

NOTICE

Issued by:

Office of Planning & Zoning

Workforce Housing Policies and Procedures

The purpose of this notice is to provide the public and the development community with the workforce housing development requirements in Anne Arundel County.

Notice #:

OPZ-22-01

Release Date:

05/26/22

Contact:

Erin Karpewicz,
ekarpewicz@
acdsinc.org

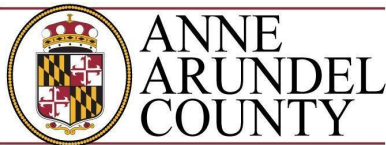
Phone #:

410-222-7600

Steve Kaii-Ziegler,
AICP

*Planning & Zoning
Officer*





ANNE
ARUNDEL
COUNTY

M A R Y L A N D

Office of Planning and Zoning

Steve Kaii-Ziegler, AICP, Planning and Zoning Officer

MEMORANDUM

TO: MBIA, Review Agencies, and the General Public

FROM: Steve Kaii-Ziegler, AICP, Planning and Zoning Officer
Mark Wedemeyer, Inspections and Permits
Erin Karpewicz, Arundel Community Development Services, Inc.

SUBJECT: Workforce Housing Development Procedures

DATE: May 26, 2022

The following are the requirements for workforce housing development as per Section 18-10-164:

Property owner(s) and/or developers shall contact Arundel Community Development Services, Inc. (ACDS) to schedule an appointment to review the Workforce Housing Conditional Use Requirements and implementation. ACDS will review the Workforce Housing Development Agreement with the property owner/developer and explain that the Agreement must be executed prior to Final Plan or Site Development Plan approval. In addition, ACDS will review the Declaration of Covenants, Conditions and Restrictions with the owner/developer to explain that the Declaration must be recorded in the land records for all applicable parcels, lots and/or units prior to Plat or Site Development Plan approval. A brief note regarding the above Agreement and Declaration must be noted on the Plat, Final Plan and Site Development Plans.

After meeting with the owner/developer, ACDS shall notify the Office of Planning and Zoning (OPZ) that the above information was discussed and that a development application can be made. The owner/developer shall include the notification in the development application. If the development application does not include the notification, the application will not be accepted.

Development applications for workforce housing projects must include the Workforce Housing Checklist and all items noted on the checklist.

Upon the execution of the Agreement and Declaration noted above, the OPZ shall notify ACDS that the documents have been executed and copies of the executed/recorded documents shall be sent to ACDS.

Prior to building permit application, the owner and/or the developer shall provide ACDS with a copy of the architectural plans for the workforce housing units and non-workforce housing units (as applicable) for review. If approvable, ACDS shall provide the developer with a certification of compliance. Inspections and Permits (I&P) will not issue a building permit without receipt of this certification.

The following documents can be found on the Anne Arundel County website at aacounty.org.

1. Workforce Housing Conditional Use Requirements
2. Workforce Housing Development Agreement
3. Declaration of Covenants, Conditions and Restrictions (Rental)
4. Declaration of Covenants, Conditions and Restrictions (Homeownership)
5. Workforce Housing Development Application Checklist (Sketch/Preliminary Plan)
6. Workforce Housing Development Application Checklist (Final/Site Development Plan)

Arundel Community Development Services, Inc.

WORKFORCE HOUSING CONDITIONAL USE REQUIREMENTS

Bill 54-19

§ 18-10-166 of the Anne Arundel County Code (2005, as amended)

April 2022

HOMEOWNERSHIP REQUIREMENTS

INCOME

At least 40 percent of the dwelling units must be made available to households with an income that does not exceed 100 percent of the area median income (AMI) adjusted for household size for the Baltimore Metropolitan Statistical Area. The 100 percent AMI limits will be calculated by ACDS each year based upon the 80 percent AMI limits published annually by the U.S. Department of Housing and Urban Development (HUD). The original purchasers and any purchasers during the control period of the Restricted Units (RU) must complete the Arundel Community Development Services, Inc. (ACDS) Homeownership Counseling Program and a Workforce Housing Homebuyer Information Session. The requirement for completing the full Homeownership Counseling Program may be waived at ACDS' discretion if the buyer does not meet ACDS' definition of a first time homebuyer. In addition, the purchaser must have an income certification from ACDS to demonstrate their eligibility to purchase the unit. The household income will be determined in accordance with the method defined by and published by HUD in the "Technical Guide for Determining Income and Allowance for the HOME Program," third edition, January 2005.

<https://files.hudexchange.info/resources/documents/HOMEGuideForIncomeAndAllowances.pdf>

CONTROL PERIOD

The RUs must remain affordable for 10 years from the original sale of the unit. This control period will be enforced through a covenant that will be placed on the property. This covenant will restrict sale of the unit to a household of 100 percent and below AMI, and will adjust the sale price for the unit based on an annual two percent fixed rate multiplier. This multiplier may be adjusted by ACDS during the control period based on economic conditions. If the unit is sold during this control period, it must meet minimum property standards, as defined by ACDS. These minimum property standards will include such items as: (i) the residence must be free of water infiltration and the roof age must be within its life rating; (ii) the HVAC plumbing and electrical systems must be operational; (iii) appliances must be in good working conditions; and (iv) the interior paint and floor coverings must be in-like new condition.

RESTRICTED UNITS MAXIMUM SALES PRICE

The house price limits for RUs will be set based on a house price affordable to a household earning 80 percent AMI as defined annually by HUD. The house price limits for RUs will be adjusted by the size of the unit based on the number of bedrooms. To calculate the house price,

the number of bedrooms will be multiplied by 1.3, rounded to the nearest whole number in order to determine the household size for income calculation.

