

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION



Department of Park and Planning, Montgomery County, Maryland
9500 Brunett Avenue, Silver Spring, Maryland 20901

September 24, 2003

AGENDA DATE: October 2, 2003

MEMORANDUM

TO: The Montgomery County Planning Board

FROM: Jerry Bush, Administrative Supervisor
Carrye E. Palleschi, Administrative Specialist

SUBJECT: Park House Policy Revisions Related to the Action Plan for Affordable Housing

STAFF RECOMMENDATION: Discussion

Executive Summary

On July 24, 2003, the Planning Board met with Department staff to discuss Housing Montgomery: Mid-Summer "Lite" Status Report. At that time, the Park staff developed a Work Program with short and long-term goals related to the Affordable Housing Initiative. These goals involve park house policy revisions.

The Park House policy revisions are being addressed within the guidelines of Commission's primary mission, the preservation and conservation of parkland for active, passive, cultural, and conservation reasons. When parkland is acquired, occasionally the property is purchased with an existing house or structure on the property. This can be an added bonus for the Commission.

The house or property is then managed/maintained by the Property Management staff. The Property Management staff offers affordable housing to Commission employees using Practice 6-50 for guidance. Currently, there are sixty-three (63) residential houses and six (6) group homes.

The residential homes are classified into three classes, per Practice 6-50-Attachment B:

Class A - A house or structure that is essential to the park program and maintained on a permanent basis.

Class B - A structurally and financially sound house or structure rented on an interim basis due to future development of park.

Class C - A house or structure encumbered with a tenancy (i.e. life estate, public or non-profit agency).

The Commission supports affordable housing on park property as a temporary measure where appropriate, with first consideration being made to the Commission's primary mission in a cost effective manner. The average rent for a park house is \$885 per month, which is far below the HUD fair market rent of \$1,505 per month. In addition, sixty percent of the park houses are rented to Commission employees and forty percent are rented to non-employees. The average turnover rate for the last two years has been approximately eleven percent with several employees purchasing homes of their own.

Progress of the Park House Policy Revisions Work Program:

1. Draft a policy statement for Board review and approval, which supplements the Commission's Practice 6-50 (attached) and incorporates the goals of the affordable housing initiative as they relate to park housing. Estimated Timeframe: Three months.
2. Expand awareness of the park house program, with the Commission and throughout the County, and emphasize the relative affordability of park housing. Estimated Timeframe: Immediate and on going.
3. Inventory the existing park rental units as to their suitability for special needs tenants or group (shared) housing. Estimated Timeframe: Three months.
4. Define and standardize the decision making process regarding demolition of park houses and other park structures. Estimated Timeframe: Initial draft three months.

Timeframes for each of these tasks have been established on our current staff shortages and a large backlog of routine work program tasks that need to be addressed. However, we realize the importance of this initiative and will move forward immediately to being addressing these issues of importance to the Planning Board and County Council.

Park House Policy Revisions in Support of Housing Montgomery

1. ***Draft a policy statement for Board review and approval, which supplements the Commissions Practice 6-50 (attached) and incorporates the goals of the affordable housing initiative as they relate to park housing. Estimated Timeframe: Three months.***

The Commissions Practice 6-50 is used for guidance regarding park housing. Staff will investigate how the affordable housing initiative can be adopted with the framework of the existing Practice 6-50 or if a Commission-wide revision to the Practice will be necessary. Since the Practice currently provides for priority consideration for low to moderate income employee families for park housing, staff supports, in lieu of a Commission-wide revision, a policy statement that complements the Practice and further clarifies the existing provisions in the Practice as it relates to the affordable housing initiative.

2. ***Expand awareness of the park house program, with the Commission and throughout the County, and emphasize the relative affordability of park housing. Estimated Timeframe: Immediate and on going.***

To continue the success of the park house program and advance the goals of Housing Montgomery, staff believes the following actions should be taken to raise individual awareness regarding the availability and affordability of park houses among individuals and families in the targeted income level.

