



*City of Annapolis*  
**DEPARTMENT OF PLANNING AND ZONING**

145 Gorman Street, 3<sup>rd</sup> Floor, Annapolis, Maryland 21401

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June 11, 2019

**MEMORANDUM**

**To:** Planning Commission  
**From:** Sally Nash, Ph.D., AICP, Acting Director of Planning and Zoning  
**Re:** Ordinance O-21-19: Moderately Priced Dwelling Units  
**Encl:** 1. O-21-19  
2. Chart of State of Maryland 2018 Income and Rent Limits 100 Percent of Area or State Median Adjusted for Family

*SN*

**Purpose**

This ordinance makes three main changes to the Moderately Priced Dwelling Unit (MPDU) section of the City Code. These changes are:

- Extending the required occupancy period for MPDUs
- Providing that the required number of MPDUs is 15 percent of the approved development density
- Deleting the fee-in-lieu of providing MPDUs.

The ordinance also includes a grandfathering provision, which provides that applications filed before the effective date of the ordinance are evaluated based on Chapter 20.30 as it existed at the time of the application.

**Analysis**

The City's Moderately Priced Dwelling Unit Program was first passed by City Council in 2004. Since then, there have been occasional tweaks to the original ordinance. The program was established to ensure that housing choices are available for people with moderate income in the City of Annapolis. "Moderate income" means the annual income for persons or households making approximately 100% or less of the Baltimore area median income (for example, \$94,900 for a household of four, see attached chart). The sale price or rent of MPDUs is below the market rate for other units in the same development. The existing law requires that 12% of the houses for sale in new subdivisions of 10 or more units or 6% of the rental units be MPDUs.

To be eligible for a MPDU, applicants must meet the following requirements:

- Do not own a home
- City resident or City employee who has been employed for at least the past twelve months prior to applying for a certificate of eligibility.
- Teacher or staff member in an elementary, middle, high school within the City limits or in any school that is included in the Annapolis Senior High School district as defined by Anne Arundel County Public Schools.
- Person who has been employed within the United States Naval Academy or the Annapolis Naval Base for at least the past twelve months prior to applying for a certificate of eligibility.

Since its inception, the program has produced 18 rental units at Bell Annapolis (formerly 1901 West Street and ten for-sale units—two at Sailor’s Quay, three at Uptown Murray Hill, four at Boucher Place and one at Washington Square. Eleven developers have paid a fee-in-lieu. Currently, only four developments will produce future MPDUs.

The City’s Housing and Community Development Committee met in March 2019 to discuss ways to improve the MPDU program. Staff researched both national and Maryland MPDU programs to determine ways the City could amend the MPDU legislation to produce better results, i.e. generating more MPDUs and increasing the length of time units remain MPDU so the inventory of affordable housing is not lost. After reviewing legislation of several jurisdictions in the state including Montgomery County, the committee decided on the key changes to improve the city’s program and generate more affordable housing.

Nationally, over 90% of programs require affordability of 30 years or longer (only 9% of rental programs reporting and 12% of homeownership programs reported affordability controls of fewer than 30 years). Permanent affordability (including life of improvements) is the requirement for 27% of rental programs and 34% of homeownership programs. (Thaden & Wang, 2017). The average duration of the affordability requirements across the country is trending upwards as new programs are created; the average rental term of affordability in programs created since 2007 is 46 years, up from 43 years for older programs.

The average homeownership term of affordability is 44 years in newer programs, up from 39 years in older programs (Thaden & Wang, 2017). Looking at these trends, the Housing and Community Development Committee decided to lengthen the City’s required occupancy period. The ordinance changes the occupancy period for for-sale units from 10 to 30 years and the occupancy period of rental units required from 20 to 99 years.

The Committee also found that the program was not yielding as many MPDUs as had been expected, and as is typical in other jurisdictions, especially of rental properties. Therefore, the ordinance proposes to raise the required number of MPDUs to 15% of the total units. The ordinance changes the percentage for for-sale units from 12 to 15 and the percentage of rental units required from 6 to 15%.

Over the past six years, the department has collected almost a million dollars in fee-in-lieu funds that have been used to pay for settlement assistance for new homebuyers. Unfortunately, there is not enough money in the trust fund to build affordable housing, nor does the city have the means to do so. Therefore, the ordinance proposes eliminating the fee-in-lieu option, which will increase the stock of affordable dwelling units.

