

REGULAR MEETING

April 12, 2004

The Regular Meeting of the Annapolis City Council was held on April 12, 2004 in the Council Chamber. Alderman Fox called the meeting to order at 7:35 p.m.

Present on Roll Call: Aldermen Hammond, Tolliver, Kelley, Cordle, Fox, Cohen,
Alderwomen Hoyle, Carter

Mayor Moyer was absent.

Staff Present: City Attorney Spencer, Planning and Zoning Director Arason, Chief of Historic Preservation Hole

C Alderman Fox, Planning and Zoning Director Arason, Planning Commission Chairman Chellis, Planning Commission Member Scott presented a plaque recognizing Charles Lewnes for 15 years of Outstanding Service on the City of Annapolis Planning Commission.

C Alderman Tolliver moved to approve the Journal of Proceedings for March 8, 2004 and, March 22, 2004. Seconded. CARRIED on voice vote.

C Alderman Tolliver moved to recess this meeting to resume the Special Meeting. Seconded. CARRIED on voice vote.

C The Regular Meeting of the Annapolis City Council resumed at 8:10 p.m.

PETITIONS, REPORTS AND COMMUNICATIONS

C Chris Comer - Informational Only - Comcast Programming Changes pursuant to the "Agreement Concerning Consent to Cable Franchise Transfer" dated 4/15/97.

C Dennis Conte, 141 E. Bay View Drive, Annapolis, Maryland 21403 spoke on O-7-03.

C Budget Revision Request GT-8-04

Patricia Buck, Historic Annapolis Foundation, 18 Pinkney Street, Annapolis, Maryland 21401 spoke in favor of GT-8-04.

Chief of Historic Preservation Hole was present and answered questions from Council.

LEGISLATIVE ACTION

ORDINANCES

O-7-03 For the purpose of establishing a Housing Assistance Trust Fund to provide a more flexible funding source to assist home buyers who may not qualify under existing housing programs; and matters generally relating to said fund.

C Alderman Cohen moved to adopt O-7-03 on second reading. Seconded.

The Rules Committee reported favorably with amendments on O-7-03.

The Planning Commission reported favorably with recommendations on O-7-03.

C Alderman Hoyle moved to amend O-7-03 as follows:

On page 1, strike line 1 and all that follows through page 10, line 16, and insert

the following:

CITY COUNCIL OF THE CITY OF ANNAPOLIS

ORDINANCE NO. O-7-03

Introduced by Mayor Moyer
Alderman Hoyle
Alderman Carter

AN ORDINANCE concerning

Establishing a Housing Assistance Trust Fund Affordable Housing

FOR the purpose of ~~establishing a Housing Assistance Trust Fund to provide a more flexible funding source to assist home buyers who may not qualify under existing housing programs; and matters generally relating to said fund~~ **increasing affordable housing opportunities for sale or for rent for Annapolis residents of low and moderate income by creating an inclusionary housing requirement for new developments in the City of Annapolis, and all matters relating to an inclusionary housing requirement.**

* * * * *

BY by adding new
Title 20
Chapter 20.30
Code of the City of Annapolis
(1996 Edition and Supplement)

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

Chapter 20.30

Moderately Priced Dwelling Units

Sections:

