit conditioned on Applicant obtaining a Use and Occupancy
7 Certificate prior to the start of the Tax Credit Period; and
8

9 5. The Site does not have a currently active New Rental Housing Tax Credit.
10

11 6. Applicant and the owner of Site must be in good standing with all State, County
12 and City laws and regulations.
13

14 C. Application Requirements. Each Applicant must submit an Application for the Tax Credit on
15 a method and form set forth by the Department. The Department will evaluate an application
16 for completeness and may direct an Applicant to provide additional materials or clarification
17 as part of evaluating the tax credit amount and a Project's eligibility.
18

19 D. Tax Credit Period and Amount. The length and amount of the Tax Credit shall be as follows:
20

21 1. The Tax Credit shall only apply to Takoma Park City Real Property Taxes only.
22

23 2. The Tax Credit shall begin the next Fiscal Year after the date the Occupancy and
24 Use Certificate was issued by Montgomery County.
25

26 a. The City Manager may alter the start date of the Tax Credit. An alteration
27 must be communicated in writing to the Applicant at least thirty (30) days in
28 advance of a new fiscal year.
29

30 3. The Tax Credit shall last for no longer than fifteen (15) fiscal years from the year
31 the Application was approved.
32

33 4. For the first ten (10) years, the amount of the Tax Credit shall be calculated by
34 subtracting the amount of the Site's tax bill for that fiscal year from the Site's tax bill during
35 the Tax Reference Year. The amount of the Tax Credit shall be recalculated based on this
36 formula each fiscal year during the first ten (10) years.
37

38 5. In year eleven (11), the amount of the Tax Credit shall be eighty percent (80%) of
39 the difference between the tax bill of the Site in that fiscal year and the tax bill of the Site
40 in the Tax Reference Year.
41

42 6. In year twelve (12), the amount of the Tax Credit shall be sixty percent (60%) of
43 the difference between the tax bill of the Site in that fiscal year and the tax bill of the Site
44 in the Tax Reference Year.
45

46 7. In year thirteen (13), the amount of the Tax Credit shall be forty percent (40%) of

1 the difference between the tax bill of the Site in that fiscal year and the tax bill of the Site
2 in the Tax Reference Year.

3
4 8. In year fourteen (14), the amount of the Tax Credit shall be twenty percent (20%)
5 of the difference between the tax bill of the Site in that fiscal year and the tax bill of the
6 Site in the Tax Reference Year.

7
8 9. In year fifteen (15), the amount of the Tax Credit shall be ten percent (10%) of the
9 difference between the tax bill of the Site in that fiscal year and the tax bill of the Site in
10 the Tax Reference Year.

11
12 E. Adjustment for previously existing units. The amount of the Tax Credit shall be adjusted each
13 year by multiplying the amount of the Tax Credit by the quotient of the net new rental units
14 divided by the total number of housing units of the Project.

15
16 E.F. Adjustment for mixed use development. The amount of the Tax Credit shall be adjusted
17 each year by multiplying the amount of the Tax Credit by the quotient of the ~~R~~Residential
18 ~~G~~Gross Floor area divided by the ~~G~~Gross Floor ~~A~~Area of the Project.

19
20 E.G. Tax Credit suspension and revocation. The City Manager may suspend or revoke a Tax
21 Credit if the Project is in violation of State, County or City laws, ordinances, or administrative
22 regulations.

23
24 1. The City Manager shall issue a written notice of the action setting forth the specific
25 reasons for the action and serve the notice on the property owner or agent of the property
26 as provided in Sections 1.04.120(C) and (D).

27
28 2. The property owner or agent, may, within 15 calendar days after service of the
29 written notice of the action, appeal the action to the City Council by filing a written notice
30 of appeal to the City. An appeal does not stay the City Manager's action unless the Council
31 stays the action for good cause.

32
33 G.H. Applicants found to have mistakenly included false statements on applications for the Tax
34 Credit will be subject to the correction of any erroneously awarded credit amount in the event
35 that the credit granted exceeded the amount the Applicant was actually entitled to.

36
37 H.I. Applicants found to have intentionally included false statements on applications for the
38 Tax Credit will be subject to the permanent removal of the credit and will be liable for any
39 credit amounts previously awarded, as well as back taxes due with penalties and interest.