1-bedroom x 1.5 = 2 person household
2-bedroom x 1.5 = 3 person household
3-bedroom x 1.5 = 4 person household
4-bedroom x 1.5 = 5 person household

The annual household income will then be divided by 12 in order to determine the monthly household income. This monthly income will then be multiplied by 30 percent (industry standard to determine affordability) to establish the maximum monthly housing expense. Once this expense has been determined, 22 percent of the maximum monthly housing expense will be subtracted to account for property taxes, insurance, homeowners association fees and private mortgage insurance. This percentage is based on the County's current tax rate and average homeowners association fees in the County. The 22 percent may be adjusted periodically by ACDS based on changing County economic conditions. These calculations establish the maximum household income that is available for monthly mortgage principal and interest payment.

The maximum mortgage amount for a RU is then established using a standard mortgage formula, which assumes an average of (i) the current national mortgage rate; (ii) the lowest national interest rate; and (iii) the highest national interest rate for the previous 52 weeks for a 30 year fixed rate loan (rounded up), as published in the *Mortgage News Daily*.

As a typical FHA mortgage loan requires a 3.5 percent down payment, the RU maximum sales price will be calculated by dividing the maximum mortgage amount by .965. This number is then rounded down to establish the maximum sales prices for a RU.

This maximum sales price will be adjusted annually by ACDS on or about June 1st. The maximum sales price in effect at that time will be applied to the WHU at the time of sale.

DESIGN REQUIREMENTS

1. Duplex, semi-detached, single family, detached, and townhouse RUs must have two or more bedrooms.
2. The number of one bedroom RUs in a multi-family dwelling unit may not exceed the ratio that market rate one-bedroom units respectively have to the total number of market rate units in the development.
3. To the extent feasible, the RUs must evenly distribute throughout the development.
4. The RUs must be architecturally similar in size as the market rate units in the development.

5. The exterior construction material, finishes and landscaping must be comparable quality and generally indistinguishable in exterior appearance with the base as the market rate units.
6. Although the RUs can have reduced interior finishes and features than the market rate units, the RUs must be good quality and functionally equivalent to the market rate units. The reduction to the interior amenities may not include a reduction in improvements related to energy efficiency, heating and cooling equipment, and plumbing and electrical systems.

PROCESS

Prior to submitting a site development or a subdivision application with the County, the applicant must meet with ACDS to review the requirements for RUs and the process for implementing these requirements. The developer will be required to enter into a Development Agreement with the County prior to site development or final plat approval. This Agreement will define the number of RUs, construction schedule, the type and location of the RUs and any other requirements for RUs. The RUs also must be noted on the record subdivision plat or site development plan, whichever is applicable and a covenant recorded in the County Land Records.

RENTAL REQUIREMENTS

INCOME

At least 60 percent of the rental units must be made available to households with an income that does not exceed 60 percent of the AMI adjusted for household size for the Baltimore Metropolitan Statistical Area. The eligible tenant must have an income certification from ACDS to demonstrate their income eligibility to rent the unit, unless the development is financed through the Low Income Housing Tax Credit (LIHTC) program and has compliance and monitoring requirements in place that ensure income limits will be met for the entire Control Period, as defined below. The household income will be determined in accordance with the method defined by and published by HUD in the "Technical Guide for Determining Income and Allowance for the HOME Program," third edition, January 2005.

RENTAL LIMITS

The rent limit for RUs will be equal to the rents published on an annual basis for the Low Income Housing Tax Credit Program (LIHTC) by the State of Maryland Department of Housing and Community Development for households with income at 60 percent AMI by bedroom size. These rent rates will be published on an annual basis.

CONTROL PERIOD

A RU rental unit must remain affordable for 30 years from the date of occupancy. This control period will be enforced through a covenant that will be placed on the property. Compliance with the income and rent requirements will be monitored annually by ACDS. If the development is already subject to income compliance monitoring due to project financing,

ACDS may waive its requirement to conduct separate monitoring for Workforce Housing Units. If someone who is in a RU rental unit household income increases above 60 percent AMI, the tenant may continue to reside in the unit and the owner may raise the rent of that unit above the rental limits for the RUs. However, the next available unit must be rented to a household with an income of 60 percent or below AMI.

DESIGN REQUIREMENTS

1. Duplex, semi-detached, single family, detached, and townhouse RUs must have two or more bedrooms.
2. The number of one bedroom RUs in a multi-family dwelling unit may not exceed the ratio that market rate one-bedroom units respectively have to the total number of market rate units in the development.
3. To the extent feasible, the RUs must evenly distribute throughout the development.
4. The RUs must be architecturally similar in size as the market rate units in the development.
5. The exterior construction material, finishes and landscaping must be comparable quality and generally indistinguishable is exterior appearance with the base as the market rate units.
6. Although the RUs can have reduced interior finishes and features than the market rate units, the RUs must be good quality and functionally equivalent to the market rate units. The reduction to the interior amenities may not include a reduction in improvements related to energy efficiency, heating and cooling equipment, and plumbing and electrical systems.

PROCESS

Prior to submitting a site development or a subdivision application with the County, the applicant must meet with ACDS to review the requirements for RUs and the process for implementing these requirements. The developer will be required to enter into a Development Agreement with the County prior to site development or final plat approval. This Agreement will define the number of RUs, construction schedule, the type and location of the RUs and any other requirements for RUs. The RUs also must be noted on the record subdivision plat or site development plan, whichever is applicable and a covenant recorded in the County Land Records. The covenant may be released at any time if the project does not move forward with written approval by the Office of Planning and Zoning.

EFFECTIVE DATE

The effective date of this Workforce Housing Conditional Use Policies and Procedures shall be April, 2022.



