THE EFFECTIVE DATE OF THIS RESOLUTION IS MAY 24, 2005

RESOLUTION NO. 05-27

Re: Moderately Priced Dwelling Unit Program
Revision to Maximum Allowable Sales Prices

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 allowable sales prices for the MPDU Program and revise regulations when changes in market conditions affect the ability of moderate income households to buy or rent housing. The Director has proposed revisions to the regulations concerning maximum allowable sales prices for participation in the MPDU Program.

The Board of County Commissioners in a work session held May 24, 2005, unanimously approved revisions to the maximum allowable sales prices.

RESOLUTION

NOW THEREFORE, BE IT RESOLVED THAT THE BOARD OF COUNTY COMMISSIONERS OF FREDERICK COUNTY, MARYLAND, hereby adopts the revisions to maximum allowable sales prices as set forth in the regulations attached hereto as Exhibit A.

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 A

FREDERICK COUNTY REGULATION ON:

Sales Prices For Moderately Priced Dwelling Units

Department of Housing and Community Development

SUMMARY: This regulation establishes the maximum allowable sales prices for houses constructed and sold under the Moderately Priced Dwelling Unit (MPDU) Program.

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 1-6A-7 (3) of the Frederick County Code requires that the Board of County Commissioners issue regulations establishing maximum allowable sales prices for MPDUs which continue in effect until changed by later regulation. The maximum sale prices must be based on the necessary and reasonable costs required to build and market the various kinds of MPDUs by private industry. This regulation establishes a revision to the maximum allowable sales prices for houses constructed and sold under the MPDU program.

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

Section 1

Applicability

1.1 These prices and price calculation procedures are applicable to new houses constructed and sold in fulfillment of the Moderately Priced Dwelling Unit requirements.

Section 2

Maximum Allowable Sales Prices of MPDUs

2.1 The following schedule contains the approved allowable sales prices of base units. These prices are subject to the adjustments contained in Section 3.

Unit Type	No. of Bedrooms	Base Unit Size	Base Unit Sales Price
Single Family (Detached)	2 or 3	1,120 sq. ft.	$125,395
Single Family (Detached)	4	1,200 sq. ft	$131,853
Single Family (Detached)	5	1,300 sq. ft	$139,925
Duplex (Semi-detached)	2 or 3	1,120 sq. ft	$112,213
Townhouse/ four-plex	2 or 3	1,120 sq. ft.	$ 99,200
Townhouse/four-plex	4	1,200 sq. ft.	$104,000
Back-to-Back Townhouse (2 story)	2 or 3	1,120 sq. ft.	$ 80,311
Back-to-Back Townhouse (3 story)	3 or 4	1,400 sq. ft.	$ 89,999
Piggyback Townhouse	2 or 3	1,120 sq. ft.	$ 80,311
Condominium (non Elevator)	1 to 3	850 sq. ft.	$ 62,875
Villa	1 to 3	1120 sq. ft.	$114,400
Villa	4	1200 sq. ft.	$120,000
2 over 2 Condo	1 to 3	1120 sq. ft.	$ 83,800
2 over 2 Condo	4	1200 sq. ft.	$ 88,000

Section 3

Price Adjustments for Variations from Base Unit Standards

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

3.2 The construction loan interest rate used to calculate construction financing costs is based upon the prime interest rate plus two percentage points. The 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;

(b) the MPDU are constructed on land where the topography necessitates the construction of basements and the developer 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 Frederick County Code, must be provided in a MPDU in order to meet the requirements of the MPDU Regulations. Expandable space must include the installation of heating and air conditioning duct work, rough electrical wiring, rough-in plumbing and insulation. Walkout basements must 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 developer.

3.10 Development Impact fees for new construction are not included in the calculation of the MPDU base sales price. In any instance where these fees are not deferred, the base MPDU sales price will be adjusted to reflect this increased cost to the developer.

3.11 Fire sprinkler system installation is not included in the base sales price. Where required the base sales price will be adjusted to reflect this increased cost to the developer.

3.12 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 developer/builder to provide these items, or otherwise to obtain permission from the Department not to meet the minimum standards.

3.13 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.

3.14 When the buyer and seller of 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 builder / developer must obtain approval of the price from the Department prior to executing a sales contract.

3.15 The Department may adjust the allowable sales price of a MPDU if the developer/ builder can demonstrate that additional unusual costs have been incurred (i.e., costs not already 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 government unit or as a condition for building permit approvals;

(b) additional consideration or fees as a condition of obtaining governmental financing programs; or

(c) additional fees imposed by public utilities.

Documentation for such costs must accompany the sales offering agreement submitted to the Department. Requests for price adjustments must be initiated by the builder/ developer. Additional costs for correcting or adapting the

usability of marginal land, soils, or topography will not result in an increase to the allowable sales price.

3.16 The Director may permit an increase in the allowable sales price of a MPDU in exceptional cases when the Director finds that a price increase is justified to cover the cost of modifying the external design of the MPDU that is necessary to reduce excessive visual and marketing impact of the MPDUs 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 locations of the MPDUs and the market priced units.

(b) The design elements requested 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 full or half brick veneer facades and the sides of end units, roofing material, window and door treatments, materials for walkways, and similar architectural elements approved on a case-by-case basis.

(c) Compensation will be based upon the cost difference between the design elements included in the calculation of the MPDU allowable structure cost and those design elements for which the builder is requesting compensation. Cost estimates or construction bids must be submitted that will establish this difference in cost. 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.