- ~~20.30.010 Purpose and Intent.~~ **Purpose and Intent.**
- ~~20.30.020 Housing Assistance Trust Fund. Definitions.~~ **Housing Assistance Trust Fund. Definitions.**
- ~~20.30.030 Definitions. Applicability.~~ **Definitions. Applicability.**
- ~~20.30.040 Applicability. Application and Inclusionary zoning plan.~~ **Applicability. Application and Inclusionary zoning plan.**
- ~~20.30.050 Compliance.~~ **Compliance.**
- ~~20.30.060 Adjustments for MPDU Qualification. Contribution in lieu of developing MPDUs.~~ **Adjustments for MPDU Qualification. Contribution in lieu of developing MPDUs.**
- ~~20.30.070 Constructions of MPDUs. Homeownership Assistance Trust Fund.~~ **Constructions of MPDUs. Homeownership Assistance Trust Fund.**
- ~~20.30.080 Certificate of Eligibility. Adjustments for MPDU qualification.~~ **Certificate of Eligibility. Adjustments for MPDU qualification.**
- ~~20.30.090 Payment of Homeowner Associations Fees. Constructions of MPDUs.~~ **Payment of Homeowner Associations Fees. Constructions of MPDUs.**
- ~~20.30.100 Procedures for Sale and Rental of MPDUs. Certificate of Eligibility.~~ **Procedures for Sale and Rental of MPDUs. Certificate of Eligibility.**
- ~~20.30.110 Restrictions on Resale and Rent. Establishment of initial sales price of MPDUs.~~ **Restrictions on Resale and Rent. Establishment of initial sales price of MPDUs.**

- ~~20.30.120~~ ~~Density Bonus. Payment of homeowner associations fees.~~
- ~~20.30.130~~ ~~Procedures for sale and rental of MPDUs.~~
- ~~20.30.140~~ ~~Restrictions on resale and rent.~~
- ~~20.30.150~~ ~~Restriction on use of Homeownership Assistance Trust Fund~~
- ~~20.30.160~~ ~~Density bonus.~~

~~Sec. 20.30.010~~ ~~Purpose and Intent.~~ Purpose and intent.

~~The purpose of these regulations this chapter is to implement the housing goals of the City of Annapolis by:~~

- ~~A. Requiring that developers of new residential developments provide moderately priced dwelling units (MPDUs) as a part of the development's approval. Creating a Housing Assistance Trust Fund to provide a more flexible funding source to assist home buyers and renters who may not qualify under existing housing programs.~~
- ~~B. Ensuring that housing options continue to be available to low and moderate income residents, and for special needs populations, including, but not limited to, the elderly.~~
- ~~C. Retaining opportunities for people that work in the city to live in the city.~~
- ~~D. Amending the development regulations to include requirements for moderately priced dwelling units.~~
- ~~E. Ensuring that private developers constructing moderately priced housing MPDU's under this chapter incur no loss or penalty as a result thereof, and have reasonable prospects of realizing a profit on such units by providing density bonuses and incentives.~~
- ~~F. Encouraging the redevelopment and improvement of existing buildings by using these structures for moderately priced housing.~~

~~Sec. 20.30.020~~ ~~Housing Assistance Trust Fund.~~

~~The Housing Assistance Trust Fund may be utilized for any of the following purposes:~~

- ~~A. Provide funds to nonprofit housing developers to purchase properties at tax sales or foreclosures.~~
- ~~B. Provide funds to nonprofits to purchase rental property that is occupied.~~
- ~~C. Provide settlement expenses, down payment and mortgage write-downs to an eligible person and to low/moderate city employees who would like to live in the city.~~
- ~~D. Provide funds for the production of new housing, preservation of existing federally assisted housing, and the rehabilitation of existing market affordable housing.~~
- ~~E. Provide rental assistance to qualified persons.~~
- ~~F. Provide funds for administrative costs.~~

~~Sec. 20.30.030~~ ~~20.30.020 Definitions.~~

~~In general, in this chapter, unless another meaning is plainly intended, the following words have the meanings indicated.~~

- ~~A. "Applicant" means any person, firm, partnership, association, joint venture,~~

corporation, or any other entity or combination of entities, who either submits for subdivision approval under Chapter 20 or is developing rental property, and which plan provides for the development of a total of ten (10) or more dwelling units in one or more stages of development regardless of whether any land has been transferred to another party.

B. "At one location" means all adjacent land of the applicant if:

1. The property lines are contiguous or nearly contiguous at any point;
2. The property lines are separated only by a public or private street, road, highway or utility right-of-way, or other public or private right of way at any point; or
3. The property lines are separated only by other land of the applicant which is not subject to this chapter at the time of any permit, site plan, development, or subdivision application by the applicant.

