



City of Annapolis

DEPARTMENT OF PLANNING AND ZONING

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

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November 11, 2022

MEMORANDUM

To: Planning Commission

From: Michael La Place, Director of Planning & Zoning

Re: **Ordinance O-40-22: Standards for Uses Subject to Standards - Workforce Housing – For the purpose of adding Workforce Housing as a permitted use subject to standards in certain residential, commercial, office and mixed-use districts; establishing the standards for Workforce Housing; and generally related to zoning. ZTA2022-005**

Attachments:

1. O-40-22 First Reader
2. Zoning Map
3. R4 Bulk Regulations
4. Missing Middle housing diagram
5. Photographs of existing Missing Middle housing types found in Annapolis today but not allowed by current zoning
6. Excerpted charts from the *Demographic and Economic Profile and Real Estate Market Analysis for the Annapolis Comprehensive Plan Update* to illustrate key population and housing trends
7. *Housing Affordability Task Force Executive Summary of the Needs Assessment Study Report and the Feasibility Subcommittee Report*

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SUMMARY

The purpose of this ordinance is to create a new permitted use subject to standards, *Workforce Housing*, that will be allowed in all areas of the City with the exception of the maritime zones (WMC, WMM, WME, and WMI) and the industrial zone (I1). The following zones would allow *Workforce Housing*:

- Residential zones: R1, R1A, R1B, R2, R2-NC, R3, R3-NC, R3-NC2, R4, R4-R, C1, C1A
- Commercial zones: B1,,B2, B3, B3-CD, BCE, BR, C2, C2A and PM2
- Office and Mixed Use zones: P, MX, PM, C2P

As a use subject to standards, the following would be allowed related to zoning requirements:

- Density, setbacks and height requirements governed by the bulk regulations for the R4 zoning district;
- Permanent usable common open space shall be identified and dedicated for passive or limited active recreational activities, and area required for parking lot landscaping or buffers cannot be included;
- Site design plan review in accordance with the requirements of section 21.22 of the city code is required;

Deed restrictions would be required that ensure:

- Units are restricted to occupancy by eligible households for at least 30 years for home ownership units and at least 40 years for rental units. The deed restrictions may be 15 years for "lease to purchase" units;
- At least 40% of home ownership units are occupied by a household with an income that does not exceed 100% of the area median income (AMI) adjusted for household size for the Baltimore primary metropolitan statistical area as defined and published annually by HUD;
- At least 60% of rental units are occupied by a household with an income that does not exceed 100% AMI adjusted for household size for the Baltimore primary metropolitan statistical area as defined and published annually by HUD;
- The initial transfer of a home ownership unit to the original buyer of that unit shall be accompanied by a certification from the City that the buyer's household income does not exceed the maximum allowed for that unit.

A property that meets all the standards would be exempt from the Moderately Priced Dwelling Unit (MPDU) requirements in section 20.30.030 of the city code. The initial allowable maximum rental rates shall be established by the developer and approved by Department of Planning and Zoning.

Additionally, in accordance with section 2.04.090 of the City Code, the Department of Planning and Zoning will create regulations which carry out the intent of the legislation.

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RECOMMENDED AMENDMENTS

The following clarifications and recommendations are proposed by Planning & Zoning staff and both the Affordable Housing and Community Equity Development Commission (AHCEDC) and the City Council Standing Committee for Housing and Human Welfare:

- Line 24: The purpose clause of the ordinance should be amended to begin as follows: “the purpose of allowing workforce housing that is affordable to households ~~earning 60 to 100 percent~~ WITH AN INCOME THAT DOES NOT EXCEED 120% of the area median income...”

- Line 40: the following addition shall be inserted:

**“Title 17 – BUILDINGS AND CONSTRUCTION
Chapter 17.28 – Plumbing Code
Section 17.28.090 - Permit—Fees—Schedule.**

The charges for issuance of permits are the sum of a connection charge, a capital facility charge, a capital facility assessment charge and an installation charge. The charges shall be recommended to the City Council by the Director of Public Works and collected by the Director of Planning and Zoning, EXCEPT THAT FEES FOR WORKFORCE HOUSING SHALL BE 50% OF THE REQUIREMENT.”

- Line 58: delete “THE PROJECT SHALL CONSIST OF ANY MIX OR TYPE OF DWELLING UNITS.”
- Line 71: “100 PERCENT” shall be amended to “120% PERCENT” which is consistent with regional and national studies of cost-burdened households.
- Line 79: “100 PERCENT” shall be amended to “120% PERCENT” which is consistent with regional and national studies of cost-burdened households.
- Line 85: delete “THE INITIAL TRANSFER OF A HOME OWNERSHIP UNIT TO THE ORIGINAL BUYER OF THAT UNIT SHALL BE ACCOMPANIED BY A CERTIFICATION FROM THE CITY OF ANNAPOLIS THAT THE BUYER’S HOUSEHOLD INCOME DOES NOT EXCEED THE MAXIMUM ALLOWED FOR THAT UNIT; AND”
- Line 91: delete “IF THE ORIGINAL BUYER OF A HOME OWNERSHIP UNIT TRANSFERS TITLE TO THAT UNIT WITHIN 10 YEARS, THE TRANSFER SHALL BE ACCOMPANIED BY A CERTIFICATION FROM THE CITY OF ANNAPOLIS THAT THE TRANSFEREE’S HOUSEHOLD INCOME DOES NOT EXCEED THE MAXIMUM ALLOWED FOR THAT UNIT.”
- Line 101: the following addition shall be inserted:

“No parking shall be required for workforce housing, but any parking provided must follow the standards set in section 21.66 of the city code.”
- Line 108: replace “COMMON OPEN SPACE. PERMANENT USABLE COMMON OPEN SPACE SHALL BE IDENTIFIED AND DEDICATED FOR PASSIVE RECREATIONAL ACTIVITIES OR LIMITED ACTIVE RECREATION,

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SUBJECT TO THE FOLLOWING REQUIREMENTS. THE AREA REQUIRED FOR PARKING LOT LANDSCAPING OR BUFFERS SHALL NOT BE INCLUDED IN THE COMMON OPEN SPACE CALCULATION.”

with the following:

“Common Open Space.

- a. Common open space shall be provided for passive and/or limited active recreational activities;
- b. Common open space may include community meeting rooms and indoor recreational facilities, such as club houses and exercise facilities;
- c. Areas devoted to landscaping buffers and stormwater management shall not be included in common open space;
- d. Common open space shall be in public ownership or covered by an open space easement or controlled by a homeowners association or property management company.
- e. Provisions shall be made for the ownership, conservation, and maintenance of the common open space.”

