

COUNTY COUNCIL OF BALTIMORE COUNTY, MARYLAND  
Legislative Session 2015, Legislative Day No. 17

Resolution No. 92-15

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Mrs. Cathy Bevins, Chair  
By Request of County Executive

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By the County Council, October 19, 2015

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A RESOLUTION to authorize the County Executive or other authorized administrative official to enter into a written agreement on behalf of the County with Tabco Towers Housing Associates, LLC (the "Owner") for the payment of stipulated amounts in lieu of regular real property taxes in order to facilitate the development of an housing project to benefit low income households in Baltimore County.

WHEREAS, it is in the best interest of the citizens of Baltimore County to encourage and facilitate the development of affordable housing for households of low income; and

WHEREAS, the Owner has acquired and will renovate two hundred (200) rental units located at 305 E. Joppa Road, Towson, Maryland 21286, in the Towson community in Baltimore County for persons whose incomes do not exceed 60% of the median income for the Baltimore metropolitan area as required by the Regulatory Agreement (defined herein) (the "Project"); and

WHEREAS, the Department of Housing and Community Development (the "Department"), either directly or through the Department's Community Development Administration (the "Administration"), is providing some or all of the financing for the Project (the "State Financing") in order to assist in making it financially feasible; and

WHEREAS, the Owner has entered or will enter into one or more Regulatory Agreements with the Department or the Administration (the "Regulatory Agreement"), which shall be recorded among the Land Records of Baltimore County; and

WHEREAS, the Owner will operate the Property for rental housing pursuant to a Housing Assistance Payments Contract (the “HAP Contract”) entered into between the Owner and the County; and

WHEREAS, Section 7-506.1, Tax Property Article of the Annotated Code of Maryland provides for a real property tax exemption under certain circumstances, provided that Baltimore County and the Owner enter into a written agreement for the payment of a negotiated amount in lieu of the applicable real property tax; and

WHEREAS, the County has required that certain life safety enhancements be made by the Owner and the Owner has agreed (i) to make such enhancements to the satisfaction of the Baltimore County Fire Marshal which enhancements consist of the items described in Exhibit A hereto (the “Outstanding Safety Issues”) and (ii) to install a minimum of ten (10) washers and dryers in one or more laundry rooms in the Facility (the “Laundry Facilities”) on or before December 31, 2016 (the “Compliance Date”);

NOW THEREFORE, BE IT RESOLVED BY THE COUNTY COUNCIL OF BALTIMORE COUNTY, MARYLAND that pursuant to said State statute, it is determined that, provided the Owner fully resolves the Outstanding Safety Issues by the Compliance Date, the Property shall be exempt from real property taxes for the term specified herein; and

BE IT FURTHER RESOLVED, that the County Executive or other authorized administrative official is hereby authorized to enter into a written agreement (the “Agreement”) with the Owner on behalf of the County to make the following payments to the County in lieu of paying regular real property taxes:

(a) This Agreement shall be effective from July 1, 2015 (the “Effective Date”) and shall remain effective until the Termination Date (as defined below). The Owner hereby agrees to maintain the Property as housing for lower income persons as set forth in the third recital of this Agreement for a term of at least five (5) years. The payments to be made by the Owner to the County shall be in lieu of all ordinary Baltimore County real property taxes on real property under the Tax-Property Article of the Annotated Code of Maryland (2001 Replacement Volume), as amended. Such payments shall be made by the Owner and shall be accepted by the County until the earlier of: (i) termination of the HAP Contract as a result of an event of default by the Owner, (ii) termination of the Regulatory Agreement, (iii) an Inspection Failure, as defined in Paragraph (g) below, (iv) a change in the use of the Property for the provision of rental housing for low-income persons and related facilities, (v) a sale or transfer of the Property by the Owner without the prior written consent of the County, which consent shall not be unreasonably withheld, delayed, or conditioned, (vi) failure of the Owner to comply in all other respects with the conditions of Section 7-506.1, supra, (vii) default by the Owner under the terms of this Agreement, (viii) failure of the Owner to complete the Outstanding Safety Issues and the Laundry Facilities on or before the Compliance Date (as it may be extended pursuant to the terms of this Agreement), or (ix) June 30, 2057 (the “Termination Date”).

(b) For the period from the Effective Date until the Termination Date, the Owner shall make annual payments in arrears at the end of each calendar year which equal, at a minimum, Two Hundred Seventy Five Dollars (\$275.00) per apartment unit per year (the “Tax Payment”).

(c) The Tax Payment shall increase by 3% annually following the first year; provided, however, if the Property is transferred or sold subject to the Regulatory Agreement, the Tax Payment shall increase by four percent (4%) annually.

(d) Upon the occurrence of one of the events listed in Paragraph (a)(i)-(viii) above, the County shall send written notice to the Owner and the Investor that such an event has occurred. If no cure is effected within 5 business days of the delivery of such notice, this Agreement shall expire and the Owner shall thereafter pay all real property taxes in full when due unless (1) the Owner is working diligently to correct such Deficiency and (2) the County, in its sole discretion, grants the Owner a reasonable amount of additional time to cure. Upon any cure, all such notices shall be deemed null and void.

(e) At no time shall the Owner be required to pay more than the full amount of taxes based on the Property's current assessment.

(f) Repayment shall be made to the County upon the occurrence of any of the events listed in items (a)(i) through (viii) of the difference between the full real estate taxes which would have otherwise been paid based on the assessed value of the Property less the amount of stipulated payments in lieu of taxes remitted to the County under the Agreement.

