



City of Annapolis

DEPARTMENT OF PLANNING AND ZONING

145 Gorman Street, 3rd Floor, Annapolis, Maryland 21401

Chartered 1708 Annapolis 410-260-2200 • FAX 410-263-1129 • TDD 410-263-7943

February 23, 2021

MEMORANDUM

To: Planning Commission
From: Sally Nash, Ph.D., AICP, Director of Planning and Zoning
Re: Ordinance O-50-20: Moderately Priced Dwelling Units
Encl: O-50-30

SN

Purpose

This proposed ordinance addresses sections of Chapter 20.30 that were inadvertently not a part of O-21-19 (also titled "Moderately Priced Dwelling Units"). The following inconsistencies are corrected:

- Updating the occupancy period from 10 years to thirty years in several sections of Chapter 20.30
- Updating the renaming of the "Affordable Housing Trust Fund"
- Streamlining inconsistent language

Recommendation

The Department of Planning and Zoning recommends approval of this ordinance

Report Prepared by

Sally Nash, Ph.D., AICP
Director of Planning and Zoning

1 **..Title**

2 **Moderately Priced Dwelling Unit** – For the purpose of updating certain occupancy periods of
3 Moderately Priced Dwelling Units; eliminating variations on defined terms; providing
4 supplemental regulatory authority to the Director of Planning and Zoning; and generally relating
5 to the Affordable Housing Trust Fund.

6 **..Body**

7 **CITY COUNCIL OF THE**
8 **City of Annapolis**

9
10 **Ordinance 50-20**

11
12 **Introduced by: Mayor Buckley**
13 **Co-sponsored by:**

14
15 **Referred to**
16 **Planning Commission**
17 **Rules and City Government Committee**
18 **90 day Rule: _____**

19
20 **AN ORDINANCE** concerning

21
22 **Moderately Priced Dwelling Units**

23
24 **FOR** the purpose of updating certain occupancy periods of Moderately Priced Dwelling Units;
25 eliminating variations on defined terms; providing supplemental regulatory authority to the
26 Director of Planning and Zoning; and generally relating to the Affordable Housing Trust
27 Fund.

28
29 **BY** repealing and re-enacting with amendments the following portions of the Code of the City
30 of Annapolis, 2021 Edition
31 20.30.070
32 20.30.130
33 20.20.140
34 20.30.150

35
36 **BY** repealing and re-enacting without amendments the following portion of the Code of the
37 City of Annapolis, 2021 Edition
38 20.30.045

39
40 **BY** repealing the following portion of the Code of the City of Annapolis, 2021 Edition
41 20.30.060

42
43
44 **SECTION I: BE IT ESTABLISHED AND ORDAINED BY THE ANNAPOLIS CITY**
45 **COUNCIL** that the Code of the City of Annapolis shall be amended to read as follows:
46

1 **TITLE 20 - SUBDIVISIONS**

2 **Chapter 20.30 - MODERATELY PRICED DWELLING UNITS**

3
4 **20.30.045 - Occupancy periods.**

- 5
6 A. For for-sale MPDU units, the occupancy period is thirty years, beginning to run from the date
7 of the initial sale.
8 B. For rental MPDU units, the occupancy period is ninety-nine years, beginning to run from the
9 date of the initial rental.

10
11 **20.30.060 - Contribution in lieu of developing MPDUs (Repealed).**

12
13 **20.30.070 - Affordable housing trust fund.**

- 14
15 A. The affordable housing trust fund shall be used to provide homeownership opportunities to
16 eligible persons or households under Section 20.30.020.
17 B. The fund shall be administered by the Department of Planning and Zoning in accordance
18 with this chapter and funds shall only be available for use by government agencies who may
19 contract with nonprofit developers.
20 C. Any affordable housing trust fund monies received shall be placed in a segregated account
21 and shall be used to provide funds ~~governmental agencies~~ to:
22 1. Purchase land and or buildings for other affordable housing that would be provided to
23 persons that meet the eligibility criteria for purchasing or renting MPDUs;
24 2. Provide settlement expense, down payment, and mortgage write down assistance to
25 eligible persons or households;
26 3. Construct for sale housing units;
27 4. Purchase and or rehabilitate rental housing for conversion to homeownership;
28 5. Rehabilitate residential units including owner occupied residential units;
29 6. Provide funds to match other State or Federal homeownership HOUSING programs;
30 7. Provide funds for administrative costs;
31 8. Contract with nonprofit developers for development of housing units for sale to eligible
32 low or moderate income buyers.