- Line 120: the following additions shall be inserted:

“The Director of the Department may make and enforce regulations, in accordance with the provisions of Title 2 § 04.090, necessary to make effective the provisions of this section.”

and

**“Title 21 - PLANNING AND ZONING
Chapter 21.72 - TERMS AND DEFINITIONS
Section 21.72.010 - Terms.**

‘Workforce Housing’ means a mix of any type of dwelling units that is affordable to households with an income that does not exceed 120% of the area median income. “

Finally, while not germane to this ordinance, during the legislative review process the issue of why Moderately Priced Dwelling Unit (MPDU) regulations are provided in *Title 20 - Subdivisions* rather than *Title 21 – Planning & Zoning* was raised. The Department of Planning & Zoning is taking a fresh look at the history of the MPDU requirements. The requirements were added to the code in 2004 and it may be appropriate to amend the code to move them to *Title 21 – Planning & Zoning* as they are a technically a land use and all other use regulations are found in Title 21.

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BACKGROUND

In 2021, with the adoption of O-13-21, the City Council created the Affordable Housing and Community Equity Development Commission (AHCEDC) which was charged with studying and advising the City Council on strategies to improve the housing stock in the City, and recommending policy initiatives and changes in law and regulation to accomplish the objectives of the City Council in affirmatively furthering fair housing.

The Housing Affordability Task Force Feasibility Subcommittee was charged with reviewing each of the policies and recommendations presented through a needs assessment process. Their charge required an evaluation of organizational, financial, and legal feasibility for each policy or recommendation. From that review, ten recommendations for action were identified as affirmatively meeting those criteria that included: Modify current city codes, zoning revisions, and departmental practices to better support achieving housing affordability goals.

ANALYSIS

Annapolis is facing an acute housing crisis. According to the *Demographic and Economic Profile and Real Estate Market Analysis for the Annapolis Comprehensive Plan Update*, as of 2021, the median sale price of a home in Annapolis was \$625,000, which is out of reach to all but those households earning at least 140% of the area median income (AMI), which equates to a household income of \$147,140. According to the same report, the average monthly rent for a three bedroom home in 2021 was \$2,033 which requires a household to be earning at least 80% AMI, which equates to a household income of \$84,080. Not surprisingly, households in Annapolis across a wide range of income levels are increasingly cost-burdened in regard to paying for home costs, and over the last decade the city has seen a dramatic decline in population between ages 18-24, 25-34, and 45-54. While most of these patterns are consistent with county and state trends, the 17% decline in 25-34 age group occurred while the county and state gained population in this group.

While Annapolis has a sizeable percentage of existing housing for low-income households among its total housing stock, ranking only behind Baltimore among Maryland cities, very little new housing for low-income households is being constructed to meet the need. Moderate-income households face an even greater scarcity of housing. With fewer public subsidies available in comparison to low-income housing stock, moderate-income housing is much more dependent on market prices, which are rapidly escalating. Housing that was once affordable to households earning 60-120% AMI is no longer affordable. Following this trend, the term “Missing Middle Housing” has become a common term within the real estate industry and among planning departments across the U.S. The popularity of the term in describing a prolific economic condition is based on the fact that it not only refers to housing affordable to *middle*

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incomes, but also housing that fits in the *middle* of the spectrum of housing types from small apartments at one end of the spectrum to large houses at the other end of spectrum. In the middle of this spectrum are housing types such as bungalows, duplexes, triplexes, fourplexes, garden apartments and other small apartment complexes. These are all housing types that were once common in Annapolis and were historically affordable workforce housing options. Today, these housing types are increasingly hard to find in the city as they are not economically viable based on the cost of the land and/or not permitted in most of the residential zoning districts. Almost half of the City's total land area is currently zoned for residential uses that do not allow multifamily development.

In today's Annapolis, *Workforce Housing* is realized in essentially two ways. Housing for low-income households earning below 60% AMI is almost always developed using Low Income Housing Tax Credits provided by the State of Maryland, while housing for households earning between 60% and 120% AMI is developed conventionally as market rate housing with no subsidies available. The ordinance would better enable both of these scenarios, which at present are extremely difficult to implement due to zoning restrictions that limit density combined with the high cost of land in Annapolis. The cost of the land alone dictates that the only way to deliver homes affordable to low and moderate income households is generally through some form of multifamily development. Yet, Annapolis' zoning restrictions have limited multifamily development over the last ten years to only 93 new units, only about two thirds of which are attainable to low and moderate-income families. During the same period, Annapolis added 522 single-family homes, the large majority of which are unattainable to low and moderate-income families.

With its constrained geography and inability to expand, rapidly escalating land values, and predominance of single family zoning, the city has limited tools for creating housing that is affordable to low and middle income households. Zoning reform to incentivize the infill development of underutilized properties is one of the only means to create the diversity of housing options needed to address the issue.

This ordinance is modelled from a similar ordinance created by Anne Arundel County in 2020, but tailored to amend Annapolis' existing zoning requirements in the most straightforward and expedient way. Rather than establishing or dramatically amending a specific zoning district which is a more complicated legislative process, the ordinance creates a new use, *Workforce Housing*, that would be permitted subject to standards in almost all of the city's existing zoning districts.

CODE COMPLIANCE AND RECOMMENDATION

Chapter 21.34 Zoning Text Amendments establishes the process for enacting amendments to the zoning code. It requires, in accordance with section 21.32.010 Purpose and Authority that amendments shall be in accordance with the following:

For the purpose of promoting the public health, safety, morals and general welfare, and conserving the value of property throughout the city, the city council, from time to time, in the manner set forth in this chapter, may amend the regulations imposed in the districts created by this title; provided, that in all amendatory ordinances adopted under the authority of this chapter, due allowance shall be made for existing conditions, the conservation of property values, the direction of building development to the best advantages of the entire city and the uses to which property is devoted at the time of the adoption of the amendatory ordinance.

The 2009 Comprehensive Plan provides a number of policy recommendations which support this ordinance. Within chapter 8 of the plan which focuses on housing, Policy 1 is “Support Development of Housing Affordable to Workforce or Middle Income Households”. Under this policy, Recommendation 1.2 encourages the revision of the density bonus provision of the Moderately Priced Dwelling Unit (MPDU) program which is essentially what this ordinance is aiming to do. The recommendation states, “The density bonus has not served as the intended incentive to private developers to construct MPDU’s, as site constraints have effectively limited density, and the density bonus has been difficult to achieve.” Policy 3 from the same chapter is “ Support housing programs that assist low and moderate-income households with homeownership and housing rehabilitation”, and Recommendation 3.2 under this policy is “Foster partnerships with public, private, and nonprofit, entities, particularly in efforts to acquire sites at a reasonable cost for the purposes of affordable housing, including rehabilitation, redevelopment, and new development.”

