



MONTGOMERY COUNTY EXECUTIVE REGULATION

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

Subject Moderately Priced Dwelling Unit Program	Number 9-21
Originating Department Department of Housing and Community Affairs	Effective Date

Department of Housing and Community Affairs
Montgomery County Regulation on:

SALES PRICES OF MODERATELY PRICED DWELLING UNITS - MODERATELY PRICED HOUSING DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Issued by: County Executive
Regulation No. 9-21

Authority: Code Section: 25A

Supersedes: Executive Regulation No. 35-90, COMCOR 25A.00.01

Council Review: Method One (1) Under Code Section 2A-15

Register Vol. 38 No. 7

Comment Deadline: July 31, 2021

Effective Date: _____

Sunset Date: None

SUMMARY:

This Executive Regulation repeals and replaces the provisions of Executive Regulation 35-90 which established the requirements and procedures for setting sales prices for the Moderately Priced Dwelling Unit (MPDU) Program

ADDRESSES:

Information and copies of this regulation are available from the Department of Housing and Community Affairs (Department), Division of Housing, 1401 Rockville Pike, 4th Floor, Rockville, MD 20852

STAFF CONTACT:

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BACKGROUND INFORMATION:

Chapter 25A of the Montgomery County Code, 2014, as amended, established the provisions of the Moderately Priced Housing (MPH) Law. This regulation establishes the requirements and procedures for setting sales prices for MPDUs created by the MPH Law.



MONTGOMERY COUNTY EXECUTIVE REGULATION

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

Subject Moderately Priced Dwelling Unit Program	Number 9-21
Originating Department Department of Housing and Community Affairs	Effective Date

INDEX

25A.00.01.01 **Applicability**

- 1.1 Purpose of Regulation
- 1.2 Applicability of Regulation
- 1.3 Sales Price Establishment Date

25A.00.01.02 **Definitions**

25A.00.01.03 **Base Unit**

- 3.1 Base Unit Standards
- 3.2 Required Features of a Base Unit MPDU
- 3.3 Consistent Heating and Air Systems
- 3.4 Livability
- 3.5 Additional Considerations for Multi-Family Buildings
- 3.6 Omissions of Minimum Standards

25A.00.01.04 **[Maximum Allocable] Calculation of Sales Prices for MPDUs and Base Unit Sales Prices**

- 4.1 Final Unit Sales Price
- 4.2 Base Unit Structure and Lot Development Costs

25A.00.01.05 **Price Adjustments for Variations from [Basic] Base Unit Standards and Other Costs**

- 5.1 Base Unit Structure Cost Adjustments
- 5.2 ADA Compliance
- 5.3 Allowances and Considerations to Lot Development Cost
- 5.4 Considerations for Additional Unusual Costs (Does not apply to garden buildings and high rises)
- 5.5 Soft Costs
- 5.6 Architectural Compatibility Expenses (Does not apply to garden buildings and high rises)
- 5.7 Builder's Extended Warranty and Condominium Financing Costs
- 5.8 Documentation
- 5.9 Options

25A.00.01.06 **Effective Date and Revisions**

- 6.1 Effective Date
- 6.2 Revisions



MONTGOMERY COUNTY EXECUTIVE REGULATION

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

Subject Moderately Priced Dwelling Unit Program	Number 9-21
Originating Department Department of Housing and Community Affairs	Effective Date

EXECUTIVE REGULATION

COMCOR 25A.00.01 Sales Prices for Moderately Priced Dwelling Units - Moderately Priced Housing

25A.00.01.01 Applicability

- 1.1 Purpose of Regulation. [These prices and price calculation procedures are applicable to new houses constructed and sold in fulfillment of the Moderately Priced Housing Law requirements.] This regulation contains the prices and procedures for calculating the approved maximum allowable sales price, including closing costs and sales commission fees, of Moderately Priced Dwelling Units (MPDUs) offered for sale through the Department of Housing and Community Affairs (Department). The current sales prices for MPDUs are increased by 6.5% to accommodate increases in the Consumer Price Index and the cost of construction materials since the last price increase established by Executive Order in 2016. [This regulation is being promulgated after obtaining and considering information and data dealing with current general market and economic conditions and the current minimum sale prices of privately produced market priced housing. The Department of Housing and Community Development (Department) has obtained information relative to housing prices and construction costs through consultation with the building industry, employers and professional and citizen groups having information relative to moderate income housing.]
- 1.2 Applicability of Regulation. The MPDU Pricing Standards and provisions of this regulation are applicable to new homes constructed and sold in accordance with the requirements of Chapter 25A of the Montgomery County Code, 2014 (Code), as amended (the MHP Law) on or after the effective date of this regulation.
- 1.3 Sales Price Establishment Date. The Final Unit Sales Price for the MPDUs will be fixed when the Offering Agreement is signed by the Department.

25A.00.01.02 Definitions

2.1 The following words and phrases have the following meanings, as used in this regulation:

- (a) Applicant – Applicant has the meaning provided in Section 25A-3 of the Code; usually the developer or the builder of the MPDUs under Section 25A-5 of the Code.



