

1 Introduced by: Councilmember XXXXX
2

First Reading: MONTH XX, 202X
Second Reading: MONTH XX, 202X
Effective Date: MONTH XX, 202X
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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
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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:
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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

* * *

SECTION 3. Title 6, Landlord-Tenant Relations, of the Takoma Park Code is hereby amended as follows:

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.

1
2 6. “Site” means the parcel(s) on which the Project is being built.

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

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

11
12 9. “Gross Floor Area (GFA)” means the sum of the gross horizontal areas of all floors
13 of all buildings on a tract, measured from exterior faces of exterior walls and from the
14 center line of walls separating buildings.

15
16 a. Gross Floor Area includes:

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

25
26 b. Gross Floor Area does not include:

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

40
41 10. “Residential Gross Floor Area” means the portion of a building or Project’s Gross
42 Floor Area that is devoted exclusively to residential use.

43
44 B. Project Eligibility. A Project is eligible for the Tax Credit if:

45
46 1. The Project is located within the City Limits;

1
2 2. The Project will create ten (10) or more Net New Rental Units;

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

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

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

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

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

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

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

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

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

31
32 3. The Tax Credit shall last for no longer than fifteen (15) fiscal years after the fiscal
33 year following the date the Occupancy and Use Certificate is issued by Montgomery
34 County.

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

40
41 5. In year eleven (11), the amount of the Tax Credit shall be eighty percent (80%) 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 6. In year twelve (12), the amount of the Tax Credit shall be sixty percent (60%) 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 7. In year thirteen (13), the amount of the Tax Credit shall be forty percent (40%) of
4 the difference between the tax bill of the Site in that fiscal year and the tax bill of the Site
5 in the Tax Reference Year.

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

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

14
15 E. Adjustment for previously existing units. 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 net new rental units
17 divided by the total number of housing units of the Project.

18
19 F. Adjustment for mixed use development. The amount of the Tax Credit shall be adjusted each
20 year by multiplying the amount of the Tax Credit by the quotient of the Residential Gross Floor
21 area divided by the Gross Floor Area of the Project.

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

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

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

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

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

* * *

SECTION 4. Title 6, Landlord-Tenant Relations, of the Takoma Park Code is hereby amended as follows:

6.16.200 Affordable Housing Preservation 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 Affordable Housing Preservation Tax Credit.
5. “Property” means a pre-existing Multi-Family Dwelling that is the subject of an Application under this Section.
6. “Qualified Dwelling Unit” means a Dwelling Unit that is subject to at least one of the restrictions identified in (B)(3) of this Section.

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

1. The Property is located within the City Limits;
2. The Property has a deed-restriction or other regulatory agreement with a government agency that provides for at least one of the following restrictions on some, if not all, of the Property’s Dwelling Units:
 - a. The Qualified Dwelling Units are required to have a rent level affordable to households making 30% or below the area’s median income, as reported by the U.S. Department of Housing and Urban Development.
 - b. Tenancy at the Property’s Qualified Dwelling Units is restricted to seniors of age 62 or older.
 - c. Tenancy at the Property’s Qualified Dwelling Units is restricted to households with individuals currently receiving disability benefits from the Federal Social Security Disability Insurance program or the Supplemental Security Income program and who have annual earned income of 80% or below the area’s median income as reported by the U.S. Department of Housing and Urban Development.

1 d. The Property's Qualified Dwelling Units are restricted for use as either
2 transitional or permanent supporting housing for the formerly homeless. For a
3 Dwelling Unit to meet this criterion, Landlord must show that the Property is a
4 participant in a supportive housing program aimed at providing residents with rental
5 assistance or ongoing supporting services for individuals that are recently or
6 chronically homeless in a manner deemed acceptable by Department regulations.

7
8 3. The Property has a valid Use & Occupancy Certificate.
9

10 4. The Property and its Owner are in good standing with all State, County and City
11 laws and regulations.
12

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

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

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

22 2. The Tax Credit shall begin the next Fiscal Year after the date the Property's
23 Application is approved by the City.
24

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

29 3. The Tax Credit shall continue as long as the Property remains subject to the deed-
30 restrictions and/or land-use agreements identified above. If the Property is found to no
31 longer comply with these land-use restrictions, the Tax Credit shall terminate with
32 immediate effect.
33

34 4. The Tax Credit shall be a proportional reduction in the Property's yearly tax bill
35 not to exceed fifty percent (50%) of any fiscal year's property taxes. The Property's tax
36 reduction shall be calculated based on the number of dwelling units meeting the eligibility
37 criteria outlined in 6.16.200(B)(2) of this Section divided by the Property's total number
38 of dwelling units.
39

40 5. Eligibility for the Tax Credit shall be monitored by the Department on a yearly
41 basis in such a manner as set by the Department.
42

43 E. Tax Credit suspension and revocation. The City Manager may suspend or revoke a Tax Credit
44 if the Property is in violation of State, County or City laws, ordinances, or administrative
45 regulations.
46

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

4
5 2. The Property owner or their agent, may, within 15 calendar days after service of
6 the written notice of the action, appeal the action to the City Council by filing a written
7 notice of appeal to the City. An appeal does not stay the City Manager’s action unless the
8 Council stays the action for good cause.

9
10 F. Applicants found to have mistakenly included false statements on applications for the Tax
11 Credit will be subject to the correction of any erroneously awarded credit amount in the event
12 that the credit granted exceeded the amount the Applicant was actually entitled to.

13
14 G. Applicants found to have intentionally included false statements on applications for the Tax
15 Credit will be subject to the permanent removal of the credit and will be liable for any credit
16 amounts previously awarded, as well as back taxes due with penalties and interest.

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

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24 * * *

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26 SECTION 5. The provisions of this ordinance are severable. If any part of this act is declared
27 invalid or unconstitutional, that declaration shall not affect any part which remains.

28
29 SECTION 6. This Ordinance shall become effective on MONTH XX, 202X.

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

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

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