Chapter 3 of the Comprehensive Plan, which focuses on land use, makes an additional case for this ordinance by acknowledging that future growth will come from sensible infill development and redevelopment, and provides policies to this effect. The plan focuses growth on four specific “Opportunity Areas” where a variety of new mixed-use development including housing options would make sense. Today, these same areas, and even adjacent areas, are still sensible locations for infill development and redevelopment that expands affordable workforce housing. However, it should be noted, that this policy direction does not preclude infill development elsewhere in the city, it simply tries to focus investment in specific places. For infill development and redevelopment that will occur beyond the “Opportunity Areas”, the same chapter provides Policy 2: “Infill development, redevelopment, and the expansion outside of the four defined Opportunity Areas should be consistent with the character of the surrounding community.” Indeed, workforce housing can and should be consistent with the character of an existing neighborhood, and this policy provides a guidelines for how this works in Recommendation 2.1 which states: “Future development and improvements within the city should respect or restore, not distract from, the character of the surrounding community. A community is physically characterized by the scale and patterns of its roads and buildings, by the placement of buildings and automobiles within the landscape, by the types and granularity of its buildings, by the diversity and intricacy of their designs, their materials, their textures, and their

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detailing, by the relationship of buildings and landscape to the human scale, and by the mix of land and building uses within the community.”

Based on the above recommendations and the analysis herein, the staff recommends the proposed O-40-22 be APPROVED

Report Prepared by:

Jacquelyn Rouse
Planning Administrator

Eric Leshinsky
Chief of Comprehensive Planning

Theresa Wellman
Chief of Community Development

1 **..Title**

2 **Workforce Housing** – For the purpose of the purpose of allowing workforce housing as a
3 permitted use subject to standards in certain residential, commercial, office and mixed use districts;
4 establishing the standards for workforce housing; and generally related to zoning.

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6 .
7 **..Body**

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

10
11 **Ordinance 40-22**

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13 **Introduced by: Co-sponsored by:**

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15 **Referred to**
16 **Planning Commission**
17 **Rules and City Government Committee**

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20 **AN ORDINANCE** concerning

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22 **Workforce Housing**

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24 **FOR** the purpose of allowing workforce housing that is affordable to households earning 60 to
25 100 percent of the area median income.as a permitted use subject to standards in certain
26 residential, commercial, office and mixed use districts; establishing the standards for
27 workforce housing; and generally related to zoning.

28
29 **BY** repealing and reenacting with amendments the following portions of the Code of the City
30 of Annapolis, 2022 Edition

31 21.48.010

32 21.48.020

33 21.48.030

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35 **BY** adding the following portions to the Code of the City of Annapolis, 2022 Edition
36 21.64.675

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38 **SECTION I: BE IT ESTABLISHED AND ORDAINED BY THE ANNAPOLIS CITY**
39 **COUNCIL** that the Code of the City of Annapolis shall be amended to read as follows:

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Title 21 – PLANNING AND ZONING

Chapter 21.48 – Use Tables

P = Permitted Uses; S = Special Exception Use; Std = Use Subject to Standards (Chapter 21.64);
A = Accessory Use; Blank = Not Permitted

Section 21.48.010 Table of Uses—Residential Zoning Districts

ADD WORKFORCE HOUSING AS PERMITTED USE SUBJECT TO STANDARDS in the R1, R1A, R1B, R2, R2-NC, R3, R3-NC, R3-NC2, R4, R4-R, C1, C1A

21.48.020 Table of Uses—Commercial and Industrial Zoning Districts.

ADD WORKFORCE HOUSING AS PERMITTED USE SUBJECT TO STANDARDS in the B1,B2, B3, B3-CD, BCE, BR, C2, C2A and PM2 (all except I1)

21.48.030 Table of Uses—Office and Mixed Use Zoning Districts.

ADD WORKFORCE HOUSING AS PERMITTED USE SUBJECT TO STANDARDS in P, MX, PM, C2P

**Chapter 21.64 - STANDARDS FOR USES SUBJECT TO STANDARDS
SECTION 21.64.645 WORKFORCE HOUSING.**

- A. THE PROJECT SHALL CONSIST OF ANY MIX OR TYPE OF DWELLING UNITS.**
- B. THE PROPERTY SHALL BE ENCUMBERED BY RECORDED DEED RESTRICTIONS THAT:**
 - 1. THE UNITS BE RESTRICTED TO OCCUPANCY BY ELIGIBLE HOUSEHOLDS UNDER THIS SECTION FOR AT LEAST 30 YEARS FOR HOME OWNERSHIP UNITS AND AT LEAST 40 YEARS FOR RENTAL UNITS EXCEPT THAT THE DEED RESTRICTIONS MAY BE 15 YEARS FOR “LEASE TO PURCHASE” UNITS;**
 - 2. AT LEAST 40 PERCENT OF HOME OWNERSHIP UNITS BE OCCUPIED BY A HOUSEHOLD WITH AN INCOME THAT DOES NOT EXCEED 100 PERCENT OF THE MEDIAN INCOME AJUSTED FOR HOUSEHOLD SIZE FOR THE BALTIMORE PRIMARY METROPOLITAN STATISTICAL AREA. AS DEFINED AND PUBLISHED ANNUALLY BY THE UNITES STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD);**

78 3. AT LEAST 60 PERCENT OF RENTAL UNITS BE OCCUPIED BY A
 79 HOUSEHOLD WITH AN INCOME THAT DOES NOT EXCEED 100 PERCENT
 80 OF THE MEDIAN INCOME AJUSTED FOR HOUSEHOLD SIZE FOR THE
 81 BALTIMORE PRIMARY METROPOLITAN STATISTICAL AREA AS
 82 DEFINED AND PUBLISHED ANNUALLY BY THE UNITED STATES
 83 DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD);

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 85 4. THE INITIAL TRANSFER OF A HOME OWNERSHIP UNIT TO THE
 86 ORIGINAL BUYER OF THAT UNIT SHALL BE ACCOMPANIED BY A
 87 CERTIFICATION FROM THE CITY OF ANNAPOLS THAT THE BUYER’S
 88 HOUSEHOLD INCOME DOES NOT EXCEED THE MAXIMUM ALLOWED
 89 FOR THAT UNIT; AND

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 91 5. IF THE ORIGINAL BUYER OF A HOME OWNERSHIP UNIT TRANSFERS
 92 TITLE TO THAT UNIT WITHIN 10 YEARS, THE TRANSFER SHALL BE
 93 ACCOMPANIED BY A CERTIFICATION FROM THE CITY OF ANNAPOLIS
 94 THAT THE TRANSFEREE’S HOUSEHOLD INCOME DOES NOT EXCEED THE
 95 MAXIMUM ALLOWED FOR THAT UNIT.

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 97 6. A PROPERTY THAT MEETS THE REQUIREMENTS FOR WORKFORCE
 98 HOUSING SET BY THESE STANDARDS SHALL BE EXEMPT FROM THE
 99 MPDU REQUIREMENTS AS DEFINED BY SECTION 20.30.030 OF THE CITY
 100 OF ANNAPOLIS CODE OF ORDINANCES.

