



Moderate Income Housing Unit Program

Annual Report

2013

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MIHU Program 2013 Annual Report

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THE MIHU PROGRAM: AN OVERVIEW

MIHU Introduction

The Moderate Income Housing Unit (MIHU) Program is an inclusionary zoning program that requires developers of new housing in certain zoning districts to sell or rent a certain percentage (generally 10%-15%) of the dwelling units built to households of moderate income at affordable prices and rents. MIHUs are sold or rented through the County's Department of Housing and Community Development according to procedures and standards set forth in the MIHU Law (Section 13.400 et seq. of the Howard County Code) and regulations established under it.

Since its inception and through December 2013, the MIHU Program has awarded 106 affordable for-sale homes and created 434 affordable rental units for households of moderate income.

MIHU History

The MIHU Law was first enacted in 1996. The law initially applied only in mixed use zones, but was later expanded to other zones and further revised in 2001, 2004, 2006, 2007, 2011 and 2013.

In 2011, the County Executive and County Council enacted Council Bill 10, which amended the law by requiring developers to pursue a method of alternative compliance, if the MIHU sales price for units in a development is 90% or more of the market price, instead of offering MIHUs in the development. The alternative requirement is initiated at the time the developer/builder requests the commencement of a priority period. The Department reviews the notice, compares the market rate price of the comparable unit and notifies the developer/builder if the 90% threshold is met. In the event the 90% threshold is not met, the developer/builder must choose one or a combination of three methods of alternative compliance: (a) the developer shall substitute units by purchasing, rehabilitating, and offering for sale existing housing units that are in foreclosure and are located throughout the County; (b) the developer shall substitute units by offering one-third of the MIHUs required to eligible low-income purchasers who shall have an annual household income up to 60% of the area median income; or (c) the developer shall pay a fee-in-lieu to the Department for each MIHU required. The enacted legislation can be found in Section 13.402A of Subtitle 4 of the County Code.

In 2013, the County enacted Council Bills 34 and 35, which expanded the program to new zones and broadened the program to reach lower income households (see "What's New for MIHU in 2013").

Howard County's Median Income

In 2013, Howard County had the fourth highest median household annual income in the nation at \$98,853/four-person household. (Source: 2010, U.S. Census Bureau, American Community Survey).

How the MIHU Program Works

- **In what zones are MIHUs required?**

MIHUs are required to be built and sold or rented in the R-SA-8, R-A-15, CCT, POR, R-SI, TOD, and CAC zones, as well as in certain mixed use communities, age-restricted adult housing developments, planned senior communities, and residential mobile home developments. As a result of the enactment of Council Bill 35 in 2013, MIHUs are also required to be built and sold or rented in RC, RR, R-ED, R-20, R-12, R-SC, R-H-ED and MXD zones.

- **What is a “household of moderate income?”**

A household of moderate income is one whose household income does not exceed 80% of the Howard County median income for purchasers and 60% of the Howard County median income for renters. The 2013 maximum incomes for the program are listed in Tables 1 and 2.

- **What types of dwelling units are available for purchase or rent?**

All types of dwelling units may be available for purchase or rent, from apartment-style dwellings or condominiums to townhouses to single-family detached dwellings. The base house sizes used for MIHU pricing calculations are listed in Table 3.

MIHUs are interspersed and integrated within each development. MIHUs must be built to the same quality standards and should be indistinguishable from market rate homes. In addition, MIHU owners and renters enjoy all of the same amenities – clubhouse, swimming pool, fitness room– as are available to any other resident of the community.

- **What is the purchase price of an MIHU?**

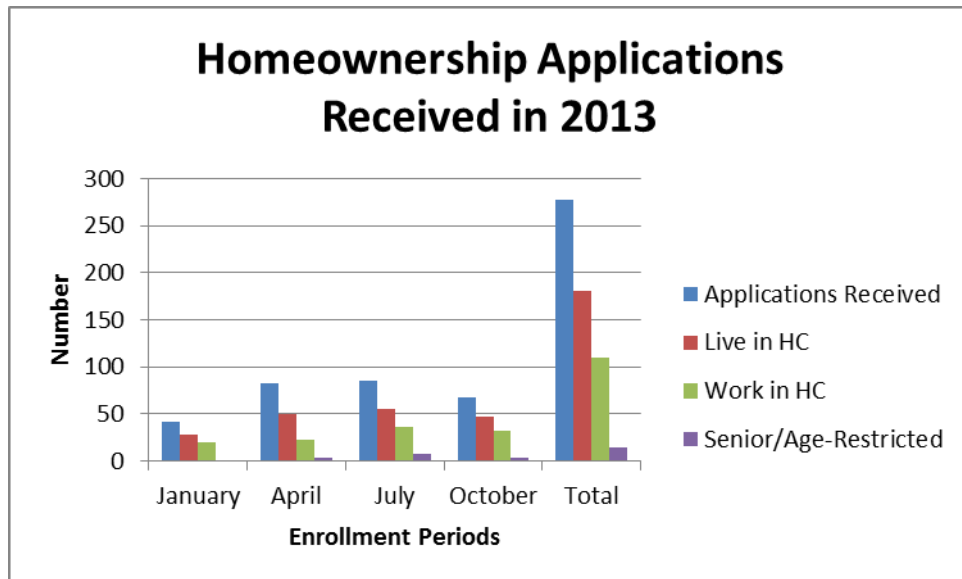
The purchase price for each type of MIHU is set according to an affordability formula established in the MIHU Law. MIHU prices are set twice a year. The 2013 base prices are listed in Tables 4 and 5. The actual MIHU prices may be greater for MIHU dwellings with larger floor plans or added amenities.