33
34 **20.30.130 - Procedures for sale and rental of MPDUs.**

- 35
36 A. Every MPDU required under this chapter shall be sold or rented to eligible persons to be used
37 for his or her or their own residence except as otherwise provided in this section.
38 B. Before offering any MPDU for sale or rent, the applicant shall notify the Department of
39 Planning and Zoning of the proposed offering and the date on which the applicant will be
40 ready to begin marketing to eligible persons. The notice shall include:
41 1. The address of each MPDU offered for sale or rent;
42 2. Identification of which MPDUs shall be sold and which shall be offered for rent;
43 3. The number of bedrooms in each MPDU offered;
44 4. The floor area for each MPDU;
45 5. A description of the amenities in each MPDU;
46 6. A vicinity map of the offering; and

- 1 7. Other information or documents as the Department of Planning and Zoning finds
2 necessary for compliance with this chapter.
- 3 C. The Department of Planning and Zoning shall maintain a list of eligible persons and shall send
4 written notice to solicit interest from eligible persons of an MPDU offering by mail and by
5 newspaper prior to the start of the marketing period. This solicitation by the Department of
6 Planning and Zoning shall be issued within thirty days of the date on which the applicant
7 provided its notice to commence marketing pursuant to Paragraph B of this section.
- 8 D. The Department of Planning and Zoning will develop a list of eligible persons interested in
9 the MPDU's and forward said list to the applicant or the applicant's sales agent. If there is
10 sufficient interest, the Department of Planning and Zoning will pick two to two and one-half
11 times as many names as there are MPDUs available. Should the applicant have MPDUs
12 available for sale or rent after contacting all names on the list provided, the applicant shall
13 contact the Department of Planning and Zoning for more names.
- 14 E. The marketing period shall end one hundred eighty days after the Department of Planning and
15 Zoning has forwarded the names of all eligible persons interested in the MPDU's to the
16 applicant. The Department of Planning and Zoning shall supply the applicant with written
17 notice of the marketing period end date.
- 18 F. If no eligible person has entered into a contract of sale for any MPDU offered for sale by the
19 end of the marketing period, the City may purchase the MPDU at the purchase price
20 established for the MPDU.
- 21 1. If the City purchases an MPDU under these circumstances, the status of the MPDU as a
22 for sale MPDU shall not change. The City shall only sell the City owned MPDU to an
23 eligible person and the City owned MPDU shall be subject to the provisions of this
24 chapter.
- 25 2. If the City declines to purchase an MPDU, it shall notify the applicant of its decision
26 promptly, and no later than fourteen days after the end of the marketing period. A new
27 marketing period shall commence upon the end of the prior marketing period or the City's
28 declaration that it will not purchase the MPDU, whichever is later.
- 29 G. The deposit required with the sales contract for the purchase of an MPDU shall not exceed
30 one thousand dollars.
- 31 H. Every buyer or renter of an MPDU shall occupy the MPDU as his or her or their primary
32 residence during the occupancy period. Every buyer and renter shall certify before taking
33 occupancy that he or she or they shall occupy the MPDU as his or her primary residence
34 during any occupancy period. The Director of Planning and Zoning may require an MPDU
35 owner who does not occupy the MPDU as a primary residence to offer the unit for resale under
36 the provisions of this chapter or may require a renter who is not an eligible person to vacate.
- 37 I. An owner of a rental MPDU shall not rent the MPDU unless the renter is an eligible person,
38 and the rental is approved in writing by the Department of Planning and Zoning annually. All
39 annual rental renewals shall be governed by Title 17 of the Annapolis City Code.
- 40 J. Any MPDU owner who rents an MPDU to an ineligible person shall pay all such rent into the
41 City's ~~Homeownership Assistance~~ AFFORDABLE HOUSING Trust Fund NOT LATER
42 THAN thirty days after the Department of Planning and Zoning notifies the owner of the rental
43 violation. The Department of Planning and Zoning may assess the owner a monthly fee that
44 is equal to the HUD fair market rent for the MPDU for each month that rent was charged and
45 received in violation of this chapter.