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 102 C. THE FOLLOWING BULK REGULATIONS SHALL BE APPLICABLE:

103
 104 1. DENSITY, SETBACKS AND HEIGHT REQUIREMENTS SHALL BE
 105 GOVERNED BY THE BULK REGULATIONS FOR THE R4 ZONING
 106 DISTRICT.

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 108 2. COMMON OPEN SPACE. PERMANENT USABLE COMMON OPEN SPACE
 109 SHALL BE IDENTIFIED AND DEDICATED FOR PASSIVE
 110 RECREATIONAL ACTIVITIES OR LIMITED ACTIVE RECREATION,
 111 SUBJECT TO THE FOLLOWING REQUIREMENTS. THE AREA
 112 REQUIRED FOR PARKING LOT LANDSCAPING OR BUFFERS SHALL
 113 NOT BE INCLUDED IN THE COMMON OPEN SPACE CALCULATION.

114 D. THE INITIAL ALLOWABLE MAXIMUM RENTAL RATES FOR RENTAL
 115 UNITS SHALL BE ESTABLISHED BY THE DEVELOPER AND APPROVED BY
 116 THE CITY OF ANNAPOLIS DEPARTMENT OF PLANNING AND ZONING.

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 118 E. SITE DESIGN PLAN REVIEW IN ACCORDANCE WITH REQUIREMENTS OF
 119 CHAPTER 21.22 IS REQUIRED.
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121 **SECTION II: AND BE IT FURTHER ESTABLISHED AND ORDAINED BY THE**
122 **ANNAPOLIS CITY COUNCIL** that this ordinance shall take effect from the date of its passage.

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Explanation:

126 UPPERCASE indicates matter added to existing law.

127 ~~Strikethrough~~ indicates matter stricken from existing law.

128 Underlining indicates amendments.

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21.50.100 Bulk Regulations Table R4 District.

Important. The notes at the end of the table are as much a part of the law as the table itself.

Permitted uses, special exception uses, and uses subject to specific standards	Density (maximum, expressed as minimum sq. ft. of lot area per dwelling unit)	Lot Dimensions (minimum) Area (sq. ft. or acres) ¹	Lot Dimensions (minimum) Width (ft)	Yards (minimum) Front (ft)	Yards (minimum) Interior Side (ft) ¹²	Yards (minimum) Corner Side (ft) ¹²	Yards (minimum) Rear (ft)	Height, Coverage, Floor Area Ratio (maximum) Height, (stories and feet)	Height, Coverage, Floor Area Ratio (maximum) Lot Coverage, (percent)	Height, Coverage, Floor Area Ratio (maximum) Floor Area Ratio	Open Space (minimum, percent)
Apartment hotels	1,700 ²		40	20 ³	5 ⁴	10 ⁵	30			2.0 ⁶	
Day care centers, group		5,400	50	25	6	15	30			0.75	
Dwellings, multifamily	1,700²	4,800	40	20³	5⁴	10⁵	30			2.0^{6,9}	
Dwellings, single-family attached	1,700 ²		16	20 ³		10 ⁵	30			2.0 ^{6,9}	
Dwellings, single-family detached		4,800	40	15	5	15	30	2.5 stories not to exceed 35 feet		1.0 ⁹	
Dwellings, two-family		4,800¹¹	40¹¹	20³	5⁴	10⁵	30	2.5 stories not to exceed 35 feet		1.0⁹	
Educational institutions		Bulk regulations shall be determined through the site design plan review and/or planned development processes, pursuant to Chapters 21.22, and 21.24	Bulk regulations shall be determined through the site design plan review and/or planned development processes, pursuant to Chapters 21.22, and 21.24	Bulk regulations shall be determined through the site design plan review and/or planned development processes, pursuant to Chapters 21.22, and 21.24	Bulk regulations shall be determined through the site design plan review and/or planned development processes, pursuant to Chapters 21.22, and 21.24	Bulk regulations shall be determined through the site design plan review and/or planned development processes, pursuant to Chapters 21.22, and 21.24	Bulk regulations shall be determined through the site design plan review and/or planned development processes, pursuant to Chapters 21.22, and 21.24			Bulk regulations shall be determined through the site design plan review and/or planned development processes, pursuant to Chapters 21.22, and 21.24	
Governmental uses		10	10	10	10	10	10	10	10	10	10
Health and medical institutions		40,000	120	50 ³	15 ⁷	35 ⁷	50			1.8	
Inns		2 acres		i. Minimum setback from any street: 50 feet ii. Minimum setback from	i. Minimum setback from any street: 50 feet ii. Minimum setback from	i. Minimum setback from any street: 50 feet ii. Minimum setback from	i. Minimum setback from any street: 50 feet ii. Minimum setback from	2.5 stories not to exceed 35 feet	10		50

				adjacent single-family development: 75 feet iii. All other yards: 30 feet	adjacent single-family development: 75 feet iii. All other yards: 30 feet	adjacent single-family development: 75 feet iii. All other yards: 30 feet	adjacent single-family development: 75 feet iii. All other yards: 30 feet				
Institutions for the care or treatment of alcoholics, drug addicts and the mentally ill		5 acres	200	¹⁰	¹⁰	¹⁰	¹⁰				
Museums and art galleries		40,000	120	50 ³	15 ⁷	35 ⁷	50			1.0	
Philanthropic and charitable institutions		20,000	100	35 ³	10 ⁷	25 ⁷	50			1.0	
Planned developments		Bulk regulations shall be determined through the planned development process, pursuant to Chapter 21.24.	Bulk regulations shall be determined through the planned development process, pursuant to Chapter 21.24.	Bulk regulations shall be determined through the planned development process, pursuant to Chapter 21.24.	Bulk regulations shall be determined through the planned development process, pursuant to Chapter 21.24.	Bulk regulations shall be determined through the planned development process, pursuant to Chapter 21.24.	Bulk regulations shall be determined through the planned development process, pursuant to Chapter 21.24.	Bulk regulations shall be determined through the planned development process, pursuant to Chapter 21.24.	Bulk regulations shall be determined through the planned development process, pursuant to Chapter 21.24.	Bulk regulations shall be determined through the planned development process, pursuant to Chapter 21.24.	Bulk regulations shall be determined through the planned development process, pursuant to Chapter 21.24.
Recreational and social clubs		20,000	100	¹⁰	¹⁰	¹⁰	¹⁰				
Religious institutions		20,000	100	35 ³	10 ⁷	25 ⁷	40			1.0	
Accessory Uses											
Buildings accessory to single-family dwellings, other than as specified elsewhere in this table				15	5 ⁸	10	2				
Clubhouses and other structures on the grounds of private clubs, golf courses, polo and tennis clubs				Minimum of one hundred fifty feet from the nearest residential property line, twenty-five feet from all others.	Minimum of one hundred fifty feet from the nearest residential property line, twenty-five feet from all others.	Minimum of one hundred fifty feet from the nearest residential property line, twenty-five feet from all others.	Minimum of one hundred fifty feet from the nearest residential property line, twenty-five feet from all others.				
Mooring slip				No requirement	No requirement	No requirement	No requirement				

Table Notes:

1 Where the front, side or rear lot line of a residential lot adjoins an accessible and usable common or public open space which is at least five acres in area and of a depth perpendicular to the lot line of not less than two hundred feet, the required area may be reduced by twenty percent.