(d) The increase approved for architectural compatibility 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. 1 of this regulation.

(1) Construction loan interest - prime rate plus 2 percent;

(2) Construction loan expenses - 1.5 percent;

(3) Builder's overhead expenses - 8 percent;

(4) Pre-development expenses and overhead - 5 percent.

3.17 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 form 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 Program.

3.18 The maximum, allowable sales price for new MPDUs sold to the Affordable Housing Commission (Commission), or to a non-profit corporation approved and certified by the Board of County Commissioners 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.

3.19 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.

3.20 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.

ADDENDUM NO. 1

MPDU PRICING STANDARDS **Revised 5/24/05**

UNIT DESCRIPTION					UNIT SIZE			COST			ADDITION/SUBTRACTION ADJUSTMENTS					
UNIT TYPE	NO OF STORIES	NO OF BEDROOMS	NO OF BATHROOMS	BASEMENT INCLUDED	BASE	MIN	MAX	SQ FT COST	STRUCT COST	LOT DEV COST	BASEMENT DELETION	BATHROOM FINISHED	BATHROOM ROUGHED	POWDER RM FINISHED	POWDER RM ROUGHED	SQ FT CHG F/BASE
S F Detached	1 to 2	2 to 3	1 to 1 1/2	Yes	1120 SF	1050 SF	1400 SF	**$80.72**	**$90,406**	**$34,989**	$7,125	$2,300	$725	$1,720	$575	**$40.36**
Semi-Detach	1 to 2	2 to 3	1 to 1 1/2	Yes	1120 SF	1050 SF	1200 SF	**$75.57**	**$84,638**	**$27,575**	$6,050					**$37.79**
Townhouse or Four-Plex	2 to 3	2 to 3	1 to 1 1/2	Yes	1120 SF	1050 SF	1200 SF	**$60.00**	**$67,200**	**$32,000**	$4,985					**$30.00**
Townhouse or Four-Plex	2 to 3	4	2	Yes	1200 SF	1120 SF	1300 SF	**$60.00**	**$72,000**	**$32,000**	$4,985					**$30.00**
Back-to-Back + Piggy Back Townhouse	1 to 2	2 to 3	1 to 1 1/2	No	1120 SF	1050 SF	1400 SF	**$53.20**	**$59,584**	**$20,727**	N/A	Prices for baths, powder room adjustments are the same for all units regardless of type				**$26.60**
Back-to-Back Townhouse	3	3 to 4	1 1/2 to 2	No	1400 SF	1300 SF	1500 SF	**$49.48**	**$69,272**	**$20,727**	N/A					**$24.74**
Garden Condominium	2 to 4	1 to 3	1 to 1 1/2	No	850 SF	600 SF	1100 SF	**$57.50**	**$48,875**	**$14,000**	N/A					**$28.75**
High Rise Condominium	5 +	1 to 3	1 to 1 1/2	No	850 SF	600 SF	1100 SF	**$155.40**	**$132,090**	Note 8	N/A					**$77.70**
Villa	**1 to 2**	**1 to 3**	**1 1/2**	**No**	**1120 SF**	**1050 SF**	**1200 SF**	**$70.00**	**$78,400**	**$36,000**	**N/A**					**$35.00**
Villa	**1 to 2**	**4**	**2**	**No**	**1200 SF**	**1120 SF**	**1300 SF**	**$70.00**	**$84,000**	**$36,000**	**N/A**					**$35.00**
2 over 2 condo	**1**	**1 to 3**	**1 1/2**	**No**	**1120 SF**	**1050 SF**	**1200 SF**	**$55.00**	**$63,800**	**$22,000**	**N/A**					**$27.50**
2 over 2 condo	**1**	**4**	**2**	**No**	**1200 SF**	**1120 SF**	**1300 SF**	**$55.00**	**$66,000**	**$22,000**	**N/A**					**$27.50**

Allowances 1) Add $1,950 for end unit townhouses and back-to-back townhouses, for end unit piggyback townhouses add $1,550 for each unit.
2) Walkout basement with a 5 foot sliding glass door, add $980 00, for a unit with a 6 foot door, add $1,030 00

Notes
1) The structure cost will be increased or decreased based on the actual square footage of space constructed at the square foot adjustment factor from the last column No additions will be made for sizes over the maximum floor areas
2) The lot development cost does not include the development impact fee The actual cost will be added to the Direct Construction cost of the unit
3) The cost to install a sprinkler system has not been included in the square foot prices If the County Code requires the installation of a sprinkler system, the allowable price will be increased for this expense Contracts verifying the actual cost of the sprinkler system must be provided to the Department
4) The lot development cost does not include water and sewer house connection fees, the actual cost of the connection fees will be added to the direct construction cost of the unit
5) All four bedroom units, regardless of the unit type, must include two full bathrooms in the base square foot price
6) Condominium developments must have FHA approval, the expense of obtaining this approval will be added to the sales price
7) If garage townhouses or detached units are approved for the MPDUs, the cost of constructing the garage will be added to the cost of the basic unit
8) Lot development costs for high-rise buildings, including the parking structures, will be based on cost estimates or construction contracts provided by the applicant and approved by the Department
9) Unfinished space will be priced at the cost of constructing the framed in space, estimates or contracts must be provided to the Department for approval