Actively market the park house program to Commission employees by way of employee orientation, employee forums, employee bulletin boards, feature articles in Update, InSite, or M-NCPPC web page and other forms of direct communication to employees.

Develop and maintain a list of Commission employees that would be interested in park housing, and specifically notify the individuals on that list as vacancies become available.

Market the park house program through appropriate County Agencies and advertise specific vacancies through those agencies for units that are not rented by Commission employees.

Inform potential and current renters that they may be eligible for housing assistance through the County's Housing Opportunities Commission.

With a renewed emphasis on family income as the primary factor in making housing selections, we will also need to review our screening process to ensure that income sources and total available income are being accurately reported by applicants.

3. ***Inventory the existing park rental units as to their suitability for special needs tenants or as group (shared) housing. Estimated Timeframe: Three months.***

Over the years, a number of park houses that were previously used as single-family residences have been leased by Montgomery County and used for various special needs populations. Currently, there are five houses and one former radio studio occupied by such purposes.

Park houses as group (shared) homes (non-special needs housing) are also not new, though they have come and gone by happenstance, not as a result of any coordinated effort. As might be imagined, the larger, more expensive rental units that would be suitable for such a purpose have generally been the ones that have attracted this kind of use in the past.

Many park houses would not be suitable for the above uses. However, a more coordinated and aggressive approach in identifying those units that would be suitable for group homes and special needs populations and marketing them as such would likely result in more of our rental units being used for these purposes. Staff suggests the following measures in advancing this initiative.

Identify those units that, by virtue of their size, location, and/or layout would make suitable group (shared) housing units for special needs populations or other specifically targeted populations such as teachers. Selected units may be deemed suitable contingent upon certain reasonable modifications being made to the unit.

Work with the appropriate County agencies and/or Public/Private partnerships in identifying, in advance, the specific uses these houses might be put to, as well as the specific individuals or groups that would be interested in occupying the units. This is particularly important where units are to be rented as group homes for non-special needs housing. Minimizing the turn-around time once the unit is vacated cuts down on the possibility of vandalism and helps to maintain the revenue stream from the unit.

One cautionary note: The park houses used by County agencies generate no revenue for the Property Management program. They are currently leased rent free to the County, but the County does assume all of the maintenance.

4. ***Define and standardize the decision making process regarding demolition of park houses and other park structures. Estimated Timeframe: Initial draft three months.***

In general, park houses are demolished for two primary reasons: they stand in the way of planned park improvements or their condition is such that it would not be cost effective to make them habitable/maintain them in a habitable condition. It is probably safe to say that many more units have been demolished over the years due to the first reason (location with respect to planned development) than the second reason (physical condition).

Park houses are also occasionally removed from the inventory for conversion to office space or some other park related function.

In most cases, these units have been directly adjacent to, or an integral part of, an active park facility or area where the "higher use" for the building was deemed to be in support of park operations rather than as a residence. In such situations, the building is retained, but the effect is the same in that the unit is no longer available for residential use.

It has always been the goal of the Property Management program to retain as many houses and apartments as possible for residential use, when it has been practical and cost effective to do so. As it relates to the affordable housing initiative, formalizing the process for deciding which units to demolish or to take out of the inventory for some other purpose does not mean establishing a process where there has been none, it means a shift in emphasis on the importance of these residential units to the mission of the Department.

It is clear that historical structures are to be preserved, even at substantial cost to the Property Management program, the PDF on Restoration of Historic Structures, or some appropriate funding source. In the future, non-historic structures will be offered as public/private partnership or government agency on a case-by-case basis. It is likely that such decisions will continue to be somewhat subjective and will need to strike a balance between protecting the interests of the Commission and the public from a purely business standpoint, working with a public-private partnership or another government agency.