2 If seventy-five percent or more of the required off-street parking spaces are provided underground or within a structure, the minimum lot area shall be one thousand square feet per dwelling unit.

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- 3 Plus one foot for each three feet by which the building width exceeds forty feet.
 - 4 Unless the building height exceeds twenty-five feet, in which case the interior side yards shall equal one-fifth the building height. Buildings fifty feet or more in overall width, as projected upon the front lot line, shall have side yards not less than ten percent of the building width or twenty percent of the building height, whichever is greater.
 - 5 Buildings fifty feet or more in overall width, as projected upon the front lot line, shall have corner side yards not less than twenty-five percent of the building width or thirty percent of the building height, whichever is greater.
 - 6 If seventy-five percent or more of the required off-street parking spaces are provided underground or in a structure, the maximum allowable floor area ratio is 2.2.
 - 7 Plus one foot for each two feet by which the building height exceeds fifteen feet.
 - 8 Unless the entire structure is located on the rear twenty-five percent of the lot, in which case only two feet is required. See illustration at Section 21.60.100.
 - 9 Where the front, side or rear lot line of a residential lot adjoins an accessible and usable common or public open space which is at least five acres in area and of a depth perpendicular to the lot line of not less than two hundred feet, the floor area ratio may be increased by twenty percent.
 - 10 As specified by the decision-making body or official through the zoning decision-making process set forth in Division II, Administration.
 - 11 If the lot is to be subdivided, a minimum lot area of two thousand four hundred square feet and a minimum lot width of thirty feet per dwelling unit shall be provided.
 - 12 In the case of resubdivision of improved zoning lots, side yard requirements do not apply between attached buildings.

(Ord. O-1-04 Revised (part), 2005)

(Ord. No. O-15-14 Amended, § I, 7-14-2014; Ord. No. O-1-21, § I, 7-12-2021)

Missing Middle Housing Diagram



Missing Middle Housing Types – Annapolis Examples (Exhibit 1 of 2)



3 Units - Franklin Street



3 Units – Bay Ridge Avenue



6 Units – Constitution Avenue



12 Units – Lafayette Avenue



3 Units – Chesapeake Avenue



3 Units – Boucher Street



**3 Units – Fleet and
Cornhill Streets**

Missing Middle Housing Types – Annapolis Examples (Exhibit 2 of 2)



9 Units – Duke of Gloucester Street



6 Units – College Avenue



2 Units – Washington Street



6 Units – Cathedral Street



4 Units – Southgate Avenue



5 Units – Prince George Street



3 Units – Cornhill Street

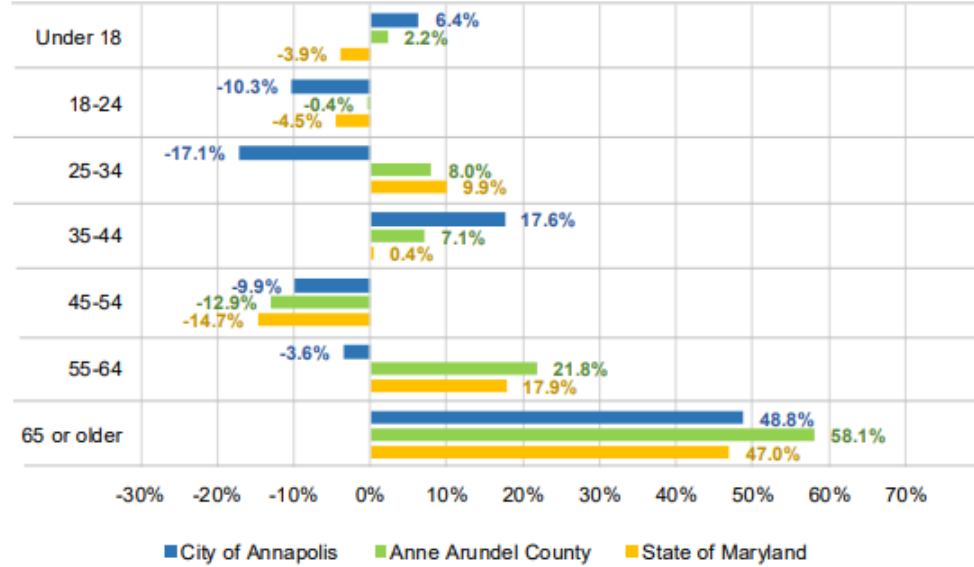


2 Units – Locust Avenue



EXCERPTED CHARTS TO ILLUSTRATE KEY POPULATION AND HOUSING TRENDS

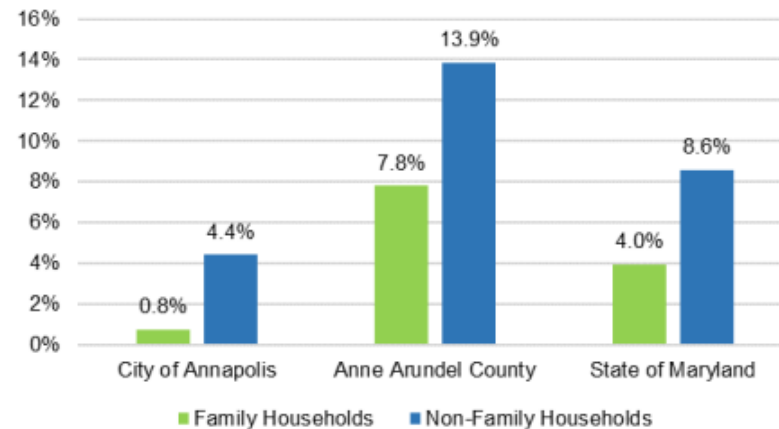
Figure 6: Change in Population by Age Group, 2010 and 2021



Sources: U.S. Census Bureau via ESRI Business Analyst, 2021; BAE, 2021

This chart illustrates that Annapolis lost a significant number of residents between 2010 and 2021 in the 18-24, 25-34, and 45-54 age groups. One can infer that the rapidly escalating cost of housing is a primary cause.