MONTGOMERY COUNTY EXECUTIVE REGULATION

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

Subject Moderately Priced Dwelling Unit Program	Number 9-21
Originating Department Department of Housing and Community Affairs	Effective Date

- (b) Base Unit - Base Unit MPDUs are standard sized units for each structure type that provide the minimum necessary amenities and features as described in Section 25A.00.01.03.
- (c) Base Unit Structure Cost – The sales price of the building aspect of a Base Unit MPDU as provided in the table found in Section 4.2 of this regulation, prior to any adjustments in price or addition of Soft Costs.
- (d) Development Impact Tax - Impact tax for transportation and schools under Sections 52-41 and 52-54 of the Code.
- (e) Final Unit Sales Price – The final sales price for which an Applicant can sell an MPDU as calculated under Section 4.1 of this regulation.
- (f) Lot Development Cost – The cost to prepare undeveloped land for development, including engineering inspection, permitting, road work, clearing, grading, earthwork, driveways, site drainage, and installation of utilities, excluding water and sewer house connection fees.
- (g) Moderately Priced Dwelling Unit or MPDU – A dwelling unit which meets the definition provided in Section 25A-3 of the Code.
- (h) Offering Agreement – A signed agreement between the Applicant and the Department identifying the MPDUs in a development, describing each MPDU, providing the price of each MPDU, and identifying the date on which the MPDUs will be marketed to eligible households.
- (i) Options – Amenities not included in the Final Unit Sales Price that may be voluntarily selected by a purchaser of an MPDU, including upgrades of standard features of the home, and which may be charged at market rate. Options are subject to the limitations in Section 5.9.
- (j) Soft Costs – Expense items for development that are not considered direct construction costs, as outlined in Section 5.5.
- (k) Square Foot – Square foot is calculated as finished square footage. Finished square footage is measured from the face of the interior wall, and includes any space with flooring, wall covering and ceilings, such as finished storage space, stairwells, and hallways inside the unit. Finished square footage does not include unfinished basement or attic storage areas, common stairwells, and common hallways.



MONTGOMERY COUNTY EXECUTIVE REGULATION

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

Subject Moderately Priced Dwelling Unit Program	Number 9-21
Originating Department Department of Housing and Community Affairs	Effective Date

- (l) System Development Charge – A fee imposed by the Washington Suburban Sanitary Commission (WSSC) on new development to connect to the water and sewer system and to pay for the construction of major water and sewer facilities needed to accommodate growth.

25A.00.01.03 Base Unit

3.1 Base Unit Standards. At a minimum, MPDUs must be constructed to provide the number of bedrooms required for each unit, as described in the table below, based on the type of dwelling unit constructed. The number of bathrooms and the hot water heater capacity must correspond with each unit’s bedroom count.

Minimum Standards for MPDUs (For Sale and Rental)

<u>Item</u>	<u>Single-Family Detached</u>		<u>Townhouse & Duplex</u>		<u>Piggyback Townhouse</u>	
<u>No. of Bedrooms</u>	<u>3</u>	<u>4</u>	<u>3</u>	<u>4</u>	<u>2</u>	<u>3</u>
<u>No. of Bathrooms</u>	<u>1 1/2</u>	<u>2</u>	<u>1 1/2</u>	<u>2</u>	<u>1</u>	<u>1 1/2</u>
<u>Electric Hot Water Heater (gallon)</u>	<u>50</u>	<u>50</u>	<u>50</u>	<u>50</u>	<u>40</u>	<u>40</u>
<u>Gas Hot Water Heater (gallon)</u>	<u>40</u>	<u>40</u>	<u>40</u>	<u>40</u>	<u>30</u>	<u>40</u>

<u>Item</u>	<u>Garden Condominium/Apt. (up to 4 stories)</u>				<u>High Rise (5+ stories)</u>			
<u>No. of Bedrooms</u>	<u>0</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>0</u>	<u>1</u>	<u>2</u>	<u>3</u>
<u>No. of Bathrooms</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1 1/2</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1 1/2</u>
<u>Electric Hot Water Heater (gallon)</u>	<u>30</u>	<u>30</u>	<u>30</u>	<u>50</u>	<u>30</u>	-	-	-



MONTGOMERY COUNTY EXECUTIVE REGULATION

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

Subject Moderately Priced Dwelling Unit Program	Number 9-21
Originating Department Department of Housing and Community Affairs	Effective Date

<u>Gas Hot Water Heater (gallon)</u>	<u>30</u>	<u>30</u>	<u>30</u>	<u>40</u>	<u>30</u>	-	-	-
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3.2 Required Features of a Base Unit MPDU. In addition to the requirements of Section 3.1 above, all MPDUs must also:

- (a) Be equipped with a refrigerator that is at least 15 cubic ft., frost-free, and meets "builders grade" specifications;
- (b) Have a standard 30" electric or gas range/oven with clock/timer and a range hood;
- (c) Be equipped with a garbage disposal;
- (d) Have a rough-in connection for a dishwasher, except as provided in Section 3.5(g);
- (e) Have complete electrical and plumbing, as well as a dryer exhaust, for a clothes washer and a dryer, except as provided in Section 3.5(g);
- (f) Include a linen closet or storage shelf system within a clothes closet in the unit; and
- (g) Include a full bath within one floor of each level that includes a bedroom and the main bathroom must include a vanity.