- **What is the MIHU application process?**

Applications are accepted for the MIHU homeownership program during four open enrollment periods (January, April, July and October) each year. Applications are reviewed to determine eligibility based on total household income. Maximum household income limits apply. There is no minimum income requirement for program eligibility. Income eligible applicants are entered into the MIHU database. Applicants are assigned priority points according to criteria listed in Section 13.406 (1 point for each):

- Who are first-time homebuyers;
- Who reside and work in Howard County;

- Who work in Howard County;
- Who reside in Howard County;
- Who are employed by Howard County government, Howard County schools, the Howard County library, Howard Community College, the Howard County Economic Development Authority, the Howard County Health Department, Howard County Social Services, or certain other non-profits;
- Who are displaced from a mobile home park on Route 1;
- Who are participants in the federal Family Self Sufficiency Program in Howard County;
- With the lowest incomes who qualify for mortgage financing available at the time; and
- Who have been on the waiting list for one or more years.



- **How does one buy an MIHU?**

As MIHU homes become available for sale, the Department calculates the minimum income required to qualify for a mortgage loan to purchase the MIHUs offered. Eligible applicants with the most priority points will be pre-qualified for mortgage financing. Once an applicant meets the minimum income requirement, a credit report is ordered. If the applicant's credit score meets the minimum requirement, the applicant is considered to be preliminarily eligible for the homeownership opportunity. Eligibility letters are sent to applicants with the most priority points, until the number of eligible applicants exceeds four times the number of units to be offered in a lottery drawing. Homes are awarded through a lottery drawing. Awarded applicants are given the opportunity to meet with the builder to write purchase contracts. Then applicants are referred to mortgage lenders for first mortgage financing.

- **What are the rights and obligations of an MIHU homebuyer?**

Potential MIHU homebuyers must be able to qualify for a mortgage loan, have a satisfactory credit score, and pay all downpayment and settlement costs, which can amount to \$15,000 or more. MIHU buyers may qualify for a loan from the County's Settlement Downpayment Loan Program (SDLP) to help pay the downpayment and settlement expenses.

Once an applicant purchases an MIHU dwelling, the buyer owns it outright, with all of the rights and responsibilities of a homeowner. However, to ensure that MIHUs serve only eligible households and remain affordable to future homebuyers, certain restrictions are placed on the dwelling:

- 1) The homebuyer must occupy the MIHU dwelling as a primary residence.
- 2) If the homebuyer decides to sell the MIHU dwelling, he/she must first offer it for sale through the Department to a moderate income household at the affordable MIHU price determined by the Department.

- **What is the rental rate of an MIHU?**

The maximum rents for rental MIHU units are also based upon an affordability formula established by the MIHU Law. The rents for these units are set twice a year per the MIHU regulations. A utility allowance is subtracted from the MIHU maximum allowable rents so the units will continue to be affordable after tenants pay their own utility bills. The 2013 maximum rents are listed in Table 6.

- **How do I rent an MIHU?**

MIHU rental applications are available year round and units are offered on a first come, first serve basis at all participating communities. Applications are submitted directly to the rental management companies for determination of income eligibility for the program. MIHU applicants must satisfy the same requirements, such as minimum income to qualify and satisfactory payment history on monthly debts and past rental history, as market rate tenants. Rental management companies must submit completed MIHU resident applications to the Department annually for compliance purposes.

WHAT'S NEW FOR MIHU IN 2013

2013 Legislative Changes

Two significant pieces of legislation were enacted by the County Council in July that expanded the Moderate Income Housing Unit (MIHU) program:

Council Bill 34 gave developers the option of providing a mix of low as well as moderate income housing. The new for-sale “low income housing units (LIHUs)” would serve households with income of less than 60% of the Howard County median income and, for rental units, less than 40% of the Howard County median income. The legislation was approved as Section 13.402B by the County Council on July 1, 2013.

Council Bill 35, in conjunction with the new Comprehensive Rezoning Plan, requires developers of new single-family detached developments to provide 10% of the homes as MIHUs, but allow developers the option of, among other things, paying a fee in lieu instead of building the units. More specifically, the act amends the MIHU provisions to allow these alternatives to the MIHU obligation in certain zoning districts: (a) allowing a developer to substitute moderate income housing units by purchasing, rehabilitating, and offering for sale certain existing housing units under certain conditions; (b) allowing the substitution of units by offering a certain number of units to certain eligible, low-income purchasers who have a certain annual household income; and (c) allowing a fee-in-lieu under certain conditions. This legislation was approved as Section 13.402C by the County Council on July 25, 2013. These new provisions apply only to the following zones:

- 1) Residential developments of single-family detached homes offered for sale in the RC, RR, R-ED, R-20, R-12, and R-SC,
- 2) Age-restricted adult housing and planned senior communities,
- 3) Single-family attached homes in R-H-ED, and
- 4) Mixed use developments in MXD zoning districts.

The legislation is applicable to all site development plan submissions that were not technically complete or approved prior to October 1, 2013.

The new legislation expanded the MIHU requirements to help increase the number of affordable housing units in zoning districts that previously did not have a requirement, and to create potential fee-in-lieu income for the Department to use to create more affordable housing opportunities for low- and moderate-income households in the County.

