

Introduced by: Councilmember Smith

First Reading: September 27, 2017

Second Reading: October 4, 2017

Effective Date: October 4, 2017

**CITY OF TAKOMA PARK, MARYLAND
ORDINANCE NO. 2017-46**

**AUTHORIZING THE CITY TO ENTER INTO A PAYMENT IN LIEU OF TAXES
("PILOT") AGREEMENT WITH CAMBRIDGE APARTMENTS, INC. FOR PROPERTY
AT 676 HOUSTON AVENUE, TAKOMA PARK, MARYLAND.**

WHEREAS, Cambridge Apartments, Inc., a Maryland corporation formed by Victory Housing, Inc., is the owner of Cambridge Apartments, a 33-unit apartment building located at 676 Houston Avenue, Takoma Park, Maryland, that provides affordable housing to residents with low and moderate incomes; and

WHEREAS, Victory Housing, Inc., on behalf of Cambridge Apartments, Inc., has requested that the City grant a Payment In Lieu of Taxes ("PILOT") Agreement for Cambridge Apartments, beginning with Tax Levy Year 2017, for a 10 year period and abate 50% of the City property taxes for the 10-year term of the PILOT Agreement; and

WHEREAS, in order to ensure that Cambridge Apartments serves low and moderate income residents and in accordance with a Regulatory Agreement with Montgomery County, Cambridge Apartments, Inc. has represented to the City that occupancy of at least 50% of the apartments at Cambridge Apartments will be restricted to households with incomes of 60% or less of the area median household income for the 10 year PILOT term; and

WHEREAS, a City PILOT Agreement will provide the means for Cambridge Apartments, Inc. to maintain affordable rent levels for low and moderate income households and also to have sufficient resources to perform scheduled maintenance, enhancements, and necessary repairs on the half-century-old apartment building; 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, Cambridge Apartments, Inc. represents 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, the Council finds that a PILOT Agreement with Cambridge Apartments, Inc. for Cambridge Apartments, located at 676 Houston Avenue, 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 Cambridge Apartments, Inc. for Cambridge Apartments, located at 676 Houston Avenue, 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), Cambridge Apartments, Inc. shall have a 50% abatement of City real property taxes for Cambridge Apartments, located at 676 Houston Avenue, Takoma Park, Maryland; and

B. A minimum of 50% of the rental apartments at Cambridge Apartments, located at 676 Houston Avenue, Takoma Park, Maryland, shall be occupied by low or moderate income households (*i.e.*, households with incomes at or below 60% of the area median income).

The City Manager is authorized to enter into a PILOT Agreement on behalf of the City with Cambridge Apartments, Inc., under the provisions of Section 7-503(a) of the Tax-Property Article of the *Annotated Code of Maryland*, for Cambridge Apartments, located at 676 Houston 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 4TH DAY OF OCTOBER, 2017, BY ROLL-CALL VOTE AS FOLLOWS:

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