Other changes in the legislation:

- The reference to ensuring that private developers constructing MPDUs “incur no loss or penalty” as a result of the construction is deleted because there may be some loss of profit when every development subject to the chapter must include MPDUs.
- The applicability of the chapter to developments of 10 or more dwelling units is removed from the definition of “applicant” and placed in Section 20.30.030.
- The definition of an MPDU is modified to provide that a MPDU may be offered for sale or rent to eligible persons, but the ability to offer it to the Department of Planning and Zoning is deleted.
- Section B of 20.30.050 is deleted as redundant. 20.30.040 includes the contents of the required agreement, and it does so in far more detail than deleted section
- There are additional style changes throughout.

### **Proposed Amendment**

Staff would offer one amendment to rename the title of the “Homeownership Assistance Trust Fund” to the “Housing Trust Fund,” which more accurately represents the purpose of the fund. The amendment would also remove confusing and redundant language from Section 20.30.070.

Currently Proposed:

Section 20.30.020 - Definitions.

F. "Homeownership assistance trust fund" means a THE fund established under ~~this chapter in order to achieve the purposes of~~ Section 20.30.070 OF THIS CHAPTER ~~to be administered by the Department of Planning and Zoning.~~

20.30.070- Homeownership assistance trust fund.

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

Recommended Amednment:  
Section 20.30.020 - Definitions.

F. "~~Homeownership assistanee~~ Housing trust fund" means a THE fund established under this chapter in order to achieve the purposes of Section 20.30.070 OF THIS CHAPTER ~~to be administered by the Department of Planning and Zoning.~~

20.30.070- ~~Homeownership assistanee~~ Housing trust fund.

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

Part of this amendment to rename this fund is to replace "Homeowner Assistance Trust Fund" with "Housing Trust Fund" throughout Title 20. If the fee-in-lieu option is eliminated, no new monies will be coming into the fund, but it will still apply to the balance of the account.

Report Prepared by



Sally Nash, Ph.D., AICP  
Chief of Comprehensive Planning

1 **..Title**  
 2 **Moderately Priced Dwelling Units** – For the purpose of extending the occupancy periods for the  
 3 sale and rental of Moderately Priced Dwelling Units (“MPDUs”); increasing the minimum  
 4 requirements for the designation of MPDUs for sale and rental developments; updating definitions;  
 5 increasing the required number of MPDUs proportionate to the approved development density;  
 6 removing the contribution in lieu of developing MPDUs option; making stylistic changes; and  
 7 generally relating to MPDUs.

8 **..Body**

9  
 10 **CITY COUNCIL OF THE**  
 11 **City of Annapolis**

12 **Ordinance 21-19**

13  
 14 **Introduced by: Alderwoman Henson, Alderwoman Tierney,**  
 15 **Alderman Rodriguez, Mayor Buckley, Alderman Savidge**

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

20  
21 **AN ORDINANCE** concerning

22  
23 **Moderately Priced Dwelling Units**

24  
 25 **FOR** the purpose of extending the occupancy periods for the sale and rental of Moderately Priced  
 26 Dwelling Units (“MPDUs”); increasing the minimum requirements for the designation of  
 27 MPDUs for sale and rental developments; updating definitions; increasing the required  
 28 number of MPDUs proportionate to the approved development density; removing the  
 29 contribution in lieu of developing MPDUs option; making stylistic changes; and generally  
 30 relating to MPDUs.

31  
 32 **BY** repealing and re-enacting with amendments the following portions of the Code of the City  
 33 of Annapolis, 2019 Edition  
 34 20.30.010  
 35 20.30.020  
 36 20.30.030  
 37 20.30.050  
 38 20.30.070  
 39 20.30.160

40  
 41 **BY** repealing the following portion of the Code of the City of Annapolis, 2019 Edition  
 42 20.30.060

43  
 44 **BY** adding the following portion to the Code of the City of Annapolis, 2019 Edition  
 45 20.30.045

46

1  
2 **WHEREAS**, Section 7-101 of the Land Use Article of the Annotated Code of Maryland  
3 encourages local jurisdictions to enact local laws providing for or requiring  
4 affordable housing; and  
5

6 **WHEREAS**, this legislation is in conformance with the objectives of Section 7-101 of the Land  
7 Use Article of the Annotated Code of Maryland; and  
8

