

Introduced by: Councilmember Snipper

First Reading: November 23, 2009
Second Reading: November 30, 2009
Effective Date: December 21, 2009

CITY OF TAKOMA PARK

ORDINANCE NO. 2009-54A

(An Ordinance Authorizing the City of Takoma Park to Enter Into an Amended Agreement with Montgomery Housing Partnership, Inc. for a Payment in Lieu of Taxes for the Property at 8508-10 Flower Avenue)

WHEREAS, Montgomery Housing Partnership, Inc., a nonprofit corporation, purchased 8508-10 Flower Avenue, Takoma Park, Maryland on April 4, 2007; and

WHEREAS, Montgomery Housing Partnership, Inc. has agreed to rent at least 80% of the apartments at the property to low or moderate income households; and

WHEREAS, under Section 7-503(a) of the Tax-Property Article of the Annotated Code of Maryland, a nonprofit tax-exempt corporation that operates or manages rental housing that serves low-income households may be eligible under certain conditions to make a payment in lieu of taxes (“PILOT”) on the real property; and

WHEREAS, Montgomery Housing Partnership, Inc. has represented that it qualifies under the provisions of Section 7-503 to enter into an agreement with the City to pay a negotiated amount in lieu of City real property taxes; and

WHEREAS, on June 12, 2007, the City of Takoma Park and Montgomery Housing Partnership, Inc. entered into a 10-year PILOT Agreement for the full abatement of local property taxes for 8508-10 Flower Avenue for an initial five-year period, a 75% abatement the following three-years, and a 50% abatement for the final two years of the ten-year agreement; and

WHEREAS, MHP was informed on October 21, 2009 that its primary lender will not provide full permanent financing for the project as it will not meet its underwriting criteria once the PILOT Agreement expires in 2017; and

WHEREAS, MHP has requested the amendment of its 2007 PILOT Agreement which would allow them to maintain the financial integrity of the project and close a \$55,000 gap that would otherwise exist in the financing of the project if they are unable to satisfy their lender’s underwriting criteria; and

WHEREAS, Council has determined that the amendment of Montgomery Housing Partnership, Inc. PILOT Agreement serves a public purpose and promotes the peace, health, and general welfare of the City and its residents by preserving affordable housing for residents with low and moderate incomes.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF TAKOMA PARK, MARYLAND, THAT the Council approves the amendment of the Payment in Lieu of Taxes (“PILOT”) Agreement with Montgomery Housing Partnership, Inc., its successors and/or transferees, for the property at 8508-10 Flower Avenue as follows:

A. For the first four levy years following adoption of the amended PILOT, Montgomery Housing Partnership, Inc. shall have a 75% abatement of real property taxes paid to the City; and a 50% abatement of real property taxes paid to the City for the following twelve levy years of the PILOT Agreement, and

B. A minimum of two units at 8508-10 Flower Avenue shall be occupied by households at or below 30% of the Washington Metropolitan Statistical Area (WMSA) median; three units shall be occupied by households at or below 40% of the WMSA median; and 12 units will be occupied by households at or below 60% of the WMSA median. Four units will have unrestricted rents.

C. The tax abatement shall be effective beginning with Tax Levy Year 2010 (tax period July 1, 2010 - June 30, 2027).

The City Manager is authorized to enter into an amended PILOT Agreement on behalf of the City with Montgomery Housing Partnership, Inc., its successors and/or transferees, under the provisions of Section 7-503(a) of the Tax-Property Article of the Annotated Code of Maryland, for the property at 8508-10 Flower Avenue, Takoma Park, Maryland and to take such actions and execute such documents as are necessary in order to carry out the purposes of this Ordinance.

ADOPTED this 30th day of November, 2009 by roll-call vote as follows:

AYE: Williams, Wright, Clay, Seamens, Snipper, Schultz
NAY: Robinson
ABSTAIN: None
ABSENT: None