3.3 Consistent Heating and Air Systems. The Square Foot prices for MPDUs are based upon heat pump systems for heating and air conditioning (HVAC) systems. However, if the market rate units in the development are equipped with gas appliances and systems, the MPDUs must be equipped in the same way.

3.4 Livability. Bedrooms in MPDUs are expected to have full height walls, doors that lock, and closets. The primary (master) bedroom must be able to accommodate a double bed, two nightstands and a chest of drawers. Secondary bedrooms must be able to accommodate a single bed, a nightstand, and a chest of drawers. The living/dining space is expected to be adequate to accommodate a dining room set and a sofa set appropriate for the number of occupants of the unit.

3.5 Additional Considerations for Multi-Family Buildings. In multi-family buildings, MPDUs must also meet the following standards:



MONTGOMERY COUNTY EXECUTIVE REGULATION

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

Subject Moderately Priced Dwelling Unit Program	Number 9-21
Originating Department Department of Housing and Community Affairs	Effective Date

- (a) The bedroom mix of the MPDUs must match the bedroom mix of the market-rate units in the subdivision unless the Director approves an MPDU agreement under Section 25A-5 of the Code that does not increase the number of MPDUs required, but approximates the total floor area for the MPDUs required, and alters the bedroom mix of the MPDUs or the number of MPDUs.
- (b) The minimum size of MPDUs in multi-family buildings is based on the type of structure as specified below. At the discretion of the Department, the minimum size of any type of unit, by bedroom size, may be reduced to the minimum size of comparable market rate units in the same building with the same number of bedrooms.
 - (1) Garden (up to 4 stories): The minimum sizes of MPDUs should be as follows: 0 BR = 500 SF; 1 BR = 650 SF; 2 BR = 800 SF; 3 BR = 1100 SF.
 - (2) High Rise (5+ stories): The minimum size of MPDUs should be as follows: 0 BR = 450 SF; 1 BR = 575 SF; 2 BR = 725 SF; 3 BR = 1000 SF.
- (c) MPDUs are not required to be located on "premium" floors, and are not required to have "premium" locations on a floor (for example, in terms of view, access to building amenities, etc.).
- (d) No more than 40 percent of the total number of units on any floor should be MPDUs. This requirement does not apply to buildings that are sold or rented under an approved federal, state, or local housing program designed to assist the construction or occupancy of housing for households of low or moderate income.
- (e) Bedrooms without windows are only permitted if market rate units also have bedrooms without windows, and must have adequate artificial lighting per building code requirements.
- (f) Applicants must make parking available to MPDU tenants or owners according to the number of parking spaces approved for the MPDUs at certified site plan. MPDU residents must be charged no more than the regular market rate for parking, and must not be required to purchase or rent parking. No fee may be charged for non-structured parking in rental buildings.
- (g) Clothes washer and dryer equipment and a dishwasher must be provided in each rental MPDU unless this equipment is not provided in the market rate units.
- (h) Condominium developments must have FHA approval or approval of similar financing.



MONTGOMERY COUNTY EXECUTIVE REGULATION

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

Subject Moderately Priced Dwelling Unit Program	Number 9-21
Originating Department Department of Housing and Community Affairs	Effective Date

3.6 Omissions of Minimum Standards. Although every effort should be made to provide all Base Unit standards and features, the Department may waive any of the provisions found in Sections 3.1 through 3.5 if an Applicant shows good cause concerning why the Applicant cannot construct an MPDU to the minimum requirements. Examples include situations in which a development is a residential conversion of a non-residential building, rehabilitation of an existing residential unit that was not built to current standards, or other circumstances where there are physical constraints to providing the Base Unit requirements. The Applicant must obtain a written waiver from the Department to forego some of the minimum standards. When adjustments to the minimum standards are permitted by the Department, the sales price may be adjusted to reflect those omissions.

25A.00.01.[02]04 [Maximum, Allowable] Calculation of Sales Prices for MPDUs and Base Unit Sales Prices

4.1 Final Unit Sales Price. The Final Unit Sales Price is calculated by adding together:

- (a) The Base Unit Structure Costs as calculated in Section 4.2 and adjusted under Sections 5.1 and 5.2;
- (b) The Lot Development Cost as calculated in Section 4.2 and adjusted under Section 5.3;
- (c) Additional Unusual Costs, if applicable, as specified in Section 5.4;
- (d) The Soft Costs as specified in Section 5.5;
- (e) Architectural Compatibility Costs, if applicable, as specified in Section 5.6; and
- (f) Builder's Extended Warranty and/or Condominium Financing Costs, if applicable, as specified in Section 5.7.

4.2[1] Base Unit Structure and Lot Development Costs. [The following schedule contains the approved maximum, allowable sales prices of basic units, including closing costs and sales commission fees for Moderately Priced Dwelling Units (MPDUs) sold in accordance with the requirements of Chapter 25A of the Montgomery County Code, 1984, as amended.] The following schedule contains the Base Unit Structure Costs and Lot Development Costs for MPDUs. These prices are subject to the adjustments contained in 25A.00.01.0[3]5.