9 **WHEREAS**, the 2009 Annapolis Comprehensive Plan demonstrates that the housing market is  
10 affected by the unavailability of land for new development, that new development  
11 is increasingly limited to annexation areas, and that housing is increasingly done  
12 through the redevelopment and conversion of previously non-residential sites and  
13 structures; and  
14

15 **WHEREAS**, the lack of available housing and land makes it increasingly difficult to provide new  
16 housing affordable to the workforce, including moderate and low income  
17 households, and this, in turn, forces many households to live an extended distance  
18 from work; and  
19

20 **WHEREAS**, past efforts have been made to encourage moderately priced housing construction  
21 through zoning incentives, permitting greater density, and relaxation of some  
22 building and subdivision regulations; and  
23

24 **WHEREAS**, the density bonus has not served as a sufficient incentive to private developers to  
25 construct moderately priced dwellings units because site constraints often limit  
26 density, thereby making the density bonus difficult to achieve; and  
27

28 **WHEREAS**, household incomes have not kept pace with the sharp increase in home sales prices,  
29 thereby making it difficult or impossible for middle-income families to purchase a  
30 new home; and  
31

32 **WHEREAS**, the objectives of this ordinance are to:  
33

34 Encourage and maintain wide choices of housing for people of all incomes, ages,  
35 lifestyles, and physical capabilities at appropriate locations and densities and to  
36 implement policies to bridge housing affordability gaps;  
37

38 Make housing that is affordable to low, moderate, and middle-income households  
39 a priority in all Wards;  
40

41 Ensure that all sector study amendments and the Comprehensive Plan address the  
42 need for housing for low, moderate, and middle-income households;  
43

44 Implement provisions in the Code that increase the long-term supply of affordable  
45 housing to households of low and moderate incomes, particularly in areas that are  
46 easily accessible to transit; and

1  
2 Require all subdivisions of 10 or more dwelling units to include a minimum number  
3 of moderately priced units on-site.  
4

5 **SECTION I: BE IT ESTABLISHED AND ORDAINED BY THE ANNAPOLIS CITY**  
6 **COUNCIL** that the Code of the City of Annapolis shall be amended to read as follows:  
7

8 **TITLE 20 – SUBDIVISIONS**

9 **Chapter 20.30 – MODERATELY PRICED DWELLING UNITS**

10  
11 **20.30.010 - Purpose and intent.**

12  
13 The purpose of this chapter is to implement the housing goals of the City of Annapolis by:

14 A. Requiring that developers of new residential developments provide moderately priced  
15 dwelling units (MPDUs) as a part of the development's approval;

16 B. Ensuring that housing options continue to be available to low and moderate income  
17 residents;

18 C. Retaining opportunities for people ~~that~~ WHO work in the City to live in the City;

19 D. Amending the development regulations to include requirements for moderately  
20 priced dwelling units;

21 E. Ensuring that private developers constructing MPDUs under this chapter ~~incur no loss~~  
22 ~~or penalty as a result thereof, and~~ have reasonable prospects of realizing a profit on ~~such~~ THE units  
23 by providing density bonuses and incentives;

24 F. Encouraging the redevelopment and improvement of existing buildings by using these  
25 structures for moderately priced housing.  
26

27 **Section 20.30.020 - Definitions.**

28  
29 In general, in this chapter, unless another meaning is plainly intended, the following words  
30 have the meanings indicated.  
31

32 A. "Applicant" means any person, ~~firm, partnership, association, joint venture, corporation, or~~  
33 ~~any other~~ entity, or combination of entities, ~~who either~~ THAT submits for subdivision approval  
34 for a residential "for sale" project ~~under this chapter~~ or is developing rental property, ~~and which~~  
35 ~~plan provides for the development of a total of ten or more dwelling units in one or more stages of~~  
36 ~~development regardless of whether any land has been transferred to another party.~~  
37

38 B. "Certificate of eligibility" means a certificate issued by the Department of Planning and  
39 Zoning, and signed by the person seeking to own or rent an MPDU, IN WHICH ~~and~~ the Planning  
40 and Zoning Director ~~that~~ certifies that the person is qualified to buy or rent an MPDU.  
41

42 C. "Date of original rental" means the date of the first lease agreement for aN MPDU.  
43

44 D. "Date of original sale" means the date of settlement for THE purchase of aN MPDU.  
45

1 E. "Eligible person" means the holder of a current certificate of eligibility ~~granted under this~~  
2 ~~chapter.~~

3  
4 F. "Homeownership assistance trust fund" means ~~a~~ THE fund established under ~~this chapter~~  
5 ~~in order to achieve the purposes of Section 20.30.070 OF THIS CHAPTER to be administered by~~  
6 ~~the Department of Planning and Zoning.~~

7  
8 G. "HUD" means the United States Department of Housing and Urban Development.

