

Introduced by: Councilmember Seamens

First Reading: February 22, 2017

Second Reading: March 1, 2017

Effective Date: March 22, 2017

**CITY OF TAKOMA PARK, MARYLAND
ORDINANCE NO. 2017-7**

**AUTHORIZING THE CITY TO EXTEND A PAYMENT IN LIEU OF TAXES
AGREEMENT WITH MHP TPP, LLC FOR PROPERTY AT
1001, 1003, & 1005 EAST UNIVERSITY BLVD., TAKOMA PARK, MARYLAND.**

WHEREAS, MHP TPP, LLC, a Maryland limited liability company, is the owner of Merrimac Gardens, a 20-unit rental property at 1001, 1003, & 1005 East University Blvd., Takoma Park, Maryland, that provides affordable housing to residents with low and moderate incomes; and

WHEREAS, Montgomery Housing Partnership, Inc. (“MHP”) is the sole member of the limited liability company known as MHP TPP, LLC; and

WHEREAS, the Council supports the provision and protection of affordable housing in the City and, by Ordinance No. 2006-16 adopted on May 14, 2006, authorized a 10-year Payment in Lieu of Taxes (“PILOT”) Agreement with MHP TPP, LLC for 1001, 1003, & 1005 East University Blvd., Takoma Park, Maryland; and

WHEREAS, the PILOT Agreement, made effective July 1, 2007, provided for a full abatement of City property taxes for 1001, 1003, & 1005 East University Blvd., Takoma Park, Maryland, for a 5-year period (Levy Years 2007-2011), a 75% abatement of City property taxes for the following 3 years (Levy Years 2012-2014), and a 50% abatement of City property taxes for the final 2 years (Levy Years 2015-2016) of the PILOT Agreement; and

WHEREAS, MHP has requested that the City extend the PILOT Agreement for 1001, 1003, & 1005 East University Blvd., Takoma Park, Maryland, for an additional 10 years, beginning with Levy Year 2017 (tax period 7/1/17 to 6/30/18), and abate 50% of the City property taxes for the entire term of the extended PILOT Agreement; and

WHEREAS, in order to ensure that 1001, 1003, & 1005 East University Blvd., Takoma Park, Maryland, continues to serve low and moderate income residents, MHP TPP, LLC will agree with the City that at least 50% of the apartments rented at the property will be occupied by low or moderate income households for the 10-year term of the extended PILOT Agreement; 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, MHP, as the sole member of MHP TPP, LLC, represents that it continues to qualify 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, the Council finds that extension of the PILOT Agreement with MHP TPP, LLC for 1001, 1003, & 1005 East University Blvd., Takoma Park, Maryland, 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 PILOT Agreement with MHP TPP, LLC for Merrimac Gardens, located at 1001, 1003, & 1005 East University Blvd., Takoma Park, Maryland, as follows:

A. For Tax Levy Years 2017 (tax period 7/1/17 to 6/30/18) through 2026 (tax period 7/1/26 to 6/30/27), MHP TPP, LLC shall have a 50% abatement of City real property taxes for Merrimac Gardens, located at 1001, 1003, & 1005 East University Blvd., Takoma Park, Maryland; and

B. A minimum of 50% of the rental units at Merrimac Gardens, located at 1001, 1003, & 1005 East University Blvd., Takoma Park, Maryland, shall be occupied by low or moderate income households (*i.e.*, households with incomes at or below 80% of the Washington Metropolitan Statistical Area (“WMASA”) median income).

The City Manager is authorized to enter into a PILOT Agreement on behalf of the City with MHP TPP, LLC, under the provisions of Section 7-503(a) of the Tax-Property Article of the *Annotated Code of Maryland*, for Merrimac Gardens, located at 1001, 1003, & 1005 East University Blvd., 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 1ST DAY OF MARCH, 2017, BY ROLL-CALL VOTE AS FOLLOWS:

AYE: Stewart, Kovar, Qureshi, Seamens, Smith, Schultz
NAY: Male
ABSENT: None
ABSTAIN: None