

2219 DETERMINATION OF MAXIMUM RESALE PRICE

2219.1 The Maximum Resale Price (“MRP”) shall be equal to the greater of:

- (a) The original purchase price during the first year of ownership, or (for all subsequent years) the Maximum Resale Price of the previous year, multiplied by the annual rate of change in the MFI over a ten year period starting with the first MFI published by HUD after the purchase of the Inclusionary Unit by the Inclusionary Unit Owner. The resulting formula for the new Maximum Resale Price in any given year “n” is therefore $MRP_n = MRP_{n-1} + (MRP_{n-1} \times F_n)$ (“Formula”), where:
 - (1) n = is the current MFI year starting from the most recent publication of the MFI by HUD; and
 - (2) F_n = the rate of appreciation of the current MFI of any given year “n.” F_n is calculated by determining the ten year compounded annual growth rate of the MFI; or
- (b) The maximum purchase price for the same unit type from the current published Maximum Price and Purchase Schedule as of the date of the Notice of Availability.

2219.2 Upon the submission of a Notice of Availability by an Inclusionary Unit Owner to DHCD, the Maximum Resale Price may be adjusted for the value of all the Eligible Capital Improvements and Eligible Replacement and Repair Costs made to the property during that Inclusionary Unit Owner’s ownership of the Inclusionary Unit to the extent they are permanent in nature and add to the market value of the property at the percentage of cost indicated:

- (a) Eligible Capital Improvements, which shall be valued at one hundred percent (100%) of reasonable cost, as determined by DHCD, and
- (b) Eligible Replacement and Repair Costs, which shall be valued at fifty percent (50%) of reasonable cost, as determined by DHCD.

2219.3 The Owner of a For Sale Inclusionary Unit subject to an Inclusionary Development Covenant recorded prior to the effective date of these regulations may choose to be subject to the terms of § 2219.1 effective as of

- (a) The recordation date of the Inclusionary Development Covenant; or
- (b) The date of submission of the Notice of Availability, depending on which time will result in a higher Maximum Resale Price.

District of Columbia Municipal Regulations

- 2219.4 Ineligible Costs shall not be considered in determining the value of Eligible Capital Improvements and Eligible Replacement and Repair Costs.
- 2219.5 The value of improvements may be determined by DHCD based upon documentation provided by the Inclusionary Unit Owner or, if not provided, upon a standard value established by DHCD.
- 2219.6 DHCD may disallow an Eligible Capital Improvement or Eligible Replacement and Repair Cost if DHCD finds that the improvement diminished or did not increase the fair market value of the Inclusionary Unit.
- 2219.7 DHCD may reduce the value of an improvement claimed by the Inclusionary Unit Owner if there is evidence of abnormal physical deterioration of, or abnormal wear and tear to, the improvement.
- 2219.8 The Owner shall permit a representative of DHCD to inspect the Inclusionary Unit upon request to verify the existence and value of any improvements that are claimed by the Inclusionary Unit Owner.
- 2219.9 An allowance may be made in the Maximum Resale Price for the payment of legal fees, closing costs (including, but not limited to, title insurance and filing fees) and real estate broker or salesperson fees associated with the sale of the Inclusionary Unit if written approval is obtained from DHCD.
- 2219.10 The value of personal property transferred to a purchaser in connection with the resale of a For Sale Inclusionary Unit shall not be considered part of the sales price of the For Sale Inclusionary Unit for the purposes of determining whether the sales price of the For Sale Inclusionary Unit exceeds the Maximum Resale Price.

SOURCE: Notice of Final Rulemaking published at 56 DCR 3907 (May 15, 2009); as amended by Final Rulemaking published at 56 DCR 9295, 9296 (December 11, 2009); as amended by Final Rulemaking published at 64 DCR 13582 (December 29, 2017).