MONTGOMERY COUNTY EXECUTIVE REGULATION

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

Subject Moderately Priced Dwelling Unit Program	Number 9-21
Originating Department Department of Housing and Community Affairs	Effective Date

MPDU Pricing Standards

UNIT DESCRIPTION					UNIT SIZE (SF=square feet)		COST		
Unit Type	No. of Stories	No. of BRs	No. of Baths	Base in SF	Min. in SF	Max. in SF	SF Cost	Base Unit Structure Cost	Lot Dev. Cost
Single-Family Detached	1-2	3-4	1 ½-2	1,400	1,100	2,000	\$77	\$107,360	\$23,010
Duplex	1-2	3-4	1 ½	1,200	1,100	1,900	\$71	\$84,350	\$18,860
Townhouse/ Four-plex	2-3	3	1 ½	1,200	1,050	1,800	\$67	\$79,240	\$16,190
Townhouse/ Four-plex	2-3	4	2	1,260	1,120	1,900	\$67	\$83,200	\$16,190
Piggyback Townhouse	1-2	2-3	1-1 ½	1,200	1,050	1,600	\$58	\$69,020	\$13,530
Garden Condo	2-4	0-3	1-1 ½	950	Based on bedroom size, see Section 25A.00.01.03.5.(b)(1)		\$64	\$60,710	\$12,150
High Rise 1	5-6	0-3	1-1 ½	850	Based on bedroom size, see Section 25A.00.01.03.5.(b)(2)		\$118	\$99,580	\$16,830
High Rise 2	7+	0-3	1-1 ½	850	Based on bedroom size, see Section 25A.00.01.03.5.(b)(2)		\$169	\$143,030	\$21,520



MONTGOMERY COUNTY EXECUTIVE REGULATION

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

Subject Moderately Priced Dwelling Unit Program	Number 9-21
Originating Department Department of Housing and Community Affairs	Effective Date

25A.00.01.0[3]5 Price Adjustments for Variations from [Basic] Base Unit Standards and Other Costs

[3.1 For units differing in size (square foot area) from the basic unit, the structure cost will be increased or decreased at one-half the unit type square foot cost. Minimum and maximum sizes of units are shown on the MPDU standards addendum to these regulations.]

5.1 Base Unit Structure Cost Adjustments. Cost adjustment may be applied to the Base Unit Structure Cost of the MPDU as provided in Section 4.2 for variations in the size of the unit and additional structural amenities above the required Base Unit features found in Sections 3.1 thru 3.3 as follows:

- (a) If garages are added to the unit, the additional cost per Square Foot may be added to the base sales price as provided in the table below.
- (b) Additional cost credit is only allowed for baths provided above the minimum specification for the unit as required in the table in Section 3.1, according to the adjustments provided in the table below. Roughed-in bath and powder rooms require that the plumbing and electrical installations meet the following conditions to qualify for a cost increase to the MPDU sales price:
 - (1) Plumbing rough-in: the installation of all parts of the plumbing system that can be completed prior to the installation of fixtures, appliances, or equipment must be included. This includes drainage, water supply, vent piping, and necessary supports and backboards. All piping must be tied in and capped off after penetrating the wall or floor surface. Duct work for the future installation of exhaust fans must be installed. Roughed-in plumbing must pass air or water tests by the applicable BOCA or WSSC Codes.
 - (2) Electrical rough-in: wiring must be installed from service panel box and terminated at an outlet of the appliance or fixture that is to be served.
- (c) For units differing in size (Square Foot area) from the Base Unit Square Footage under the unit description in Section 4.2., the structure cost will be increased or decreased at one-half the unit type Square Foot cost, as provided in the table below. If the size of the unit is different from the base in Square Footage, the Base Unit Structure Cost will be adjusted using the Square Foot change from base in the last column below. No additions will be made over the maximum floor areas shown in Section 4.2.



MONTGOMERY COUNTY EXECUTIVE REGULATION

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

Subject Moderately Priced Dwelling Unit Program	Number 9-21
Originating Department Department of Housing and Community Affairs	Effective Date

<u>Base Unit Structure Cost Adjustments</u>						
<u>ADDITION/SUBTRACTION ADJUSTMENTS</u>						
<u>Unit Type</u>	<u>Garage (per SF)</u>	<u>Bath</u>		<u>Powder Room</u>		<u>SF Change from Base (+/-)</u>
	<u>Attached/Detached</u>	<u>Finished</u>	<u>Rough-In</u>	<u>Finished</u>	<u>Rough-In</u>	
<u>Single-Family Detached</u>	\$16/\$32	\$3,780	\$1,260	\$2,520	\$920	\$39.00
<u>Duplex</u>	\$16/\$32	<u>Prices for bath and powder room adjustments are the same for all units regardless of type</u>				\$36.00
<u>Townhouse/ Four-plex</u>	\$16/\$32					\$34.00
<u>Townhouse/ Four-plex</u>	\$16/\$32					\$34.00
<u>Piggyback Townhouse</u>	\$16/\$32					\$29.00
<u>Garden Condo</u>	N/A					\$32.00
<u>High Rise 1</u>	N/A					\$59.00
<u>High Rise 2</u>	N/A					\$85.00



MONTGOMERY COUNTY EXECUTIVE REGULATION

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

Subject Moderately Priced Dwelling Unit Program	Number 9-21
Originating Department Department of Housing and Community Affairs	Effective Date