40 * * *

41
42
43 **6.16.200 Affordable Housing Preservation Tax Credit**

44 A. Definitions. As used in this Section:

45
46 1. "Applicant" means the party applying for the Tax Credit.

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1
2 2. “Application” means an application for a Tax Credit submitted to the City and
3 accepted by the City as complete.
4

5 3. “Department” means the City of Takoma Park Department of Housing and
6 Community Development.
7

8 4. “Tax Credit” means the Affordable Housing Preservation Tax Credit.
9

10 5. “Property” means a pre-existing Multi-Family Dwelling that is the subject of an
11 Application under this Section.
12

13 6. “Qualified Dwelling Unit” means a Dwelling Unit that is subject to at least one of
14 the restrictions identified in (B)(3) of this Section.
15

16 B. Credit Eligibility. A Property is eligible for the Tax Credit if:
17

18 1. The Property is located within the City Limits;
19

20 2. The Property is a Multifamily facility for rent containing at least 10 dwelling units.
21

22 3. The Property has a deed-restriction or other recorded agreement in the Land
23 Records for Montgomery County that provides for at least one of the following restrictions
24 on some, if not all, of the of the Property’s Dwelling Units:
25

26 a. The total yearly rent for tenants residing at the Property’s Qualified
27 Dwelling Units is capped at 30% of the area’s median income as reported by the
28 U.S. Department of Housing and Urban Development with tenancy in the
29 Property’s Qualified Dwelling Units restricted to individuals or families that make
30 80% or below the area median income. HUD’s annual reporting on area median
31 income can be found at: [https://www.hudexchange.info/programs/home/home-](https://www.hudexchange.info/programs/home/home-income-limits/)
32 [income-limits/](https://www.hudexchange.info/programs/home/home-income-limits/).
33

34 b. Tenancy at the Property’s Qualified Dwelling Units is restricted to seniors
35 of age 62 or older.
36

37 c. Tenancy at the Property’s Qualified Dwelling Units is restricted to
38 households with individuals currently receiving disability benefits from the Federal
39 Social Security Disability Insurance program or the Supplemental Security Income
40 program and who have annual earned income of 80% or below the area’s median
41 income as reported by the U.S. Department of Housing and Urban Development.
42 HUD’s annual reporting on area median income can be found at:
43 <https://www.hudexchange.info/programs/home/home-income-limits/>.
44

45 d. The Property’s Qualified Dwelling Units are restricted for use as either
46 transitional or permanent supporting housing for the formerly homeless. For a

1 Dwelling Unit to meet this criterion. Landlord must show that the Property is a
2 participant in a supportive housing program aimed at providing residents with rental
3 assistance or ongoing supporting services for individuals that are recently or
4 chronically homeless.

5
6 4. The Property has a valid Use & Occupancy Certificate.

7
8 5. The Property and its Owner are in good standing with all State, County and City
9 laws and regulations.

10
11 C. Application Requirements. Each Applicant must submit an Application for the Tax Credit on
12 a method and form set forth by the Department. The Department will evaluate an application
13 for completeness and may direct an Applicant to provide additional materials or clarification
14 as part of evaluating the tax credit amount and a Property's eligibility.

15
16 D. Tax Credit Period and Amount. The length and amount of the Tax Credit shall be as follows:

17
18 1. The Tax Credit shall only apply to Takoma Park City Real Property Taxes only.

19
20 2. The Tax Credit shall begin the next Fiscal Year after the date the Property's
21 Application is approved by the City.

22
23 a. The City Manager may alter the start date of the Tax Credit. An alteration
24 must be communicated in writing to the Applicant at least thirty (30) days in
25 advance of a new fiscal year.

26
27 3. The Tax Credit shall continue as long as the Property remains subject to the deed-
28 restrictions and/or land-use agreements identified above. If the Property is found to no
29 longer comply with these land-use restrictions, the Tax Credit shall terminate with
30 immediate effect.

31
32 4. The Tax Credit shall be a proportional reduction in the Property's yearly tax bill
33 not to exceed fifty percent (50%) of any fiscal year's property taxes. The Property's tax
34 reduction shall be calculated based on the number of dwelling units meeting the eligibility
35 criteria outlined in 6.16.200(B)(2) of this Section divided by the Property's total number
36 of dwelling units.

37
38 5. Eligibility for the Tax Credit shall be monitored by the Department on a yearly
39 basis in such a manner as set by the Department.

