

CITY OF TAKOMA PARK, MARYLAND

ORDINANCE NO. 2020-26

AUTHORIZING THE CITY MANAGER TO ENTER INTO A CONTRACT WITH HABITAT FOR HUMANITY AND USE \$200,000 FROM THE HOUSING RESERVE FOR A HOUSING PROJECT AT 7402 GARLAND AVENUE

- WHEREAS, the Takoma Park City Council adopted the Housing and Economic Development Strategic Plan on October 16, 2019; and
- WHEREAS, City staff have developed relationships and partnerships with a number of housing organizations so as to be able to make progress on the goals identified in the Strategic Plan as opportunities arise; and
- WHEREAS, an opportunity has arisen to work with one of these housing partners to undertake a project that advances a number of goals of the City's Strategic Plan; and
- WHEREAS, this project involves the purchase of a vacant three-unit residential rental property at 7402 Garland Avenue and renovation of the property into two moderately-priced for-sale units meeting high sustainability standards by Habitat for Humanity; and
- WHEREAS, through the City's Opportunity to Purchase law, *see* Chapter 6.32 of the Takoma Park Municipal Code, the property owners offered the rental property to the tenants who have declined to exercise the option to purchase the property; and
- WHEREAS, the property owner subsequently offered the City the opportunity to purchase the property pursuant to Chapter 6.32; and
- WHEREAS, on September 11, 2020, the City Manager delivered a written expression of interest on behalf of the City of Takoma Park to exercise its rights under Chapter 6.32 to the property owners with the intent to assign its rights to Habitat for Humanity; and
- WHEREAS, the property is currently owned by long-time Takoma Park residents and they have a contract for sale to a real estate firm that has no commitment to development of moderately-priced, environmentally-sustainable housing; and
- WHEREAS, Habitat for Humanity needs a contribution of \$200,000 (\$100,000 per unit) from the City of Takoma Park to ensure affordability for the future homeowners, but will otherwise be responsible for the costs of purchasing and renovating the property, then selling the property to eligible purchasers meeting Habitat for Humanity income and other criteria; and

WHEREAS, the \$200,000 contribution from the City will assist with the project and may be secured as a deferred subordinate mortgage that would be repaid to the City of Takoma Park after the units are sold, to replenish the Housing Reserve; and

WHEREAS, the Housing Reserve currently has a balance of \$1,078,509 and the FY21 Budget of the City of Takoma Park includes an estimated expenditure of \$210,000 from the Housing Reserve during the fiscal year for a possible housing project; and

WHEREAS, City staff believes this project is an excellent project to advance the Council's goals to preserve affordable housing stock and help provide "missing middle" homeownership opportunities; improve the physical condition, safety, resiliency, and energy efficiency of existing housing; and build partnerships with other organizations to advance the City's housing goals.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF TAKOMA PARK, MARYLAND THAT:

SECTION 1. The City Manager is authorized to execute any documents and take any action necessary to assign rights and/or contract with Habitat for Humanity to purchase, redevelop and sell the property at 7402 Garland Avenue.

SECTION 2. The City Manager is authorized to use \$200,000 of funds from the City of Takoma Park Housing Reserve to advance this project.

SECTION 3. The Council finds that the legal timelines associated with the City's Opportunity to Purchase Laws create an emergency within the meaning of Section 309(e) of the Charter.

SECTION 4. This Ordinance shall become effective upon adoption.

ADOPTED this 23rd day of September, 2020 by roll-call vote as follows:

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

NAY: None

ABSTAIN: None

ABSENT: None