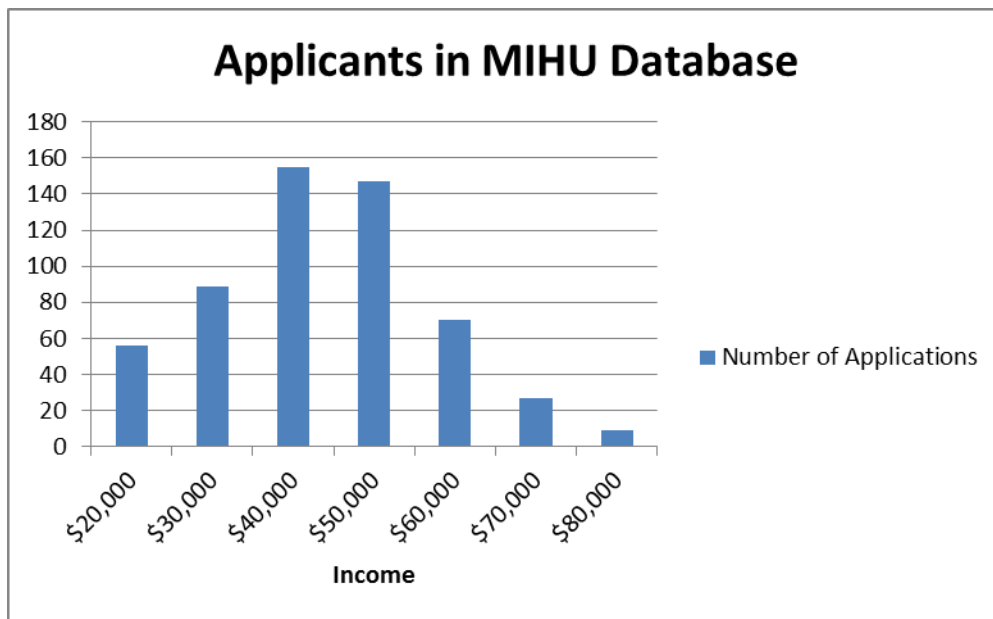
2013 End of Year MIHU Snapshots

For the calendar year ending December 30, 2013, 24 families became homeowners through the MIHU program. The homes are located in new communities in Columbia, Elkridge, Ellicott City and Laurel. The County’s Settlement Downpayment Loan Program (SDLP) provided loans totaling \$398,626 to assist these first-time homebuyers with settlement expenses in 2013. More

than 400 families participated in the program to qualify for below-market rents at apartments and townhomes in 12 communities around the County. Offering affordable housing opportunities to income-eligible families is one way to help make Howard County a “great place to come home to”.

MIHU Database

The total number of income-eligible applicants in the database for homeownership opportunities is shown in the table below. Sales prices for MIHUs ranged from \$186,000 for a condominium to \$275,000 for a townhouse in 2013. Applicants must have sufficient income to support the mortgage payment for a home purchase. Based on the MIHU prices in 2013, households earning less than \$50,000 per year are generally not eligible for any of the for-sale opportunities.



MIHU Awardees

The following lottery winners table illustrates the communities where MIHUs were offered in 2013, the awarded units, the average income of the winners, whether or not the lottery winners lived and/or worked in Howard County, and whether or not they were employed by Howard County government or another preferred employer.

Community	Units Awarded	Average Income of Winners	Live in HC	Work in HC	HC Govt Employee	Other HC Employer
Dorset Gardens	4	\$71,903	3	3	1	1
Ellicott Crossing	4	\$53,190	3	1	1	
Howard Square	2	\$59,033	2			
Legacy- Cherry Tree	3	\$49,899	2	1		
Riverwalk	4	\$60,709	3	2		1
Simpson Mill	4	\$54,958	3	4	1	
Elkridge Crossing (resales)	2	\$49,674	2	1		
Village Towns(resale)	1	\$46,567	1	1		
Totals	24		19	13	3	2

Settlement Downpayment Loan Program (SDLP)

In 2013, the Department worked with 6 area lenders to help MIHU buyers become homeowners. The majority of awarded applicants are first-time homebuyers and access to funds for downpayment and closing costs associated with a home purchase can be a major hurdle. The County's Settlement Downpayment Loan Program (SDLP) is essential to the success of the MIHU program. The deferred, low interest loans can help make the new homes even more affordable for first-time homebuyers.

Community	Closed Sales	MIHU Base Price	Average Household Size	Average Household Income	Total SDLP Funds	Total Workforce SDLP Funds
Dorset Gardens	4	\$ 274,782	6	\$ 71,903	\$ 113,984	
Ellicott Crossing	4	\$ 221,154	3	\$ 53,190	\$ 43,091	\$ 1,486
Howard Square	2	\$ 235,677	4	\$ 59,033	\$ 29,391	\$ -
Legacy Cherry Tree	3	\$ 186,523	1	\$ 49,899	\$ 15,493	\$ -
Riverwalk	4	\$ 254,124	4	\$ 60,709	\$ 52,703	\$ 1,979
Simpson Mill	4	\$ 204,704	4	\$ 54,958	\$ 84,978	\$ 1,536
Elkridge Crossing (resales)	2	\$ 188,524	2	\$ 49,674	\$ 31,714	
Village Towns(resale)	1	\$ 222,716	5	\$ 46,567	\$ 22,271	
Totals	24				\$ 393,625	\$ 5,001

MIHU Rentals

A survey of market rents as compared to MIHU rents was completed in July 2013. The monthly savings between a market rate rental and an MIHU rental ranges from \$337 to \$772 per month, for an average monthly savings of \$490. A rental housing survey released in February 2013 confirmed that more rental housing units are needed in the County in order to provide adequate affordable housing options and to provide opportunities for those who want to live near where they work.