4/25/22

Erin Karpewicz, Chief Executive Officer

Date

m:\workforce housing conditional use\wfh_declaration of workforce housing covenants_homeownership.2021.docx

WORKFORCE HOUSING PROGRAM

Calculation of Maximum Sales Price Worksheet (100% AMI)

STEP ONE: DETERMINE HOUSEHOLD SIZE

Calculate Household Size by Multiplying Number of Bedrooms by 1.5 Occupants

Number of Bedrooms	Household Size
1	2
2	3
3	4
4	5

STEP TWO: DETERMINE MAXIMUM ANNUAL HOUSEHOLD INCOME

Use 80 Percent AMI, as published annually by the U.S. Department of Housing and Urban Development (HUD), to Ensure Adequate Pool of Purchasers

Number of Bedrooms	Household Size	Maximum Annual Household Income
1	2	\$62,800
2	3	\$70,650
3	4	\$78,500
4	5	\$84,800

STEP THREE: ESTABLISH MONTHLY HOUSEHOLD INCOME

Calculate Monthly Household Income by Dividing Maximum Annual Household Income by 12

Number of Bedroom	Income Limits at 80% AMI	Monthly Household Income
1	\$62,800	\$5,233
2	\$70,650	\$5,887
3	\$78,500	\$6,542
4	\$84,800	\$7,067

STEP FOUR: CALCULATE MAXIMUM HOUSING COST ALLOWANCE

Calculate Maximum Housing Cost Allowance by Multiplying the Monthly Household Income from Step Two by 30%

Number of Bedrooms	Monthly Household Income	Maximum Housing Cost Allowance
1	\$5,233	\$1,570
2	\$5,887	\$1,766
3	\$6,542	\$1,963
4	\$7,067	\$2,120

STEP FIVE: CALCULATE AFFORDABLE HOUSING PRINCIPAL AND INTEREST PAYMENT

Typical Housing Expenses such as Property Taxes, HOA Fees, Condo Fees and PMI Must be Subtracted from Maximum Housing Cost Allowance to Determine Amount Available for Mortgage Principal and Interest Payment (22% of Housing Cost Allowance)

Number of Bedrooms	Maximum Monthly Housing Cost Allowance	Housing Expenses (22% of Housing Cost Allowance)	Income Available for Mortgage Principal and Interest Payment
1	\$1,570	\$345	\$1,225
2	\$1,766	\$388	\$1,378
3	\$1,963	\$432	\$1,531
4	\$2,120	\$466	\$1,654

STEP SIX: CALCULATE MAXIMUM MORTGAGE AMOUNT

Calculate Mortgage Amount Based on Total Income Available for Principal and Interest Payment Using: Mortgage Interest – 3.27%

Mortgage Term – 30 years*

Number of Bedrooms	Income Available for Mortgage Principal and Interest Payment	Maximum Mortgage Amount
1	\$1,225	\$280,767
2	\$1,378	\$315,834
3	\$1,531	\$350,901
4	\$1,654	\$379,092

* $P = (r * A) / (1 - (1+r)^{-N})$ Where, P = Payment Amount A = Loan Amount r = Rate of Interest (compounded) N = Number of Payments Rate of Interest Compounded

STEP SEVEN: CALCULATE SALES PRICE

Calculate Sales Price Based on Adding the Required Down Payment to the Maximum Mortgage Amount. The required down payment amount will be the FHA insured mortgage down payment amount, which is currently equal to 3.5 percent of the sales price.

Number of Bedrooms	Income Available for Mortgage Principal and Interest Payment	Maximum Mortgage Amount	Sales Price (Mortgage Amount Divided by .965)	Maximum House Price
1	\$1,225	\$280,767	\$290,950	\$291,000
2	\$1,378	\$315,834	\$327,289	\$327,000
3	\$1,531	\$350,901	\$363,627	\$364,000
4	\$1,654	\$379,092	\$392,841	\$393,000

M:\Workforce Housing Conditional Use\WFH_Conditional Use Requirements.FINAL_4_25_22.docx

WORKFORCE HOUSING DEVELOPMENT AGREEMENT

THIS WORKFORCE HOUSING DEVELOPMENT AGREEMENT is entered into this ____ day of _____, 202__, by and between _____ (“Developer”) and ANNE ARUNDEL COUNTY, MARYLAND (“County”).

WHEREAS, Developer is in the process of developing a site in the County for residential development, known as _____, as more particularly described in a deed recorded among the Land Records of Anne Arundel County in Liber _____, folio _____ (the “Property”); and

WHEREAS, the County has enacted various legislation, most recently County Bill 54-19, to regulate and allow the development of “workforce housing,” which is housing designed to serve residents that fall within specified household income levels, based on categories established by the United States Department of Housing and Urban Development (“Workforce Housing”); and

WHEREAS, Developer wishes to include Workforce Housing units in the proposed development on the Property, and enters into this agreement to evidence acknowledgement of and compliance with the County’s Workforce Housing requirements.

NOW, THEREFORE, the parties agree that this Agreement is to evidence the Developer’s compliance with the conditional use requirements of § 18-10-162 (as amended) and to assist the County and Arundel Community Development Services, Inc., (“ACDS”) in determining compliance with the County’s Workforce Housing program, as set forth herein.

1. The parties agree that the Property is in a ____ zoning district, and Workforce Housing is a conditional use in a ____ district, subject to the conditions found in § 18-10-162 of the County Code.

Homeownership Units

2. To qualify as Workforce Housing, Developer agrees that at least 40% of the dwelling units offered for sale on the Property shall be sold to and occupied by a household with an income that does not exceed 100% of the median income adjusted for household size in the Baltimore Primary Metropolitan Statistical Area, as defined and published annually by the United States Department of Housing and Urban Development (“HUD”).

3. Each potential purchaser during the Sales Control Period (defined below) shall attend and successfully complete the ACDS Home Ownership Counseling Program as a condition of sale. Each potential purchaser shall obtain a certification of income eligibility from ACDS as a condition of sale, such eligibility to be determined in accordance with the HUD method found in the “Technical Guide for Determining Income and Allowances for the HOME Program”, Third Edition, January 2005.

