



Legislation Text

File #: O-50-20, Version: 1

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

**CITY COUNCIL OF THE
City of Annapolis**

Ordinance 50-20

**Introduced by: Mayor Buckley
Co-sponsored by: Alderman Schandelmeier**

**Referred to
Planning Commission
Rules and City Government Committee
Housing and Human Welfare Committee
Economic Matters Committee**

AN ORDINANCE concerning

Moderately Priced Dwelling Units

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

BY repealing and re-enacting with amendments the following portions of the Code of the City of Annapolis, 2021 Edition
20.30.070
20.30.130
20.20.140
20.30.150

BY repealing and re-enacting without amendments the following portion of the Code of the City of Annapolis, 2021 Edition
20.30.045

BY repealing the following portion of the Code of the City of Annapolis, 2021 Edition
20.30.060

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

TITLE 20 - SUBDIVISIONS

Chapter 20.30 - MODERATELY PRICED DWELLING UNITS

20.30.045 - Occupancy periods.

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

20.30.060 - ~~Contribution in lieu of developing~~ MPDUs (Repealed).

20.30.070 - Affordable housing trust fund.

- A. The affordable housing 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 affordable housing 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;
 - 8. Contract with nonprofit developers for development of housing units for sale to eligible low or moderate income buyers.

20.30.130 - Procedures for sale and rental of MPDUs.

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

6. A vicinity map of the offering; and
 7. Other information or documents as the Department of Planning and Zoning finds necessary for compliance with this chapter.
- C. The Department of Planning and Zoning shall maintain a list of eligible persons and shall send written notice to solicit interest from eligible persons of an MPDU offering by mail and by newspaper prior to the start of the marketing period. This solicitation by the Department of Planning and Zoning shall be issued within thirty days of the date on which the applicant provided its notice to commence marketing pursuant to Paragraph B of this section.
- D. The Department of Planning and Zoning will develop a list of eligible persons interested in the MPDU's and forward said list to the applicant or the applicant's sales agent. If there is sufficient interest, the Department of Planning and Zoning will pick two to two and one-half times as many names as there are MPDUs available. Should the applicant have MPDUs available for sale or rent after contacting all names on the list provided, the applicant shall contact the Department of Planning and Zoning for more names.
- E. The marketing period shall end one hundred eighty days after the Department of Planning and Zoning has forwarded the names of all eligible persons interested in the MPDU's to the applicant. The Department of Planning and Zoning shall supply the applicant with written notice of the marketing period end date.
- F. If no eligible person has entered into a contract of sale for any MPDU offered for sale by the end of the marketing period, the City may purchase the MPDU at the purchase price established for the MPDU.
1. If the City purchases an MPDU under these circumstances, the status of the MPDU as a for sale MPDU shall not change. The City shall only sell the City owned MPDU to an eligible person and the City owned MPDU shall be subject to the provisions of this chapter.
 2. If the City declines to purchase an MPDU, it shall notify the applicant of its decision promptly, and no later than fourteen days after the end of the marketing period. A new marketing period shall commence upon the end of the prior marketing period or the City's declaration that it will not purchase the MPDU, whichever is later.
- G. The deposit required with the sales contract for the purchase of an MPDU shall not exceed one thousand dollars.
- H. Every buyer or renter of an MPDU shall occupy the MPDU as his or her or their primary residence during the occupancy period. Every buyer and renter shall certify before taking occupancy that he or she or they shall occupy the MPDU as his or her primary residence during any occupancy period. The Director of Planning and Zoning may require an MPDU owner who does not occupy the MPDU as a primary residence to offer the unit for resale under the provisions of this chapter or may require a renter who is not an eligible person to vacate.
- I. An owner of a rental MPDU shall not rent the MPDU unless the renter is an eligible person, and the rental is approved in writing by the Department of Planning and Zoning annually. All annual rental renewals shall be governed by Title 17 of the Annapolis City Code.
- J. Any MPDU owner who rents an MPDU to an ineligible person shall pay all such rent into the City's Homeownership Assistance AFFORDABLE HOUSING Trust Fund NOT LATER THAN thirty days after the Department of Planning and Zoning notifies the owner of the rental violation. The Department of Planning and Zoning may assess the owner a monthly fee that is equal to the HUD fair market rent for the MPDU for each month that rent was charged and received in violation of this chapter.
- K. An applicant or MPDU owner who sells an MPDU to an ineligible person shall pay all proceeds of the sale into the City's homeownership assistance AFFORDABLE HOUSING trust fund NOT LATER THAN thirty days after the Department of Planning and Zoning notifies the applicant or owner of the violation.
- L. Notwithstanding any other provisions, the City Council PLANNING AND ZONING DIRECTOR OR DESIGNEE MAY adopt PROMULGATE written regulations to address MPDU foreclosure proceedings. If an MPDU is sold in foreclosure proceedings that a lending institution holding a note secured by a mortgage or deed of trust has initiated, then the City shall terminate the MPDU controls and execute a

release of the restrictive covenants if any and all proceeds of the sale are paid to the ~~homeowner assistance~~ AFFORDABLE HOUSING trust fund. If a foreclosure MPDU sale occurs ~~during the first ten years~~ WITHIN THIRTY YEARS ~~after the original sale~~ FROM THE DATE OF THE INITIAL SALE or rental, then any price paid at the foreclosure sale that exceeds the MPDU's original sale price plus any reasonable costs and fees of foreclosure shall be paid into the ~~homeowner assistance~~ AFFORDABLE HOUSING trust fund.

20.30.140 - Restrictions on resale and rent.

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

20.30.150 - Restriction on use of ~~homeownership assistance~~ AFFORDABLE HOUSING trust fund.

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

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.