Development	Total Units	MIHUs Required	Rented	Market Rent**	MIHU Rent	Difference
Aladdin South	39	39	39			
Alta Regency Crest	150	15	15	\$1,910	\$1,138	\$772
Ashbury Courts	140	21	21	\$1,499	\$1,119	\$380
Belmont Station	208	32	32	\$1,795	\$1,159	\$636
Burgess Mill Station	198	20	20			
Ellicott Gardens	106	103	103			
Mission Place	366	61	61	\$1,465	\$1,119	\$346
Monarch Mills	269	27	27			
Oakland Place	16	2	2	\$1,475	\$1,138	\$334
Orchard Meadows	150	15	15			
Penniman Park	186	19	19	\$1,606	\$1,138	\$468
Parkview at Emerson	80	80	80			
TOTALS	1908	434	434			

**for a 2-bedroom unit

Alternative Compliance

The County Code allows for alternative compliance in Section 13.402(e) and (f) and Sections 13.402A and 13.402C. While the Code generally requires that MIHU units remain in the program and on-site, developers are permitted to request alternative compliance on a case-by-case basis when MIHUs may not be economically feasible. Requests for alternative compliance must be reviewed by the Housing and Community Development Board. The table below shows developments that have been approved for alternative compliance.

MIHU Homeownership and Rental Report						Alternative Compliance		
Development	Status	Total Units	Type	MIHUs Required	MIHUs Awarded	Off-Site	LIHUs	Fee-in-lieu
Annapolis Junction	PC	416	R	63	0	31		
Grosvenor House	C	254	R	39	0	39		
Howard Square	PC	654	R	150	0	81		
Howard Square	UC	413	H	101	9	46		
Legacy at Cherry Tree	UC	112	H	12	2		2	
Shiple's Grant	UC	396	H	40	8	26		
Simpson Mill	UC	150	H	15	0		5	
Total		2395		420	19	223	7	0

Key	
PC	Pending Construction
UC	Under Construction
C	Constructed
H	Homeownership Units
R	Rental Units

Outreach and Education

During 2013, the Homeownership Division offered education sessions at monthly first time homebuyer workshops (224 attendees), quarterly MIHU workshops (73 attendees), the annual Come Home to Howard County Housing Fair in April, and the Housing Matters Mini Fair in September, as well as presentations at many County-sponsored events throughout the past year.

The 7th Annual Come Home to Howard County Housing Fair was held on Saturday, April 13, 2013, at Long Reach High School in Columbia. There were 55 exhibitors, including real estate, mortgage, banking and credit counseling representatives, on hand to meet with attendees at the event. More than 1,400 participants attended the fair. The bus tour of communities in Elkrige and Ellicott City were especially popular. Participants were able to attend some of the 27 classes relating to renting or buying a home in Howard County. The day ended with the housing lottery where 2 lucky winners were awarded the opportunity to purchase a home at a below market price in Elkrige and Ellicott City.

The 2nd annual Housing Matters Mini Fair was held on Saturday, September 21st at the Howard County Public School Conference Center, Ascend One Building in Columbia from 9a.m. to 1p.m. The Mini-Fair featured 12 education sessions and offered the 140 attendees the chance to speak with real estate professionals, mortgage lenders and housing professionals such as Consumer Credit Counseling Services, Lakeview Title Company, Pillar to Post Home Inspection, Bank of America, Maryland Department of Housing & Community Development, the Maryland Insurance Administration, Long & Foster Realtors and Central Maryland Regional Transit. Howard County Housing, the Office of Consumer Affairs, the Office of Human Rights and the Department of Inspections, Licenses and Permits were also available to answer questions about some of the programs and services available to Howard County residents.

MIHU Conclusion

Howard County Housing's mission is to provide safe, quality, affordable, and sustainable housing opportunities for low- and moderate-income families who live or work in Howard County and to assist them in moving toward economic independence. Howard County Housing will pursue this mission through open, efficient, innovative and accountable processes. While the new legislation is a major step towards the goal of increasing affordable housing opportunities for individuals and families that want to live and work in Howard County, there is still work to be done. The Department is increasing education and outreach efforts to promote the MIHU program to employers in the County. See Tables 8 and 9 for current MIHU community locations.

Comments or Questions about the MIHU Annual Report may be directed to:

Howard County Housing
6751 Columbia Gateway Drive, 3rd floor
Columbia, MD 21046
(410) 313-6318

TABLE 1. MIHU Program For Sale Income

For-Sale Units - Eligibility Income Limits (80% of Median)

January 1 through December 31, 2013

Howard County Median Household Income (family of four)= \$98,953

Family Size	Amount
One Person.....	\$ 55,414
Two Persons.....	\$ 63,330
Three Persons.....	\$ 71,246
Four Persons.....	\$ 79,162
Five Persons.....	\$ 85,495
Six Persons.....	\$ 91,828
Seven Persons.....	\$ 98,161
Eight Persons.....	\$ 104,494

TABLE 2. MIHU Program For Rent Income

For-Rent Units - Eligibility Income Limits (60% of Median)

January 1 through December 31, 2013

Howard County Median Household Income (family of four)= \$98,953

Family Size	Amount
One Person.....	\$ 41,560
Two Persons.....	\$ 47,497
Three Persons.....	\$ 53,435
Four Persons.....	\$ 59,372
Five Persons.....	\$ 64,122
Six Persons.....	\$ 68,871
Seven Persons.....	\$ 73,621
Eight Persons.....	\$ 78,371

TABLE 3. MIHU STANDARDS

MINIMUM SPECIFICATIONS

General

All housing units must be constructed of materials comparable in grade and standards to the overall subdivision. All work must be performed in a professional and workmanlike manner, equal to the standards of the trade. All work shall satisfy Howard County building codes, ordinances and legal requirements.