9  
10 H. HUD's "fair market rents" (FMRs) ~~shall~~ meanS the FMRs for the Baltimore Metropolitan  
11 Statistical Area as published from time to time by HUD.

12  
13 I. "Marketing period" means a period beginning on the date the Department of Planning and  
14 Zoning provides the applicant WITH an approved list of eligible certificate holders to whom the  
15 unit may be marketed and during which the MPDU is available exclusively to persons holding a  
16 certificate of eligibility under the program.

17  
18 J. "Moderately priced dwelling unit," or "MPDU," means a dwelling unit ~~which is~~ offered for  
19 sale or rent to eligible persons ~~or to the Department of Planning and Zoning~~ and sold or rented  
20 under this chapter.

21  
22 K. "Occupancy period" means the time DURING WHICH an MPDU is subject to either the  
23 resale price controls and owner occupancy requirements or the rental limits of this chapter. ~~The~~  
24 ~~occupancy period is ten years for sale units and twenty years for rental units, and begins on the~~  
25 ~~date of initial sale or rental.~~

26  
27 L. "Residential development" includes:

- 28  
29 1. All proposed subdivisions, rental property, condominiums, cooperatives, and new  
30 mixed use developments with a residential component;  
31 2. A development that is a rehabilitation of an existing multiple family residential  
32 structure that increases the number of residential units from the number of units in the  
33 existing structure by ~~four~~ 4 or more dwelling units;  
34 3. ~~Part A DEVELOPMENT THAT of the conversion of~~ CONVERTS, IN WHOLE OR  
35 IN PART, a rental property to a condominium or cooperative; and  
36 4. A development that will change the use of an existing building from a nonresidential  
37 to a residential use.  
38

39 **20.30.030 - Applicability.**

40  
41 A. THIS CHAPTER APPLIES TO PLANS FOR THE DEVELOPMENT OR  
42 REDEVELOPMENT OF 10 OR MORE DWELLING UNITS, IN ONE OR MORE STAGES OF  
43 DEVELOPMENT AND REGARDLESS OF WHETHER ANY LAND HAS BEEN  
44 TRANSFERRED TO ANOTHER PARTY. COMPLIANCE WITH THIS CHAPTER IS  
45 REQUIRED AS A CONDITION OF APPROVAL.  
46



1 B. THIS CHAPTER DOES NOT APPLY TO: ~~Compliance with the provisions of this~~  
2 ~~chapter shall be required as a condition of approval for all residential development except that~~  
3 ~~compliance with the provisions of this chapter shall not be required as a condition of approval~~  
4 ~~for:~~

5 1. A planned development; or any residential development which requires special  
6 exception approval; AND for which special exception approval ~~has been~~ WAS obtained on or  
7 before the effective date of Ordinance No. O-7-03; ~~or~~

8 2. A residential development not requiring special exception approval and for which  
9 record plat approval ~~has been~~ WAS obtained on or before the effective date of Ordinance O-7-03;  
10 OR

11 3. ~~Any~~ THE conversion ~~from~~ OF a residential rental property to a condominium property  
12 ~~for which~~ IF THE condominium approval ~~has been~~ WAS REGISTERED WITH THE  
13 SECRETARY OF STATE ~~obtained~~ prior to March 13, 2006. ~~As used herein "condominium~~  
14 ~~approval" means when a condominium property has been registered with the Secretary of the State,~~  
15 ~~as set forth under Section 11-127 of the Real Property Article of the Maryland Code.~~

16  
17 B. An applicant may not avoid this chapter by submitting phasing of new development  
18 in increments below the thresholds established in Section 20.30.050, the first PHASE being after  
19 the effective date of this chapter.

20  
21 C. An applicant may submit a request for residential development below the thresholds  
22 set forth in Section 20.30.050, but the applicant must agree in writing that ~~when~~ IF unit thresholds  
23 are reached, the applicant will meet the requirements of this chapter.