C. "Certificate of eligibility" means a certificate issued by the ~~department of planning and zoning~~ Department of Planning and Zoning and signed by the person seeking to own or rent an MPDU and the planning and zoning director that certifies that the person is qualified to buy or rent an MPDU.

D. "Consumer Price Index" means the latest published version of the Consumer Price Index for All Urban Consumers (CPI-U) of the U.S. Department of Labor for the Baltimore metropolitan area.

~~E. "Control period" means the time an MPDU is subject to either resale price controls and owner occupancy requirements or maximum rental limits. The control occupancy period is ten (10) years for sale units and twenty (20) years for rental units, and begins on the date of initial sale or rental. If a sale or rental MPDU is sold to an eligible person within ten (10) years after its initial sale or rental, the unit must be treated as a new MPDU and a new control occupancy period must begin on the date of the sale or rental.~~

~~F.E. "Date of original sale" means the date of settlement for purchase of a MPDU. "Date of original rental" means the date of the first lease agreement for a MPDU.~~

~~G.F. "Date of original rental" means the date of the first lease agreement for a MPDU. "Date of original sale" means the date of settlement for purchase of a MPDU.~~

H.G. "Eligible person" means a person or household:

1. Whose household median income is ~~100%~~ 80% or less than the household median income for the Baltimore MSA Metropolitan Statistical Area (MSA), with adjustments for household size, as reported by the United States Department of Housing and Urban Development (HUD); and
2. Who holds a valid certificate of eligibility that entitles the person or household to buy or rent an MPDU; and
3. ~~Who has not owned any residential property during the previous five (5) years. Who does not currently own a home; and~~
4. ~~Is a City resident, or in the employ of the City of Annapolis beyond their probationary period, or teaches in a pre-school, elementary, middle or high school within the city limits.~~

I. "Housing Homeownership Assistance Trust Fund" means a fund established

~~under Chapter 20.30 in order to achieve the purposes of 20.30.070 to be administered by the department of planning and zoning Department of Planning and Zoning, whose purpose is to provide a more flexible funding source to assist home buyers and renters, who may not qualify under existing housing programs.~~

~~J.H. HUD's "Fair Market Rents" (FMRs) shall mean the FMRs for the Baltimore MSA as published from time to time by HUD.~~

~~J.I. "Moderately Priced Dwelling Unit," or "MPDU," means a dwelling unit which:~~

~~1. Is offered for sale or rent to eligible persons or to the department of planning and zoning Department of Planning and Zoning and sold or rented under this chapter;~~

~~2. Is offered for a maximum sales price based on number of bedrooms, to be determined by the department of planning and zoning Department of Planning and Zoning by: under Section 20.30.110 of this chapter-~~

~~a. First, calculating the amount of monthly income available for mortgage principle and interest by using the formula: (median income for three person household) x (target income range) x (portion of household income available for housing) / (12 months) - (property taxes) - (hazard insurance);~~

~~b. Second, calculating a monthly payment for a thirty (30) year term mortgage at market interest rate, ensuring that the monthly payment is less than or equal to the calculation in subsection (a);~~

~~3. The sales price of a which shall be recalculated each year by the department of planning and zoning by taking the maximum bases prices and adjusting them up or down according to changes in the CPI~~

~~4. Is offered for a monthly rental price of:~~

~~a. 100% of HUD's fair market rents if the landlord pays all utilities (heat, water, sewer, electric, and trash); or~~

~~b. 80% of HUD's fair market rents if the landlord does not pay all utilities (heat, water, sewer, electric, and trash).~~

~~5. And, the monthly rental price of which shall be recalculated each year by the department of planning and zoning based on HUD's recalculation of fair market rents.~~

~~J. "Occupancy period" means the time an MPDU is subject to either resale price controls and owner occupancy requirements or maximum rental limits. The control occupancy period is ten (10) years for sale units and twenty (20) years for rental units, and begins on the date of initial sale or rental. If a sale or rental MPDU is sold to an eligible person within ten (10) years after its initial sale or rental, the unit must be treated as a new MPDU and a new control occupancy period must begin on the date of the sale or rental.~~

~~L.K. "Residential Development" includes:~~

~~1. all proposed subdivisions, rental property, condominiums, cooperatives, and new mixed use developments with a residential component~~

~~2. a development that is a rehabilitation of an existing multiple family residential structure that increases the number of residential units from the number of units in the existing structure by four or more dwelling units;~~

3. part of the conversion of a rental property to a condominium or cooperative; and

4. a development that will change the use of an existing building from a nonresidential to a residential use.