Unit Type	No. of Bedrooms	Basic Unit Size	Basic Unit Sales Price
Detached	2 or 3	1,000 sq. ft.	\$73,776
Detached	4	1,100 sq. ft.	79,350
Detached	5	1,200 sq. ft.	84,925
Semi-detached	2 or 3	1,000 sq. ft.	72,189
Townhouse/four-plex	2 or 3	1,120 sq. ft.	67,020
Townhouse/four-plex	4	1,200 sq. ft.	70,892
Back-to-Back Townhouse 2 story	2 or 3	1,000 sq. ft.	53,405
Back-to-Back Townhouse 3 story	3 or 4	1,400 sq. ft.	66,995
Piggyback Townhouse	2 or 3	1,000 sq. ft.	53,405
Multi-Family (non Elevator)	1 to 3	850 sq. ft.	48,643
Multi-Family (Elevator)	1 to 3	850 sq. ft.	69,547

- (d) If a separate linen closet is provided, \$520 will be added to the price.
- (e) If additional vanities are provided to any bath, \$290 will be added to the base price for each vanity in excess of the first mandatory vanity.
- (f) In any instance where a townhouse MPDU is constructed as an end-unit dwelling, the allowable structure cost will be adjusted to reflect the increased costs associated with the construction of the end unit. The end unit credit may not be claimed for duplex units. For end unit townhouses, add \$2,980 for each unit; for end unit piggyback townhouses add \$2,290 for each unit.
- (g) Walkout basement with a 5 foot sliding glass door, add \$1,890; for a unit with a 6 foot sliding glass door, add \$2,170.
- (h) The allowable MPDU sales price may be increased based on the cost difference between electric and gas appliances and systems.
- (i) Cost credit is allowed when energy-efficient appliances are furnished to provide the required appliances listed in Section 3.2, and for other energy-saving measures.
- (j) The cost to install a sprinkler system has not been included in the Square Foot prices. If the Code requires the installation of a sprinkler system, the allowable price will be increased for this expense.



MONTGOMERY COUNTY EXECUTIVE REGULATION

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

Subject Moderately Priced Dwelling Unit Program	Number 9-21
Originating Department Department of Housing and Community Affairs	Effective Date

(k) A dishwasher may be added to the price.

(l) If the structure is provided with a deck or terrace, the cost may be added to the price.

[3.2. The Construction loan interest rate used to calculate construction financing costs is based upon a prime interest rate of 10 percent plus two percentage points. Variations from this construction loan interest rate will be adjusted to the prime interest rate that exists at the time of the offering plus two percentage points.]

[3.3 The following costs, in addition to the construction loan expenses, are included in the allowable sales price and are expressed as a percentage of the total price as follows:

- (a) Construction loan placement fee – 1.5 percent
- (b) Legal and closing costs – 3.5 percent
- (c) Marketing expenses and sales commissions – 4.5 percent
- (d) Builder’s overhead expenses – 8 percent
- (e) Pre-Development Expenses and contingencies – 5 percent]

[3.4 The allowable sales price includes the following closing costs which are to be paid by the seller:

- (a) one-half percent for a permanent loan origination fee;
- (b) County tax certificate, transfer charges, revenue stamps and recordation charges;
- (c) title examination, settlement, and attorney fees;
- (d) notary fees and fees for preparation of a deed of conveyance, a deed of trust or mortgage, and the deed of trust or mortgage note;
- (e) house location survey plat; and
- (f) appraisal fees and credit report charges.]

[3.5 Fees required to place permanent financing will be permitted to be added to the allowable sales price to determine the final sales price to the purchaser. These fees may include the seller's permanent loan fees (points) which are in excess of one-half percent and any buy-down fees paid to a financial institution to reduce mortgage interest rates on the purchaser's loan below current market interest rates. There will be no additions if the buyers secure their own financing.]

[3.6 The above prices for single-family, semi-detached, and townhouses include the cost of a basement. A basement cost will not be permitted on back-to-back or piggyback townhouses unless one or more of the following criteria are satisfied:

- (a) the MPDUs are attached units and are scattered among market-rate units with basements, or;



MONTGOMERY COUNTY EXECUTIVE REGULATION

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

Subject Moderately Priced Dwelling Unit Program	Number 9-21
Originating Department Department of Housing and Community Affairs	Effective Date

(b) the MPDUs are constructed on land where the topography necessitates the construction of basements and the Applicant can demonstrate such topographical requirements to the satisfaction of the Director of the Department.]

[3.7 In any instance where a townhouse MPDU is constructed as an end-unit dwelling, the allowable structure cost will be adjusted to reflect the increased costs associated with the construction of the end unit.]

[3.8 The allowable sales prices listed in Section 2.1 may be adjusted for dwellings where space for future bedrooms that can be finished by the purchaser is provided. For each potential additional bedroom where adequate space is provided, the square foot price for this area will be reduced by ten dollars per square foot from the square foot price. The minimum area, height, lighting, and ventilation as defined by the Montgomery County Code, must be provided in a MPDU in order to meet the requirements of the MPH Law. Expandable space must include the installation of heating and air conditioning duct work, rough electrical wiring, rough-in plumbing, and insulation. Walkout basements will not be considered as expandable space.]

[3.9 Water and sewer house connection fees are not included in the calculation of the MPDU base sales price. In any instance where water and sewer connection charges are not deferred, the allowable sales price will be adjusted to reflect this increased cost to the Applicant.]

