

# The City of Frederick

## Moderately Priced Dwelling Unit (MPDU) Program



**Requirement:** Residential development projects comprised of 25 dwelling units or more are required to develop and construct 12.5% of the dwelling units as moderately priced dwelling units (MPDUs), or pay a fee-in-lieu of developing the MPDUs, or develop a portion of the required MPDUs and pay a fee-in-lieu for the balance of the required MPDUs.

**Definition of Moderately Priced Dwelling Unit (MPDU):** A dwelling unit that is constructed, sold, or rented under a government program that controls the rental or sale in order to provide affordable housing for families of low or moderate income.

**Income Eligibility Requirements for Purchase or Lease of an MPDU:** As determined annually by the U.S. Department of Housing and Urban Development (HUD), households with an annual income of not more than 80% and not less than 30% of the “uncapped” median income for the Washington Metropolitan Statistical Area, as adjusted for family size, are eligible for the City of Frederick’s MPDU Program.

## MPDU Payment-in-Lieu (PIL) Ordinance

**PIL Option # 1:** In lieu of building the required number of MPDUs, a developer may opt out of the MPDU Program and pay a fee for each required MPDU.

**Current PIL Fee:** \$16,100 per MPDU

**PIL Option # 2:** Build less than the required 12.5% of the required MPDUs and pay a fee for the remaining balance of the required number of MPDUs.

**Rounding:** When calculating the required number of MPDUs, round-up for 0.5 units or more and round-down for 0.4 units or less.

The City of Frederick MPDU Program is administered by the Frederick Community Action Agency. For more information or to review fee options, please contact:

Mike Spurrier, Director  
Frederick Community Action Agency  
Telephone: 301-600-3955  
Email: [mspurrier@cityoffrederick.com](mailto:mspurrier@cityoffrederick.com)



**Example # 1:** 50 dwelling units x 12.5% = 6.25 MPDUs rounded-down to 6 MPDUs.

- PIL Example # 1: Six (6) MPDUs x \$16,100 per unit = \$96,000 Payment-in-Lieu Fee.
- Per Unit Payment: \$96,000 ÷ 50 total units = \$1,920 fee per unit.

**Example # 2:** 100 dwelling units x 12.5% = 12.5 MPDUs rounded-up to 13 MPDUs.

- PIL Example # 2: Thirteen (13) MPDUs x \$16,100 per unit = \$209,300 Payment-in-Lieu Fee.
- Per Unit Payment: \$209,300 ÷ 100 total units = \$2,093 fee per unit.

**Example # 3:** 150 dwelling units x 12.5% = 18.75 MPDUs rounded-up to 19 MPDUs.

- PIL Example # 3: Build 10 MPDUs and pay a fee for 9 MPDUs x \$16,000 = \$144,900 Payment-in-Lieu Fee.
- Per Unit Payment: \$144,900 ÷ 150 total units = \$966 fee per unit.

A portion of the total MPDU Payment-in-Lieu fee (i.e., the “per unit payment”) shall be paid along with the fee for each Building Permit; the portion of the MPDU fee for each permit shall be paid prior to the issuance of the Building Permit.

The Frederick Community Action Agency is a HUD-Approved Housing Counseling Agency and offers homebuyer education classes and counseling for first-time homebuyers. For more information about housing counseling services and homebuyer education classes, please contact Brad Petersen, Supervisor at 301-600-3966 or by email at [bpetersen@cityoffrederick.com](mailto:bpetersen@cityoffrederick.com).

MPDU Information is posted on the City of Frederick’s website at:  
[www.cityoffrederick.com/188/Moderately-Priced-Dwelling-Unit-Program](http://www.cityoffrederick.com/188/Moderately-Priced-Dwelling-Unit-Program)