Sec. 20.32.040 20.30.030 Applicability.

A. Compliance with the provisions of this chapter shall be required as a condition of approval for all residential development.

B. An applicant may not avoid this chapter by submitting phasing of new development in increments below the thresholds ~~above~~ established in Section 20.030.02 A, the first being after the effective date of this chapter.

C. An applicant may submit a request for residential development below the thresholds set forth ~~above~~ in Section 20.030.02 A, but the applicant must agree in writing that when unit thresholds are reached, the applicant will meet the requirements of this chapter.

20.30.040. Application and Inclusionary housing plan.

A. A final subdivision plan may not be approved, a final subdivision plat may not be signed, or a building permit be issued unless the requirements of this chapter are met.

B. Before a covered development that will contain MPDUs may be approved by the , an applicant shall enter into an agreement with the city that

1. Requires a specific number of MPDUs to be constructed on a time schedule approved by the director of planning and zoning;

2. Requires each single-family MPDU have two or more bedrooms;

3. Requires that the number of efficiency and one-bedroom MPDUs in a covered development of multi-family dwelling units may not exceed the ratio that market-rate efficiency and one-bedroom units respectively bear to the total number of market rate dwelling units in the development;

4. details the number, the, location, and sequencing plan for all of the MPDUs in order to insure that

a. the number of MPDUs which are either for sale or rent are built at the same rate as the market eased dwelling units; and

b. the MPDUs are spread throughout the development and not clustered in one or more areas;

5. requires that the MPDUs be architecturally compatible and similar in general exterior appearance with market rate dwelling units constructed in the development;

6. allows the applicant to reduce the interior amenity level of the MPDUs, provided:

a. the units conform to applicable housing and building codes;

b. the reduction to the interior amenity level does not include improvements related to energy efficiency, including mechanical equipment, plumbing, insulation, windows, heating and cooling systems;

7. requires compliance with the requirements of this title and the agreement for the occupancy period;

8. runs with the land for the occupancy period;

9. contains any other information the director of planning and zoning determines to be necessary to ensure the applicant's compliance with this title; and

10. is noted on the final subdivision plat and is recorded in the land records of the city.

Sec. 20.32.050 20.30.050 Compliance.

A. At least 10% 12% of the units in a for sale residential development subject to this chapter shall be designated as MPDUs and meet all requirements of this chapter.

B. At least 6% of the units in a rental development subject to this chapter shall be designated as MPDUs and meet all the requirements of this chapter.

B. C. Compliance with this chapter may be achieved through either of or a combination of the following options as follows:

1. Constructing MPDUs. Compliance may be achieved by constructing MPDUs on the site where the residential development is to occur or off the site where the residential development is to occur if the ~~planning commission~~ Department of Planning and Zoning has approved the off-site location based on the location's access to public amenities and compatibility of surrounding uses and densities.

2. ~~Paying fees in lieu of constructing MPDUs. In lieu of constructing MPDUs, a fee of one percent of the total market value of the dwelling units in a subdivision may be paid by an applicant.~~

3. 2. ~~Donation of land to the city.~~

a. ~~The city may accept donations of land in fee simple, on or off-site, that the department of planning and zoning determines are suitable for the construction of MPDUs. The value of donated land shall be equal to or be greater than the value of the fee in lieu payment required by this chapter.~~

b. ~~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.~~

c. ~~The land shall be donated into the Housing Assistance Trust Fund.~~

C. ~~Compliance with this chapter also shall require that~~

1. 2. The applicant provides covenants, recorded among the land records of Anne Arundel County, that states that the unit will continue to be a MPDU for the control occupancy period, in compliance with this chapter; and

2. 3. The applicant signs a promissory form, which includes a calculation of MPDUs required to comply with this chapter, in which the applicant agrees to meet the requirements of this chapter. This form shall be kept on file at the Department of Planning and Zoning.

