

Introduced by: Councilmember Seamens

First Reading: October 29, 2015

Second Reading: November 9, 2015

Effective Date: November 30, 2015

CITY OF TAKOMA PARK, MARYLAND

ORDINANCE NO. 2015-52

**An Ordinance Authorizing the City to Enter Into an Agreement with
Montgomery Housing Partnership, Inc. for Payment in Lieu of Taxes for
Hillwood Manor Apartments in Takoma Park, Maryland.**

WHEREAS, Montgomery Housing Partnership, Inc. (“MHP”), a nonprofit tax-exempt Section 501(c)(3) corporation, or a MHP subsidiary entity, will be purchasing the rental facility known as Hillwood Manor Apartments and located at 1100 Linden Avenue, Takoma Park, Maryland (“Hillwood Manor” or “property”); and

WHEREAS, Hillwood Manor is a garden-style apartment community located along the New Hampshire Avenue corridor in Council Ward 6, built in or about 1944, and the property is in need of major system upgrades, modernization, and site improvements; and

WHEREAS, Hillwood Manor is currently occupied by tenants and will be substantially rehabilitated within three to five years following its acquisition by MHP, including upgrading the electrical and mechanical systems, new kitchens and bathrooms, new roofs, upgraded building hallways, improved interior and exterior lighting, and landscaping improvements; and

WHEREAS, promptly after acquisition of the property, MHP intends to correct deferred maintenance issues and to retain a professional property management team to operate and stabilize the property; and

WHEREAS, the Council supports the provision and protection of affordable housing in the City and efforts to promote economically inclusive communities; 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 is partially or totally financed under a government program that provides housing for low-income households may be eligible under certain conditions to make a payment in lieu of taxes (“PILOT”) on real property; and

WHEREAS, MHP has represented that it qualifies under the provisions of Section 7-503 to enter into an agreement with the City of Takoma Park to pay a negotiated amount in lieu of City real property taxes on the property; and

WHEREAS, MHP has requested a five year PILOT Agreement with the City for Hillwood Manor that would provide for a full 100% abatement of City real property taxes for the first five tax levy years following MHP's acquisition of the property; and

WHEREAS, in order to ensure that the property continues to serve low and moderate income residents, MHP will agree with the City that at least 48 of the 96 units in the Property must be rented to persons or households with incomes less than or equal to 60% of the median income for the Washington Metropolitan Statistical Area ("WMSA") as determined from time to time by the United States Department of Housing and Urban Development ("HUD"), adjusted for family size; and

WHEREAS, MHP has represented to the Council that it anticipates a need for the renewal or extension of the PILOT Agreement for the property from the City, following expiration of the term of the five year PILOT Agreement approved by this Ordinance; and

WHEREAS, MHP has further advised the Council that it intends to apply for a grant of exemption from rent stabilization under City Chapter 6.20.030(A)2); and

WHEREAS, the Council finds that this PILOT Agreement with MHP for Hillwood Manor 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 a Payment in Lieu of Taxes ("PILOT") Agreement with Montgomery Housing Partnership, Inc., or a MHP subsidiary, for Hillwood Manor Apartments, 1100 Linden Lane, Takoma Park, Maryland, as follows:

- A. The term of the PILOT Agreement shall be for five tax levy years, beginning with July 1st of the tax levy year following acquisition of the property by MHP or a MHP subsidiary. The PILOT Agreement shall provide for a 100% abatement of City real property taxes during the term of the Agreement.
- B. A minimum of 50% of the units at Hillwood Manor Apartments, 1100 Linden Lane, Takoma Park, Maryland, shall be occupied by low income households (*i.e.*, households with incomes equal to 60% or less of the area median household income) during the term of the PILOT Agreement.
- C. The City tax abatement shall be effective with the beginning of the first tax levy year (*i.e.*, July 1st) following acquisition of the property known as Hillwood Manor Apartments, 1100 Linden Lane., Takoma Park, Maryland, by MHP or a MHP subsidiary.

The City Manager is authorized to enter into a PILOT Agreement on behalf of the City with Montgomery Housing Partnership, Inc., or a MHP subsidiary entity, under the provisions of Section 7-503(a) of the Tax-Property Article of the *Annotated Code of Maryland*, for the property known as Hillwood Manor Apartments, 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 BY THE COUNCIL OF THE CITY OF TAKOMA PARK, MARYLAND,
THIS 9TH DAY OF NOVEMBER, 2015, BY ROLL-CALL VOTE AS FOLLOWS:**

Aye: Williams, Grimes, Male, Stewart, Seamens, Smith, Schultz
Nay: None
Absent: None
Abstain: None