4. The sales price for the original sale of a Workforce Housing dwelling unit on the Property shall be based on a house price affordable to a household meeting the income

eligibility requirements herein, adjusted by the size of the unit based on the number of bedrooms, as defined by ACDS.

5. All deeds for home ownership units on the Property shall contain a provision that the sale and any resale of the property is subject to the covenants provided for herein, along with a reference to the date and recording references for the covenants.

6. For a period of no less than ten (10) years from the date of the original sale of the unit, any subsequent purchaser of home ownership units on the Property shall satisfy the same income eligibility requirements as required for the original purchase ("Sales Control Period"). The sales price for any sale after the original purchase shall be defined by ACDS based on an annual two percent fixed rate multiplier and adjusted by the size of the unit based on the number of bedrooms. Any unit to be resold during the Sales Control Period must meet the following minimum property standards, as confirmed by ACDS:

(a) the unit must be free of water infiltration and the roof age must be within its applicable life rating;

(b) the HVAC, plumbing and electrical systems must be operational and in compliance with applicable building and safety codes;

(c) all appliances must be operational and in good condition; and

(d) the interior paint and floor coverings must be in like new condition.

Rental Units

7. To qualify as Workforce Housing, Developer agrees that at least 60% of the dwelling units on the Property offered for lease shall be leased to and occupied by a household with an income that does not exceed 60% of the median income adjusted for household size for the Baltimore Primary Metropolitan Statistical Area, as defined and published annually by the United States Department of Housing and Urban Development.

8. Each potential lessee during the Lease Control Period (defined below) shall obtain a certification of income eligibility from ACDS as a condition of lease, such eligibility to be determined in accordance with the HUD method found in the "Technical Guide for Determining Income and Allowances for the HOME Program", Third Edition, January 2005.

9. For a period of no less than thirty (30) years from the date of the original lease of the unit, any subsequent lessee or sub-lessee of a rental units on the Property shall satisfy the same income eligibility requirements as required for the original lessee ("Lease Control Period"). ACDS shall annually review income eligibility and rent amounts for compliance; any tenant whose income increases over 60% AMI may continue to reside in the unit, in which case the next available rental unit shall be leased to an income-eligible lessee, regardless of whether that unit was included in the original 60% Workforce Housing units.

10. The rent limits for the Workforce Housing rental units on the Property shall be equal to the rents published annually by the Maryland Department of Housing and Community

Development for the Low Income Housing Tax Credit Program (LIHTC") for households with an income of 50% of the median income adjusted for household size for the Baltimore Primary Metropolitan Statistical Area, as defined and published annually by the United States Department of Housing and Urban Development.

11. The restrictions on home ownership and rental units on the Property contained herein and required by § 18-10-162 shall be imposed upon the Property by execution by the parties of a set of covenants running with the land and recorded among the Land Records of Anne Arundel County prior to the issuance of a certificate of occupancy, and shall not merge into any deed or lease conveying or leasing all or part of the Property. The covenants shall provide that the County may enforce any breach of the covenants by the Developer, or any owner, lessor, or lessee, through injunctive relief or other legal remedy. Any fees or charges that were exempted based on the project proceeding as Workforce Housing, including impact fees, utility fees, or other exempted fees or charges, shall become due and owing upon a breach of the occupancy restrictions for any ownership or lease units that is not cured within 30 days, and thereafter may be enforced as a charge and lien upon the land pursuant to § 1-8-101 of the County Code.

12. All Workforce Housing units shall include the following design features:

- a. Single family, detached, duplex, semi-detached, and townhouse Workforce Housing units must have two or more bedrooms.
- b. Workforce Housing units may not be geographically concentrated in a development and, to the extent feasible, shall be evenly distributed throughout the site.
- c. Workforce Housing units shall be architecturally similar in size as market rate units in the development.
- d. Exterior construction material, finishes and landscaping shall be comparable in quality and generally indistinguishable in exterior appearance from market rate units.
- e. Interior amenities shall be comparable in function to market rate units and be of good quality. Improvements related to energy efficiency, HVAC, plumbing, and electric shall be comparable in quality and capacity to market rate units.

13. Developer agrees that the County and ACDS shall have access to the Property, including the interior of any Workforce Housing units, at all reasonable times to determine Developer's compliance with the Workforce Housing requirements and this Agreement.

14. At the time of the initial submission of a sketch plan, subdivision plan, preliminary plan, or final site development plan, Developer shall provide the County and ACDS such documentation as deemed necessary by the County to demonstrate compliance with this Agreement and the Workforce Housing requirements, including, but not limited to, floor plans with dimensions, square footage, and number of bedrooms; site plans showing the location of Workforce Housing units on the site; a construction schedule for Workforce Housing units; and

such other documentation as may be required to evidence compliance with the Workforce Housing requirements and this Agreement.

15. The Workforce Housing dwelling units must be noted on the record subdivision plat or site development plan, as applicable, and a covenant recorded in the County Land Records.

16. Prior to application for a building permit, the Developer shall provide ACDS with a copy of architectural plans for the Workforce Housing units and any non-Workforce Housing units for review. ACDS shall determine if the Workforce Housing units are architecturally similar in size as market rate units in the development, and whether exterior construction material and finishes are comparable in quality and generally indistinguishable in exterior appearance from market rate units. If ACDS determines that these standards have been met, ACDS shall provide the Developer with a certification of compliance which shall be included as part of the building permit application. No building permit may be issue without the certification of compliance from ACDS.

17. This Agreement, and the covenants required hereunder, shall be binding on the lessees, agents, successors, heirs and assigns of the Developer.

18. The provisions of this Agreement shall survive execution and delivery of any deeds or leases, and shall not be merged therein.