Sec. 20.30.60 Contribution In lieu of developing MPDUs

A. In exceptional circumstances, the Director of Planning and Zoning may permit an applicant to make a contribution to the Homeownership Assistance Trust Fund or donate land in lieu of developing MPDUs.

B. An applicant shall:

1. Apply to the for permission to make a contribution authorized by subsection (A) of this section

2. Provide any information on or documents that the Department of Planning and Zoning deems necessary in order to determine whether to grant permission; and

3. Prove to the satisfaction of the Director of Planning and Zoning that exceptional circumstances exist.

C. For the purposes of this section, exceptional circumstance means:

1. In a proposed subdivision or development, an individual package of resident services and facilities to be provided to all households would cost the occupants of the MPDUs so much that it is likely to make the MPDUs effectively unaffordable by eligible households;

2. Because of topography or other physical features, or existing land use laws, ordinances and regulations, the provision of the MPDUs required by this title would make the development of the subdivision or development economically infeasible; or

3. No other suitable site for development, or existing MPDUs eligible for rehabilitation, are located in the same or nearby subdivisions, parcels, lots or other developments.

D. In lieu of constructing MPDUs the City may either

1. Accept a fee of two percent of the total value of construction costs of the dwelling units as evidenced by the dollar amount on the building permit application for a residential development to be paid by an applicant to the Homeownership Assistance Trust Fund; or

2. Accept donations of land in fee simple, on or off-site, that the Department of Planning and Zoning determines are suitable for the construction of MPDUs. The value of donated land shall be equal to or be greater than the value of the fee in lieu payment required by this chapter.

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.

Sec. 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 G.

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 nonprofit developers

and or government agencies.

C. Any Homeownership Assistance Trust Fund monies received shall be placed in a segregated account and shall be used to provide funds to nonprofit developers or governmental agencies to.

- 1. Purchase land and or buildings;**
- 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..**

Sec. 20.32.060 20.30.080

Adjustments for MPDU Qualification.

If the ~~planning commission~~ Department of Planning and Zoning finds that conditions of the design, construction, pricing, or amenity package of an MPDU project will lessen the ability of eligible persons to afford the MPDUs, the ~~planning commission~~ Department of Planning and Zoning, may eliminate or modify those conditions or other costs that reduce the affordability of the MPDUs.

Sec. 20.32.070 20.30.090 **Constructions of MPDUs.**

A. Integration.

1. MPDUs within market rate developments shall be integrated with the overall development plan and shall be generally consistent in exterior design and appearance with other units in the proposed development. The following criteria may be considered in determining whether the requirements of this paragraph have been met.

a. No existing or proposed physical barriers may be located between market rate units and MPDUs.

b. The MPDUs shall be located within reasonable proximity of proposed market-rate units.

c. The MPDUs of a particular housing type (e.g., multi-family or single-family) shall be reasonably blended with market rate units of the same type.

2. Consistent with the purpose and intent of this chapter, the ~~planning commission~~ Department of Planning and Zoning may authorize an applicant to increase the sale price of a MPDU by no more than 10%. However, no increase shall be allowed unless the ~~planning commission~~ Department of Planning and Zoning finds, in exceptional cases, that a price increase is necessary to achieve compliance with paragraph (1) above.

B. Phasing. Where feasible, MPDUs shall be provided coincident to the development of market-rate units, but in no event shall the development of MPDUs be delayed

beyond the schedule below.

Percentage of Market Rate Units	Percentage of MPDUs
Up to 30%	None required
30% plus 1 unit	At least 10%
Up to 50%	At least 30%
Up to 75%	At least 50%
Up to 90%	100%

Sec. ~~20.32.00~~ 20.30.100 Certificate of Eligibility.

