



Special Attention of:
Tribally Designated
Housing Entities; Office of Native American
Programs Administrators

Notice: PIH 2025-25

Issued: September 25, 2025

Expires: This notice remains in effect until amended, superseded, or rescinded.

Cross References: 24 CFR
1000.156-162, Notice PIH 2024-28

Subject: Total Development Cost for Affordable Housing Under the Native American Housing Assistance and Self-Determination Act of 1996

I. PURPOSE

This notice provides guidance on the Total Development Cost (TDC) limits—the maximum amount of funds that may be used for affordable housing under the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA)—based on the most current Marshall & Swift/Boeckh (M&S/B) and RSMeans Cost Data (RSMeans) publications. This notice also outlines circumstances under which Tribes and Tribally Designated Housing Entities (TDHEs) may exceed the TDC limits. The requirement for the development and implementation of these limits are found at [24 CFR 1000.156-162](#) of the Indian Housing Block Grant (IHBG) regulations.

All previously provided regulatory relief concerning TDC limits for the IHBG-CARES and IHBG-ARP programs are preserved in this notice.

This notice supersedes [Notice PIH 2024-28](#), issued August 9, 2024, [Notice PIH 2010-47](#), issued November 19, 2010, and all notices extending that notice, up to and including [Notice PIH-2022-16](#), issued June 9, 2022.

II. BACKGROUND

Pursuant to the IHBG regulations at [24 CFR 1000.156](#), affordable housing developed, acquired, or assisted under the IHBG program must be of moderate design and is subject to limitations on cost or design standards.

TDC limits are published periodically by the U.S. Department of Housing and Urban Development (HUD) and establish the maximum amount of funds (from all sources) that an IHBG recipient may use to develop, acquire, or rehabilitate affordable housing. The recipient must complete a comparison of the cost of developing, acquiring, or rehabilitating the affordable housing with the limits provided by the TDC and may not, without prior HUD approval, exceed the TDC maximum cost for the project.

III. APPLICABILITY

TDCs apply to:

- a. All affordable housing assisted with IHBG funds after October 29, 2001, the effective date of the regulations cited above.
- b. Funds initially provided under the United States Housing Act of 1937, that were not obligated as of October 29, 2001.

IV. RESPONSIBILITY

The Tribe/TDHE is responsible for ensuring that the amount of funds from all sources used to construct each unit does not exceed TDC limits. The Tribe/TDHE must maintain records showing that housing was developed in accordance with these limits and in compliance with other applicable NAHASDA requirements. Units that exceed TDC limits without HUD approval will not be deemed “affordable housing,” and all IHBG funds expended on such units will be disallowed.

V. DETERMINING TDC

A TDC is published for each Tribe and covers the Tribal area. It specifies five dwelling sizes, ranging from one to five bedrooms, and can be applied to a single family building up to four units. The construction of each dwelling unit must not exceed TDC limits.

TDC amounts are based on moderately designed housing. HUD uses two nationally recognized residential construction cost indices (M&S/B and RSMeans) for estimating the cost of construction of good and sound quality structures as follows:

Step 1: Determine Base Construction Cost for Each National Cost Index by Bedroom Size and Climate Condition. HUD first determines a per dwelling unit Base Construction Cost for each of the national cost indices (M&S/B and RSMeans) for each of the bedroom sizes (one through five bedrooms) and adjusts for climate conditions (Standard, Severe, and Hostile). The Base Construction Cost includes the dwelling unit construction costs and associated site grading and utilities within five feet of the structure.

Step 2: Apply Geographic Specific Multiplier to Determine Tribe’s Local Construction Base Cost Indices. HUD then applies the Local Cost Multiplier, based on ZIP Code, to the respective Base Construction Cost, for the Tribe or Tribal area. These multipliers account for cost variations across geographies, including differences in labor, shipping, and material costs.

- The M&S/B index publishes a Regional Multiplier (Eastern, Central, and West) that HUD applies in addition to the Local Cost Multiplier. RSMeans does not publish a similar regional multiplier.

Step 3: Determine Average of Tribe’s Local Construction Base Cost Indices. HUD computes the average of the Tribe’s two Local Construction Base Cost Indices by bedroom size and climate condition, adjusted for geographic specific conditions as described in Step 2.

Step 4: Apply Special Tribal Multiplier. HUD then applies a multiplier to the amount described in Step 3 to account for special Tribal conditions (Standard, Remote, Very Remote, and Special Cases).

Step 5: Apply Overhead Multiplier. HUD then applies a general multiplier to the amount described in Step 4 for all Tribes to account for costs necessary for administration, planning, site acquisition, financing (including payment of carrying charges), and on-site demolition, construction, or equipment, and for carrying out the development of the project. The TDC multiplier includes site and infrastructure costs that are five feet from the structure to the boundaries of a housing site.

VI. AFFORDABLE HOUSING/MODERATE DESIGN

As specified in [24 CFR 1000.156](#), affordable housing must be of moderate design. For these purposes, moderate design is defined as “housing that is of a size and with amenities consistent with unassisted housing offered for sale in the Tribe’s general geographic area to buyers who are at or below the area median income.”