19. Developer agrees to abide by and comply with all applicable laws regarding the subject matter of this Agreement, whether or not specifically referenced herein, including all conditional use requirements set forth in § 18-10-162, and agrees to execute and deliver such additional documents as deemed necessary by the County to effectuate the intent and purpose of this Agreement.

20. The term of this Agreement is three (3) years from the date hereof, provided, however, that if the Developer obtains the initial building permit within said three years, this Agreement shall remain in effect until the final certificate of occupancy is issued. The County may terminate this Agreement and revoke all issued permits upon the Developer's failure to adhere to the construction schedule, if any such failure is not cured within forty-five (45) days, or a material breach of the terms hereof. In the event of a termination of this Agreement by the County, any benefits accruing to the Developer based on the development of Workforce Housing, such as impact fee credits, adequate public facilities vesting, utility credits, or local tax credits, shall be immediately terminated and any amounts then due and owing as a result of said termination shall be due immediately from the Developer, and may be collected by the County pursuant to § 1-8-101 of the County Code.

[DEVELOPER]

By: Name:
Title:

ANNE ARUNDEL COUNTY,
MARYLAND

By: Matthew J. Power
Chief Administrative Officer

APPROVED FOR FORM AND LEGAL SUFFICIENCY:

Gregory J. Swain
County Attorney

Date

**DECLARATION OF WORKFORCE HOUSING
COVENANTS, CONDITIONS AND RESTRICTIONS**

Rental

This DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS (“Declaration”) made this _____ day of _____, 20____ herein after set forth by _____, (herein after referred to as Declarant);

WHEREAS, the Declarant is the owner of certain real property location in Anne Arundel County, Maryland, (the “County”) which is more particularly described on Exhibit A attached hereto and incorporated herein by reference (the “Property”);

WHEREAS, the Declarant purposes to construct a rental community consisting of _____ units of which _____ units will be available to households whose income do not exceed sixty percent (60%) of the area median income at rents defined by the County or its agent;

WHEREAS, pursuant to §18-10-164 of the Anne Arundel County Code, Declarant is developing the Property as Workforce Housing (the “Project”). This Declaration is intended to set forth the Declarant’s agreement regarding how the Workforce Housing Conditional Use requirements will be satisfied and pursuant to which the dwelling units to be constructed upon the Project will be maintained as Workforce Housing;

WHEREAS, the Workforce Housing Conditional Use requirements mandate that at least sixty percent (60%) of the rental units must be occupied by a household with an income that does not exceed sixty percent (60%) of the area median income adjusted for household size for the Baltimore Primary Metropolitan Statistical Area, as defined and published annually by the United States Department of Housing and Urban Development; and

WHEREAS, this Declaration shall apply to and be enforceable by the County against Declarant and all current and future owners of the Project during the term of this Declaration, and shall restrict the sale and use of the Project as provided herein.

NOW THEREFORE, the Declarant does hereby publish and declare that the Project shall be held, conveyed, encumbered, used, occupied and transferred, subject to the following covenants, conditions, restrictions and obligations, all of which are declared to be in the furtherance of a common plan for the improvement, enjoyment and use of the Project , and all of which shall run with the land and shall be binding on any person or entity acquiring or owning any interest in any of them, their personal representatives, heirs, successors and assigns for the term stated herein.

I. DEFINITIONS

1. *ACDS* shall mean Arundel Community Development Services, Inc. and its successor, a private, nonprofit corporation created by Anne Arundel County to oversee and manage the County housing and community development activities.

2. *Control Period* shall mean thirty (30) years from the date of this Declaration.

3. *Eligible Household* shall mean a household with an income that does not exceed sixty percent (60%) of the area median income adjusted for household size for the Baltimore Metropolitan Statistical Area (AMI), as defined and published annually by the United States Department of Housing and Urban Development.

4. *Rent Limits* shall mean the rent limits for the restricted units, which must be equal to, or less than the rents published on an annual basis for the Low Income Housing Tax Credit Program by the State of Maryland Department of Housing and Community Development for households with income at sixty percent (60%) AMI by bedroom size.

5. *Restricted Units* shall mean the rental units that are required to be occupied by Eligible Households by the Workforce Housing Legislation.

II. COVENANTS RUNNING WITH THE LAND

The Declarant declares that the Property and every part of it is and shall be held, owned, leased, or otherwise conveyed, transferred, developed, rehabilitated, improved, built up, occupied, or otherwise used, subject to the covenants, conditions and restrictions set forth in this Declaration. During this term of the Declaration as set forth in Section III below, this Declaration shall be deemed covenants running with the land and shall pass to and be binding upon all heirs, assigns and successor in title to the Property.

III. DURATION

The Covenants, Conditions and Restrictions shall continue and remain in full force and effect at all time with respect to the Property for thirty (30) years beginning on _____ and ending on _____. In addition, the Property may be released from the restrictions of this Declaration at any time if the Anne Arundel County Office of Planning and Zoning verifies in writing that all permits, plan applications and approvals related to the Project have expired without completion, been terminated or are otherwise void, provided that any such release recorded among the Land Records must include a copy of the written verification of the Office of Planning and Zoning.

IV. OCCUPANCY

Upon completion of construction of the Project and during the term of this Declaration, the Declarant shall rent _____ one-bedroom units, _____ two-bedroom units, and _____ three-bedroom units to Eligible Households. Upon taking an application from a prospective Eligible Household, the Declarant shall determine and document the annual income of the household in a manner and in such form as ACDS shall from time to time prescribe.

V. CHANGING HOUSEHOLD INCOME AND MARKET TURNOVER

In the event the income of an Eligible Household increases in excess of the then current maximum income, the Declarant shall make the next available non-Workforce Housing unit of the appropriate type available to an Eligible Household. In the event that turnover results in a

reduction in the number of Eligible Households below the number required herein, the Declarant shall make available the next vacant non-Workforce Housing unit to an Eligible Household until the requirements are again met.

