

**Arundel Community Development Services, Inc.**

**Bill 72-24**  
**Anne Arundel County Housing Attainability Act**  
**October 15, 2024**

**PROGRAM POLICY**

**ESTABLISHING INITIAL SALES PRICE AND HOUSEHOLD INCOME LIMITS IN FOR-SELL MODERATELY PRICED DWELLING UNITS**

*Effective January 15, 2026*

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The following are the requirements for establishing the Initial Sales Price of For-Sale Units subject to the Anne Arundel County Moderately Priced Dwelling Unit (MPDU) Program.

**1. GROSS HOUSEHOLD INCOME LIMIT**

For-Sale MPDUs must be made available to households with a Gross Household Income that does not exceed 100% of the area median income (AMI) adjusted for household size for the Baltimore Metropolitan Statistical Area. [17-12-106(a)(2)(II)]. The 100% AMI Gross Household Income limits are detailed in the table below:

<b>Household Size</b>	<b>Maximum Annual Household Income - 100% AMI (Effective Date: June 1, 2025)</b>
1	\$91,188
2	\$104,250
3	\$117,250
4	\$130,250
5	\$140,688

Although households with Gross Household Incomes up to 100% AMI are eligible to purchase for-sale MPDUs, the Gross Household Income used to establish sales price limits will be calculated by Arundel Community Development Services, Inc. (ACDS) each year based upon the 80 percent AMI limits published annually by the U.S. Department of Housing and Urban Development (HUD). [17-12-107(a)(3)] The 80% AMI Gross Household Income limits are detailed in the table on the following page:

Household Size	Maximum Annual Household Income – 80% AMI <i>(Effective Date: June 1, 2025)</i>
1	\$72,950
2	\$83,400
3	\$93,800
4	\$104,200
5	\$112,550

A household is eligible to purchase an MPDU if ACDS has issued a valid Certificate of Eligibility that the household's Gross Household Income meets MPDU program requirements. [17-12-101(11) and (12)].

## 2. MPDU INITIAL SALES PRICE

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The Initial Sales Price of MPDUs will be set annually by ACDS within 30 days of AMI limits published annually by the U.S. Department of Housing and Urban Development. [17-12-107(A)(1)]. The Initial Sales Price is based on the number of bedrooms in the MPDU, and is subject to an absolute cap. The cap on the Initial Sales Price of a MPDU is the price that a 4-person household earning 80% of AMI can afford. [17-12-107(A)(3)]. As detailed below in Step Seven, the maximum Initial Sales Price of an MPDU is:

**\$390,000**

Notwithstanding anything in this policy, the maximum Initial Sales Price of an MPDU shall not exceed the initial sales price for market rate units in any development.

ACDS will use the following Seven Step Methodology to set the Initial Sales Price for an MPDU:

### **STEP ONE: DETERMINE HOUSEHOLD SIZE**

Household Size is determined according to the number of bedrooms using the following table:

Number of Bedrooms	Household Size
1	2
2	3
3	4
4	5

## **STEP TWO: DETERMINE MAXIMUM ANNUAL HOUSEHOLD INCOME**

Use 80% AMI, as published annually by the U.S. Department of Housing and Urban Development (HUD).

<b>Number of Bedrooms</b>	<b>Household Size</b>	<b>Maximum Annual Household Income (Effective Date: June 1, 2025)</b>
1	2	\$83,400
2	3	\$93,800
3	4	\$104,200
4	5	\$112,500

## **STEP THREE: ESTABLISH MONTHLY HOUSEHOLD INCOME**

Calculate Monthly Household Income by dividing Maximum Annual Household Income by 12.

<b>Number of Bedrooms</b>	<b>Income Limits at 80% AMI</b>	<b>Monthly Household Income</b>
1	\$83,400	\$6,950
2	\$93,800	\$7,817
3	\$104,200	\$8,683
4	\$112,550	\$9,379

## **STEP FOUR: CALCULATE MAXIMUM HOUSING COST ALLOWANCE**

Calculate Maximum Housing Cost Allowance by multiplying the Monthly Household Income from step three by 35%.

<b>Number of Bedrooms</b>	<b>Monthly Household Income</b>	<b>Maximum Housing Cost Allowance</b>
1	\$6,950	\$2,433
2	\$7,817	\$2,736
3	\$8,683	\$3,039
4	\$9,379	\$3,283

## **STEP FIVE: CALCULATE AFFORDABLE HOUSING PRINCIPAL AND INTEREST PAYMENT**

Additional Housing Expenses (e.g. Property Taxes, HOA Fees, Condo Fees and PMI) must be subtracted from Maximum Housing Cost Allowance to determine Income Available for Mortgage Principal and Interest Payment. ACDS requires that Additional Housing Expenses be calculated as 22% of Maximum Housing Cost Allowance.

Number of Bedrooms	Maximum Monthly Housing Cost Allowance	Additional Housing Expenses (22% of Housing Cost Allowance)	Income Available for Mortgage Principal and Interest Payment
1	\$2,433	\$535	\$1,898
2	\$2,736	\$602	\$2,134
3	\$3,039	\$669	\$2,370
4	\$3,283	\$722	\$2,561

The 22% allowance for Additional Housing Expenses is based on the County's current property tax rate and estimates for insurance, homeowners' association fees and private mortgage insurance. This allowance may be adjusted periodically by ACDS based on changing County economic conditions.

## **STEP SIX: CALCULATE MAXIMUM MORTGAGE AMOUNT**

Calculate Maximum Mortgage Amount based on Income Available for principal and interest payment using:

Mortgage Interest Rate: 6.44%  
 Mortgage Term: 30 years

Number of Bedrooms	Income Available for Mortgage Principal and Interest Payment	Maximum Mortgage Amount*
1	\$1,898	\$302,168
2	\$2,134	\$339,740
3	\$2,370	\$377,312
4	\$2,561	\$407,719

\*calculated based on mortgage calculator: <https://bretwhissel.net/amortization>

The Mortgage Interest Rate is determined by calculating an average of (i) the current national mortgage rate (6.07%); (ii) the lowest national interest rate for the previous 52 weeks (6.01%); and (iii) the highest national interest rate for the previous 52 weeks for a 30-year fixed rate loan (7.25%) as published in the *Mortgage News Daily*.

### **STEP SEVEN: CALCULATE INITIAL SALES PRICE**

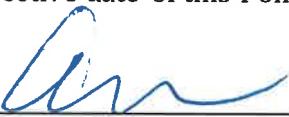
Calculate Initial Sales Price by dividing the Maximum Mortgage Amount by 0.965 and rounding the result down to the nearest \$1,000. As noted above, the maximum Initial Sales Price for any MPDU is the Initial Sales Price affordable to a 4-person household earning 80% AMI, based on the household size and number of bedrooms, i.e. a 3-bedroom unit.

Number of Bedrooms	Maximum Mortgage Amount	Initial Sales Price (Maximum Mortgage Amount Divided by .965)	Initial Sales Price (Rounded Down)
1	\$302,168	\$313,127	\$313,000
2	\$339,740	\$352,062	\$352,000
3	\$377,312	\$390,996	\$390,000
4 and above			\$390,000

The use of .965 as a factor to calculate the Initial Sales Price reflects the prevailing down payment requirement for an FHA mortgage loan.

### **EFFECTIVE DATE**

The effective date of this Policy shall be January 15, 2026.

  
Erin Karpewicz, Chief Executive Officer

January 15, 2026

Date