- 1 K. An applicant or MPDU owner who sells an MPDU to an ineligible person shall pay all
2 proceeds of the sale into the City's ~~homeownership assistance~~ AFFORDABLE HOUSING
3 trust fund NOT LATER THAN thirty days after the Department of Planning and Zoning
4 notifies the applicant or owner of the violation.
- 5 L. Notwithstanding any other provisions, the ~~City Council~~ PLANNING AND ZONING
6 DIRECTOR OR DESIGNEE MAY ~~adopt~~ PROMULGATE written regulations to address
7 MPDU foreclosure proceedings. If an MPDU is sold in foreclosure proceedings that a lending
8 institution holding a note secured by a mortgage or deed of trust has initiated, then the City
9 shall terminate the MPDU controls and execute a release of the restrictive covenants if any
10 and all proceeds of the sale are paid to the ~~homeowner assistance~~ AFFORDABLE HOUSING
11 trust fund. If a foreclosure MPDU sale occurs ~~during the first ten years~~ WITHIN THIRTY
12 YEARS ~~after the original sale~~ FROM THE DATE OF THE INITIAL SALE or rental, then
13 any price paid at the foreclosure sale that exceeds the MPDU's original sale price plus any
14 reasonable costs and fees of foreclosure shall be paid into the ~~homeowner~~
15 ~~assistance~~ AFFORDABLE HOUSING trust fund.

16
17 **20.30.140 - Restrictions on resale and rent.**

- 18
19 A. Restrictions on Resale. During the occupancy period, no MPDU shall be resold except as
20 follows:
- 21 1. At the time of purchase of an MPDU the Department of Planning and Zoning shall
22 determine the difference in value between the purchase price of the MPDU and the real
23 market value of the MPDU.
 - 24 2. At the time of resale of the MPDU the difference in value shall be paid to the City based
25 on the following:
 - 26 a. No monies shall be owed if the purchaser owns and occupies the Property for at least
27 ~~ten~~ THIRTY years from the date of ~~purchase of the property~~ THE INITIAL SALE.
 - 28 b. Upon the sale or transfer of all or any portion of the property within ~~ten~~ THIRTY
29 years ~~of~~ FROM THE DATE OF THE INITIAL SALE ~~purchase of the property~~, the
30 unit shall remain an MPDU and the seller shall keep the net proceeds.
 - 31 3. If a sale MPDU is resold within ~~ten~~ THIRTY years ~~after~~ FROM THE DATE OF its initial
32 sale, the sale must be conducted pursuant to Section 20.30.130 of this chapter. The unit
33 must be treated as a new MPDU and a new occupancy period begins on the date of the
34 resale.
- 35 B. Restriction on Rent. During the occupancy period, no MPDU shall be rented except as an
36 MPDU herein defined.

37
38 **20.30.150 - Restriction on use of ~~homeownership assistance~~ AFFORDABLE HOUSING**
39 **trust fund.**

- 40
41 A. During the occupancy period, funds used from the ~~homeownership assistance~~ AFFORDABLE
42 HOUSING trust fund to purchase a home shall be repaid as follows:
- 43 1. Funds shall be repaid in full out of the net proceeds from the sale of the house if the net
44 proceeds are greater than or equal to the sum of the original principal amount of the funds
45 used. The term "net proceeds" means the proceeds from the sale of the property less the
46

1
2
3
4
5
6
7
8
9

unpaid principal balance of any superior and subordinate non-governmental or private loans.

- 2. A portion of the ~~homeownership assistance~~ AFFORDABLE HOUSING trust fund funds used shall be forgiven if the net proceeds are less than the sum of the original principal amount of the funds used. The amount of the funds to be forgiven may not exceed the original amount provided. The portion of the funds to be forgiven shall equal the original principal amount of the funds multiplied by the number of years the purchaser owned and occupied the house multiplied by the applicable fraction based on the following chart:

Original Principal Amount of Homeownership Assistance AFFORDABLE HOUSING Trust Fund Funding	Applicable Fraction
Less than \$15,000	1/5
\$15,000 to \$40,000	1/10
MORE THAN \$40,000	1/1

10
11
12
13
14
15
16
17
18

SECTION II: AND BE IT FURTHER ESTABLISHED AND ORDAINED BY THE ANNAPOLIS CITY COUNCIL that this ordinance shall take effect from the date of its passage.

Explanation:

- UPPERCASE indicates matter added to existing law.
- ~~Strikethrough~~ indicates matter stricken from existing law.
- Underlining indicates amendments.



FISCAL IMPACT NOTE

Ordinance: O-50-20

Title: Moderately Priced Dwelling Units

Date: January 21, 2021

This ordinance updates the occupancy periods of Moderately Priced Dwelling Units from ten to thirty years, eliminates variations on defined terms, provides supplemental regulatory authority to the Director of Planning and Zoning, and replaces Homeownership Assistance with Affordable Housing Trust Fund. It has no fiscal impact.

Prepared by Katie Connolly, Budget Analyst