THE EFFECTIVE DATE OF THIS RESOLUTION IS May 24, 2005

RESOLUTION NO. 05-28

Re: Moderately Priced Dwelling Unit Program
Revision to Maximum Rental Rates

PREAMBLE

Pursuant to the authority contained in Article 66B, Section 10.01 of the Annotated Code of Maryland, in November 2002 the Board of County Commissioners adopted an Ordinance which creates a Moderately Priced Dwelling Unit (MPDU) Program. Pursuant to that Ordinance, the Director of the Department of Housing and Community Development must establish maximum rental rates for eligible persons who want to rent MPDUs constructed and rented under Chapter 6A of the Frederick County Code, and revise regulations when changes in market conditions affect the ability of moderate income households to rent housing. The Director has proposed revisions to the MPDU regulations concerning maximum rental rates for the MPDU Program.

The Board of County Commissioners in a work session held May 24, 2005, unanimously approved revisions to the maximum rental rates for MPDUs.

RESOLUTION

NOW THEREFORE, BE IT RESOLVED THAT THE BOARD OF COUNTY COMMISSIONERS OF FREDERICK COUNTY, MARYLAND, hereby adopts the revisions to the Maximum Rental Rates for MPDUs as set forth in the regulations attached hereto as Exhibit C.

The undersigned hereby certify that this Resolution was approved and adopted on this 24th day of MAY, 2005.

ATTEST:

Douglas D. Browning
County Manager

BOARD OF COUNTY COMMISSIONERS
OF FREDERICK COUNTY, MARYLAND

(SEAL)
John L. Thompson, Jr.
President

MJC 6/22/05

EXHIBIT C

FREDERICK COUNTY REGULATION ON:

Maximum Rental Rates for Moderately Priced Dwelling Units

Department of Housing and Community Development

SUMMARY: This regulation establishes the maximum rental rates for eligible persons who want to rent moderately priced dwelling units (MPDUs) constructed and rented under Chapter 6A of the Frederick County Code.

ADDRESSES: Information and copies of this regulation are available from the Department of Housing and Community Development (DHCD), 520 North Market Street, Frederick, Maryland 21701

STAFF CONTACT: Jennifer S. Short, Telephone Number: (301) 631-3530

BACKGROUND INFORMATION:

Section 6A of the Frederick County Code, requires that the Board of County Commissioners issue regulations establishing maximum permitted rental rates for moderately priced dwelling units (MPDUs). This regulation establishes the maximum rental rates and income levels permitted for the initial and subsequent rental of an MPDU.

Adopted 11/22/02
Revised 05/24/05

Section 1

Definitions

1.1 Applicant is any person, firm, partnership, association, joint venture, corporation or other entity meeting the definition of an applicant contained in Section 1-6A-3(a) of the Moderately Priced Dwelling Unit Program, Chapter 6A of the Frederick County Code.

1.2 Consumer Price Index means that latest published version of the Consumer Price Index for All Urban Consumers (CPI-U) of the U. S. Department of Labor for the Washington Metropolitan Area.

1.3 Commission means the Affordable Housing Commission of Frederick County.

1.4 Control period means the time an MPDU is subject to either resale price controls and owner occupancy requirements or maximum rental limits as provided in Section 1-6A-9. The control period is 15 years for sale units and 25 years for rental units, and begins on the date of initial sale or rental.

1.5 Date of original rental means the date the first lease agreement for an MPDU takes effect.

1.6 Department means the Department of Housing and Community Development.

1.7 Director, except otherwise indicated means the head of the Department of Housing and Community Development or the director's designee.

1.8 Eligible person means a person or household whose income qualifies the person or household to participate in the MPDU rental program, and who holds a valid certificate of eligibility from the Department which entitles the person or household to rent an MPDU during the priority marketing period.

1.9 Eligibility certificate means a certificate valid for a specified period of time, which is issued by the Department to eligible persons and that places them on an eligibility list for rental units maintained by the Department.

1.10 Moderately priced dwelling unit or MPDU means a dwelling unit which is:

(a) offered for sale or rent to eligible persons through the Department, and sold or rented under Chapter 6A; or

(b) sold or rented under a government program designed to assist the construction or occupancy of housing for families of low or moderate income, and designated by the Director as an MPDU.