Figure 4: Percent Change in Number of Households by Household Composition, 2010 and 2021



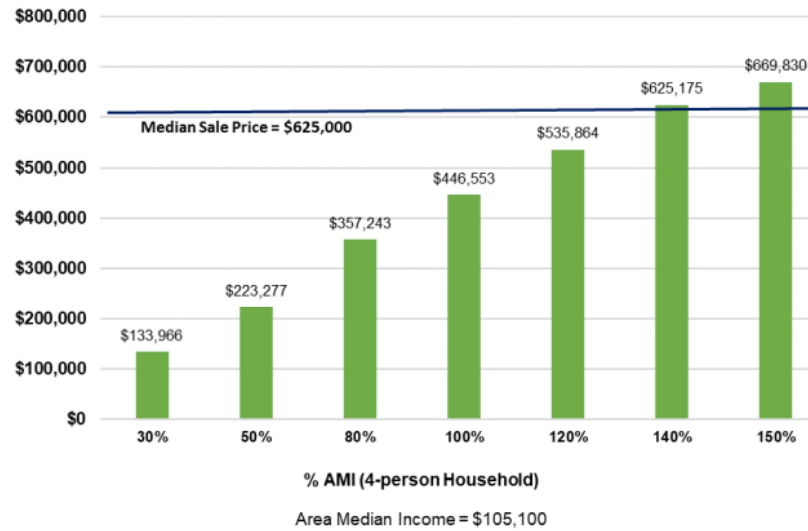
Sources: U.S. Census Bureau via ESRI Business Analyst, 2021; BAE, 2021

This chart illustrates that Annapolis gained almost no new family households between 2010 and 2021, and a small number of non-family households (single residents).



**EXCERPTED CHARTS TO
ILLUSTRATE KEY POPULATION AND
HOUSING TRENDS**

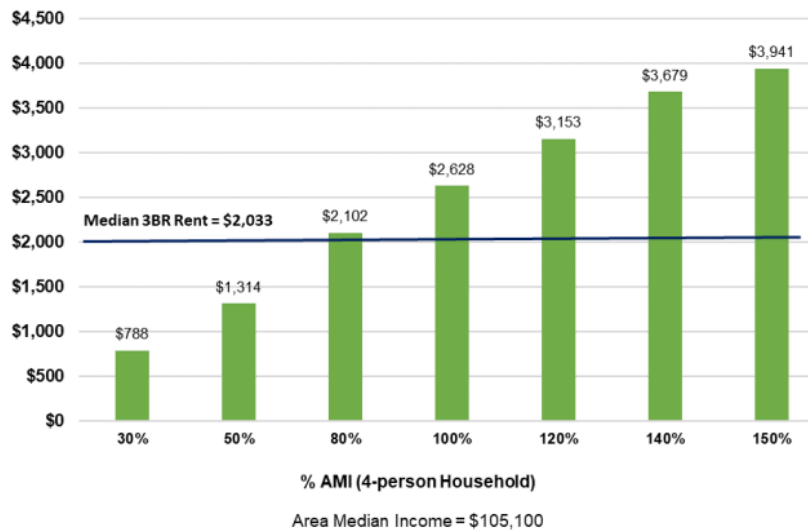
Figure 17: Maximum Affordable Sale Price by AMI (4-person Households)



Source: Redfin, 2021; BAE, 2021.

This chart illustrates that the 2021 median sales price of a home in Annapolis is \$625,000 and a household would need to earn at least 140% of the Area Media Income (AMI) to afford that home which equates to a family income of approximately \$147,140.

Figure 18: Maximum Affordable Rents by AMI (4-person Households)



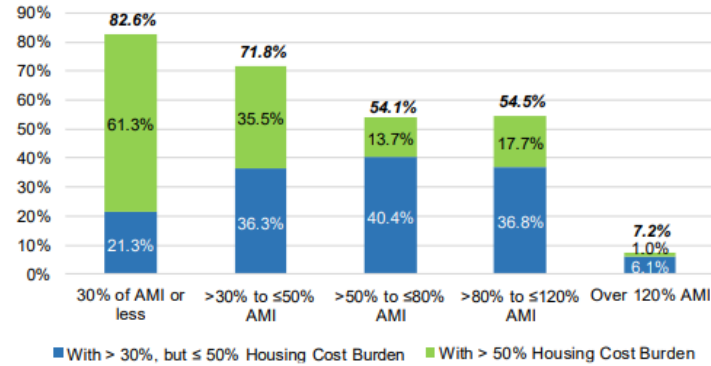
Source: Redfin, 2021; BAE, 2021.

This chart illustrates that the 2021 median rent for a 3 bedroom unit in Annapolis is \$2,033 and a household would need to earn 80% of the Area Media Income (AMI) to afford that rent which equates to a family income of approximately \$84,080.



**EXCERPTED CHARTS TO
ILLUSTRATE KEY POPULATION AND
HOUSING TRENDS**

Figure 15: Cost-Burdened Owner Households in Annapolis by AMI Level, 2013 – 2017 Five-Year Sample Data

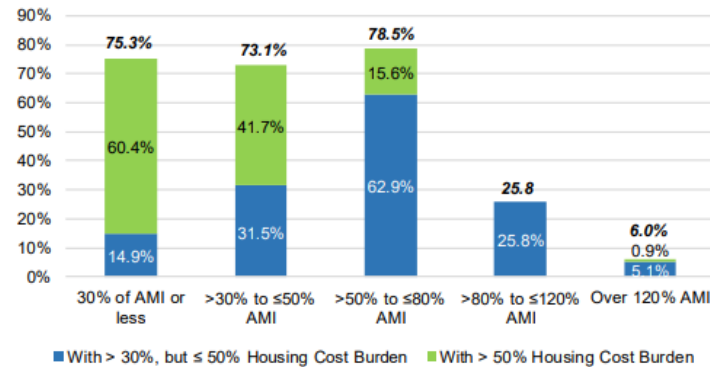


Note:
AMI Levels are HAMFI Levels (HUD Area Median Family Income), the metric used in HUD CHAS data sets.

Sources: U.S. Department of Housing and Urban Development, CHAS, 2013-2017 five-year sample period; BAE, 2021.

This chart illustrates that between 2013 and 2017, housing cost burden (paying more than 30% but less than 50% of monthly income toward housing costs) and severe housing cost burden (paying more than 50% of monthly income toward housing costs) affected a wide range of Annapolis homeowners including those making more than 120% of the Area Median Income. Based on rising home prices in comparison to wages, one can infer these trends have only gotten worse since 2017.

Figure 16: Cost-Burdened Renter Households in Annapolis by AMI Level, 2013 – 2017 Five-Year Data



Note:
AMI Levels are HAMFI Levels (HUD Area Median Family Income), the metric used in HUD CHAS data sets.

Sources: U.S. Department of Housing and Urban Development, CHAS, 2013-2017 five-year sample period; BAE, 2021.

This chart illustrates that between 2013 and 2017, housing cost burden (paying more than 30% but less than 50% of monthly income toward housing costs) and severe housing cost burden (paying more than 50% of monthly income toward housing costs) affected a wide range of Annapolis renters including those making more than 120% of the Area Median Income. Based on rising rental prices in comparison to wages, one can infer these trends have only gotten worse since 2017.