Exterior Design

The Moderate Income Housing Units must be of a design and construction to ensure that the exterior features are architecturally compatible with vicinal market rate units. The units should be interspersed with the market rate units.

Type of Unit and Bedroom Size

The types of units and bedroom sizes designated as Moderate Income Housing Units, to the extent practical, will be proportional to the distribution of unit types and bedroom sizes of the overall subdivision. Units should meet or exceed the base square footage and room requirements.

BASE PRICE STANDARDS

Unit Type	Room Requirements	Base Sq. Footage
Apartment	1 Bedroom, 1 Bath	750
	2 Bedrooms, 1-1/2 Baths	950
	3 Bedrooms, 1-1/2 Baths	1100
Back to Back Townhouse	2 Bedrooms, 1-1/2 Baths	1400
	3 Bedrooms, 2 Baths	1540
Townhouse	2 Bedrooms, 1-1/2 Baths, Basement	1500
	3 Bedrooms, 2 Baths, Basement	1640
	4 Bedrooms, 2 Baths, Basement	1780
Semi-Detached	2 Bedrooms, 1-1/2 Baths, Basement	1500
	3 Bedrooms, 2 Baths, Basement	1640
Single Family Detached	4 Bedrooms, 2 Baths, Basement	1780
	3 Bedrooms, 2 Baths, Basement	1680
Proffered	4 Bedrooms, 2 Baths, Basement	1820
	3 Bedrooms, 2 Baths, Basement	1640

**TABLE 4. MIHU BASE SALES PRICES
FOR JANUARY 1 THROUGH JUNE 30, 2013**

Howard County Median Income (Family of Four).....		\$ 98,953				
Median Income Adjusted by Bedroom Size^(a):		Bedrooms	Adjustment Factor	Adjusted Income		
		1	75%	\$ 74,215		
		2	90%	\$ 89,058		
		3	104%	\$ 102,911		
		4	116%	\$ 114,785		
Moderate Income Affordability:						
Unit Type	Persons/ Household	Adjusted Income	Affordability Percentage^(b)	Income at Which Unit Must Be Affordable		
One Bedroom						
Apartments	1.5	\$ 74,215	50%	\$ 37,107		
Proffered.....	1.5	\$ 74,215	70%	\$ 51,950		
Two Bedrooms						
Apartments	3.0	\$ 89,058	50%	\$ 44,529		
Back to Back Townhouse.....	3.0	\$ 89,058	65%	\$ 57,888		
Semi-Detached & Townhouse.....	3.0	\$ 89,058	65%	\$ 57,888		
Single Family Detached.....	3.0	\$ 89,058	70%	\$ 62,340		
Proffered Units.....	3.0	\$ 89,058	70%	\$ 62,340		
Three Bedrooms						
Apartments	4.5	\$ 102,911	50%	\$ 51,456		
Back to Back Townhouse.....	4.5	\$ 102,911	65%	\$ 66,892		
Semi-Detached & Townhouse.....	4.5	\$ 102,911	65%	\$ 66,892		
Single Family Detached.....	4.5	\$ 102,911	70%	\$ 72,038		
Proffered Units.....	4.5	\$ 102,911	70%	\$ 72,038		
Four Bedrooms						
Semi-Detached & Townhouse.....	6.0	\$ 114,785	65%	\$ 74,611		
Single Family Detached.....	6.0	\$ 114,785	70%	\$ 80,350		
Proffered Units.....	6.0	\$ 114,785	70%	\$ 80,350		
Sale Price Factors:						
30 Year Fixed Mortgage Interest Rate^(c).....	3.25%					
Real Estate Taxes.....	1.46%					
County Tax Rate.....				1.014%		
County-wide District Fire Tax.....				0.176%		
Water and Sewer Ad Valorem.....				0.080%		
State Tax Rate.....				0.112%		
Trash Collection Fee / FHA Limit.....	\$ 225			0.082%		
Property Insurance						
Typical House Price/Condo Liability Coverage				\$ 275,000	\$ 300,000	
Average Insurance Premium/Average Condo Premium	\$ 1,045.00	\$ 301.00				
Association Fees						
condominium			\$ 3,019		1.10%	
townhouse			\$ 600		0.22%	
single family			\$ 837		0.30%	
FHA Mortgage Insurance.....	1.25%					
Taxes + Insurance + Association Fees+ FHA MI						
				condominium	3.91%	
				townhouse	3.31%	
				single family	3.40%	
Calculation of Sales Prices:						
Unit Type	Income	28%(PITI)	T&I&AF&M(c)	P&I	Loan Amount	House Price
One Bedroom						
Apartments	\$ 37,107	\$ 10,390	5,081	\$ 5,309	\$ 104,057	\$ 107,276
Proffered.....	\$ 51,950	\$ 14,546	7,113	\$ 7,433	\$ 145,680	\$ 150,186
Two Bedrooms						
Apartments	\$ 44,529	\$ 12,468	6,097	\$ 6,371	\$ 124,869	\$ 128,731
Back to Back Townhouse.....	\$ 57,888	\$ 16,209	6,710	\$ 9,498	\$ 186,153	\$ 191,911
Semi-Detached & Townhouse.....	\$ 57,888	\$ 16,209	6,710	\$ 9,498	\$ 186,153	\$ 191,911
Single Family Detached.....	\$ 62,340	\$ 17,455	7,415	\$ 10,041	\$ 196,787	\$ 202,874
Proffered Units.....	\$ 62,340	\$ 17,455	7,226	\$ 10,229	\$ 200,473	\$ 206,673
Three Bedrooms						
Apartments	\$ 51,456	\$ 14,408	7,045	\$ 7,362	\$ 144,293	\$ 148,755
Back to Back Townhouse.....	\$ 66,892	\$ 18,730	7,754	\$ 10,976	\$ 215,110	\$ 221,763
Semi-Detached & Townhouse.....	\$ 66,892	\$ 18,730	7,754	\$ 10,976	\$ 215,110	\$ 221,763
Single Family Detached.....	\$ 72,038	\$ 20,171	8,568	\$ 11,603	\$ 227,399	\$ 234,432
Proffered Units.....	\$ 72,038	\$ 20,171	8,351	\$ 11,820	\$ 231,657	\$ 238,822
Four Bedrooms						
Semi-Detached & Townhouse.....	\$ 74,611	\$ 20,891	8,649	\$ 12,242	\$ 239,931	\$ 247,351
Single Family Detached.....	\$ 80,350	\$ 22,498	9,557	\$ 12,941	\$ 253,637	\$ 261,481
Proffered Units.....	\$ 80,350	\$ 22,498	9,557	\$ 12,941	\$ 253,637	\$ 261,481
*Property value estimated at 3.5 times income						
Notes:						
(a) Assumes 1.5 persons per bedroom.						
(b) Derived from Section 13.403(a)(6).						
(c) Survey of local FHA mortgage rates conducted 12/3/12						