40
41 E. Tax Credit suspension and revocation. The City Manager may suspend or revoke a Tax Credit
42 if the Property is in violation of State, County or City laws, ordinances, or administrative
43 regulations.

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45 1. The City Manager shall issue a written notice of the action setting forth the specific
46 reasons for the action and serve the notice on the property owner or agent of the property

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8 F. Applicants found to have mistakenly included false statements on applications for the Tax
9 Credit will be subject to the correction of any erroneously awarded credit amount in the event
10 that the credit granted exceeded the amount the Applicant was actually entitled to.
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12 G. Applicants found to have intentionally included false statements on applications for the Tax
13 Credit will be subject to the permanent removal of the credit and will be liable for any credit
14 amounts previously awarded, as well as back taxes due with penalties and interest.
15

16 H. If the Property is found to no longer comply with the land-use restrictions indicated in this
17 Section and Applicant failed to notify the City in a timely manner, Applicant will be liable for
18 any credit amounts previously awarded to Applicant starting from the date the Property fell
19 out of compliance with the land-use restrictions indicated in this Section, with penalties and
20 interest.
21

22 * * *

23
24 SECTION 4. The provisions of this ordinance are severable. If any part of this act is declared
25 invalid or unconstitutional, that declaration shall not affect any part which remains.
26

27 SECTION 5. This Ordinance shall become effective on MONTH XX, 202X.
28

29 Adopted this XXnd day of XXXX, 2024, by roll-call vote as follows:
30

31 AYE: None
32 NAY: None
33 ABSENT: None
34 ABSTAIN: None
35

36 Explanatory Note: New text is indicated with underlining and deleted text is indicated with
37 ~~strikethrough~~.
38

1 Introduced by: Councilmember XXXXX

First Reading: MONTH XX, 202X

2 Second Reading: MONTH XX, 202X

3 Effective Date: MONTH XX, 202X

4
5 **CITY OF TAKOMA PARK, MARYLAND**

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7 **ORDINANCE 2024-XX**

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10 **CODE IN ORDER TO ADD PROVISIONS TO CREATE A**
11 **NEW RENTAL HOUSING TAX CREDIT AND HOUSING**
12 **PRESERVATION TAX CREDIT**
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22 WHEREAS, Section 401 of the City Charter states that the Council has the power to pass all
23 such ordinances not contrary to the Constitution and laws of the State of Maryland
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- 6.16.200 Housing Preservation Tax Credit

* * *

6.16.190 New Rental Housing Tax Credit

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18 Industrial zones;
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20 more (regardless of whether a floor has been installed); and
- 21 v. interior balconies and mezzanines.

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23 b. Gross Floor Area does not include:

- 24 i. mechanical equipment on rooftops;
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- 26 iii. unenclosed steps, balconies, and porches;
- 27 iv. parking;
- 28 v. floor area for publicly owned or operated uses or arts and
29 entertainment uses provided as a public benefit under the optional
30 method of development;
- 31 vi. interior balconies and mezzanines for common, non-leasable area in
32 a regional shopping center;
- 33 vii. in the LSC and Industrial zones, floor space used for mechanical
34 equipment; and
- 35 viii. any floor space exclusively used for mechanical equipment for any
36 medical/scientific manufacturing and production use.

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- 42
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- 44
45 2. The Project will create ten (10) or more Net New Rental Units;

1 3. The Project has received all necessary planning approvals required by the Maryland
2 National Capitol Parks and Planning Commission;

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4 4. The Project has been issued all permits required by the City for its construction,
5 with eligibility for the Tax Credit conditioned on Applicant obtaining a Use and Occupancy
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8 5. The Site does not have a currently active New Rental Housing Tax Credit.

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10 6. Applicant and the owner of Site must be in good standing with all State, County
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30 the Application was approved.

31
32 4. For the first ten (10) years, the amount of the Tax Credit shall be calculated by
33 subtracting the amount of the Site's tax bill for that fiscal year from the Site's tax bill during
34 the Tax Reference Year. The amount of the Tax Credit shall be recalculated based on this
35 formula each fiscal year during the first ten (10) years.

36
37 5. In year eleven (11), the amount of the Tax Credit shall be eighty percent (80%) of
38 the difference between the tax bill of the Site in that fiscal year and the tax bill of the Site
39 in the Tax Reference Year.

