



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 Agreement<sup>1</sup>. 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% (for garden apartments) or 70% (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), the requirements of that program apply during the compliance period for that program.

### Methodology

The method for computing the allowable monthly rents for MPDUs, before utilities, is described below. 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 income for each unit size is divided by 12, multiplied by 25%, and then rounded up to the

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<sup>1</sup> See Executive Regulation 11-18AM, “Requirements and Procedures for the Moderately Priced Dwelling Unit Program”, Section 6.1 “Offering MPDUs for Sale or Rent”

next highest whole number which is evenly divisible by five. This determines the monthly MPDU rent based on bedroom size, before utilities.

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

*Annual Income for a 1-person household = \$55,000*

*Annual Income for a 2-person household = \$63,000*

*Mid-point = \$59,000*

*$\$59,000 \div 12 \text{ months} = \$4,916.66 \text{ per month} \times .25 = \$1,229.16 = \underline{\$1,230}$  (rounded up)*

*maximum rent for a 1-bedroom apartment, before utilities*

**EXAMPLE 2:** *Calculating the rent for a 1-bedroom high rise apartment (1.5-person household):*

*Annual Income for a 1-person household = \$59,500*

*Annual Income for a 2-person household = \$68,000*

*Mid-point = \$63,750*

*$\$63,750 \div 12 \text{ months} = \$5,312.50 \text{ per month} \times .25 = \$1,328.13 = \underline{\$1,330}$  (rounded up)*

*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. Utility charges and service fees that are paid by the owner may be added to the MPDU rental rate calculated above to establish the MPDU rent. When the owner pays all utilities, the income for each unit size is multiplied by 30% 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 MPDU. When the owner pays for some but not all utilities, DHCA will use the "Allowances for Tenant-Furnished Utilities and Other Services" for the Washington, DC PMSA, as determined annually by the U.S. Department of Housing and Urban Development (HUD), to calculate these charges. In this case, the total rent must not exceed the maximum rent for an MPDU when an owner pays for all utilities.

## **Special Exceptions for High Rise and Senior Apartment Complexes**

The Director may set different rent limits for rental units in age-restricted buildings that provide services, amenities or design features to all tenants which cannot be made optional to the MPDU tenant households on a fee basis. Please consult DHCA staff for further information.

## **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 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 separately charged and the increase is limited to the same fee that the market rate apartments are charged.

Non-refundable amenities fees may not be charged to MPDU tenants. The owner may also not charge a fee for non-structured automobile parking to MPDU tenants unless market-rate tenants are charged a fee for non-structured automobile parking. Structured parking, garage or other enclosed spaces may be offered as an option to the MPDU occupants at the monthly rate normally charged by the owner.

**MPDU Maximum Rents for 2019\***  
**Garden Apartment**

<b>Unit Size</b>	<b>0 BR</b>	<b>1 BR</b>	<b>1 BR + Den</b>	<b>2 BR</b>	<b>2 BR + Den or +2<sup>nd</sup> Bath</b>	<b>3 BR</b>
Household Size	1	1.5	2	3	3.5	4.5+
a) MPDU Maximum Annual Gross Income	\$55,000	\$59,000	\$63,000	\$71,000	\$75,000	\$82,000
b) Monthly Gross Income	\$ 4,583	\$ 4,917	\$ 5,250	\$ 5,917	\$ 6,250	\$ 6,833
<b>c) 25% of Monthly Gross (rounded up to the next highest \$5) = MPDU Rent</b>	<b>\$ 1,150</b>	<b>\$ 1,230</b>	<b>\$ 1,315</b>	<b>\$ 1,480</b>	<b>\$ 1,565</b>	<b>\$ 1,710</b>

**MPDU Maximum Rents for 2019\***  
**High Rise Apartment**

<b>Unit Size</b>	<b>0 BR</b>	<b>1 BR</b>	<b>1 BR + Den</b>	<b>2 BR</b>	<b>2 BR + Den or +2<sup>nd</sup> Bath</b>	<b>3 BR</b>
Household Size	1	1.5	2	3	3.5	4.5+
a) MPDU Maximum Annual Gross Income	\$59,500	\$63,750	\$68,000	\$76,500	\$80,750	\$88,250
b) Monthly Gross Income	\$ 4,958	\$ 5,313	\$ 5,667	\$ 6,375	\$ 6,729	\$ 7,354
<b>c) 25% of Monthly Gross (rounded up to the next highest \$5) = MPDU Rent</b>	<b>\$ 1,240</b>	<b>\$ 1,330</b>	<b>\$ 1,420</b>	<b>\$ 1,595</b>	<b>\$ 1,685</b>	<b>\$ 1,840</b>

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

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