[3.10 When permitted by the Director, significant items included in the minimum MPDU specifications, but which are not constructed in a unit will result in an adjustment to the allowable sales prices to reflect these omissions. Minimum specifications for MPDUs which exceed building code requirements are shown on the attached addendum. It is the responsibility of the Applicant to provide these items, or otherwise to obtain permission from the Department not to meet the minimum standards.]

[3.11 When a gas heating and air-conditioning system is substituted for an electric system in a MPDU, the allowable sales price will be adjusted by the Department.]

5.2[3.12] ADA Compliance. When the buyer and seller of an [a] MPDU agree to modify the unit structurally to facilitate access or use by a disabled person(s), the Department may adjust the allowable sales price by the amount of the additional costs. The Applicant must obtain approval of the price from the Department prior to executing a sales contract.



MONTGOMERY COUNTY EXECUTIVE REGULATION

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

Subject Moderately Priced Dwelling Unit Program	Number 9-21
Originating Department Department of Housing and Community Affairs	Effective Date

5.3 Allowances and Considerations to Lot Development Cost. Additional cost adjustments provided below may be applied to the sales price of the MPDU for additional considerations of the Lot Development Cost:

- (a) The Lot Development Cost found in Section 4.2 does not include water and sewer house connection fees; the actual cost of the connection fees may be added to the allowable sales price in any instance where water and sewer connection charges are not deferred.
- (b) The Lot Development Cost found in Section 4.2 does not include the Development Impact Tax or the System Development Charge for water or sewer; these fees will be waived if permitted under applicable law. A letter to the County requesting the waiver, which must specifically identify the MPDUs in the development by street address, lot and block, must be sent by the Applicant to (a) the Department to the attention of its Affordable Housing Programs (AHP) Section, (b) WSSC and (c) the County’s Department of Permitting Services.

5.4[3.13] Considerations for Additional Unusual Costs (Does not apply to garden buildings and high rises).

The Department may adjust the allowable sales price of an [a] MPDU if the Applicant can demonstrate that additional unusual costs have been incurred (i.e., costs not already allowed [included] in the [allowable] structure or Lot Development Costs) which are directly attributable to and benefit the MPDUs and which are the result of:

- (a) conditions or fees, such as impact or similar fees imposed by a governmental unit or as condition for building permit approvals;
- (b) additional considerations or fees as a condition of obtaining governmental financing programs;
or
- (c) additional fees imposed by public utilities.

A narrative explanation in addition to documentation [Documentation]required under Section 5.8 for such costs must accompany the Offering Agreement [submitted to the Department]. Requests for price adjustments must be initiated by the Applicant. Additional costs for correcting or adapting the usability of marginal land, soils, or topography will not result in an increase in [to] the allowable sales price.



MONTGOMERY COUNTY EXECUTIVE REGULATION

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

Subject Moderately Priced Dwelling Unit Program	Number 9-21
Originating Department Department of Housing and Community Affairs	Effective Date

5.5 Soft Costs Included in Sales Price.

- (a) The following costs are included in the allowable sales price for MPDUs, and are expressed as a percentage of the total price as follows:
- (1) Construction loan financing expenses - (prime rate + 2%) x .50 x .75 x .75. This assumes an average take down rate over 6 months, the length of the loan is 9 months, and that 75% of the unit sales price was borrowed;
 - (2) Construction loan placement fee - 1.5 percent;
 - (3) Legal and closing costs - 3.5 percent;
 - (4) Marketing expenses and sales commissions – 1.5 percent;
 - (5) Builder's overhead expenses - 8 percent;
 - (6) Engineering and architecture fees – 5 percent
 - (7) General requirements – 3 percent; and,
 - (8) Buyer's closing costs – 3 percent, to be given as a credit to the buyer.
- (b) The construction loan interest rate used to calculate construction financing costs is based upon a prime interest rate of 3.25 percent plus two percentage points. Variations from this construction loan interest rate will be adjusted to the prime interest rate that exists at the time of the offering plus two percentage points.

5.6[3.14] Architectural Compatibility Expenses (Does not apply to garden buildings and high rises).

The [Director may permit an increase in the] allowable sales price of an [a] MPDU may be increased to compensate for [in exceptional cases when the Director finds that a price increase is justified to cover] the cost of modifying the exterior [external] design (including site improvements) of the MPDU that is necessary to make [reduce excessive visual and marketing impact of] the MPDUs compatible in exterior design with [on] the market-rate units in the subdivision. [The increase in the allowable sales price will only be permitted in accordance with the following conditions:]

- [(a) The MPDUs are interspersed among or adjacent to the market rate houses and are plainly visible to the occupants of the market rate housing. A site plan must be submitted which shows the



MONTGOMERY COUNTY EXECUTIVE REGULATION

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

Subject Moderately Priced Dwelling Unit Program	Number 9-21
Originating Department Department of Housing and Community Affairs	Effective Date

location of the MPDUs and the market priced units.]

(a)[b] The exterior design elements requested must [will] be similar to those elements used on the market-rate housing units in order to reduce substantial differences in appearance. Compensation may be allowed for exterior [full or half-brick veneer] facades and the sides of end units, roofing structure and material, window and door treatments, materials for walkways, and similar architectural elements. [approved on a case-by-case basis.]