40
41 6. In year twelve (12), the amount of the Tax Credit shall be sixty percent (60%) of
42 the difference between the tax bill of the Site in that fiscal year and the tax bill of the Site
43 in the Tax Reference Year.

44
45 7. In year thirteen (13), the amount of the Tax Credit shall be forty percent (40%) of
46 the difference between the tax bill of the Site in that fiscal year and the tax bill of the Site

1 in the Tax Reference Year.

2
3 8. In year fourteen (14), the amount of the Tax Credit shall be twenty percent (20%)
4 of the difference between the tax bill of the Site in that fiscal year and the tax bill of the
5 Site in the Tax Reference Year.

6
7 9. In year fifteen (15), the amount of the Tax Credit shall be ten percent (10%) of the
8 difference between the tax bill of the Site in that fiscal year and the tax bill of the Site in
9 the Tax Reference Year.

10
11 E. Adjustment for previously existing units. The amount of the Tax Credit shall be adjusted each
12 year by multiplying the amount of the Tax Credit by the quotient of the net new rental units
13 divided by the total number of housing units of the Project.

14
15 F. Adjustment for mixed use development. The amount of the Tax Credit shall be adjusted each
16 year by multiplying the amount of the Tax Credit by the quotient of the Residential Gross Floor
17 area divided by the Gross Floor Area of the Project.

18
19 G. Tax Credit suspension and revocation. The City Manager may suspend or revoke a Tax Credit
20 if the Project is in violation of State, County or City laws, ordinances, or administrative
21 regulations.

22
23 1. The City Manager shall issue a written notice of the action setting forth the specific
24 reasons for the action and serve the notice on the property owner or agent of the property
25 as provided in Sections 1.04.120(C) and (D).

26
27 2. The property owner or agent, may, within 15 calendar days after service of the
28 written notice of the action, appeal the action to the City Council by filing a written notice
29 of appeal to the City. An appeal does not stay the City Manager’s action unless the Council
30 stays the action for good cause.

31
32 H. Applicants found to have mistakenly included false statements on applications for the Tax
33 Credit will be subject to the correction of any erroneously awarded credit amount in the event
34 that the credit granted exceeded the amount the Applicant was actually entitled to.

35
36 I. Applicants found to have intentionally included false statements on applications for the Tax
37 Credit will be subject to the permanent removal of the credit and will be liable for any credit
38 amounts previously awarded, as well as back taxes due with penalties and interest.

39
40 * * *

41
42 **6.16.200 Affordable Housing Preservation Tax Credit**

43 A. Definitions. As used in this Section:

44
45 1. “Applicant” means the party applying for the Tax Credit.

1 2. “Application” means an application for a Tax Credit submitted to the City and
2 accepted by the City as complete.

3
4 3. “Department” means the City of Takoma Park Department of Housing and
5 Community Development.

6
7 4. “Tax Credit” means the Affordable Housing Preservation Tax Credit.

8
9 5. “Property” means a pre-existing Multi-Family Dwelling that is the subject of an
10 Application under this Section.

11
12 6. “Qualified Dwelling Unit” means a Dwelling Unit that is subject to at least one of
13 the restrictions identified in (B)(3) of this Section.

14
15 B. Credit Eligibility. A Property is eligible for the Tax Credit if:

16
17 1. The Property is located within the City Limits;

18
19 2. The Property is a Multifamily facility for rent containing at least 10 dwelling units.

20
21 3. The Property has a deed-restriction or other recorded agreement in the Land
22 Records for Montgomery County that provides for at least one of the following restrictions
23 on some, if not all, of the of the Property’s Dwelling Units:

24
25 a. The total yearly rent for tenants residing at the Property’s Qualified
26 Dwelling Units is capped at 30% of the area’s median income as reported by the
27 U.S. Department of Housing and Urban Development with tenancy in the
28 Property’s Qualified Dwelling Units restricted to individuals or families that make
29 80% or below the area median income. HUD’s annual reporting on area median
30 income can be found at: [https://www.hudexchange.info/programs/home/home-](https://www.hudexchange.info/programs/home/home-income-limits/)
31 [income-limits/](https://www.hudexchange.info/programs/home/home-income-limits/).

32
33 b. Tenancy at the Property’s Qualified Dwelling Units is restricted to seniors
34 of age 62 or older.