Staff is moving forward to define and standardize the demolition process for Board review and approval. The emphasis will be on affordability of park housing and the need to expand opportunities for affordable housing throughout the County, the process will attempt to:

- emphasize the importance of retaining rental units
- establish a set of criteria for determining the cost effectiveness of repairing/renovating marginal, deteriorated units that puts/keeps the unit on the market if at all possible but not "at any cost". As there is a cost attached to any demolition, that cost must be factored into the decision whether to raze or repair.
- ensure that all the appropriate stakeholders (i.e. internal staff, other government agencies and Public/Private partnerships) have a chance to review and weigh in on any proposed demolition of a park house/structure that has served, or has the potential to be used, as a residential unit.
- ensure that timely decisions are made regarding demolitions to minimize the time that units sit unoccupied.

Staff believes that most units are currently in reasonable condition and can be maintained as such without a significant capital investment that would over extend the Property Management Fund in any given year or on an extended basis. Depending on the aggressiveness of the policy to retain park houses, even at substantial cost, and the volume of unforeseen repairs (such as well and septic replacements) encountered in the future, alternative funding sources may be needed to protect and preserve the self sustaining nature of the Fund.

PRACTICE

approved by
Commission

no. 6-50

subject

11 September 1985
effective date

USE OF COMMISSION-OWNED PARK HOUSES

AUTHORITY

This practice, originally approved by the Commission February 11, 1976, was revised by the Executive Committee October 3, 1983, to include provisions for lease extension; security deposits; maintenance of electrical systems in park houses; and coordination of agreements with carry-over provisions for tenancy. The current revision amends the basis for rentals, the date for rental adjustments, and contains new criteria for discounting rents.

Thomas H. Countee, Jr.
Thomas H. Countee, Jr.
Executive Director

REFERENCES

Art. 28, §§5-103, 5-110, 5-113, and 5-115, Annotated Code of Maryland, 1957, as amended, 1983 Replacement Volume.

U.S. Code Annotated, Title 26, Internal Revenue Code, §3501(b).

M-NCPPC Merit System Rules and Regulations, Sections 640 and 641 (as amended by the Commission April 14, 1982).

Prince George's County park houses classifications (Attachment A).

Montgomery County park houses classifications (Attachment B).

PURPOSE

To make Commission-owned park houses available for use in a manner beneficial to the public, the Commission, and its employees.

POLICY

A. General

Commission-owned park houses not otherwise covered by agreements made with the grantor at the time of acquisition shall be made available: (1) for rent to Commission employees; (2) at the discretion of a Planning Board, for use by public agencies or private nonprofit organizations or for individuals as part of an approved public program; and (3) for rent on the open market at fair market value.

Rental of Commission-owned park houses shall be administered without discrimination towards applicants or tenants because of age, sex, race, religion, color, national origin, or disability.

POLICY
(Continued)

B. Appraisals

All Commission-owned park houses are appraised by independent certified appraisers when acquired, or on an as needed basis.

C. Rental Adjustments

Rental adjustments as appropriate shall be made July 1 each year to reflect changes in the Metropolitan Area market.

Annual rental adjustments will be based on market surveys or other indices of market rents for single family detached houses and apartments.

Each Planning Board may establish dates for gradual implementation of substantial rent increases necessitated by unusually high changes in appraisals.

D. Income Tax Liability

The Internal Revenue Service assesses income tax liability to employee-tenants if the rental rate constitutes additional compensation. Such additional compensation is not permissible under the Merit System Rules and Regulations. Accordingly, there should be no income tax liability, but if IRS determines that liability exists, it will be the personal responsibility of the employee.

E. Personnel Action Forms

Personnel Action Forms (PA2's) will show the requirement of an employee's occupancy in a Commission park house as a condition of employment. (See M-NCPPC Merit System Rules and Regulations, Sections 640 and 641.) Such occupancy shall be reevaluated if there is a change in employment status. (See item 2., p.4.)

F. Leases

All terms of rentals of park houses must be contained in written leases between the Commission and tenants. All lease agreements require Legal Department approval of legal sufficiency and form, and must be signed by the Executive Director or designee. Leases shall state that employee-tenants shall be charged rent through payroll deduction.

All leases for park houses, unless otherwise stated, are written on a month-to-month basis for a minimum of 3 months, and must allow at least 90 days prior notice to vacate for the convenience and necessity of the Commission. However, 30 days notice shall be provided in the case of eviction for cause. Tenants may terminate their leases with 30 days notice. To the extent possible, the Property Management Offices will assist in the relocation for employee-tenants forced to vacate.

