

Introduced by: Councilmember Seamens

First Reading: September 26, 2018

Second Reading: October 3, 2018

Effective Date: October 3, 2018

**CITY OF TAKOMA PARK, MARYLAND
ORDINANCE NO. 2018-39**

AUTHORIZING THE CITY OF TAKOMA PARK TO ENTER INTO PAYMENT IN LIEU OF TAXES (“PILOT”) AGREEMENTS WITH LEE HOMES, LLC FOR PROPERTIES AT 128 LEE AVENUE, TAKOMA PARK, MARYLAND, AND AT 126 LEE AVENUE, TAKOMA PARK, MARYLAND.

WHEREAS, Lee Homes, LLC, a Maryland non-profit limited liability company affiliated with the Montgomery County Coalition for the Homeless, is the owner of a 6-unit multi-family rental property located at 128 Lee Avenue, Takoma Park, MD 20912, that provides affordable housing to residents with low and moderate incomes; and

WHEREAS, Lee Homes, LLC, a Maryland non-profit limited liability company affiliated with the Montgomery County Coalition for the Homeless, also is the owner of a 6-unit multi-family rental property located at 126 Lee Avenue, Takoma Park, MD 20912, that provides affordable housing to residents with low and moderate incomes; and

WHEREAS, 128 Lee Avenue, Takoma Park, MD 20912 and 126 Lee Avenue, Takoma Park, MD 20912 are collectively referred to as the “Lee Avenue Properties”; and

WHEREAS, Coalition Homes, Inc., on behalf of Lee Homes, LLC, has requested that the City of Takoma Park (“City”) grant Payment In Lieu of Taxes (“PILOT”) Agreements for the Lee Avenue Properties, beginning with Tax Levy Year 2018, and abate 75% of the Takoma Park Property Tax for the 10-year term of the PILOT Agreements; and

WHEREAS, in order to ensure that the Lee Avenue Properties serve low and moderate income residents and in accordance with Regulatory Agreements with Montgomery County, Lee Homes, LLC has represented to the City that 75% of the units in both 128 Lee Avenue and 126 Lee Avenue are restricted to households earning 60% or less of Area Median Income (“AMI”) as follows:

Lee Homes, LLC - 128 Lee Avenue, Takoma Park, MD 20912 (6 units total):

2 units (2 BR, 1 BA) for households with incomes less than 30% AMI;
2 units (2 BR, 1BA) for households with incomes at 60% - 80% AMI;
1 unit (1 BR, 1 BA) for households with incomes less than 30% AMI; and
1 units (2 BR, 1 BA) – no household income restrictions.

Lee Homes, LLC - 126 Lee Avenue, Takoma Park, MD 20912 (6 units total):

3 units (2 BR, 1 BA) for households with incomes less than 30% AMI;
1 unit (1 BR, 1BA) for households with incomes at 60% - 80% AMI; and
2 units (2 BR, 1 BA) – no household income restrictions.

WHEREAS, the Regulatory Agreements with Montgomery County allows the combination of the bedroom sizes for households with no income restrictions and households at 60% - 80% AMI to alternate from the breakdown provided above for the two Lee Avenue Properties; provided that a minimum of 6 units must be maintained for households with incomes less than 30% AMI and a minimum of 3 units must be maintained for households with incomes at 60% - 80% AMI for the total 12 units of the Lee Avenue Properties for the duration of the PILOT Agreement; and

WHEREAS, City PILOT Agreements will help provide the means for Lee Homes, LLC to maintain affordable rent levels for low and moderate income households for the 9 income restricted units of the Lee Avenue Properties and also to have sufficient resources to perform preventive maintenance, enhancements, and necessary repairs to the Lee Avenue Properties; and

WHEREAS, under Section 7-503(a) of the Tax-Property Article of the Annotated Code of Maryland, a nonprofit tax-exempt entity 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, Lee Homes, LLC 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 for both Lee Avenue Properties; and

WHEREAS, the Council finds that PILOT Agreements with Lee Homes, LLC for 128 Lee Avenue, Takoma Park, MD 20912, and with Lee Homes, LLC for 126 Lee Avenue, Takoma Park, MD 20912, will serve a public purpose and promote the 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 Lee Homes, LLC for 128 Lee Avenue, Takoma Park, MD 20912, and a PILOT Agreement with Lee Homes, LLC for 126 Lee Avenue, Takoma Park, MD 20912, as follows:

A. The term of the PILOT Agreement with Lee Homes, LLC for 128 Lee Avenue, Takoma Park, MD 20912, shall be a period of 10 years, beginning with Tax Levy Year 2018 (tax period 7/1/18 to 6/30/19) through and including Tax Levy Year 2027 (tax period 7/1/27 to 6/30/28). The PILOT Agreement with Coalition Homes, Inc. shall provide for a 75% abatement of Takoma Park property taxes for 128 Lee Avenue, Takoma Park, Maryland (tax account # 01066062).

B. The term of the PILOT Agreement with Lee Homes, LLC for 126 Lee Avenue, Takoma Park, MD 20912, shall be a period of 10 years, beginning with Tax Levy Year 2018 (tax period 7/1/18 to 6/30/19) through and including Tax Levy Year 2027 (tax period 7/1/27 to 6/30/28). The PILOT Agreement with Lee Homes, LLC shall provide for a 75% abatement of Takoma Park property taxes for 126 Lee Avenue, Takoma Park, Maryland (tax account # 01075556).

C. During the entire 10-year term of the both PILOT Agreements, a minimum of 6 units at 128 Lee Avenue, Takoma Park, MD 20912, and at 126 Lee Avenue, Takoma Park, MD 20912,

must be maintained as rental units for households with incomes less than 30% AMI and a minimum of 3 units at 128 Lee Avenue, Takoma Park, MD 20912, and at 126 Lee Avenue, Takoma Park, MD 20912, must be maintained as rental units for households with incomes at 60% - 80% AMI, for a total of 9 income restricted units of the 12 total units at the Lee Avenue Properties.

D. Under the provisions of Section 7-503(a) of the Tax-Property Article of the *Annotated Code of Maryland*, the City Manager is authorized to enter into a PILOT Agreement on behalf of the City with Lee Homes, LLC (owner of 128 Lee Avenue, Takoma Park, MD 20912) and a PILOT Agreement on behalf of the City with Lee Homes, LLC (owner of 126 Lee Avenue, Takoma Park, MD 20912) and to take such actions and execute such documents as are necessary in order to carry out the purposes of this Ordinance.

ADOPTED THIS 3RD DAY OF OCTOBER, 2018, BY ROLL-CALL VOTE AS FOLLOWS:

AYE: Stewart, Kovar, Dyballa, Kostiuk, Seamens, Smith, Searcy

NAY: None

ABSENT: None

ABSTAIN: None