(b)[c] Compensation shall [will] be based upon the cost difference between the exterior design elements included in the calculation of the MPDU allowable structure cost and those design elements for which the Applicant is requesting compensation. Cost estimates or construction bids [must be submitted] that document the [will establish this] difference in cost must be submitted. [The Department may establish standard costs for approved design elements. The final determination of the amount of the compensation will be made by the Department.]

(c)[d] The increase approved for architectural compatibility shall [will] be limited to 10 percent of the allowable base cost for each unit increased by the direct costs percentages listed below: [. The allowable base cost will be determined using the square foot and Lot Development Costs contained in Addendum No. I of this regulation.]

- (1) Construction loan interest – (prime rate plus 2 percent) x .50 x .75 x .75;
- (2) Construction loan placement fee [expenses] – 1.5 percent;
- (3) Overhead and general requirement [builder’s overhead] expenses – 8 percent; and
- (4) Engineering and architectural expenses [pre-development expenses and overhead]– 5 percent.

[3.15 When the State of Maryland Community Development Administration's Homeownership Development Program is utilized to provide permanent financing for purchasers of MPDUs, the seller must exclude closing costs from the authorized sales price. The resulting sales price must reflect a deduction which equals the actual closing costs paid by the buyer. This provision only applies to those MPDUs for which a commitment of permanent financing has been received from the State of Maryland Community Development Administration in association with the Homeownership Development Program.]



MONTGOMERY COUNTY EXECUTIVE REGULATION

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

Subject Moderately Priced Dwelling Unit Program	Number 9-21
Originating Department Department of Housing and Community Affairs	Effective Date

[3.16 The maximum, allowable sales price for new MPDUs sold to the Housing Opportunities Commission (Commission), or to a non-profit corporation approved and certified by the Commission will be reduced to reflect the reduced selling and marketing costs associated with these units. In such cases, the maximum allowable sales price will be reduced by 4.5 percent.]

[3.17 The loan amount, but not the final sales price, may be increased to cover the cost of amortizing the mortgage insurance premium on FHA and Commission/FHA loans.]

[3.18 The MPDU Pricing Standards and provisions of this regulation apply to all MPDUs offered for sale through the Department on or after the effective date of this regulation. The maximum allowable sales price for the MPDUs will be fixed when the Offering Agreement is signed by the Department.]

5.7 Builder's Extended Warranty and Condominium Financing Costs.

(a) The cost of a builder's extended warranty may be added to the sales price.

(b) The expense of obtaining FHA approval for condominium developments may be added to the sales price.

5.8 Documentation. All cost additions that are not monetarily specified in these Pricing Standards must be documented with contracts, estimates, bids, or invoices verifying actual costs.

5.9 Options. If the Applicant intends to provide Options, a list of options and their respective prices must be submitted with the Offering Agreement. Selections of Options must be at the discretion of the purchaser and may not exceed 10% of the Final Unit Sales Price. Luxury items may not be included as Options. Options and their selling price must be listed on a separate addendum to the sales contract. Documentation verifying actual costs is not required for Options.

25A.00.01.[04]06 Effective Date and Revisions

6[4].1 Effective Date. This Executive Regulation will become effective 30 days after the date of approval by the Montgomery County Council.

6.2 Revisions. The maximum allowable sales prices of MPDUs may be revised no more than annually by Method 1 regulation by adjusting the prior year's maximum prices by (a) the percentage change in the consumer price index for urban consumers (CPI-U) for the Washington Metropolitan Area for the



MONTGOMERY COUNTY EXECUTIVE REGULATION

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

Subject Moderately Priced Dwelling Unit Program	Number 9-21
Originating Department Department of Housing and Community Affairs	Effective Date

preceding 12-month period; or alternatively, (b) the prices may be re-estimated using actual current prices and costs, or commercially available standard building industry cost estimating products.

[Addendum No. 1
MPDU PRICING STANDARDS
Effective Date September 1, 1990

UNIT DESCRIPTION				UNIT SIZE			COST			ADDITION/SUBTRACTION ADJUSTMENTS						
Unit Type	No. of Stories	No. of BR	No. of Baths	Base-ment	Base in SF	Min. in SF	Max. in SF	Sq. ft. Cost	Structure Cost	Lot Dev. Cost	Base-ment	Bath		Powder Room		Sq. Ft. Change from Base in SF
												Finished	Rough	Finished	Rough	
S.F. Detch.	2-Jan	3-Feb	1 1/2	yes	1000	960	1200	\$41.30	\$41,300	\$13,398	\$6,068	\$1,938	5610	\$1,468	5488	\$20.68
S.F. Detch.	2-Jan	4	2	yes	1100	1000	1400	\$41.30	\$45,430	\$13,398	\$6,068					\$20.68
S.F. Detch.	2-Jan	5	2	yes	1200	1000	1600	\$41.30	\$49,660	\$13,398	\$6,068					\$20.68
Semi-Detch.	2-Jan	3-Feb	1 1/2	yes	1100	960	1200	\$38.70	\$42,870	\$10,928	\$8,182					\$19.36
Townhouse or Four-plex	3-Feb	3-Feb	1 1/2	yes	1120	1020	1160	\$38.88	\$40,152	\$9,510	\$4,248					\$17.92
Townhouse or Four-plex	3-Feb	4	2	yes	1160	1120	1200	\$38.88	\$41,696	\$9,510	\$4,248	Prices for bath and powder room adjustments are the same for all units regardless of type				\$17.92
Back-to-Back and Piggyback Townhouse	2-Jan	3-Jan	1 1/2	no	1000	780	1200	\$31.68	\$31,680	\$7,940	\$3,648					\$16.82
Back-to-Back Townhouse	3	4-Mar	1 1/2	no	1400	1300	1600	\$29.80	\$41,720	\$7,940	\$3,648					\$14.90
Garden Apts.	4-Feb	3-Jan	1	no	860	600	1000	\$34.68	\$29,482	\$6,600	N/A					\$17.32
High Rise	5+	3-Jan	1	no	860	600	1000	\$60.68	\$61,582	N/A	N/A					\$30.32