TABLE 5. MIHU BASE SALES PRICES
For July 1 through December 31, 2013

Howard County Median Income (Family of Four).....		\$ 98,953				
Median Income Adjusted by Bedroom Size^(a):		Bedrooms	Adjustment Factor	Adjusted Income		
		1	75%	\$ 74,215		
		2	90%	\$ 89,058		
		3	104%	\$ 102,911		
		4	116%	\$ 114,785		
Moderate Income Affordability:						
Unit Type	Persons/ Household	Adjusted Income	Affordability Percentage^(b)	Income at Which Unit Must Be Affordable		
One Bedroom						
Apartments	1.5	\$ 74,215	50%	\$ 37,107		
Proffered.....	1.5	\$ 74,215	70%	\$ 51,950		
Two Bedrooms						
Apartments	3.0	\$ 89,058	50%	\$ 44,529		
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Semi-Detached & Townhouse.....	3.0	\$ 89,058	65%	\$ 57,888		
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Proffered Units.....	3.0	\$ 89,058	70%	\$ 62,340		
Three Bedrooms						
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Semi-Detached & Townhouse.....	4.5	\$ 102,911	65%	\$ 66,892		
Single Family Detached.....	4.5	\$ 102,911	70%	\$ 72,038		
Proffered Units.....	4.5	\$ 102,911	70%	\$ 72,038		
Four Bedrooms						
Semi-Detached & Townhouse.....	6.0	\$ 114,785	65%	\$ 74,611		
Single Family Detached.....	6.0	\$ 114,785	70%	\$ 80,350		
Proffered Units.....	6.0	\$ 114,785	70%	\$ 80,350		
Sale Price Factors:						
30 Year Fixed Mortgage Interest Rate^(c).....	3.75%					
Real Estate Taxes.....	1.46%					
County Tax Rate.....				1.014%		
County-wide District Fire Tax.....				0.176%		
Water and Sewer Ad Valorem.....				0.080%		
State Tax Rate.....				0.112%		
Trash Collection Fee / FHA Limit.....	\$ 225			0.075%		
Property Insurance						
Typical House Price/Condo Liability Coverage				\$ 300,000	\$ 300,000	
Average Insurance Premium/Average Condo Premium	\$ 1,314.00	\$ 301.00				
					0.44%	
Association Fees						
condominium			\$ 3,019		1.01%	
townhouse			\$ 600		0.20%	
single family			\$ 837		0.28%	
FHA Mortgage Insurance.....	1.35%					
Taxes + Insurance + Association Fees+ FHA MI						
				condominium	3.91%	
				townhouse	3.45%	
				single family	3.52%	
Calculation of Sales Prices:						
Unit Type	Income	28%(PITI)	T&I&AF&M(c)	P&I	Loan Amount	House Price
One Bedroom						
Apartments	\$ 37,107	\$ 10,390	5,083	\$ 5,307	\$ 98,171	\$ 101,207
Proffered.....	\$ 51,950	\$ 14,546	7,116	\$ 7,430	\$ 137,439	\$ 141,690
Two Bedrooms						
Apartments	\$ 44,529	\$ 12,468	6,099	\$ 6,369	\$ 117,805	\$ 121,449
Back to Back Townhouse.....	\$ 57,888	\$ 16,209	6,980	\$ 9,229	\$ 170,711	\$ 175,991
Semi-Detached & Townhouse.....	\$ 57,888	\$ 16,209	6,980	\$ 9,229	\$ 170,711	\$ 175,991
Single Family Detached.....	\$ 62,340	\$ 17,455	7,689	\$ 9,766	\$ 180,654	\$ 186,242
Proffered Units.....	\$ 62,340	\$ 17,455	7,517	\$ 9,939	\$ 183,843	\$ 189,529
Three Bedrooms						
Apartments	\$ 51,456	\$ 14,408	7,048	\$ 7,359	\$ 136,130	\$ 140,341
Back to Back Townhouse.....	\$ 66,892	\$ 18,730	8,066	\$ 10,664	\$ 197,266	\$ 203,367
Semi-Detached & Townhouse.....	\$ 66,892	\$ 18,730	8,066	\$ 10,664	\$ 197,266	\$ 203,367
Single Family Detached.....	\$ 72,038	\$ 20,171	8,885	\$ 11,285	\$ 208,756	\$ 215,213
Proffered Units.....	\$ 72,038	\$ 20,171	8,686	\$ 11,485	\$ 212,441	\$ 219,011
Four Bedrooms						
Semi-Detached & Townhouse.....	\$ 74,611	\$ 20,891	8,996	\$ 11,895	\$ 220,028	\$ 226,833
Single Family Detached.....	\$ 80,350	\$ 22,498	9,910	\$ 12,588	\$ 232,844	\$ 240,045
Proffered Units.....	\$ 80,350	\$ 22,498	9,910	\$ 12,588	\$ 232,844	\$ 240,045
*Property value estimated at 3.5 times income						
Notes:						
(a) Assumes 1.5 persons per bedroom.						
(b) Derived from Section 13.403(a)(6).						
(c) Survey of local FHA mortgage rates conducted 6/3/13						