POLICY
(Continued)

Employee-tenants must vacate park houses within 90 days of leaving the Commission's employ, unless granted an extension in writing by the Park Property Managers with approval of the Director of Parks or the Director of Parks and Recreation, as appropriate.

Unless otherwise defined in the lease, the Commission maintains roofs, essential electrical and plumbing systems, and furnaces of its park houses, and provides paint and other maintenance materials to tenants. Employee-tenants will be credited for labor cost to paint the structure, with a reduction in rent to cover that labor cost.

Park houses are rented in "as is" condition.

G. Nonemployee Leases

Leasing of Commission-owned park houses to nonemployees will be allowed when it has been determined that neither Commission employees nor the County Government is interested in leasing a particular park house.

Availability of those park houses shall be advertised in local newspapers and leased at fair market value.

Property Management Offices shall negotiate these leases based on condition of the structure and repairs to be made.

H. Habitability; Razing

Commission-owned park houses that have no potential use as a park facility or require substantial expense to put into habitable condition to meet housing codes may be demolished, or disposed of by sale or auction as determined by the appropriate Department Director in accordance with applicable local law.

I. Special Provision Regarding Security Deposits

Prior to moving into a park house all prospective tenants must provide a security deposit equal to one month's rent. In unusual or hardship circumstances, this requirement may be waived by the Department Head. When a park house is to be vacated, it is inspected and upon satisfactory inspection, the lease terminated. The deposit and accrued interest, if any, are returned to the tenant. If the house has been damaged or is left in an unclean condition, the cost of the necessary maintenance or repairs will be charged against the security deposit. (NOTE: After the deposit has been held for one year, it will begin to accrue interest at a rate determined by the laws governing security deposits.)

RESPONSIBILITIES

A. Montgomery County Parks and Prince George's Parks and Recreation Property Management Offices

At the time of acquisition of improved park properties with carry-over tenants, the Land Acquisition Offices, General Counsel, and Property Management Offices must coordinate all agreements with any carry-over provisions regarding tenancy, such as life estates, established rentals, etc.

B. Montgomery County Director of Parks and Prince George's County Director of Parks and Recreation

1. On matters pertaining to only one county, each Director is responsible to the appropriate Planning Board. On matters of Commission-wide policy, they receive guidance from the Commission.
2. Both Directors determine the requirement for occupancy of Commission-owned park houses as a condition of employment, and reevaluate such occupancy upon employee reassignment of employment status.
3. Both Directors convey to employee-tenants pertinent information reported on park housing activities by the Secretary-Treasurer and General Counsel.
4. Designation of property to be covered by the provisions of this practice is the responsibility of each Director, as appropriate.
5. Further responsibilities of the Directors, or their designees, are:
 - (a) To establish initial rents (to be reviewed annually and adjusted, as appropriate), and to assign and reassign employees, as circumstances require, to occupancy in Commission-owned park houses (See assignment criteria, page 5);
 - (b) To keep a complete record of each park house appraisal and assignment;
 - (c) To adjust rentals by a percentage and/or a flat dollar amount, estimated to equal the benefit and savings to the Commission for: 1) lack of full landlord services, 2) lack of certain appliances, 3) rent payment through payroll deduction, and 4) other factors where Commission leases differ from conventional leases;

- (d) To pay employee-tenants for burdens and services, not directly compensated, governed by the Fair Labor Standards Act and Commission Merit Rules;
- (e) To adjust rentals for burdens and services (e.g., security, site protection, visitor intrusion and information, and related duties) on a case-by-case basis, at a discount ceiling as established by the appropriate Planning Board;
- (f) To assure that rents do not increase as a result of an increased appraisal resulting from the employee-tenant's improvements to the property where such improvements are made at the employees' full expense; NOTE: Prior permission must be granted by the Director of Parks or Director of Parks and Recreation to improve the property. No reduction in rental appraisals will be made resulting from improper maintenance of park houses.
- (g) To approve a discount based on benefits to the Commission for exceptional maintenance by the employee-tenant;
- (h) To report current park houses activities periodically to the appropriate Planning Board;
- (i) To seek through the appropriate Planning Board authorization to make such other adjustments as the Secretary-Treasurer and General Counsel believe will satisfy IRS and Merit System criteria.