[Allowances:

1. End unit for townhouses and back-to-back townhouses, add \$1475.
2. Unfinished space which is only roughed-in, deduct \$10.00 per square foot from the base square foot price (Basements are not considered unfinished space).
3. Walkout basement with 5 ft. sliding glass door, add \$828; with 6 ft. door, add \$875.]

[NOTES:

1. The structure cost will be adjusted upward or downward based on the actual square footage of space constructed at the square foot adjustment factor from the last column. No additions will be made over the maximum floor areas shown.
2. The lot development cost does not include a Development Impact Fee; if your development is in an area where this fee is required you must submit documentation to show the fee has been paid.
3. The cost for installing a sprinkler system has not been included in the square foot prices. If County Codes require the installation of such a system, the allowable price will be increased for this cost. Please provide verification of your actual costs.]



MONTGOMERY COUNTY EXECUTIVE REGULATION

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

Subject Moderately Priced Dwelling Unit Program	Number 9-21
Originating Department Department of Housing and Community Affairs	Effective Date

[Addendum No. 2

MINIMUM SPECIFICATIONS FOR MPDUs

Effective Date September 1, 1990

Item	S.F. Detached				SF Detached		Townhouses				Back-to-Back TH				Piggyback TH BR/Stories					Garden Apts.				Elevators				
No. of BR	2	3	4	5	2	3	1	2	3	4	1	2	2	3	4	4/2	3/2	2/2	2/1	1/1	0	1	2	3	0	1	2	3
No. of Baths	1	1½	2	2	1	1½	1	1	1½	2	1	1	1	1½	2	2	1½	1	1	1	1	1	1	1½	1	1	1	1½
Elec. Hot Water Heater (gallon)	30	50	50	80	30	50	30	30	50	50	30	30	50	50		50	50	30	30		30	30	50					
Gas Hot Water Heater (gallon)	30	40	40	50	30	40	30	30	40	40	40	40	30	30		30	30	30	40		30	30	40					

[NOTE:

- (a) All MPDUs must include air-conditioning. Square foot prices are based upon heat pump systems for heating and air conditioning. DHCA will adjust the sales price for units having other specifications.
- (b) A disposal is required on all units.
- (c) A plumbing and electrical rough-in for a dishwasher is required for all units.
 - (1) Plumbing rough-in: To qualify for an additional price, the installation of all parts of the plumbing system that can be completed prior to the installation of fixtures, appliances or equipment must be included. This includes drainage, water supply, vent piping, and necessary supports and backboards. All piping to be tied-in and capped off after penetrating the wall or floor surface. Ductwork for the future installation of exhaust fans must be installed. Rough-in must pass air or water tests and required by the BOCA or WSSC Codes.
 - (2) Electrical rough-in: Wiring to be installed from service panel box to the location of items to be served (i.e. appliance, equipment, or outlet). Wiring is to be run to the panel box and terminated at an outlet or junction box at the location of the item to be served.
- (c) [sic] All MPDUs must have a refrigerator, range and range hood, a rough-in connection for a dishwasher and complete electrical and plumbing connections and a dryer exhaust duct for a clothes washer and dryer.
- (d) "Builders" grade or better refrigerators and ranges are to be supplied. Refrigerator to be 15± cu. ft., range and range hood to be 30 inches.
- (e) All carpeting must meet FHA minimum specifications.
- (f) There is a landscaping requirement which includes a minimum of 2 shade trees and 5 shrubs for each unit.
- (g) For townhouses there is required 8 ft. section of privacy fence to be installed; end units must have section on both sides.
- (h) For piggyback and back-to-back townhouses, there must be a provision for enclosed space for outside trash disposal as required and approved by MNCPPC.
- (i) The following options are permitted to be added to the allowable sales price and may be included in the mortgage.



MONTGOMERY COUNTY EXECUTIVE REGULATION

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

Subject Moderately Priced Dwelling Unit Program	Number 9-21
Originating Department Department of Housing and Community Affairs	Effective Date

Selection of options must be at the sole determination of the purchaser. Options and their selling price must be listed on a separate addendum to the sales contract.

1. Washer and dryer
2. Dishwasher
3. Upgraded refrigerator and range
4. Upgraded kitchen cabinets
5. Upgraded carpet and padding
6. Upgraded resilient flooring.]

Marc Elrich
County Executive

Date: _____

Approved as to Form and Legality
Office of the County Attorney

By: _____

Date: _____

[Handwritten Signature]
0-8-21