The local determination of moderate design applies to all housing assisted under an affordable housing activity, including development activities (e.g., acquisition, new construction, reconstruction, moderate or substantial rehabilitation of affordable housing, and homebuyer assistance) and model activities. Acquisition includes assistance to a family to purchase housing, such as down payment, closing costs, or loan assistance. Units with the same number of bedrooms within a project must be comparable with respect to size, cost, and amenities.

VII. RECIPIENT DEVELOPMENT OF STANDARDS FOR HOUSING OF MODERATE DESIGN

A recipient must either use the TDC limits published by HUD or adopt written standards for its affordable housing programs that reflect the requirement specified in [24 CFR 1000.156](#). The standards must describe the type of housing, explain the basis for the standards, and use similar housing in the Tribe’s general geographic area. See [24 CFR 1000.158\(b\)](#).

For each affordable housing project, the recipient must maintain documentation substantiating compliance with the adopted housing standards. For the purposes of this requirement, a project is one or more housing units of comparable size and design, developed with assistance provided by IHBG funds.

NOTE: [24 CFR 1000.158](#) specifies that a recipient that develops standards for its affordable housing programs may not exceed by more than 10 percent the HUD published TDC limits without prior HUD approval.

VIII. VARIANCES

- a. **Variance to Published TDC.** If a Tribe/TDHE determines that the published TDC amounts are not representative of construction costs in its area, it may provide the Area Office of Native American Programs (AONAP) with a justification and request a variance. Variances may be requested for an individual project or for adjustments to current cost limits. The AONAP will review the request and justification to ensure it meets the requirements of this notice and then forward its recommendations to ONAP Headquarters for final review. The AONAP Administrator has the authority to approve variance requests that do not exceed 10 percent.
- b. **Request to Exceed the Tribe's Written Standards by More than 10 Percent.** In accordance with [24 CFR 1000.158\(b\)](#), a recipient that has adopted written standards for its affordable housing programs must request HUD approval to exceed TDC limits by more than 10 percent by providing the AONAP with a justification and requesting a variance. The AONAP will review the request and justification to ensure it meets the requirements of this notice and then forward its recommendations to ONAP Headquarters for final review and approval.

IX. VARIANCE SUBMISSION REQUIREMENT

A request for a variance must be submitted to the AONAP and must identify the variance requested and include a justification. Relevant information to include in the justification to support a variance, in addition to written bids, can include, but is not limited to, documentation demonstrating:

- a. Material costs have significantly increased since the last publication of TDCs.
- b. Site acquisition costs are unusual.
- c. Transportation costs of materials have increased since the last publication of TDCs.
- d. Natural disasters occurring after the last TDC publication date have caused an increase in material, shipping, labor, and other construction costs.
- e. Special local conditions exist that result in higher construction costs as verified by historical cost data for building affordable housing in their community.
- f. Significant additional costs for incorporating green building, energy efficiency, or other innovative practices, such as Indian Energy Resource regulation compliance.
- g. Evidence the Tribe/TDHE has worked with the AONAP to lower the costs of the project.

NOTE: Construction bids for projects that exceed the published TDC limits cannot be the sole justification for a variance.

X. SPECIAL REQUESTS

- a. **Development Outside of Tribe's Recognized Land-Base.** If a Tribe/TDHE chooses to fund the development of housing outside of its Tribally recognized land-base, the Tribe or TDHE must request TDCs that are appropriate for that location since the published TDCs only cover the tribally recognized land base. Tribes that are constructing or renovating affordable housing outside of their Tribally recognized land base but within their Indian Area, as defined in their Indian Housing Plan, must request TDCs from the AONAP on a project-by-project basis for those locations. Indian Area is defined in [24 CFR 1000.10](#) as the area within which a Tribe or TDHE operates affordable housing programs or the area in which a TDHE is authorized by one or more Tribes to operate affordable housing programs.
- b. **Development of Multifamily Units.** If a Tribe/TDHE decides to fund the development of a construction type that is not covered by these TDCs, including multifamily buildings of more than four units, it must request HUD provide TDC limits specific to the type of housing it is developing. The AONAP will review the request to ensure it meets the requirements of this notice and then forward to ONAP Headquarters for review and approval.

XI. TDCS FOR ALASKA

For remote Alaskan locations, HUD applies an additional multiplier to accommodate the increased construction and transportation costs of building materials in these areas. Additionally, this notice constitutes HUD approval for a two percent increase above the posted TDC limits to meet Building Energy Efficiency Standards (BEES). BEES are only required when funds provided by the State of Alaska are used in conjunction with HUD funds. Contact the Alaska AONAP for information on the applicability of BEES requirements.

XII. TIME ADJUSTMENTS

TDCs are calculated using the most recently published data and are valid until the next TDCs are published by HUD. No additional adjustments to the published TDCs are authorized. A Tribe/TDHE can use these new limits for current construction contracts if needed to accommodate change orders to cover increased housing costs since the last TDCs were published.

XIII. PERIODIC PUBLISHING OF THE TDC LIMITS AND EFFECTIVE DATE OF THE TDC

HUD will post the new TDC limits to the Native American Programs webpage in the Resources section at the following address: hud.gov/codetalk.

The new TDC limits are effective on the date they are published to this webpage.

XIV. ADDITIONAL INFORMATION

Please contact your AONAP for additional information regarding TDC requirements.



Benjamin Hobbs
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Public and Indian Housing