VI. RENT ROLLS

The Declarant shall each month maintain a written rent roll. The rent roll shall include all units including the units that are occupied by Eligible Households, with the tenant name, unit number, bedroom size, tenant household income, rent charged, utility allowance and the amount of rent paid by the tenant. The rent roll shall also identify any vacant units.

VII. ENFORCEMENT

The rights hereby granted include the right of the County to enforce this Declaration against the Declarant, or any successors in title, independently by appropriate legal proceedings and to obtain injunction and other appropriate relief against any violations and shall be in addition to, and not in limitation of, any other rights and remedies available to the County or the Declarant.

- A. Without limitation of any other rights or remedies of the Declarant, or its successors and designs, in the event of any occupancy of the Workforce Housing Units in violation of the provisions of this Declaration, the County shall be entitled to the following remedies, which shall be cumulative and not mutually exclusive:
- (1) Damages for the cost of creating or obtaining a comparable dwelling unit for an Eligible Household; and
 - (2) If the Property, or any part of it, received a full or partial waiver of any County charges or fees as a result of including the Workforce Housing Units, the County is entitled to recoupment and payment of any such charges in full as if the Property did not include Workforce Housing Units, which charges shall be a lien upon the Property in the full amount of the charges and fees waived, plus annual interest to accrue at the rate for overdue property taxes as set forth in § 4-1-103 of the Anne Arundel County Code (2005, as amended), all of which shall be collectable and enforceable in the same manner as property taxes in accordance with §1-8-101 of the Anne Arundel County Code (2005, as amended).
- B. The Declarant grants the County the right to enter upon the Property for the purpose of enforcing the restrictions herein contained, or of taking all actions with respect to the Property, which the County may determine to be necessary or appropriate, to prevent, remedy or abate any violation of this Declaration, including by court order.
- C. In addition to the foregoing, in the event of a violation of the provisions of this Declaration, the County may take appropriate enforcement action against the Declarant or his successors in title, including, without limitation, legal action to compel the Declarant to comply with the requirements of this Declaration. The Declarants shall pay all fees and expenses including legal fees of the County in the event of enforcement actions.

VIII. SEVERABILITY

If any provision of this Agreement is held invalid, the remainder of the Agreement shall not be affected thereby and all other parts of this Agreement shall nevertheless be in full force and effect.

IX. WAIVER

One or more waivers of any covenants or conditions or of any breach of same by the County shall not be construed as a waiver of any subsequent breach of the same or other condition; and the consent and approval of the County to any act by Declarant requiring the County's consent or approval shall not be deemed to be a waiver and shall still render necessary the County consent or approval to any subsequent or similar act by Declarant .

X. GOVERNING LAW FORUM

This Declaration shall be construed according to the law of the State of Maryland without regard to those principles governing choice or conflicts of law. Any litigation arising from the application, interpretation or enforcement of rights under this Declaration shall be brought in the State courts located in Anne Arundel County, which shall have subject matter and personal jurisdiction, and, to the extent permitted by law; the parties waive removal of any such action to the federal courts.

XI. TIME OF ESSENCE

Time is of the essence in this Declaration.

The remainder of this page intentionally left blank.

IN WITNESS WHEREOF, the parties have signed, sealed and delivered this Declaration as of the date first written above.

ATTEST: ORGANIZATION

_____ By: _____
Name
Title

State of _____, _____ County, ss:

I HEREBY CERTIFY, that on this ___ day of _____, 20___, before me, the subscriber, a Notary Public of the State and County aforesaid, personally appeared **[Name]**, **[Organization]**, known to me or satisfactorily proven to be the person whose name is subscribed to the within instrument and acknowledged to me that he has the full authority to execute and in fact executed, said Declaration for the purposes herein contained, and further acknowledged the foregoing Declaration to be the act of said limited partnership.

AS WITNESS: My hand and Notarial seal.

Notary Public

My commission expires: _____

ATTEST:

ANNE ARUNDEL COUNTY

_____ By: _____ (Seal)
Matthew J. Power
Chief Administrative Officer

APPROVED FOR FORM AND LEGAL SUFFICIENCY:

Gregory J. Swain, County Attorney

By: _____
Anne Arundel County Office of Law Date

State of Maryland, Anne Arundel County, ss:

I HEREBY CERTIFY, that on this ____ day of _____, 202__, before me, the subscriber, a Notary Public of the State and County aforesaid, personally appeared Matthew J. Power, Chief Administrative Officer of Anne Arundel County, known to me or satisfactorily proven to be the person whose name is subscribed to the within instrument and acknowledged to me that she has full authority to execute and in fact executed, said Declaration for the purposes herein contained, and further acknowledged the foregoing Declaration, to be the act of said Anne Arundel County.

AS WITNESS: My hand and Notarial seal.

Notary Public

My commission expires: _____

**DECLARATION OF WORKFORCE HOUSING
COVENANTS, CONDITIONS AND RESTRICTIONS**

Homeownership

This DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS ("Declaration") made this _____ day of _____, 20__ by _____ (herein the "Declarant");

WHEREAS, Declarant is the owner of certain real property location in Anne Arundel County, Maryland (hereafter referred to as the "County"), which is more particularly described and depicted on a plat entitled "Equity Acres," which plat is recorded among the Land Records of Anne Arundel County in Plat Book _____, Page _____; (hereafter referred to as the "Project"); and

WHEREAS, pursuant to §18-10-165 of the Anne Arundel County Code (2005, as amended), the Project was developed to include Workforce Housing. This Declaration is intended to set forth the requirements and restrictions to satisfy the Workforce Housing requirements and ensure that at least forty percent (40%) of the dwelling units to be constructed in the Project will be maintained as Workforce Housing for the term of the Declaration; and

WHEREAS, the lots designated by the Declarant to be developed and constructed as Workforce Housing units subject to the restrictions herein are more particularly described on Exhibit A hereto (the "Workforce Housing Units"); and

WHEREAS, this Declaration shall apply to and be enforceable by the County against Declarant and all future owners of the Workforce Housing Units during the term of this Declaration, and shall restrict the sale, resale, and use of the Workforce Housing Units as provided herein.

