



Montgomery County, Maryland
**MODERATELY PRICED DWELLING
UNIT (MPDU) PROGRAM**

www.montgomerycountymd.gov/mpdu



Calculating Rental Rates for MPDUs

Introduction

The allowable rents that may be charged for MPDUs are set at the time the Department of Housing and Community Affairs (DHCA) approves the Rental Offering Agreement¹. Rental rates are computed using the maximum income limits for the MPDU program in effect at the time the MPDUs are offered for rent. The maximum income for the MPDU rental program is set at 65 percent (for garden apartments) or 70 percent (for high rises) of the median income for the Washington, DC Primary Metropolitan Statistical Area (PMSA). If an apartment development is financed through a Federal or state affordable housing program (such as the Federal Low Income Housing Tax Credit), then the requirements of that program supersede the MPDU regulations.

Methodology

The method for computing the allowable monthly rents for garden apartment MPDUs, before utilities, is described below (establishing rents for high rise apartments is discussed later). The income for the rent calculation is based on one and one half (1½) people per bedroom.

- The rent for an efficiency unit is based on the income for a one-person household.
- The rent for a one-bedroom unit is based on the mid-point between the income for a one-person household and a two-person household (e.g. 1.5 people).
- The rent for a one bedroom plus den unit is based on the income for a two-person household.
- The rent for a two-bedroom unit is based on the income for a three-person household.
- The rent for a two bedroom plus den unit or a two-bedroom unit with a second bath is based on the midpoint between the income for a three-person household and a four-person household (e.g. 3.5 people).
- The rent for a three-bedroom unit is based on the mid-point between the income for a four-person household and a five-person household (e.g. 4.5 people).

Based on the appropriate household size and corresponding maximum income, the

¹ see Executive Regulation 11-18AM "Requirements and Procedures for the Moderately Priced Dwelling Unit Program", Section 6.1 "Offering MPDUs for Sale or Rent"

income for each unit size is divided by 12, multiplied by twenty-five percent (25%), and then rounded up to the next highest whole number which is evenly divisible by five. This determines the monthly MPDU rent based on bedroom size, before utilities.

EXAMPLE: *Calculating the rent for a 1-bedroom garden apartment (1.5-person household):*

Annual Income for a 1-person household = \$58,500

Annual Income for a 2-person household = \$67,000

Mid-point = \$62,750

$\$62,750 \div 12 \text{ months} = \$5,229 \text{ per month} \times .25 = \$1,307 = \underline{\$1,310}$ (rounded up to the nearest \$5) maximum rent for a 1-bedroom apartment, before utilities

Utilities and Other Service Charges

In addition to the rental rates established for MPDUs, consideration can be given to those utilities and services paid by the tenant versus those utilities and services paid by the owner. When the owner pays for all utilities, based on the appropriate household size and corresponding maximum income, the income for each unit size is multiplied by 30 percent then divided by 12 and rounded to the next highest whole number which is evenly divided by five (5) to establish the rent for the unit. When the owner pays for some but not all utilities, the Department will add the "Allowances for Tenant-Furnished Utilities and Other Services" for the Washington PMSA, as determined by the U.S. Department of Housing and Urban Development, to the rent as calculated for MPDUs excluding utilities. When an owner pays for some utilities for an MPDU, the total rent must not exceed the maximum rent for an MPDU when an owner pays for all utilities.

High Rise Complexes

Rents in high rise apartment buildings are calculated using an income set at 70 percent of the median income for the Washington, DC PMSA (as opposed to 65 percent of the median, as is used for garden apartment developments).

EXAMPLE: *Calculating the rent for a 1-bedroom high rise apartment (1.5-person household):*

Annual Income for a 1-person household = \$63,000

Annual Income for a 2-person household = \$72,000

Mid-point = \$67,500

$\$67,500 \div 12 \text{ months} = \$5,625 \text{ per month} \times .25 = \$1,406 = \underline{\$1,410}$ (rounded up to the nearest \$5) maximum rent for a 1-bedroom apartment, before utilities

The Director may adjust the rental rates for rental apartments in age-restricted developments that provide services, amenities, or design features to all tenants which cannot be made optional to the MPDU tenant households on a fee basis.

Annual Rent Increases

The MPDU rent may only be adjusted once a year by the Director in accordance

with the County Executive's Voluntary Rent Guideline. Apartment complexes are notified, usually in February, of the allowable rent increase for the upcoming year; the rent adjustments are effective as of the following June 1 to provide for the required 90-day notice of rent increase. For occupied units, the adjustment may only be applied upon lease renewal.

Other Special Considerations

Laundry washer and dryer equipment must be provided in each MPDU unit unless this equipment is not provided in the market rate units. No increase in rent is allowed for laundry washer and dryer equipment unless the market rate units are charged separately and the increase is limited to the same fee that the market rate apartments are charged.

The owner must not charge a fee for non-structured automobile parking to MPDU tenants unless market-rate households are charged a fee for non-structured automobile parking. Structured parking, garage or other enclosed spaces, or unstructured parking where a fee is charged to all tenant households, may be offered as an option to the MPDU occupants at the monthly rate normally charged by the owner. At a minimum, the owner must make parking available to MPDU households according to the number of parking spaces approved for the MPDUs at certified site plan.

Non-refundable amenities fees may not be charged to MPDU tenants.

**MPDU Maximum Rents for 2021*
Garden Apartment**

Unit Size	0 BR	1 BR	1 BR + Den	2 BR	2 BR + Den or +2nd Bath	3 BR
Household Size	1	1.5	2	3	3.5	4.5+
a) MPDU Maximum Annual Gross Income	\$58,500	\$62,750	\$67,000	\$75,500	\$79,750	\$87,250
b) Monthly Gross Income	\$ 4,875	\$ 5,229	\$ 5,583	\$ 6,292	\$ 6,646	\$ 7,271
c) 25% of Monthly Gross (rounded up to the next highest \$5) = MPDU Rent	\$ 1,220	\$ 1,310	\$ 1,400	\$ 1,575	\$ 1,665	\$ 1,820

**MPDU Maximum Rents for 2021*
High Rise Apartment**

Unit Size	0 BR	1 BR	1 BR + Den	2 BR	2 BR + Den or +2nd Bath	3 BR
Household Size	1	1.5	2	3	3.5	4.5+
a) MPDU Maximum Annual Gross Income	\$63,000	\$67,500	\$72,000	\$81,500	\$86,000	\$94,000
b) Monthly Gross Income	\$ 5,250	\$ 5,625	\$ 6,000	\$ 6,792	\$ 7,167	\$ 7,833
c) 25% of Monthly Gross (rounded up to the next highest \$5) = MPDU Rent	\$ 1,315	\$ 1,410	\$ 1,500	\$ 1,700	\$ 1,795	\$ 1,960

*Not including utility charges and service fees that are paid by the owner. Contact DHCA for further information.

https://mcgov.sharepoint.com/teams/DHCA/Housing/Affordable/Shared Documents/Admin/Website/Website Forms/calculate_rentals.docx