(g) The County shall have the right to conduct an annual inspection of the Property, upon 14 days' advance notice, which inspection shall be pursuant to and in accordance with the procedures of the Uniform Physical Condition Standards ("UPCS"). The Owner shall cooperate with the County to facilitate such inspection. If an inspector finds a Deficiency (defined herein) with respect to any "Material Health and Safety Issue" (defined

herein), such inspector, or any other agent appointed by the County, shall deliver a notice to the Owner outlining each such Deficiency. Within 5 business days of such notice, the Owner shall either certify to the County that such Deficiency has been corrected or post a bond or some other surety acceptable to the County in an amount not less than 125% of the estimated cost of repairs (the "Corrective Action"). A failure to correct such Deficiency shall be an "Inspection Failure"; and

BE IT FURTHER RESOLVED, that this Resolution shall obligate the Owner to submit audited financial statements annually to the Baltimore County Office of Budget and Finance and the Department of Planning within ninety (90) days of the close of the Owner's fiscal year; and

BE IT FURTHER RESOLVED that this Resolution shall take effect from the date of its passage by the County Council.

## EXHIBIT A

### **Outstanding Safety Issues - Tabco Towers**

The following items constitute the “Outstanding Safety Items” as referenced in the “Agreement Between Tabco Towers Housing Associates, LLC, and Baltimore County, Maryland For Payment Of Stipulated Amounts In Lieu Of Real Property Taxes” to which this Exhibit is attached. The following items will be completed in accordance with the Scope of Work approved by the various lenders to the financing and submitted to the County for approval.

1. A new UL Certified code compliant fire alarm system will be provided.
2. An Emergency Fire Command Center complying with NFPA 101-2012 Section 11.8.6 will be provided at the basement level at the location indicated on the drawings prepared by The Architectural Team, Inc. and approved by the County’s Fire Department.
3. An Emergency Standby Power System (the “Emergency Generator”) will be provided. The Emergency Generator will comply with NFPA 101-2012 Section 11.8.5.2.4, be fueled by natural gas, and be re-connected to the following systems:
  - a. New fire alarm control panel
  - b. Basement lighting
  - c. Stair lighting
  - d. Lobby lighting
  - e. Corridor lighting
  - f. Duct heater controller
  - g. Emergency call panel in manager’s office
  - h. Exterior fire gong
  - i. Elevator No. 1
  - j. Penthouse lighting
  - k. Elevator penthouse smoke detection
  - l. Activity room lighting and outlets
4. Hardwired battery back-up smoke/CO detectors for the apartment units will be provided. Additional combination smoke/CO detectors will be provided in the one-bedroom unit bedrooms and they will be hardwired and interconnected with the existing combination smoke/CO detectors.
5. Correction of identified fire-resistive assemblies in the building that do not comply with State of Maryland Building Code (IBC 2012) (the “Code”); particularly two air duct shafts that run between the second and twenty-second floor and including several non firestopped penetrations through the corridor to unit demising walls of which the Owner is aware. Based upon limited spot check observations (non-invasive, non-destructive) by the Owner’s architects, the balance of the exposed fire-resistive assemblies appear to be in compliance.
6. Replacement of five (5) sprinkler heads per unit in one-bedroom units (80 units total) and three (3) sprinkler heads per unit in studio units (120 units total) for a total replacement of

760 heads with residential type sprinkler heads. Reconfigured common area spaces at the basement level will receive quick response type sprinkler heads.

7. As agreed upon by the County's Fire Department, "areas of refuge" will be provided in the stairwell on floors three thru twelve where the handicap accessible units will be located; an additional "area of refuge" will be provided in the elevator lobby on the twenty-second floor adjacent to the activity room.
8. The creation of a two-hour passageway between the existing stairs at the basement level including 1½-hour fire rated self-closing doors. Two-hour fire rated walls will extend to the underside of the two-hour fire rated slab above and any piping or conduit penetrations through these walls will be properly firestopped. If any existing ductwork penetrates these walls, two-hour fire rated dampers will be installed to maintain the integrity of walls. The exit discharge ceiling shall be provided with a two-hour fire-resistive corridor ceiling and stair soffit assembly to separate ceiling from areas above the exit discharge with a two-hour fire rated I-Stud Cavity Shaftwall System. A one-hour fire-resistive vestibule into maintenance area in addition to the above-referenced 1½-hour fire door assembly will be provided. The trash room door will be relocated from existing passage corridor to inside of newly created two-hour fire-resistive vestibule with 1½-hour fire resistive self-closing fire door leading to trash room, mechanical room, and toilet room. All doors leading into exit passage will be a minimum of 1½-hour fire-resistive rated assemblies with labeled self-closing or automatic closing door closers. All door frames shall be gasketed against smoke passage as well as fire-resistive. The basement laundry room air transfer/duct opening into the basement corridor will not communicate into the proposed exit passage.
9. The existing scissor stair will remain but within such scissor stair, the following items will be provided. Conduit penetrations will be sealed with a listed fire-resistive penetration sealant. In addition, joints where concrete stairs meet 4 inch concrete wall will be sealed with a listed fire-resistive joint sealant. Additional illumination will be provided so that lighting levels can be measured for code compliance using a light meter. Passage sets for the stairway fire doors will be replaced with listed fire door passage sets. New code complaint stairway identification signs will be provided as set forth in the contract documents.