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

OFFICE OF HOUSING

DATE: May 23 2018

MORTGAGEE LETTER 2018-04

TO: ALL FHA APPROVED MULTIFAMILY MORTGAGEES

SUBJECT: Annual Revisions to Base City High Cost Percentage, High Cost Area and Per Unit Substantial Rehabilitation Threshold for 2018

Maximum mortgage amounts were revised by the Consolidated Appropriations Act, 2008 (Public Law 110-161, approved December 26, 2007) (FY 2008 Appropriations Act). Section 221 of the General Provisions of Title II of Division K of the FY 2008 Appropriations Act revises the statutory exceptions to maximum mortgage amounts for the FHA Multifamily Housing Programs, listed in Section 221 of the FY 2008 Appropriations Act, by (1) substituting 170 percent for the 140 percent exception of any geographical area, and (2) substituting 215 percent for 170 percent as the maximum exception allowed for a specific project. Accordingly, the statutory revision allows the Secretary to grant exceptions to maximum mortgage limits for certain Multifamily Housing Programs by (1) up to 170 percent, (equivalent to a 270 percent multiplier) in geographical areas where cost levels so require or (2) up to 170 percent, or 215 percent in High Cost Areas, (equivalent to a 315 percent multiplier) where necessary on a project-by-project basis.

The law does not determine which areas are to be considered “High Cost Areas.” Accordingly, the Office of Multifamily Production has developed a list of High Cost Areas for 2018. The threshold for a High Cost Area has been set for all areas (Special Limit Areas excepted) with a “calculated” High Cost Percentage (HCP) of 292.54 or greater, but because of the statutory cap of 170 percent or 270 multiplier, some localities have a higher HCP but still have the 270 multiplier.

The attached designated Annual Base City High Cost Percentages and High Cost Areas are effective January 1, 2018, for FHA multifamily mortgage insurance firm commitment applications and for amendments which have not been initially endorsed. The area multiplier is to be used for all localities in the state if only one city has been named in the state. If multiple cities are named in any state, use the multiplier for the city closest to the location of the city named in this Mortgagee Letter.

PER UNIT LIMIT FOR SUBSTANTIAL REHABILITATION FOR CALENDAR YEAR 2018

The 2016 Multifamily Accelerated Processing (MAP) Guide established a base amount of $15,000 per unit to define substantial rehabilitation for FHA insured loan programs. Section 5.1.D.2 of the MAP guide requires that this base amount be adjusted periodically based on the percentage change published by the Consumer Financial Protection Bureau or other inflation cost index published by HUD. Accordingly, the 2018 base amount per dwelling unit to determine substantial rehabilitation for FHA insured loan programs is $15,636.

SPECIAL LIMIT AREAS

Guam, the U.S. Virgin Islands, and the states of Alaska and Hawaii are Special Limit areas. Care should be taken to ensure that the appropriate limits are used for corresponding programs. The HCP for Special Limit Areas is 405 percent.

PAPERWORK REDUCTION ACT

There are no information collection requirements in this Notice, and therefore the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) does not apply. In accordance with the Paperwork Reduction Act, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB control number.

Attachment

Dana T. Wade
General Deputy Assistant Secretary for Housing

Attachment

FHA Multifamily Statutory Mortgage Programs
Base Percentages for High Cost Areas – Effective January 2018

Atlanta GA – Southeast Regional Office	260%
Birmingham AL	236%
Jacksonville FL*	262%
Key West FL	270%
Miami FL	264%
Tampa FL	270%
Louisville KY	256%
Jackson MS	229%
Greensboro NC	245%
San Juan PR	270%
Columbia SC	248%
Knoxville TN	228%
Memphis TN	226%
Nashville TN	238%
US Virgin Islands**	405%

Ft. Worth TX – Southwest Regional Office	225%
Dallas TX	229%
Houston TX	226%
Lubbock TX	217%
San Antonio TX	198%
Little Rock AR	215%
Des Moines IA	257%
Topeka KS	242%
New Orleans, LA	229%
Shreveport LA	221%
Kansas City MO*	270%
St. Louis MO	270%
Omaha NE	236%
Albuquerque NM	253%
Oklahoma City OK	239%
Tulsa OK	235%

San Francisco CA – Western Regional Office	270%
Los Angeles CA	270%
Sacramento CA	270%
San Diego CA	270%
Santa Ana CA	270%
Anchorage AK**	405%
Phoenix AZ	263%
Denver CO*	270%
Boise ID	270%
Honolulu HI**	405%
Helena MT	262%
Fargo ND	262%
Las Vegas NV	270%
Portland OR	270%
Sioux Falls	239%
Salt Lake City UT	270%
Seattle WA	270%
Spokane WA	270%
Casper WY	269%
Guam**	405%

Chicago IL – Midwest Regional Office	270%
Springfield IL	270%
Indianapolis IN	269%
Detroit MI*	270%
Grand Rapids MI	260%
Minneapolis MN*	270%
Cincinnati OH	252%
Cleveland OH	270%
Columbus OH	269%
Milwaukee WI	270%

New York NY – Northeast Regional Office	270%
Albany NY	270%
Buffalo NY	270%
Hartford CT	270%
Washington DC	270%
Wilmington DE	270%
Boston MA*	270%
Bangor ME	270%
Baltimore MD*	270%
Manchester NH	270%
Camden NJ	270%
Newark NJ	270%
Philadelphia PA	270%
Pittsburg PA	270%
Providence RI	270%
Richmond VA	270%
Burlington VT	270%
Charleston WV	270%

Satellite Office - *

Special Limit- **

Note: Offices with a "calculated" HCP of 292.54 (before the statutory cap of 270) or higher are designated "High Cost Areas" and are shaded.