24  
25 **SECTION 20.30.045- OCCUPANCY PERIODS.**

26  
27 A. FOR FOR-SALE MPDU UNITS, THE OCCUPANCY PERIOD IS 30 YEARS,  
28 BEGINNING TO RUN FROM THE DATE OF THE INITIAL SALE.

29  
30 B. FOR RENTAL MPDU UNITS, THE OCCUPANCY PERIOD IS 99 YEARS,  
31 BEGINNING TO RUN FROM THE DATE OF THE INITIAL RENTAL.

32  
33 **Section 20.30.050 - REQUIRED NUMBER OF MPDUs-~~Compliance.~~**

34  
35 THE REQUIRED NUMBER OF MPDUS IS PROPORTIONATE TO THE APPROVED  
36 DEVELOPMENT DENSITY AND IS A VARIABLE PERCENTAGE THAT IS NOT  
37 LESS THAN:

38  
39 1. At least ~~twelve~~15 percent of the TOTAL units in a for-sale residential development  
40 subject to this chapter ~~shall be designated as MPDUs and meet all requirements of this chapter.~~  
41 AND

42  
43 2. At least ~~six~~15 percent of the TOTAL units in a rental development subject to this chapter  
44 ~~shall be designated as MPDUs and meet all the requirements of this chapter.~~

45  
46 B. ~~Compliance with this chapter may be achieved as follows:~~

- 1
- 2 1.—Constructing MPDUs. Compliance may be achieved by constructing MPDUs on the site
- 3 where the residential development is to occur;
- 4 2.—The applicant provides covenants, recorded among the land records of Anne Arundel
- 5 County, that WHICH states that the unit will continue to be aN MPDU for the occupaney
- 6 period, in compliance with this chapter; and
- 7 3.—The applicant signs a promissory form, which includes a calculation of MPDUs required
- 8 to comply with this chapter, in which the applicant agrees to meet the requirements of
- 9 this chapter. This form shall be kept on file at the Department of Planning and Zoning.

10  
11 **Section 20.30.060 – Contribution in lieu of developing MPDUs.**

12  
13 A.—~~In exceptional circumstances, the Director of Planning and Zoning may permit an applicant~~  
14 ~~to make a contribution to the homeownership assistance trust fund or donate land in lieu of~~  
15 ~~developing MPDUs.~~

16  
17 B.—An applicant shall:

- 18
- 19 1.—~~Apply to the Director of Planning and Zoning for permission to make a contribution~~
- 20 ~~authorized by Subsection A of this section;~~
- 21 2.—~~Provide any information on or documents that the Department of Planning and Zoning~~
- 22 ~~deems necessary in order to determine whether to grant permission; and~~
- 23 3.—~~Prove to the satisfaction of the Director of Planning and Zoning that exceptional~~
- 24 ~~circumstances exist.~~

25  
26 C.—For the purposes of this section, "exceptional circumstance" means:

- 27
- 28 1.—~~In a proposed subdivision or development, an individual package of resident services and~~
- 29 ~~facilities to be provided to all households would cost the occupants of the MPDUs so~~
- 30 ~~much that it is likely to make the MPDUs effectively unaffordable by eligible households;~~
- 31 2.—~~Because of topography or other physical features, or existing land use laws, ordinances~~
- 32 ~~and regulations, the provision of the MPDUs required by this title would make the~~
- 33 ~~development of the subdivision or development economically infeasible; or~~

34  
35 D.—In lieu of constructing MPDUs the City may:

- 36
- 37 1.—~~Accept a fee of four percent of the total value of construction costs of the dwelling units~~
- 38 ~~as evidenced by the sum of the dollar amounts on the building permit and grading permit~~
- 39 ~~applications and the associated permit fees for a residential development to be paid by an~~
- 40 ~~applicant to the homeownership assistance trust fund; and/or~~
- 41 2.—~~Accept donations of land in fee simple, on or off site, that the Department of Planning~~
- 42 ~~and Zoning determines are suitable for the construction of MPDUs. The value of donated~~
- 43 ~~land shall be equal to or be greater than the value of the fee in lieu payment required by~~
- 44 ~~this chapter or the combination of the value of land and fee shall be equal to or be greater~~
- 45 ~~than the value of the fee in lieu payment required by this chapter.~~