City of Annapolis

HOUSING AFFORDABILITY TASK FORCE

EXECUTIVE SUMMARY

OF

THE NEEDS ASSESSMENT STUDY REPORT AND THE FEASIBILITY
SUBCOMMITTEE REPORT

June 1, 2021

CONTEXT

In the past year, the global pandemic has shown all of us the importance of home. The centrality of housing to the health and well-being of our communities was made abundantly clear. As our country begins to return to normal, we have a unique opportunity to ensure our city returns stronger than before.

Like many cities, Annapolis has a long history of policymaking that has benefitted few but hurt many — particularly low-income communities and non-white residents. The housing policies we created in the past have contributed to inequality, and for decades that inequality has been exacerbated by market forces. The housing affordability crisis in Annapolis is rooted in these policies, which were intentional. Now, to create change, the city must be equally intentional.

Unlike other cities, however, Annapolis is facing a judicial mandate for action. Our housing authority has been historically underfunded and therefore unable to properly upkeep public housing. Because of this, it essentially asked the city to turn a blind eye and exempt public housing from licensing and inspection requirements, and the city complied. Residents later sued the city over public housing conditions, and the city was found culpable of negligence. Now, the Consent Decree resulting from *White, et al. v. City of Annapolis* mandates that Annapolis strengthen its housing market and provide residents with affordable, sustainable and inclusive housing options.

The scope of this crisis and the mandate facing the city, indicate the necessary scale of action needed in response. Over the past nine months, the Housing Affordability Task Force has gathered data to better understand the challenge that lies ahead. Our findings have enabled us to make specific recommendations in line with the needs of our city's residents that will improve housing policy, guide future development, and provide affordable homes for the people of Annapolis.

FINDINGS

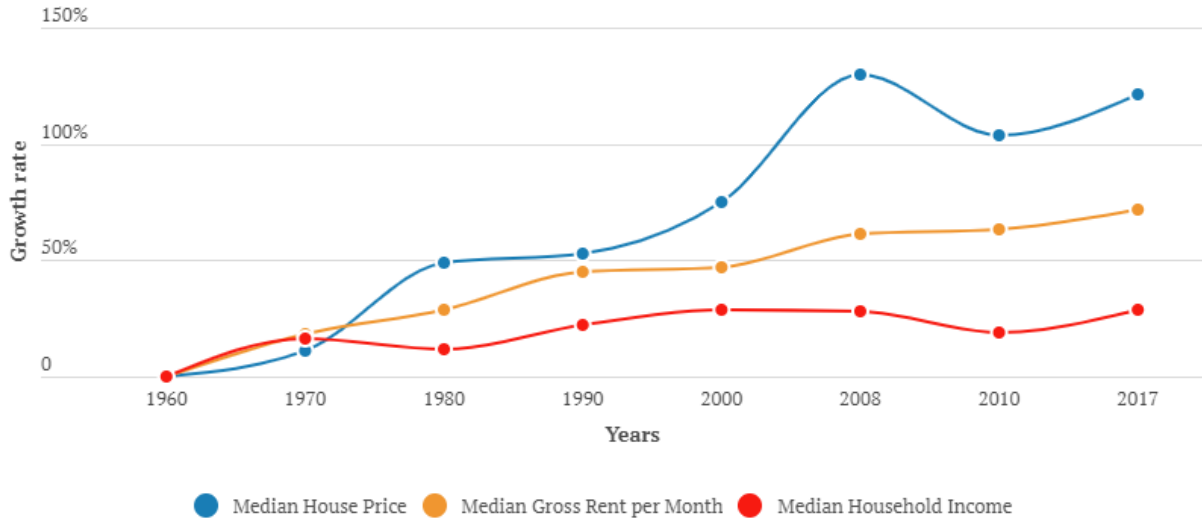
The Housing Affordability Task Force has prepared a detailed report (see the *Needs Assessment Study Report*) that outlines the housing affordability needs for the City of Annapolis. The full assessment report includes an abundance of data from the City of Annapolis as well as sources such as the U.S. Census Bureau and the National Association of Home Builders.

Our findings indicate the following:

- housing costs have increased at a much higher rate than household incomes;
- the City of Annapolis is outpacing most comparable cities in terms of housing costs; and
- rising housing costs hurt not only residents but cities as well because they drive consumers away, preventing growth and causing economic downfall.

When comparing the growth rate of median home prices, rent costs, and household incomes across the United States, it becomes apparent that Annapolis is not alone in the housing affordability crisis. As the graph on the next page shows, median home prices nationwide have increased at four times the rate of household incomes since 1960, leading to imbalanced price-to-income ratios in most major metropolitan areas. Nationwide rents have increased at twice the rate of household incomes since 1960, making saving for a down payment on a home increasingly difficult.

Growth Rate of Median Home Prices v. Median Household Incomes v. Median Rents Nationwide