A. ~~The department of planning and zoning~~ Department of Planning and Zoning shall grant a certificate of eligibility to any person who meets the definition of eligible person.

B. ~~The department of planning and zoning~~ Department of Planning and Zoning shall annually monitor occupants of rental MPDUs created pursuant to this chapter. Where the ~~department of planning and zoning~~ Department of Planning and Zoning determines that an occupant no longer qualifies as an eligible person, the Department of Planning and Zoning shall notify the person that ~~subject to the terms and conditions of the tenant's existing lease,~~ the rental MPDU shall be vacated within ~~one year~~ six months of notification in order to make the unit available to an eligible person.

Section ~~20.30.110~~ Establishment of Initial sales price of MPDU's

~~The initial sales price of the MPDU's shall be set annually within 30 days of the publication of the updated information for the SMSA. The sales price may not exceed the affordability of a family of four based on 80% of the median income for the MSA, assuming market rate interest with no more than 30% of the annual gross household income being applied toward the cost of housing.~~

Sec. ~~20.32.090~~ 20.30.120 Payment of Homeowner Associations Fees.

Residents of an MPDU shall pay an equal share of homeowners' association fees or similar costs as non-MPDU units.

Sec. ~~20.32.100~~ 20.30.130 Procedures for Sale and Rental of MPDUs.

A. Procedures for Sale or Rental of MPDUs.

1. Every MPDU required under this chapter must be rented or sold to eligible persons to be used for his or her own residence.

2. Before offering any MPDUs for sale or rent, the applicant must notify the ~~department of planning and zoning~~ 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 must include:

- a. Whether the units will be sold or rented;
- b. The number of units offered;
- c. The number of bedrooms;
- d. The floor area for each unit type;

e. A description of the amenities offered in each unit and a statement of the availability of each unit for sale or rent;

f. A vicinity map of the offering; and

g. Other information or documents as the ~~department of planning and zoning~~ Department of Planning and Zoning finds necessary to determine compliance with this chapter. This notice by the Department of Planning and Zoning shall be issued within 30 days of the date from which the applicant first submitted its notice to commence marketing.

3. The ~~department of planning and zoning~~ Department of Planning and Zoning will maintain a list of eligible persons and must notify eligible persons by mail and by newspaper prior to the start of the marketing period.

4. An applicant must not sell or lease rent any unit to a qualified person as defined in this chapter until said person has obtained ~~without first obtaining~~ a certificate of eligibility issued by the ~~department of planning and zoning~~ Department of Planning and Zoning from the buyer or lessee, unless the buyer is the ~~department of planning and zoning~~ Department of Planning and Zoning. A copy of each certificate must be maintained on file by the ~~department of planning and zoning~~ Department of Planning and Zoning.

5. Ninety (90) days after the start of the marketing period, the ~~department of planning and zoning~~ Department of Planning and Zoning may purchase an for sale MPDU if no eligible person has entered into a purchase agreement or contracted to buy that MPDU. The ~~department of planning and zoning~~ Department of Planning and Zoning shall only rent or sell the MPDU to a eligible person.

6. Every eligible person buying or renting an MPDU must occupy the unit as his or her primary residence during the ~~control occupancy period~~. If the ~~department of planning and zoning~~ Department of Planning and Zoning finds that an owner of an MPDU is not occupying the dwelling unit as their primary residence, the ~~department of planning and zoning~~ Department of Planning and Zoning may assess a monthly fee equal to the HUD fair market rent for the MPDU.

7. An owner of an MPDU may not rent the unit unless the renter is an eligible person, and the rental is approved in writing by the ~~department of planning and zoning~~ Department of Planning and Zoning ~~at the beginning of each rental period annually~~.

8. Any rent obtained for a MPDU that is rented to an ineligible person must be paid into the Housing Homeownership Assistance Trust Fund by the owner within ninety (90) days after the ~~department of planning and zoning~~ Department of Planning and Zoning notifies the owner of the rental violation. Any amount unpaid after ninety (90) days is grounds for the ~~department of planning and zoning~~ Department of Planning and Zoning to assess a monthly fee that is equal to the HUD fair market rent for the MPDU.

