

Renters Fearing a Change for the Worse

Conversions to Condos Reducing Availability Of Affordable Housing

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After packing up twice in three years in search of affordable housing, Shelley and John Nembhard thought they were finally finished moving.

Then they found out that their Takoma Park apartment complex -- like dozens of other properties in the county's hot real estate market -- may be turned into high-priced condos.

But this time, the Nembhards and their neighbors are fighting back. County officials and the recently formed Hampshire Towers Tenants Association are trying to purchase the 451 units spread between two high-rises. They want to turn Hampshire Towers, the largest apartment community in Takoma Park, into condos that could be purchased by the tenants below market rate.

"I don't want to move again," said Nembhard, a registered nurse who has lived at Hampshire Towers for two years with her husband and three daughters. "It's a huge problem. Everything is so expensive."

Countywide, 30 apartment buildings, or about 4,000 rental units, are currently being converted into condos, and housing officials say many more conversions could occur in the future.

The increase in conversions comes as home prices remain near record levels. In 2004, the median sale price for a single-family house or townhouse in the county was \$365,000, and the median for condos was \$185,000, according to a Washington Post analysis of government sales records. Data released last week by Metropolitan Regional Information Systems Inc., the regional multiple-listing service, show that the median price for a house in October had increased to \$429,000, down somewhat from a peak in July. Current information was not available on condos.

County officials, who fund a housing program to help preserve affordable housing, have called Hampshire Towers a high priority because of the large number of residents being affected.

Other programs and legislation are being considered to help renters. Takoma Park officials are asking state delegates to sponsor a bill that would not allow a building to be converted into condos if 51 percent of residents voted against it. The proposal would be similar to a District law.

This fall, Takoma Park established a \$25,000 fund to help tenants associations with the cost of organizing and developing plans to buy their buildings.

Montgomery County Executive Douglas M. Duncan (D) and several County Council members say they are considering spending more money to help the county purchase buildings.

"The homeownership opportunities for low- to moderate-income folks have essentially disappeared in this county," said Linda Walker, affordable housing manager for Takoma Park. "We need to keep this community economically and ethnically diverse."

'Where Are We Supposed to Go?'

Most of the 30 apartment buildings currently undergoing conversions into condominiums are in Rockville, Bethesda or downtown Silver Spring, officials said. But the conversions have hit Takoma Park harder than other areas. Fifty-five percent of city residents are renters, compared with 23 percent in the county overall. Takoma Park has long been known as a haven for renters, with its rent-control laws and abundant apartments.

Many of the buildings being converted in areas such as North Bethesda are high-end properties and therefore don't affect affordable housing stock. And in the upcounty area, the wider availability of land means developers have the option of constructing a new building rather than buying out an existing property.

But in Takoma Park, renters often are working families who face dwindling options if they want to continue living in a close-in location with easy access to public transportation. Besides Hampshire Towers, condo conversions are planned or are already underway at two buildings on Lee Avenue that have a total of nearly 100 units, at a 28-unit building on Houston Avenue and at a 12-unit building on Sligo Creek Parkway. Takoma Park officials say more are likely.

Montgomery County Council member Steven A. Silverman (D-At Large) said that taking an aggressive strategy against landlords could backfire. He said landlords blocked from selling a property could simply lower their maintenance standards or increase rents, pricing out lower-income residents.

Some civic activists have been skeptical about whether the council will do much to rein in development because the politicians' campaigns largely are financed by donations from builders.

Silverman, who is running for county executive, dismissed such criticism, saying that "everybody on the council wants to protect affordable rental housing."

Silverman, chairman of the council's Planning, Housing and Economic Development Committee, said he plans to introduce a proposal in December to give Montgomery more flexibility in its purchases for affordable housing. Currently, the county must keep property it purchases as rentals. Silverman said he wants the county to be able to create a combination of condos and rentals.

Silverman and council President Tom Perez (D-Silver Spring) said the biggest challenge is finding enough money for the county to be able to buy properties. "We're going against market forces, and right now the overwhelming market force is to convert and make money," Perez said. "What we have to do is attract new capital into our communities to really make it happen."

Any change in legislation or increase in the county's housing fund would come too late for some residents.

At Houston Arms in Takoma Park, some tenants have already moved out. The owner, David Vichi, filed a notice with the state in May saying he wanted to convert the building into condominiums. Because the owner was not selling to a developer, the county government did not have a right of first refusal to buy the building.

Leaders of the tenants association said they want their notice period, which ends Tuesday, to be extended. The group and the owner are in the midst of a disagreement over whether the tenants received proper notice. Vichi offered to sell the units "as-is" to the tenants for \$200,000 for a one-bedroom condo, while tenants say the price was to have included improvements.

According to Patrick McKeever, an lawyer representing Vichi, six of the residents likely will qualify to stay on as rental tenants because of state laws requiring that up to 20 percent of a building undergoing condo conversion be set aside for the disabled, the elderly or residents making less than \$63,000, or 80 percent of the state's median income of \$78,750.

Resident Crystal Pittman, 51, said she doesn't qualify to stay but is having trouble finding an affordable apartment elsewhere.

One-bedroom apartments in the county rented for an average of \$1,027 in 2004, according to county figures. There's not a lot of supply either -- the rental vacancy rate is 4.6 percent this year, down from 5.1 percent in 2004.

Pittman, an administrative assistant who has a teenage son, said she had been paying \$828 for a two-bedroom apartment at Houston Arms.

"I'm not going ever be able to purchase in this county, so I'm always going to have to rent," she said. "But where are we supposed to go? If we go to another building, the same thing will probably happen there."

Elizabeth Davison, head of the county's Department of Housing and Community Affairs, said a cooling housing market might slow the rate of conversions. This happened during the early 1980s, she said, when there was a construction boom and too many condos were built.

However, she said, even in slower times homes in close-in locations near Metro stations have continued to be attractive.

"This metropolitan area has a big housing shortage and demand is outstripping supply," she said. "So you might see prices not going up as fast, but I don't think there's going to be any huge drop."

Davison said housing officials want to try to "selectively buy some of the buildings that are less expensive."

A Brighter Future?

At Hampshire Towers, the tenants association is trying to come up with financing to match a \$16.64 million offer the owner, New York-based Oxon Equities Corp., has received from Tenacity Group of Bethesda.

The deadline for the tenants association to enter into a contract is Dec. 23, said Rick Eisen, the group's lawyer. He said the county already has signed a contract that would serve as a backup to the tenants' contract. Many of the tenants want to become homeowners, but others are interested in continuing to rent.

Resident Florence Buraimoh, 62, said that under ownership by tenants, Hampshire Towers could have a new life as a renovated property. Residents have long complained about leaking pipes and mouse-size holes in walls. The landlord has been cited for housing code violations numerous times and several apartments have been condemned, according to a county housing official.

"It'll be good, very good to own," Buraimoh said.

Marvin Binion, the tenants association president, said residents have become empowered by the fear of losing their homes.

Binion, who had never before been involved in community organizing, now is spending much of his time conducting tenant meetings and talking to developers. He drafted Tonya Hubbard, who works for his tax services business, to interpret for Spanish-speaking residents and to post updates of tenants meetings in the lobby.

"There's a lot of power along this strip here," Binion said. "You start thinking about it, you can get some things done."

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