NOW THEREFORE, the Declarant does hereby publish and declare that the Workforce Housing Units shall be held, conveyed, encumbered, used, occupied and transferred, subject to the following covenants, conditions, restrictions and obligations, all of which are declared to be in the furtherance of a common plan for the improvement, enjoyment and use of the Workforce Housing Units, and all of which shall run with the land and shall be binding on any person or entity acquiring or owning any interest in the Workforce Housing Units, their personal representatives, heirs, successors and assigns for the term stated herein.

I. DEFINITIONS

1. *ACDS* shall mean Arundel Community Development Services, Inc. and its successor, a private, nonprofit corporation created by Anne Arundel County to oversee and manage the County housing and community development activities.

2. *Control Period* shall mean ten (10) years from the date of the issuance of the occupancy permit at the competition of construction.

3. *Eligible Household* shall mean a household with an income that does not exceed one hundred percent (100%) of the area median income adjusted for household size for the Baltimore Metropolitan Statistical Area (AMI), as defined and published annually by the United States Department of Housing and Urban Development and certified by ACDS. In addition, the Eligible Household must provide a current certificate demonstrating evidence of completion of the ACDS Homeownership Counseling Program.

4. *Maximum Sales Price* shall be defined annually by ACDS on or about June 1st through a formula defined and published by ACDS. The Maximum Sales Price of the unit on the original sale shall be certified as correct by ACDS.

5. *Maximum Resale Price* shall mean the original sales price adjusted on an annual two percent (2%) fixed multiplier. The Maximum Resale Price must be certified as correct by ACDS.

II. COVENANTS RUNNING WITH THE LAND

The Declarant declares that the Workforce Housing Units shall be held, owned, or otherwise conveyed, transferred, developed, rehabilitated, improved, built up, occupied, or otherwise used, subject to the covenants, conditions and restrictions set forth in this Declaration. During this term of the Declaration as set forth in Section III below, this Declaration shall be deemed covenants running with the land and shall pass to and be binding upon all heirs, assigns and successors in title to the Workforce Housing Units.

III. DURATION

These Covenants, Conditions and Restrictions shall continue and remain in full force and effect at all times with respect to the Workforce Housing Units for ten (10) years beginning on the original date of sale of each Workforce Housing Unit.

IV. RESTRICTED SALE OF THE PROPERTY

These Covenants, Conditions and Restrictions on the Workforce Housing Units restrict the sale of the Workforce Housing Units to an Eligible Household at the original Maximum Sales Price and the Maximum Resale Price as defined and certified by ACDS.

V. MINIMUM PROPERTY STANDARDS

If any Workforce Housing Unit is sold during the duration of this Declaration, the Workforce Housing Unit must meet minimum property standards as defined by ACDS that will include items such as (i) the residence must be free of water infiltration and the roof age must be within its life rating; (ii) the HVAC, plumbing, and electrical systems must be operational; (iii) appliances must be in good working condition; and (iv) the interior paint and floor coverings must be in like new condition.

VI. OCCUPANCY

During the term on this Declaration the Workforce Housing Units shall be occupied by the Eligible Households as their primary residence and may not be rented to another household or individual.

VII. ENFORCEMENT

The rights hereby granted include the right of the County to enforce this Declaration against the Declarant, or any successors in title, independently by appropriate legal proceedings and to obtain injunction and other appropriate relief against any violations (it being agreed that there shall be no adequate remedy at all for such violation) and shall be in addition to, and not in limitation of, any other rights and remedies available to the County or the Declarant.

- A. Without limitation of any other rights or remedies of the Declarant, or its successors and designs, in the event of any occupancy of the Workforce Housing Units in violation of the provisions of this Declaration, the County shall be entitled to the following remedies, which shall be cumulative and not mutually exclusive:
- (1) Damages for the cost of creating or obtaining a comparable dwelling unit for an Eligible Household; and
 - (2) If the Project, or any part of it, received a full or partial waiver of any County charges or fees as a result of including the Workforce Housing Units, recoupment and payment of any such charges in full as if the Project did not include Workforce Housing Units, which charges shall be a lien upon the Workforce Housing Unit in violation and all other Workforce Housing Units still owned by the Declarant in the full amount of the charges and fees waived, plus annual interest as allowed under § 1-8-101 of the Anne Arundel County Code (2005, as amended), which amounts shall be collectable as provided in §1-8-101.
- B. The Declarant grants the County the right to enter upon the Project upon reasonable advance notice for the purpose of enforcing the restrictions herein contained, or of taking all actions with respect to the Workforce Housing Units, which the County may determine to be necessary or appropriate, to prevent, remedy or abate any violation of this Declaration, including by court order.
- C. In addition to the foregoing, in the event of a violation of the provisions of this Declaration, the County may take appropriate enforcement action against the Declarant or successors in title, including, without limitation, legal action to compel the Declarant or any successor in title to comply with the requirements of this Declaration. The Declarant or successors in title shall pay all fees and expenses including legal fees of the County in the event of enforcement actions.

VIII. SEVERABILITY

If any provision of this Agreement is held invalid, the remainder of the Agreement shall not be affected thereby and all other parts of this Agreement shall nevertheless be in full force and effect.