Sec. ~~20.32.110~~ 20.30.140 Restrictions on Resale and Rent.

A. Restrictions on Resale.

~~1.~~ During the ~~control occupancy period~~, no MPDU shall be resold except as an MPDU as herein defined: follows:

~~2.1.~~ A person who rents a MPDU and lawfully occupies it when the unit is offered for sale may buy the dwelling unit, regardless of the person's income at the time of sale, if that person was an eligible person when they first rented the unit.

2. 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.

3. At the time of resale of the MPDU the difference in value under subsection a. above shall be paid to the city based on the following:

4. No monies shall be owed if the purchaser owns and occupies the Property for at least 10 years from the date of purchase of the property.

5. Upon sale or transfer of all or any portion of the Property within 10 years of the purchase of the property the difference in value shall be repaid to the City. The MPDU seller shall be eligible to keep 50% of the net proceeds during the control period if a sale is effectuated to another certified MPDU purchaser.

B. Restriction on Rent. During the control occupancy period, no MPDU shall be rented except as an MPDU herein defined.

Sec. 20.30.150 Restriction on use of Homeownership Assistance Trust Fund

A. During the occupancy period, funds used from the Homeownership Assistance 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:

a. 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.

b. A portion of the Homeownership Assistance 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 Trust Fund Funding	Applicable Fraction
Less than \$15,000	1/5
\$15,000 to \$40,000	1/10
\$40,000	1/1

Sec. 20.32.120 20.30.160 Density Bonus.

A. An applicant who complies with this chapter shall be entitled to a density bonus for for-sale housing of 10% 15% above the maximum amount permitted in a zone, provided that the development complies with the provisions of Title 21.

B. An applicant who complies with this chapter shall be entitled to a density bonus

for rental housing of 10% above the maximum amount permitted in a zone, provided that the development complies with the provisions of Title 21.

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.

C Alderman Tolliver moved that amendment #1 was substantive. Seconded. CARRIED on voice vote.

C Alderman Tolliver moved; to table O-7-03; refer amendment #1 to the Rules and City Government Committee; and, schedule a public hearing. Seconded. CARRIED on voice vote.

O-4-04 For the purpose of authorizing a one-year extension of an existing lease of certain municipal property located at the City Dock to Chesapeake Marine Tours, Inc. for the purpose of docking and mooring certain boats at the City Dock; and all matters relating to said amendment to lease.

Alderman Hammond moved to adopt O-4-04 on second reading. Seconded.

The Finance Committee reported favorably on O-4-04.

The Economic Matters Committee reported favorably on O-4-04.

The main motion CARRIED on voice vote.

Alderman Cohen moved to adopt O-4-04 on third reading. Seconded. CARRIED on voice vote.

O-6-04 For the purpose of authorizing the City Council to lease certain municipal property located in the general harbor, Dock Street and Edgewood Road areas to United States Yacht Shows, Inc. and Annapolis Boat Shows, Inc., bodies corporate, for a certain period of time in October 2008, subject to certain terms, provisions and conditions, for the purpose of conducting boat shows; and all matters relating to said lease.

Alderman Hammond moved to adopt O-6-04 on second reading. Seconded.

The Finance Committee reported favorably on O-6-04.

The Economic Matters Committee reported favorably on O-6-04.

The main motion CARRIED on voice vote.

Alderman Hammond moved to adopt O-6-04 on third reading. Seconded. CARRIED on voice vote.

O-11-04 For the purpose of changing the valuation criteria for removed or damaged trees that have been designated for preservation on the landscaping plan, or are outside the limits of development, from a financial valuation system to a replacement policy with limited exceptions, and all matters generally relating to said tree valuation and replacement.

Alderman Cohen moved to adopt O-11-04 on first reading. Seconded. CARRIED on voice vote.