TABLE 6. MAXIMUM RENT SCHEDULE
For January 1 through December 31, 2013

Median Income (family of four) **\$ 98,953**

Maximum Rents

Unit Size	Occupancy Base ^(a)	Median Income Adjusted for Bedroom Size		60% of Median	Annual Rent @ 30%	Maximum Monthly Rent ^(c)
		Adj. % ^(b)	Amount			
One Bedroom.....	1.5	75%	\$ 74,215	\$ 44,529	\$ 13,359	1,113
Two Bedroom.....	3.0	90%	\$ 89,058	\$ 53,435	\$ 16,030	1,336
Three Bedroom.....	4.5	104%	\$ 102,911	\$ 61,747	\$ 18,524	1,544
Four Bedroom.....	6.0	116%	\$ 114,785	\$ 68,871	\$ 20,661	1,722

Notes:

- (a) Assumes average of one and one-half persons per bedroom
- (b) Adjustment up of 8% per person, down of 10% per person
- (c) Howard County utility allowances must be deducted from this amount

* Approved by Housing and Community Development Board on December 13, 2012

TABLE 7. HOWARD COUNTY CODE

Sec. 13.403. Prices for moderate income housing units offered for sale; rates for rental units.

(a) **Initial Prices for Moderate Income Housing Units Offered for Sale.** The initial sale price for a moderate income housing unit shall be determined by the commission in accordance with this subsection.

- (1) Twice a year, the commission shall establish the initial sale price for each type of moderate income housing unit offered for sale.
- (2) Before establishing the initial sale price under this subsection, the commission shall publish notice of the real property tax, insurance, and interest rate factors it proposes to use in establishing the initial sales price in 2 newspapers of general circulation in the county.
- (3) Before establishing the initial sale price for moderate income housing units located in planned senior communities and age-restricted adult housing developments, the commission shall consult with the office on aging.
- (4) The department shall provide to the commission information concerning current real property tax and insurance rates.
- (5) The initial sale prices for moderate income housing units shall be based upon:
 - (i) A base size unit of the following types:

Type	Minimum (Sq. Ft.)
Single-family detached	1,680
Semi-detached (duplex)	1,500
Townhouse	1,500
Back-to-back townhouse	1,400
Apartments	750

- (ii) Factors established annually by the commission for:
 - a. Real property taxes;
 - b. Insurance rates; and
 - c. Interest rates on FHA 30-year mortgages; and
 - (iii) A written statement from the developer indicating the amount of the homeowners association or condominium fees that will apply to the units.
- (6) The department shall provide to the commission the price at which an eligible purchaser with a household income equal to the following percentages of median income, adjusted by family size appropriate to the size and number of bedrooms in the dwelling unit, can afford to purchase a dwelling unit:
 - (i) 70% for proffered units and single family homes;
 - (ii) 65% for semi-detached townhomes; and
 - (iii) 50% for apartments (condominiums).
- (7) For the purposes of this subsection:
 - (i) A purchaser can afford to purchase a dwelling unit if the purchaser's monthly income would qualify the purchaser to obtain a 30-year fixed rate mortgage at the prevailing interest rate in an amount sufficient to pay 97% of the purchase price of the unit;
 - (ii) A purchaser's monthly income qualifies for a mortgage if the monthly payment required to pay (1) the monthly principal and interest of the mortgage loan, plus (2) the monthly payment of taxes and insurance on the property, calculated in accordance with the factors established by the department under subsection (a) of this section, plus (3) the monthly payment of homeowners or condominium association fees, plus (4) the monthly FHA mortgage insurance premium as determined by the Federal Housing Administration, does not exceed 28% of the purchaser's monthly income; and
 - (iii) The prevailing interest rate is the prevailing mortgage interest rate for FHA-insured 30-year fixed-rate mortgages in the Baltimore metropolitan area, as published periodically by the federal national mortgage association or other comparable publication as determined by the department.
- (8) The department shall determine the prevailing interest rate as of December 1 and June 1 of each year.
- (9) As determined by the department, an adjustment in the sales price of a moderate income housing unit may be made for:
 - (i) Single-family detached units, semi-detached units, and townhouse units without basements;
 - (ii) End units within a townhouse arrangement;
 - (iii) Additional bathrooms or powder rooms;
 - (iv) Finished basements; and
 - (v) Upgrades in design or amenities to ensure architectural compatibility with the development's market rate units.