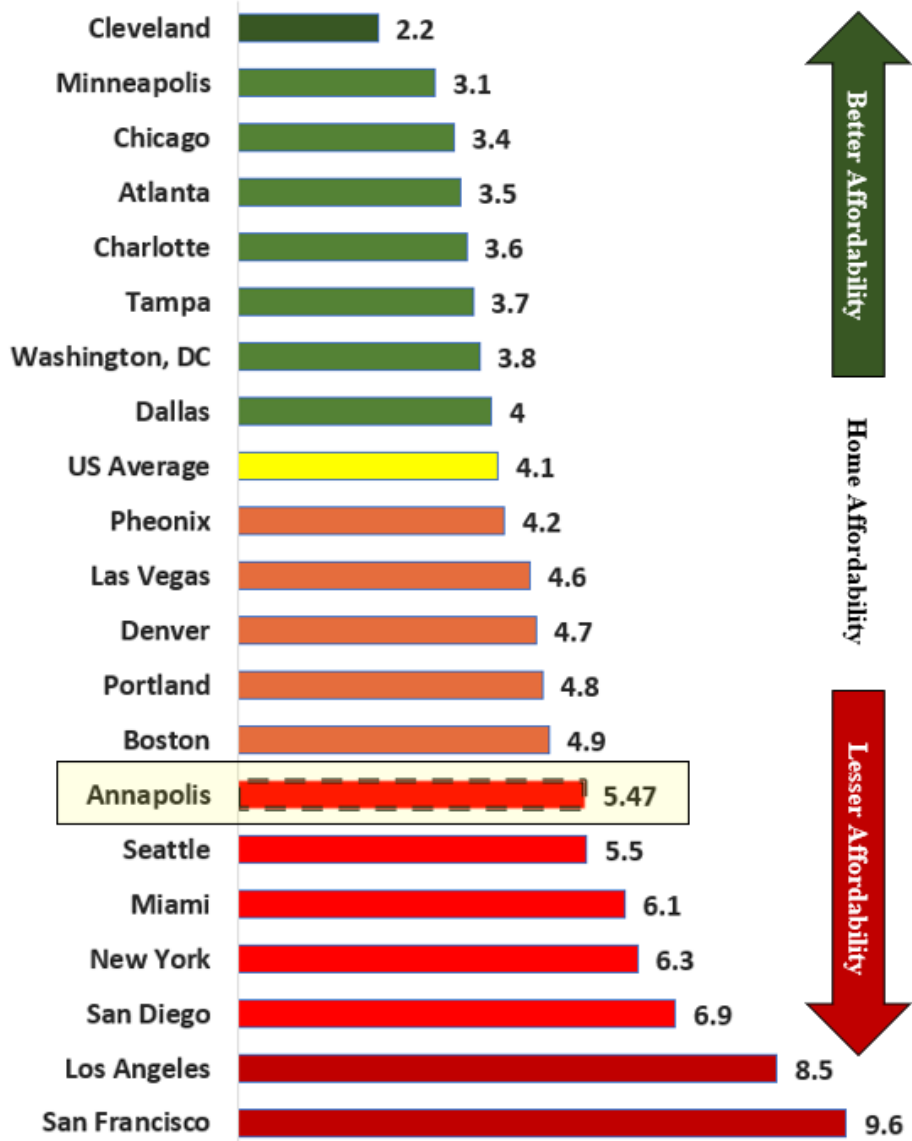


Note: All of the values are indexed to 1960. Chart only includes data for depicted years.

Source: 1960-2000 Decennial Censuses and 2008, 2010 and 2017 American Community Surveys

However, the City of Annapolis is unique in several ways. Like most American cities, the cost of living in Annapolis has grown considerably over the last few decades and has outpaced the income of most of the city's residents — but in terms of living costs, Annapolis finds itself closer in comparison to major metropolitan cities rather than comparable cities in population or even coastal location. As the chart on the next page shows, in terms of price-to-earnings ratios, Annapolis is more expensive than Washington, D.C. and Boston, MA, and barely less expensive than Seattle, WA and New York City, NY.

Median Home Sales Price / Median Family Income



of Years of a Family's Income to Cover Purchase Price of Median Priced Home Sold in City

Source: HOI National Association of Home Builders – Q2 2020

A healthy price-to-income ratio is 2.6, meaning it would take 2.6 years of median household income to purchase the median home. The above bar chart shows that the City of Annapolis price-to-income ratio is more than twice that currently, at 5.47. According to the U.S. Census Bureau, the median household income in the City of Annapolis is \$83,948. Zillow reporting shows that the typical home cost in Annapolis is \$459,118. For reference, the median home cost in the State of Maryland is \$294,100. The typical home cost (\$459,118) divided by the median household income (\$83,948) equals 5.47. This price-to-income ratio shows that, when it comes to purchasing a home, Annapolis is one of the most expensive cities in the United States.

Factors putting market pressure on housing and forcing residential unit prices to outpace incomes within Annapolis include:

- limited space for continued development;
- poor urban planning throughout the city’s history which did not account for maximum build-out (the city still does not have a max-build-out plan);
- a widening income gap between residents; and
- wealthy investors buying up properties.

When analyzing the history of development within the City of Annapolis, it becomes evident that the city’s government as well as its residents prioritized single-family homes (SFHs) over medium- and high-density developments. Over decades, this created a highly competitive market around the few remaining areas suitable for development. The perpetual lack of developable space has also resulted in the city having far fewer development options today than it would have had even one or two decades ago.

Our analysis identified 176.817 acres in the city that are available for development. Even if all of these available acres go to housing, Annapolis will quickly face skyrocketing land values within the next decade or two if the city does not proactively move toward high-density residential development. Current population growth rates indicate that Annapolis would need to develop more than 112 residential units every year to keep housing supply and demand roughly equal. Annapolis is presently averaging a little more than half that figure. This increases property values and makes renting or purchasing a home more difficult.

The table below demonstrates two build-rate scenarios. If all available acres are developed with SFHs at current development rates needed to maintain balance between supply and demand, Annapolis will have no available land (unless more parcels are made available through park conversion or other means) after approximately 18 years. However, if the available acres were used for higher-density residential developments such as townhomes, it would instead take 60 years to reach that point.

Home Type	Average Acreage	Acres Available	Residential Units	Years to Zero Parcels (build rate of 65 units per year)	Years to Zero Parcels (build rate of 112 units per year)
Single-Family Detached Home	0.15	176.817	1,179	18	10.525
Town/Rowhome	0.045	176.817	3,929	60	35.083

RECOMMENDATIONS

The Housing Affordability Task Force Feasibility Subcommittee was charged with reviewing each of the policies and recommendations presented through the needs assessment process. Our charge required an evaluation of organizational, financial and legal feasibility for each policy or recommendation. From that review, ten recommendations for action were identified as affirmatively meeting those criteria. We have prepared a detailed report (see the *Feasibility Subcommittee Report*) that outlines the following ten recommendations in detail.

TEN-POINT PLAN

1. Re-imagine the Housing Authority of the City of Annapolis (HACA) as a leader of a city housing council serving all citizens of Annapolis.
2. Create, expand, preserve the inventory of, and manage the supply of units available for those seeking affordable housing.
3. Enhance the current Affordable Housing Trust Fund.
4. Modify current city codes, zoning and departmental practices to better support achieving housing affordability goals.
5. Establish an ongoing education and outreach program on housing affordability for residents, tenants and developers/contractors.
6. Prepare for, and apply for, a federally funded Choice Neighborhood Initiative (CNI) grant.
7. Support HACA's application and participation in HUD's Rental Assistance Demonstration (RAD) project and other associated community development programs.
8. Advocate for, and facilitate federal tax credit financing through, the Low-Income Housing Tax Credit (LIHTC) program.
9. Establish a dedicated city land trust for Annapolis to support housing affordability.
10. Implement limits to rent increases.

These recommendations are organizationally viable, financially attainable and legally permissible. Taken together and considered as an integrative approach, they will provide a low-cost, inclusive, and equitable yet sustainable solution which ensures that all who want to live in Annapolis can afford to call Annapolis their home. We believe that the adoption of these recommendations will serve as a framework for a coordinated approach to achieving the goal of a minimum of 3,361 new residential units by the year 2050, for an average build-out or redevelopment of 112 new residential units per year, every year.

It should be noted that this Ten-Point Plan is only a first step — future success resulting in new, affordable units, preserving affordability for existing residents, and improving neighborhood conditions is a multi-year effort. A professional market study regarding needs and opportunities for this housing may be required for certain funding programs.

This approach also requires the active partnership and collaborative efforts of our city's elected officials, our county government, our state legislature, the Annapolis Housing Authority, and the U.S. Department of Housing and Urban Development, as well as local nonprofit and for-profit organizations and commercial entities. Most importantly, full community engagement — wherein input is heard and incorporated — will ensure that all residents and businesses believe their vision for their city is considered. If immediate action is taken to move these policies and programs forward, Annapolis can ensure housing affordability for all and foster reinvestment back into the city for generations to come.