~~3. In the event that an applicant cannot take advantage of the bonus density provisions of this chapter, such event shall be considered as an "exceptional circumstance" entitling the applicant to satisfy the requirements of this chapter by payment of a "fee in lieu" of providing MPDU units.~~

~~E. The Department of Planning and Zoning may require, prior to accepting land as satisfaction of the requirements of this chapter, that the applicant submit appraisals of the land in question, as well as other data relevant to the determination of equivalent value.~~

~~F. The land shall be donated into the homeownership assistance trust fund.~~

**Section 20.30.070 - Homeownership assistance trust fund.**

A. The homeownership assistance trust fund shall be used to provide homeownership opportunities to eligible persons or households under Section 20.30.020.

B. The fund shall be administered by the Department of Planning and Zoning in accordance with this chapter and funds shall only be available for use by government agencies who may contract with nonprofit developers;

C. Any homeownership assistance trust fund monies received shall be placed in a segregated account and shall be used to provide funds governmental agencies to:

1. Purchase land and or buildings for other affordable housing that would be provided to persons that meet the eligibility criteria for purchasing or renting MPDUs;
2. Provide settlement expense, down payment, and mortgage write down assistance to eligible persons or households;
3. Construct for sale housing units;
4. Purchase and or rehabilitate rental housing for conversion to homeownership;
5. Rehabilitate residential units including owner occupied residential units;
6. Provide funds to match other State or Federal homeownership programs;
7. Provide funds for administrative costs; ~~or~~
8. Contract with nonprofit developers for development of housing units for sale to eligible low or moderate income buyers.

**20.30.160 - Density bonus.**

**REVISOR’S NOTE:** In this section, paragraph E is stricken.  
No other changes are made to Section 20.30.160.

~~E. An applicant who makes a contribution in lieu of developing MPDUs pursuant to Section 20.30.060 shall not be entitled to a density bonus.~~

**SECTION II. DEVELOPMENT APPLICATIONS SUBMITTED TO THE DEPARTMENT OF PLANNING AND ZONING PRIOR TO THE EFFECTIVE DATE OF THIS ORDINANCE SHALL BE EVALUATED BASED ON CHAPTER 20.30 AS IT EXISTED AT THE TIME THE APPLICATION WAS SUBMITTED. DEVELOPMENT APPLICATIONS SUBMITTED AFTER THE EFFECTIVE DATE OF THIS**

1 **ORDINANCE SHALL BE GOVERNED BY CHAPTER 20.30 AS AMENDED BY THIS**  
2 **ORDINANCE.**

3  
4 **SECTION III: AND BE IT FURTHER ESTABLISHED AND ORDAINED BY THE**  
5 **ANNAPOLIS CITY COUNCIL** that this ordinance shall take effect on the date of its passage.

6  
7  
8  
9  
10  
11  
12

**Explanation:**

UPPERCASE indicates matter added to existing law.

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

Underlining indicates amendments.



## STAFF REPORT AND FISCAL IMPACT NOTE

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**Ordinance:** O-21-19

**Title:** Moderately Priced Dwelling Units (MPDUs)

**Date:** April 27, 2019

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### STAFF REPORT

This ordinance has four primary purposes.

- It extends the required occupancy period for for-sale moderately priced dwelling units (“MPDUs”) from 10 years to 30 years, and it extends the occupancy period of rental MPDUs from 20 years to 99 years. (The length of the occupancy periods is removed from the definition and placed in a new separate section.)
- It provides that the required number of MPDUs is proportionate to the approved development density, but the variable percentage may not be less than 15 percent.
- It deletes the fee in lieu of providing MPDUs.
- It includes a grandfathering provision which provides that applications filed before the effective date of the ordinance are evaluated based on Chapter 20.30 as it existed at the time of the application.

Note that 20.30.160 is amended to delete Section E, relating to fees in lieu. The remaining portions of the section are not included in this ordinance because O-44-18 also addresses this section.

Other changes:

- The reference to ensuring that private developers constructing MPDUs “incur no loss or penalty” as a result of the construction is deleted because there may be some loss of profit when every development subject to the chapter must include MPDUs.
- The applicability of the chapter to developments of 10 or more dwelling units is removed from the definition of “applicant” and placed in 20.30.030.
- The definition of an MPDU is modified to provide that an MPDU may be offered for sale or rent to eligible persons, but the ability to offer it to the Department of Planning and Zoning is deleted.