Referred to Environmental Matters Committee

O-13-04 For the purpose of establishing that all employees and appointees to positions in the City must sign a statement concerning false statements in their resumes or employment applications, that an individual who is found to have made a false statement in their resumes or employment application shall no longer be considered for employment or, if already hired, shall be subject to certain disciplinary action; and matters generally relating to said false statements.

Alderman Hammond moved to adopt O-13-04 on first reading. Seconded. CARRIED on voice vote.

Referred to Rules and City Government Committee

O-14-04 For the purpose of permitting, under certain circumstances, an amount of money equal to or greater than the aggregate of connection, capital facility, and capital facility assessment charges to be used instead for the purpose of placing certain utilities underground; and matters generally relating to said waiving of charges.

Alderman Hammond moved to adopt O-14-04 on first reading. Seconded. CARRIED on voice vote.

Referred to Economic Matters Committee and Environmental Matters Committee

BUDGET LEGISLATION

O-10-04 For the purpose of adopting an operating budget for the City of Annapolis for the fiscal year 2004-2005, beginning July 1, 2004 and ending June 30, 2005; to appropriate funds for expenditures for the fiscal year beginning July 1, 2004 and ending June 30, 2005; for the purpose of defraying all expenses and liabilities of the City of Annapolis and levying same for the purposes specified; specifying certain duties of the Director of Finance, specifying a rate of interest to be charged upon overdue-property taxes; and all matters generally relating to said budget and property tax rate.

Alderman Hammond moved to adopt O-10-04 on first reading. Seconded. CARRIED on voice vote.

Referred to Finance Committee

R-6-04 For the purpose of adopting a capital improvement budget for the Fiscal Year 2005, and a capital improvement program for the six year period from July 1, 2004 to June 30, 2010; and all matters relating to said budget and program.

Alderman Hammond moved to adopt R-6-04 on first reading. Seconded. CARRIED on voice vote.

Referred to Finance Committee

- R-7-04** For the purpose of approving an amended fee schedule pursuant to the adoption of the FY 2005 Annual Operating Budget for the City of Annapolis for the fiscal year beginning July 1, 2004 and ending June 30, 2005; and all matters relating to said fee schedule.

Alderman Hammond moved to adopt R-7-04 on first reading. Seconded. CARRIED on voice vote.

Referred to Finance Committee

BUSINESS AND MISCELLANEOUS

1. Finance Committee Meeting Recommendations dated March 18, 2004

Alderman Hammond moved to accept the Finance Committee Recommendations dated March 18, 2004. Seconded. CARRIED on voice vote.

Alderman Hammond moved to have a work session on O-14-04, R-6-04 and R-7-04. Seconded. CARRIED on voice vote.

2. Payment of Monthly Bills

Alderman Tolliver moved to pay the monthly bills. Seconded. CARRIED on voice vote.

3. Appointments

Alderman Hammond moved to approve the Mayor's (re)appointments of the following individuals:

3/24/04 Commission on Aging James "Hank" Heggins
3/24/04 Commission on Aging Stanley V. Hensen
3/24/04 Commission on Aging Clara S. McClure

Seconded. CARRIED on voice vote.

4. Housing and Community Development Committee Recommendation for Action dated March 24, 2004.

Alderman Tolliver moved to accept the Housing and Community Development Committee Recommendations for action dated March 24, 2004. Seconded. CARRIED on voice vote.

- C Alderman Tolliver moved that the Annapolis City Council hereby expresses its interest in acquiring the state property at the corner of Rowe Boulevard and Farragut Road, should the state declare it surplus, for the purpose of constructing offices to house administrative functions of the City and/or to create a gateway passive park; and the Council directs the Mayor to communicate this interest to the State through John Dodds, Intergovernmental Review Coordinator, before the April 18, 2004 comment deadline. The Council further asks that the Mayor provide copies of this expression of interest to the members of the city and county councils and the District 30 delegation of the General Assembly. Seconded. CARRIED on voice vote.

Upon motion duly made, seconded and adopted, the meeting was adjourned at 9:12 p.m.

Deborah Heinbuch, MMC
City Clerk