1.11 Moderately Priced Dwelling Unit (MPDU) Program means Chapter 6A of the Frederick County Code.

1.12 Priority marketing period means the period an MPDU must be offered exclusively for sale or rent to eligible persons as provided in Section 1-6A-8 of the MPDU Program.

Section 2

Applicability & Income Limits

2.1 The rents contained in this regulation are applicable to all units constructed and rented through the MPDU program after the effective date of this regulation.

2.2 The rental rates for new MPDUs offered for rent are those in effect at the time the rental offering agreement is approved by the Department.

2.3 The rental income limits for eligible persons are those established for the MPDU program by the County Commissioners through separate Regulation. The current rental income limits are as listed below. The rental income limits are automatically adjusted to the limits contained in the Regulation which is in effect when the MPDUs are offered for rent.

Family Size	Income Limit
1 person	$31,250
2 people	$35,700
3 people	$40,200
4 people	$44,650
5 people or more	$48,200

Section 3

Maximum Allowable Rents for MPDUs

3.1 The method for computing the maximum allowable rents for MPDUs is based on the income limits in Section 2.3, assuming 1.5 persons per bedroom. (Example: to compute the one bedroom rent, the calculation is as follows: 1 person income limit of $31,250 + 2 person income limit of $35,700/2 = $33,475). Rental rates will be computed based on the income limits in effect at the time the MPDU's are offered for rent.

Number of Bedroom	Income Limit for Calculating Rents
Efficiency (0 bedroom)	$31,250
1 Bedroom	$33,475
2 Bedrooms	$40,200
3 Bedrooms	$46,425
4 Bedrooms	$51,800

3.2 The maximum monthly rental rates are based on twenty five (25) percent of the monthly income limit for each unit size in 3.1, excluding utilities (Example: For a one bedroom unit, the calculation is as follows: 33,475 x 25%/12= $697).

Unit Size	Maximum Rent (Excluding Utilities)
Efficiency	$651
1 Bedroom	$697
2 Bedroom	$838
3 Bedroom	$967
4 BEDROOM	$1,079

3.3 The rental rate for garden apartment MPDUs will be established initially based upon a determination by the director of all the ordinary, necessary, and reasonable costs to construct, market and operate the required number of MPDU rental units.

3.4 There will be an annual review and adjustment in the rental rates of MPDUs previously rented in accordance with the change in the consumer priced index of the Washington MSA. If the apartment development is financed through a

Federal or State affordable housing program then the requirements of that program will supercede this provision.

3.5 If some utility charges are paid by the applicant as part of the project's expenses, requests for an increased MPDU rental rate will be considered. Estimates of annual expenses for the additional utilities must be certified by a registered engineer or by the appropriate utility company. After the first year of operation, utility charges will be based on the actual, average cost of the utility expenses for the previous 12 months.

3.6 Laundry washer and dryer equipment must be provided in each rental MPDU unit unless this equipment is not provided in the market rate units. No increase in rent is allowed unless market rate units are separately charged. MPDUs will be charged at the same rate as the market units subject to approval by the Department.

3.7 The applicant may not charge a fee for unstructured automobile parking. Structured parking spaces may be offered as an option to the MPDU occupants at the monthly rate normally charged by the applicant for the project. If structured parking is included in the rent for a market rate unit, the Department will establish the rent for a structured parking space considering the cost of constructing and financing the parking space and parking space rental rates at similar projects in the same area. Surface parking on the property will be provided to MPDU occupants in accordance with the Frederick County Zoning Ordinance, Frederick County Code.

3.8 If an owner of a rental MPDU is a designated nonprofit housing corporation limiting tenancy to families with incomes below MPDU income eligibility levels, the initial base rents, including an allowance for utility costs, may not exceed 40% of the tenant's total family income except if the tenant has been paying rent and utilities at other locations in excess of 40% of total family income. The rental rate does not include amounts added to amortize MPDU options or amenities such as dishwashers or laundry washer and dryers.

3.9 Rental rates for MPDUs in elderly projects that have a monthly charge which combines rent with a service package will be established by the director on a case by case basis after consideration of supporting documentation of the development costs and operating expenses submitted by the applicant.