35
36 c. Tenancy at the Property’s Qualified Dwelling Units is restricted to
37 households with individuals currently receiving disability benefits from the Federal
38 Social Security Disability Insurance program or the Supplemental Security Income
39 program and who have annual earned income of 80% or below the area’s median
40 income as reported by the U.S. Department of Housing and Urban Development.
41 HUD’s annual reporting on area median income can be found at:
42 <https://www.hudexchange.info/programs/home/home-income-limits/>.

43
44 d. The Property’s Qualified Dwelling Units are restricted for use as either
45 transitional or permanent supporting housing for the formerly homeless. For a
46 Dwelling Unit to meet this criterion, Landlord must show that the Property is a

1 participant in a supportive housing program aimed at providing residents with rental
2 assistance or ongoing supporting services for individuals that are recently or
3 chronically homeless.
4

5 4. The Property has a valid Use & Occupancy Certificate.
6

7 5. The Property and its Owner are in good standing with all State, County and City
8 laws and regulations.
9

10 C. Application Requirements. Each Applicant must submit an Application for the Tax Credit on
11 a method and form set forth by the Department. The Department will evaluate an application
12 for completeness and may direct an Applicant to provide additional materials or clarification
13 as part of evaluating the tax credit amount and a Property's eligibility.
14

15 D. Tax Credit Period and Amount. The length and amount of the Tax Credit shall be as follows:
16

17 1. The Tax Credit shall only apply to Takoma Park City Real Property Taxes only.
18

19 2. The Tax Credit shall begin the next Fiscal Year after the date the Property's
20 Application is approved by the City.
21

22 a. The City Manager may alter the start date of the Tax Credit. An alteration
23 must be communicated in writing to the Applicant at least thirty (30) days in
24 advance of a new fiscal year.
25

26 3. The Tax Credit shall continue as long as the Property remains subject to the deed-
27 restrictions and/or land-use agreements identified above. If the Property is found to no
28 longer comply with these land-use restrictions, the Tax Credit shall terminate with
29 immediate effect.
30

31 4. The Tax Credit shall be a proportional reduction in the Property's yearly tax bill
32 not to exceed fifty percent (50%) of any fiscal year's property taxes. The Property's tax
33 reduction shall be calculated based on the number of dwelling units meeting the eligibility
34 criteria outlined in 6.16.200(B)(2) of this Section divided by the Property's total number
35 of dwelling units.
36

37 5. Eligibility for the Tax Credit shall be monitored by the Department on a yearly
38 basis in such a manner as set by the Department.
39

40 E. Tax Credit suspension and revocation. The City Manager may suspend or revoke a Tax Credit
41 if the Property is in violation of State, County or City laws, ordinances, or administrative
42 regulations.
43

44 1. The City Manager shall issue a written notice of the action setting forth the specific
45 reasons for the action and serve the notice on the property owner or agent of the property
46 as provided in Sections 1.04.120(C) and (D).

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2. The Property owner or their agent, may, within 15 calendar days after service of the written notice of the action, appeal the action to the City Council by filing a written notice of appeal to the City. An appeal does not stay the City Manager’s action unless the Council stays the action for good cause.

F. Applicants found to have mistakenly included false statements on applications for the Tax Credit will be subject to the correction of any erroneously awarded credit amount in the event that the credit granted exceeded the amount the Applicant was actually entitled to.

G. Applicants found to have intentionally included false statements on applications for the Tax Credit will be subject to the permanent removal of the credit and will be liable for any credit amounts previously awarded, as well as back taxes due with penalties and interest.

H. If the Property is found to no longer comply with the land-use restrictions indicated in this Section and Applicant failed to notify the City in a timely manner, Applicant will be liable for any credit amounts previously awarded to Applicant starting from the date the Property fell out of compliance with the land-use restrictions indicated in this Section, with penalties and interest.

* * *

SECTION 4. The provisions of this ordinance are severable. If any part of this act is declared invalid or unconstitutional, that declaration shall not affect any part which remains.

SECTION 5. This Ordinance shall become effective on MONTH XX, 202X.

Adopted this XXnd day of XXXX, 2024, by roll-call vote as follows:

AYE: None
NAY: None
ABSENT: None
ABSTAIN: None

Explanatory Note: New text is indicated with underlining and deleted text is indicated with ~~strikethrough~~.