RESPONSI-
BILITIES
(Continued)

ASSIGNMENT OF
PARK HOUSES

- A. Assignments of park houses shall be based on responses to advertisements of availability of park houses and review of applications, giving priority consideration to low/moderate income employee families (subject to total family income), place of employment, family size, years of service, hardship, and other factors that benefit the Commission (e.g., security, site protection, visitor intrusion and information, and related duties).
- B. Assignments of park houses will be based on the recommendation of the Park Property Managers and the approval of either the Director of Parks or the Director of Parks and Recreation, as appropriate.

Practice 6-50
USE OF COMMISSION-OWNED PARK HOUSES
Effective 11 September 1985
App. Commission

NOTICES OF
AVAILABILITY
OF PARK
HOUSES

Notices of availability of park houses and conditions of occupancy shall be advertised in UPDATE and by other appropriate means. Such notices must indicate that park houses are available to Commission employees regardless of the County or department in which they are employed.

Availability of park houses for rent to the general public will be advertised in area newspapers.

PRINCE GEORGE'S COUNTY
PARK HOUSES CLASSIFICATIONS

Commission park houses are to be classified into one of three groups, Class I, II, or III, with the designations to be periodically reviewed and reclassified as required.

CLASS I

Houses that have the most restrictions of use and normally are not available for leasing as residences due to:

1. Purchase contract restrictions, life estates, deed covenants, existing valid leases, etc.
2. Conditions that qualify the use of the property acquired with Federal, State or private funds.
3. Historical or architectural significance.
4. Planned immediate conversion for recreational purposes, Commission office space or similar uses.
5. Location that enhances or protects Commission properties.
6. Poor structural condition and/or detrimental to park development.

CLASS II

Houses which are available for leasing, provided:

1. They are rentable without financially burdening the Commission.
2. Commission use of the property is not immediate because of lack of development funds, further required acquisitions, etc.
3. They are or may be of value as park/recreation facilities in the future.

CLASS III

Houses in this category are available to non-Commission parties.

1. The Prince George's County Planning Board shall declare houses in this class to be temporarily surplus and not needed for park purposes during the period of the proposed lease.
2. When houses are temporarily leased by non-Commission parties, the lessee will assume responsibility for all maintenance and insurance cost required by the Commission.
3. The lease shall contain the use proposed for the property and no other use may be made of the property without the written consent of the County Parks and Recreation Director.

MONTGOMERY COUNTY DEPARTMENT OF PARKS
PARK HOUSES CLASSIFICATIONS

Commission park houses are classified into one of three categories. The designations will be reviewed periodically and reclassified as required.

CATEGORY "A"

Category "A" houses are structures that are essential to a park program and should be maintained on a permanent basis. Factors to consider in making such designations include:

1. Potential or existing use for park purposes (other than as a residence) such as recreation centers, offices, conference centers, etc.
2. Location in or near a park area where security and management personnel are required.
3. Architectural or historical significance of the structure which makes its continued preservation desirable.

CATEGORY "B"

Category "B" houses are surplus to park use requirements and can be made available for rental on an interim basis. Factors to consider in making such designations include:

1. Location in park areas not planned for immediate development.
2. The structure is basically sound and its continued occupancy and maintenance will not place a major burden on the tenant or the Commission.

CATEGORY "C"

Category "C" houses are those which might otherwise be designated as "A" or "B" but have either 1) been conveyed to the Commission encumbered with a tenancy agreement worked out as part of the acquisition arrangement, or 2) have been found to be suited for use by public or nonprofit agencies and organizations. Factors to consider in designating houses for use by public agencies include:

1. The size and location of the park house make it suitable for use by government or nonprofit groups.
2. The park house will not be required for use as a park facility.