(b) **Rates for Rental Units.**

- (1) The department shall establish maximum rates for rental units, by bedroom size, that are equal to 30% of the monthly income of a household whose annual income does not exceed 60% of the median income.
- (2) The maximum rental rates shall include an allowance for utilities paid by the tenant. The allowance shall be calculated by the department based upon the average utility costs prevailing for similar sized units in Howard County. If required by the lease, all utility costs, including those in excess of the allowance, shall be paid by the tenant.

TABLE 8. MIHU FOR RENT COMMUNITY MAP

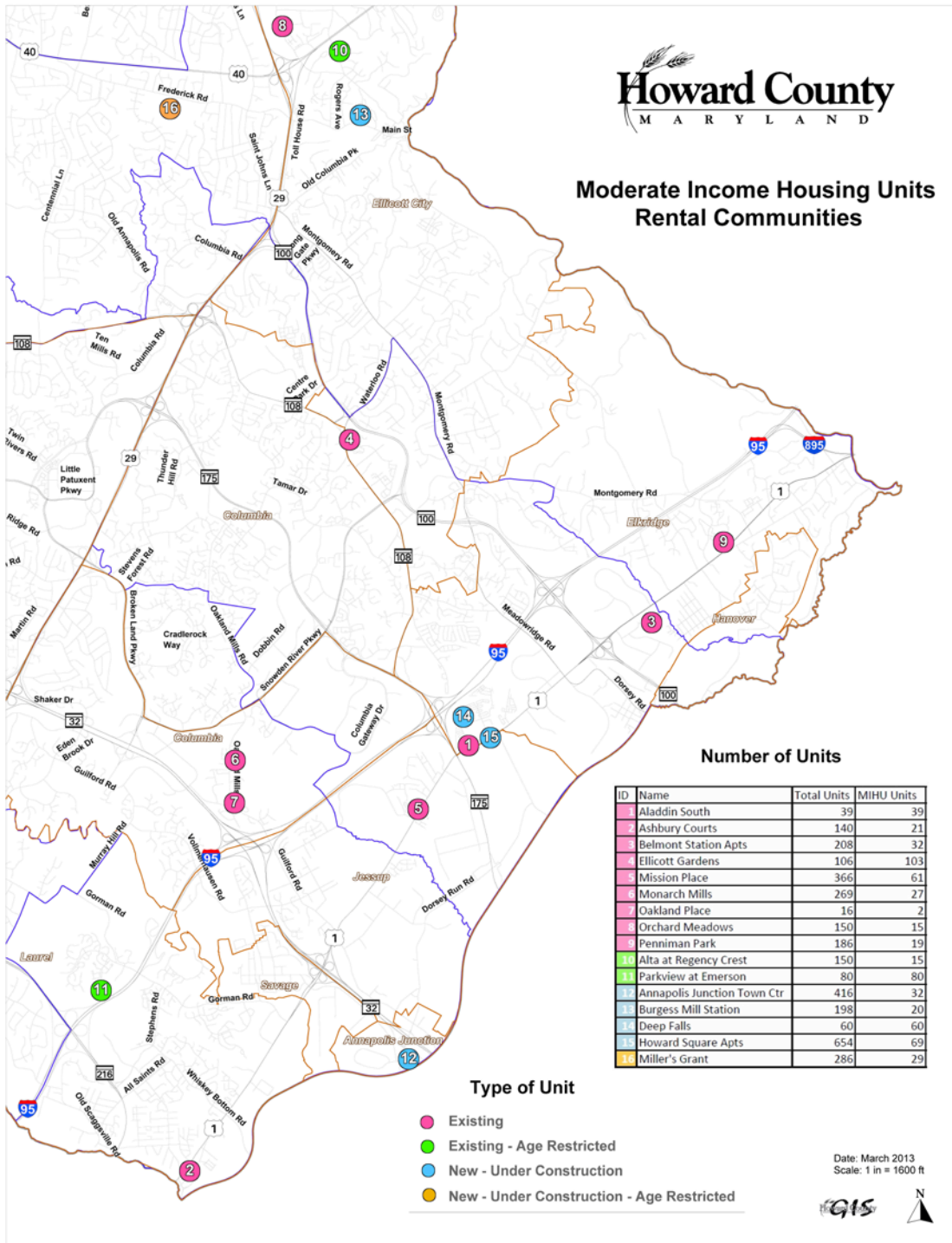


TABLE 9. MIHU FOR SALE COMMUNITY MAP

