



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-8000

OFFICE OF HOUSING

DEC 21 2011

Richard Y. Nelson, Jr.
Director
Montgomery County Maryland
Department of Housing and Community Affairs
100 Maryland Avenue, 4th Floor
Rockville, MD 20850

Dear Mr. Nelson:

Subject: Montgomery County Moderately Priced Dwelling Unit (MPDU) Program

On behalf of Acting Federal Housing Administration (FHA) Commissioner Carole Galante, this is in response to your letter of October 26, 2011, concerning Montgomery County's Inclusionary Zoning Program, the Moderately Priced Dwelling Unit (MPDU) Program, and its eligibility on FHA insured loans.

FHA has now completed its review of the MPDU program requirements, including calculation of a Maximum Resale Price. Based upon Montgomery County's representations and submitted documentation concerning the MPDU program requirements and their relationship to FHA's requirements, FHA is satisfied that the MPDU program requirements do not violate Affordable Housing Requirements codified in Code of Federal Regulations §203.41.¹

Please be advised that FHA is currently evaluating Affordable Housing requirements so that greater clarity can be provided regarding use of these programs in conjunction with FHA insured loans. However, unless and until further guidance is announced for determining a reasonable share of the appreciation in value upon resale, FHA deems units subject to the Montgomery County MPDU program as eligible for FHA insurance.

Thank you for your continued support of affordable housing opportunities. If you have any questions regarding this letter, please contact me at (202) 402-3084.

Sincerely,

Karin B. Hill
Director
Office of Single Family Program Development

¹ Many other municipalities or nonprofits have modeled their program based on Montgomery County's MPDU program; however, the acceptance of this program is applicable only to this program. Other affordable housing providers are required to contact FHA directly to discuss acceptability of their programs.

Internal HUD Distribution:						
CHRON		FILES		KUCZMA		
BROWN/OGC		GALANTE/Acting FHA COMMISSIONER				
Identification Lines: HUP:KUCZMA:JBK 402-2137 12/20/11 J:HSIH/2011 HUP Other Correspondence/Montgomery County MPDU						
Electronic Copy to Rick Nelson/Montgomery County Maryland, Department of Housing and Community Affairs Copy to Amy Brown/OGC Copy to Carol Galante/Acting FHA Commissioner						
Correspondence Code	Originator HUP	Concurrence	Concurrence	Concurrence	Concurrence	Concurrence
Name	KUCZMA <i>JBK</i>					
Date	<i>12/20/11</i>					