Section 4

Rental Procedures

4.1 The applicant must rent the MPDUs to eligible persons exclusively for the priority marketing period in conformance with the income limits and rental rates established in this regulation or as adjusted for subsequent changes in the

MPDU income limits. A person or household seeking to rent an MPDU must apply to the Department to be certified as eligible for participation in the program and to be placed on the eligibility list. To be eligible a person's or household's income must not exceed the program income limits established in Section 2.3 or in the Regulation establishing the MPDU income limits in effect at the time the apartment is offered for rent. It is the responsibility of the individual or household to provide the information required by the Department to demonstrate that the individual or household meets the eligibility requirements. The Department will specify the information and documentation that must be presented including, but not limited to: copies of previously filed federal and state income tax returns, W-2 forms, divorce or separation agreements, and copies of paycheck stubs. Household income from all sources will be considered when determining eligibility.

4.2 The priority marketing period begins on the date contained in the offering agreement or the date of the lottery drawing, if a drawing is held to determine a marketing list of eligible persons and extends for a 90 day period. If the units are not rented to eligible persons during the priority marketing period and the applicant has proved to the satisfaction of the Department that a good faith effort was made to rent the units to eligible persons the applicants may then rent the units to the general public at the MPDU rental rate. The priority-marketing period may be extended by the Department if eligible persons are available to rent the MPDUs. If construction or occupancy of the MPDUs is phased over a specific period of time, the priority-marketing period begins when the MPDU is offered for rent. The applicant must obtain written approval from the Department prior to renting MPDUs to the general public.

4.3 The MPDUs must be ready for occupancy within 120 days of the beginning of the priority-marketing period.

4.4 The lease agreement for MPDUs, other than those leased to the Commission or designated non-profit housing corporations, must include the provisions listed below:

a. The tenant must occupy the units as his or her primary residence and prohibit subleasing the unit.

b. The tenant must provide income and family composition information to the applicant every two years for recertification purposes.

c. If the tenant fails to provide income and family composition information within 30 days of receiving the income recertification form, the tenant must vacate the unit within 60 days of receiving notification from the applicant that the recertification form and documentation was not received. The applicant must take the steps necessary to have the tenant vacate the unit.

d. The tenant must vacate the MPDU if the tenant's income exceeds the maximum eligible income necessary to quality as an eligible person by twenty percent (20%). The applicant must take action necessary to have the tenant vacate the MPDU within six months of receiving information that the tenant's income exceeds the maximum permitted income limit. The applicant may substitute another unit of the same number of bedrooms for the existing MPDU and permit the tenant to occupy the old unit at the market rent. A new covenant form must be submitted to the Department and recorded subjecting the substituted unit to the MPDU covenants.

4.5 The applicant must use the Apartment and Condominium Lease approved by the Frederick County Department of Housing and Community Development. In addition to this lease, the applicant must have a lease addendum that includes the provisions described in Section 4.4 before renting any of the MPDUs.

4.6 The applicant must supply the information listed below to the Department on a bi-annual basis:

a. The number of MPDUs, by bedroom count, which are leased to eligible persons, the Commission or designated non-profit housing corporations.

(1) the unit address and size by number of bedrooms and rental rate,

(2) the tenant's name and household size,

(3) the tenant's total household income as of the date of the lease,

(4) the effective date of the lease,

(5) the number of MPDU's that are vacant.

b. A statement that to the best of the applicant's information and knowledge, the tenants who are leasing the MPDUs meet the eligibility criteria.

c. A copy of each new or revised tenant certification form.

d. The applicant must send a copy of the initial and all renewal leases to the Department within 30 days of signing the new lease.

e. If the applicant is required to report tenant occupancy information pursuant to a government financing regulation agreement, then that report may be substituted for the information required in Section 4.6(a).

4.7 If the applicant has an MPDU to be re-rented, the applicant must offer the unit to eligible persons for a period of 60 days before renting the MPDU to the general public at the approved MPDU rental rate. The applicant must notify the Department in writing 30 days prior to the MPDU being available for re-rent. The 60-days period will commence when the applicant notifies the Department of the unit's actual or impending vacancy.