- Section B of 20.30.050 is deleted as redundant and underinclusive. 20.30.40 includes the contents of the required agreement, and it does so in far more detail than deleted section B.
- There are style changes throughout.

*Prepared by Linda Schuett, Acting City Attorney*

According to Peter Gutwald, Planning and Zoning Director, this ordinance has no impact on the staff.

*Prepared by Teresa Sutherland, City Manager*

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## **FISCAL IMPACT**

This ordinance has no fiscal impact on City operating expenses. We are unable to predict the impact on future General Fund revenues. Eliminating the fee in lieu of building MPDUs will eliminate all new revenue into the Homeownership Assistance Trust Fund.

*Prepared by Jodee Dickinson, Finance Director*

**State of Maryland**  
**2018 Income and Rent Limits**  
**100 Percent of Area or State Median Adjusted for Family**

Jurisdiction	Median Household Income	1-Person Household		2-Person Household		3-Person Household		4-Person Household	
		Income Limit	Max. Gross Rent	Income Limit	Max. Gross Rent	Income Limit	Max. Gross Rent	Income Limit	Max. Gross Rent
Baltimore PMSA*	\$94,900	\$66,500	\$1,663	\$76,000	\$1,900	\$85,500	\$2,138	\$94,900	\$2,373
Washington, D.C. PMSA**	\$117,200	\$82,100	\$2,053	\$93,800	\$2,345	\$105,500	\$2,638	\$117,200	\$2,930
Allegany (Cumberland MSA)***	\$55,500	\$50,000	\$1,250	\$57,100	\$1,428	\$64,200	\$1,605	\$71,300	\$1,783
Caroline***	\$63,600	\$50,000	\$1,250	\$57,100	\$1,428	\$64,200	\$1,605	\$71,300	\$1,783
Cecil (Wilmington PMSA)	\$87,400	\$61,200	\$1,530	\$70,000	\$1,750	\$78,700	\$1,968	\$87,400	\$2,185
Dorchester***	\$63,200	\$50,000	\$1,250	\$57,100	\$1,428	\$64,200	\$1,605	\$71,300	\$1,783
Garrett***	\$58,200	\$50,000	\$1,250	\$57,100	\$1,428	\$64,200	\$1,605	\$71,300	\$1,783
Kent***	\$74,600	\$52,300	\$1,308	\$59,700	\$1,493	\$67,200	\$1,680	\$74,600	\$1,865
St. Mary's	\$103,400	\$72,400	\$1,810	\$82,800	\$2,070	\$93,100	\$2,328	\$103,400	\$2,585
Somerset***	\$49,500	\$50,000	\$1,250	\$57,100	\$1,428	\$64,200	\$1,605	\$71,300	\$1,783
Talbot	\$77,400	\$54,200	\$1,355	\$62,000	\$1,550	\$69,700	\$1,743	\$77,400	\$1,935
Washington (Hagerstown PMSA)***	\$72,800	\$51,000	\$1,275	\$58,300	\$1,458	\$65,600	\$1,640	\$72,800	\$1,820
Wicomico (Salisbury MSA)***	\$71,800	\$50,300	\$1,258	\$57,500	\$1,438	\$64,700	\$1,618	\$71,800	\$1,795
Worcester***	\$72,300	\$50,700	\$1,268	\$57,900	\$1,448	\$65,100	\$1,628	\$72,300	\$1,808
Statewide****	\$96,500	\$67,600	\$1,690	\$77,200	\$1,930	\$86,900	\$2,173	\$96,500	\$2,413
Statewide Non-Metro	\$71,300	\$50,000	\$1,250	\$57,100	\$1,428	\$64,200	\$1,605	\$71,300	\$1,783

\* Includes Baltimore City and Anne Arundel, Baltimore, Carroll, Harford, Howard and Queen Anne's counties.

\*\* Includes Calvert, Charles, Frederick, Montgomery and Prince George's counties.

Rent limits do not include allowances for utility costs.

\*\*\* Income limit calculations are based on non-metro median income.

\*\*\*\* For informational purposes

**For properties that have Low Income Tax Credits included please refer to Low Income Housing Tax Credit Limits**

Source: U.S. Department of HUD, Office of Policy Development & Research