

Housing Affordability Statistics Montgomery County, 2003 and 2004

Home Sales Prices, 2003 and 2004

Sales: Median sales prices, Jan-Sept 2003 compared to Jan-Sept 2004 (RTC, STAR)

<u>Sales</u>	<u>2003</u>	<u>2004</u>	<u>% Increase</u>	<u>2003 income needed</u>	<u>2004 income needed</u>
New Condo	\$261,410	\$303,605	16.1%	\$86,300	\$100,200
Used Condo	\$170,000	\$210,000	23.5%	\$56,100	\$69,300
New and used condo	\$172,000	\$213,000	23.8%	\$56,800	\$70,300
New Townhouse	\$367,198	\$414,088	12.8%	\$121,200	\$136,700
Used Townhouse	\$229,000	\$274,000	19.7%	\$75,600	\$90,400
New and Used Townhouse	\$238,000	\$281,000	18.1%	\$78,600	\$92,700

Note: There were 62 high-rise condo sales in 2003 (median price \$344,000) and 70 high-rise condo sales in 2004 (median price: \$307,000). However, these were in a small number of buildings. Generally we believe that new high-rise condos have similar prices to other new condos with some very high-priced exceptions. New condos can sell for over \$1 million.

Apartment Rents, 2003 and 2004

Rent: Average Turnover Rent, DHCA Survey

<u>Rents</u>	<u>2003</u>	<u>2004</u>	<u>% Increase</u>	<u>2003 income needed</u>	<u>2004 income needed</u>
1 bedroom	\$990	\$1,027	3.74%	\$39,600	\$41,080
2 bedroom	\$1,162	\$1,211	4.22%	\$46,480	\$48,440
3 bedroom	\$1,448	\$1,526	5.39%	\$57,920	\$61,040
All apartments	1111	1154	3.87%	\$44,440	\$46,160
Garden apartments	1032	1063	3.00%	\$41,280	\$42,520
Mid-rise apartments	1099	1148	4.46%	\$43,960	\$45,920
High-rise apartments	1282	1338	4.37%	\$51,280	\$53,520
Townhouse/piggyback	1386	1421	2.53%	\$55,440	\$56,840

Montgomery County Median Household Income Estimates

2002: Census Update Survey; 2003 and 2004: RTC ballpark estimate

	ballpark est. 2003	ballpark est. 2004
2002 median hhld <u>income</u>	median hhld <u>income</u>	median hhld <u>income</u>
\$79,115	\$81,241	\$84,061

Washington MSA Median Family Income (Figure used by MPDU law)

Source: US Department of Health and Human Services

FY2003 median family <u>income</u>	FY2004 median family <u>income</u>
\$84,800	\$85,400

MPDU CONDOMINIUM FEE ANALYSIS
Montgomery County, MD
November 2004

At the request of the Montgomery County Department of Housing and Community Affairs, Bolan Smart Associates has undertaken a brief analysis of the probable condominium fees associated with several different forms of condominium development in Montgomery County. The purpose of this analysis is twofold:

- 1. To determine the probable MPDU condo fees for different kinds of development.*
- 2. To determine if market rate buyers may in effect have to subsidize MPDU buyers.*

Our findings and observations are as follows (see attached table):

- a) Condo fees for a 1,000 square foot two-bedroom unit range from \$270/month in a mass-market low-rise development to \$540+ in a 1,000 sf high-rise building.
- b) The typical two-person MPDU household earning \$48,000/year can afford to spend \$1360/month (34%) for housing exclusive of utilities and unit maintenance.
- c) MPDU buyers of typical mass-market low-rise apartments are likely to be able to afford condo fees.
- d) MPDU buyers of mid and high-rise units are less likely to be able to afford probable condo fees without spending more on housing costs than is prudent or feasible.
- e) MPDU buyers of mid-rise apartments would need to spend \$127/month more than is feasible in order to cover their condo fees.
- f) MPDU buyers of mid-priced high-rise apartments would need to spend \$380/month more than is feasible to cover their condo fees.
- g) MPDU buyers of luxury high-rise apartments would need to spend \$540/month more than is feasible to cover their condo fees.
- h) Market rate buyers of mid and high-rise condo units may need to subsidize the condo fees of MPDU purchasers by \$18 to \$77/month per market rate buyer, depending on building type in a typical 200-unit development with 12.5% (25) MPDUs.

MPDU CONDOMINIUM FEE ANALYSIS

Montgomery County, MD

two-bedroom / two-person occupancy unit

	low-rise 2-4 story	mid-rise 4-6 story	high-rise mid-priced	high-rise luxury
Unit Size (sf)	1,000 sf	1,000 sf	1,000 sf	1,000 sf
Unit Market Price	\$275,000	\$350,000	\$400,000	\$550,000
MPDU Price	\$120,000	\$160,000	\$190,000	\$210,000
MPDU Annual Gross Income	\$48,000	\$48,000	\$48,000	\$48,000
MPDU Monthly Gross Income	\$4,000	\$4,000	\$4,000	\$4,000
MPDU Monthly Income for Housing (a) 34.00%	\$1,360	\$1,360	\$1,360	\$1,360
MPDU Monthly Mortgage Related Cost				
principal & interest (95% fin, 30 yr term) 6.00%	\$735	\$980	\$1,164	\$1,287
real estate taxes 1.15%	\$115	\$153	\$182	\$201
insurance 0.25%	\$25	\$33	\$40	\$44
total mortgage related cost	\$875	\$1,167	\$1,386	\$1,532
MPDU Available Income After Mortgage	\$485	\$193	(\$26)	(\$172)
MPDU Income Available for Condo Fees	\$485	\$193	\$0	\$0
Typical Monthly Condo Fees (per square foot)	\$0.27	\$0.32	\$0.39	\$0.54
monthly total	\$270	\$320	\$390	\$540
MPDU income available for condo fees	<u>\$485</u>	<u>\$193</u>	<u>\$0</u>	<u>\$0</u>
MPDU monthly condo fee deficit	\$0	(\$127)	(\$380)	(\$540)
Monthly Condo Fee Cost for 200 Unit Bldg.	\$54,000	\$64,000	\$78,000	\$108,000
market rate units income (175 units)	\$47,250	\$56,000	\$68,250	\$94,500
MPDU monthly income (25 units @ 12.5%)	<u>\$6,750</u>	<u>\$4,833</u>	<u>\$0</u>	<u>\$0</u>
	\$54,000	\$60,833	\$68,250	\$94,500
Monthly Surplus / Deficit for Entire Bldg.	\$0	(\$3,167)	(\$9,750)	(\$13,500)
Implied Market Unit Monthly Subsidy	\$0	\$18	\$56	\$77
implied market unit annual subsidy	\$0	\$217	\$669	\$926

Notes:

(a) net of utilities & unit maintenance