IX. WAIVER

One or more waivers of any covenants or conditions or of any breach of same by the County shall not be construed as a waiver of any subsequent breach of the same or other condition; and the consent and approval of the County to any act by Declarant requiring the County's consent or approval shall not be deemed to be a waiver and shall still render necessary the County's consent or approval to any subsequent or similar act by Declarant.

X. GOVERNING LAW FORUM

This Declaration shall be construed according to the law of the State of Maryland without regard to those principles governing choice or conflicts of law. Any litigation arising from the application, interpretation or enforcement of rights under this Declaration shall be brought in the State courts located in Anne Arundel County, which shall have subject matter and personal jurisdiction, and, to the extent permitted by law; the parties waive removal of any such action to the federal courts.

XI. TIME OF ESSENCE

Time is of the essence in this Declaration.

The remainder of this page intentionally left blank.

IN WITNESS WHEREOF, the parties have signed, sealed and delivered this Declaration as of the date first written above.

ATTEST:

DECLARANT

By: _____
Name
Title

State of _____, _____ County, ss:

I HEREBY CERTIFY, that on this ___ day of _____, 20___, before me, the subscriber, a Notary Public of the State and County aforesaid, personally appeared **[Name], [Organization]**, known to me or satisfactorily proven to be the person whose name is subscribed to the within instrument and acknowledged to me that he has the full authority to execute and in fact executed, said Declaration for the purposes herein contained, and further acknowledged the foregoing Declaration to be the act of said limited partnership.

AS WITNESS: My hand and Notarial seal.

Notary Public

My commission expires: _____

ATTEST: ANNE ARUNDEL COUNTY

_____ By: _____ (Seal)
Matthew J. Power
Chief Administrative Officer

APPROVED FOR FORM AND LEGAL SUFFICIENCY:

Gregory J. Swain, County Attorney

By: _____ Date _____
Anne Arundel County Office of Law

State of Maryland, Anne Arundel County, ss:

I HEREBY CERTIFY, that on this ____ day of _____, 202__, before me, the subscriber, a Notary Public of the State and County aforesaid, personally appeared Matthew J. Power, Chief Administrative Officer of Anne Arundel County, known to me or satisfactorily proven to be the person whose name is subscribed to the within instrument and acknowledged to me that she has full authority to execute and in fact executed, said Declaration for the purposes herein contained, and further acknowledged the foregoing Declaration, to be the act of said Anne Arundel County.

AS WITNESS: My hand and Notarial seal.

Notary Public

My commission expires: _____

Workforce Housing Development Application Checklist (Sketch/Preliminary Plan)

The Workforce Housing Checklist shall be completed and submitted, including two sets of the required documents/information, with the initial Sketch Plan or Preliminary Plan application. The documents/information shall be included in the OPZ/Planning review package.

- ___ Signed Workforce Housing Notification from ACDS
- ___ Draft Workforce Housing Development Agreement
- ___ Draft Declaration of Covenants, Conditions and Restrictions (Rental), as applicable
- ___ Draft Declaration of Covenants, Conditions and Restrictions (Homeownership), as applicable
- ___ A site plan to include:
 - a. Number of and type of workforce housing dwelling units (min 40% homeownership/min. 60% rental)
 - b. Proposed density
 - c. Coverage of structures and parking (max. 65% of gross area)
 - d. Setbacks
 - e. Road classification providing access to the development (collector or higher)
 - f. Number of bedrooms for each workforce housing rental dwelling unit (duplex, semi-detached, single family detached and townhouses must have two or more bedrooms)
 - g. Location within the development of each workforce housing dwelling unit
- ___ Draft architectural plans to include:
 - a. Height of the structure(s)
 - b. The area of each workforce housing dwelling unit
- ___ Concept Landscape Plan demonstrating comparable quality of proposed improvements
- ___ Identification of workforce housing units on the plans

Workforce Housing Development Application Checklist (Final/Site Development Plan)

The Workforce Housing Checklist shall be completed and submitted, including two sets of the required documents/information, with the initial Final Plan or Site Development Plan (SDP) application. The documents/information shall be included in the OPZ/Planning review package..

___ Signed Workforce Housing Notification from ACDS

___ Workforce Housing Development Agreement

___ Declaration of Covenants, Conditions and Restrictions (Rental), as applicable

___ Declaration of Covenants, Conditions and Restrictions (Homeownership), as applicable

___ Plat note and/or note on the SDP stating the following:

- a. The workforce housing units are subject to the workforce housing requirements of Article 18 of the Anne Arundel County Code, a Workforce Housing Development Agreement dated ___ and a Declaration of Workforce Housing Covenants, Conditions and Restrictions recorded in the Land Records of Anne Arundel County Maryland in Liber ___ Folio ___. *(and as applicable)* The Workforce Housing Home Ownership Units subject to the aforementioned Agreement and Declaration are Lots _____. The Workforce Housing Rental units subject to the aforementioned Agreement and Declaration

___ Site plan to include:

- a. Number of and type of workforce housing dwelling units (min 40% homeownership/min. 60% rental)
- b. Proposed density
- c. Coverage of structures and parking (max. 65% of gross area)
- d. Setbacks
- e. Road classification providing access to the development (collector or higher)
- f. Number of bedrooms for each workforce housing rental dwelling unit (duplex, semi-detached, single family detached and townhouses must have two or more bedrooms)
- g. Location within the development of each workforce housing dwelling unit

___ Architectural plan to include:

- a. Height of the structure(s)
- b. Dimensioned floor plans for each workforce housing dwelling unit
- c. The area of each workforce housing dwelling unit
- d. Exterior construction material types and finishes
- e. List of proposed interior amenities
- f. Detailed information on proposed improvements relating to energy efficiency, HVAC, plumbing and electric

___ Landscape Plan demonstrating comparable quality of proposed improvements

___ Construction schedule for each workforce housing dwelling unit

___ Identification of workforce housing units on the plat