



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

ASSISTANT SECRETARY FOR HOUSING-
FEDERAL HOUSING COMMISSIONER

MORTGAGEE LETTER: 2025-11

DATE: April 14, 2025

Subject

Annual Revisions to Base City High-Cost Percentage and High-Cost Areas
Annual Indexing of MAP Guide's Substantial Rehabilitation and Large
Loan Risk Mitigation Thresholds

Purpose

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 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 Percentages (HCP) and High Cost Areas for 2025. The threshold for determining a High Cost Area (Special Limit Areas excepted) is a calculated, uncapped HCP that is greater than either 1) the United States average HCP, or 2) 270 percent.

For the geographic areas shown in Table 1, the maximum mortgage amount may be increased by its listed HCP. For the eligible High Cost Areas (Special Limit Areas excepted), the maximum mortgage amount may be increased by up to 215 percent, (equivalent to a 315 percent multiplier), where necessary on a project-by-project basis.

If only one geographic area is named in a given state, that area's HCP is to be used for all localities within the state. If multiple geographic areas are named in a given state, the applicable HCP is the listed area closest to the project's location.

The designated Annual Base City High Cost Percentages and High Cost Areas are effective January 1, 2025, for FHA multifamily mortgage insurance Firm Commitment applications and for amendments which have not been initially endorsed.

Special Limit Areas

Guam, the U.S. Virgin Islands, and the states of Alaska and Hawaii are Special Limit areas. The HCP for Special Limit Areas is 405 percent.

Per Unit Limit for Substantial Rehabilitation for Calendar Year 2025

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 5.1.2.A.2.b of the [2020 MAP Guide](#) requires that this base amount be annually adjusted for inflation based on the percentage change published by the Bureau of Labor Statistics of the Department of Labor or other inflation cost index. Accordingly, the 2025 base amount per dwelling unit to determine substantial rehabilitation for FHA insured loan programs is \$19,948 and was calculated using the CPI-U cost index increase of 3.4 percent as applied to the previous year's base amount.¹

Large Loan Risk Mitigation Threshold for Calendar Year 2025

Mortgagee Letter 2023-14 established a base loan amount of \$120 million to define the large loan risk mitigation threshold for applicable FHA insured loan programs. This Mortgagee Letter amended Section 3.10.1.C of the MAP Guide requiring HUD to annually review the threshold amount for an inflation adjustment, in \$5 million increments, based on the percentage change published by the Bureau of Labor Statistics of the Department of Labor or other inflation cost index. Applying the CPI-U cost index increase of 3.4 percent to the previous year's adjusted amount, the resulting value achieves the \$5 million

increment requirement, and thus the 2025 large loan threshold is increased to \$130 million. ²

This threshold may be applied to FHA multifamily mortgage insurance applications submitted or amended on or after January 1, 2025, so long as the loan has not been initially endorsed.

Jeffrey D. Little
General Deputy Assistant Secretary for Housing—
Federal Housing Commissioner

Attachment

TABLE 1

**FHA MULTIFAMILY STATUTORY MORTGAGE PROGRAMS
BASE PERCENTAGES FOR HIGH COST AREAS – EFFECTIVE JANUARY 2025**

WEST REGION	High Cost Percentage	High Cost Area (Up to 315% Waiver Eligible)
San Francisco CA – West Regional Center	270%	Yes
Bakersfield CA	270%	Yes
Eureka CA	270%	Yes
Fresno CA	270%	Yes
Los Angeles CA	270%	Yes
Riverside CA	270%	Yes
Sacramento CA	270%	Yes
San Diego CA	270%	Yes
<i>Anchorage AK</i>	<i>405%</i>	<i>n/a – Special Limit</i>
<i>Guam</i>	<i>405%</i>	<i>n/a – Special Limit</i>
Phoenix AZ	270%	Yes
Denver CO (Satellite Office)	270%	Yes
Grand Junction CO	270%	Yes
Boise ID	270%	Yes
<i>Honolulu HI</i>	<i>405%</i>	<i>n/a – Special Limit</i>
Billings MT	270%	Yes
Great Falls MT	270%	Yes
Fargo ND	270%	Yes
Las Vegas NV	270%	Yes
Reno NV	270%	Yes
Medford OR	270%	Yes
Portland OR	270%	Yes
Rapid City SD	270%	Yes
Sioux Falls SD	270%	Yes
Salt Lake City UT	270%	Yes
Seattle WA	270%	Yes
Spokane WA	270%	Yes
Casper WY	270%	Yes
Cheyenne WY	270%	Yes

SOUTHWEST REGION	High Cost Percentage	High Cost Area (315% Waiver Eligible)
Dallas / Ft. Worth TX – Southwest Regional Center	270%	Yes
Amarillo TX	270%	Yes
El Paso TX	270%	Yes
Houston TX	270%	Yes
San Antonio TX	270%	Yes
Little Rock AR	270%	Yes
Cedar Rapids IA	270%	Yes
Des Moines IA	270%	Yes
Wichita KS	270%	Yes
New Orleans, LA	270%	Yes
Shreveport LA	270%	Yes
Kansas City MO (Satellite Office)	270%	Yes
St. Louis MO	270%	Yes
Omaha NE	270%	Yes
Albuquerque NM	270%	Yes
Santa Fe NM	270%	Yes
Oklahoma City OK	270%	Yes

SOUTHEAST REGION	High Cost Percentage	High Cost Area (315% Waiver Eligible)
Atlanta GA – Southeast Regional Center	270%	Yes
Savannah GA	270%	Yes
Birmingham AL	270%	Yes
Mobile AL	270%	Yes
Jacksonville FL (Satellite Office)	270%	Yes
Miami FL	270%	Yes
Tampa FL	270%	Yes
Louisville KY	270%	Yes
Jackson MS	270%	Yes
Charlotte NC	270%	Yes
Raleigh NC	270%	Yes
Charleston SC	270%	Yes
Columbia SC	270%	Yes
Memphis TN	270%	Yes
Nashville TN	270%	Yes
<i>US Virgin Islands</i>	<i>405%</i>	<i>n/a – Special Limit</i>

MIDWEST REGION	High Cost Percentage	High Cost Area (315% Waiver Eligible)
Chicago IL – Midwest Regional Center	270%	Yes
Springfield IL	270%	Yes
Fort Wayne IN	270%	Yes
Indianapolis IN	270%	Yes
Detroit MI (Satellite Office)	270%	Yes
Minneapolis MN (Satellite Office)	270%	Yes
Duluth MN	270%	Yes
Cincinnati OH	270%	Yes
Cleveland OH	270%	Yes
Columbus OH	270%	Yes
Milwaukee WI	270%	Yes

NORTHEAST REGION	High Cost Percentage	High Cost Area (315% Waiver Eligible)
New York NY – Northeast Regional Office	270%	Yes
Albany NY	270%	Yes
Buffalo NY	270%	Yes
Rochester NY	270%	Yes
Bridgeport CT	270%	Yes
Hartford CT	270%	Yes
Washington DC	270%	Yes
Dover DE	270%	Yes
Boston MA (Satellite Office)	270%	Yes
Springfield MA	270%	Yes
Bangor ME	270%	Yes
Portland ME	270%	Yes
Baltimore MD (Satellite Office)	270%	Yes
Manchester NH	270%	Yes
Atlantic City NJ	270%	Yes
Newark NJ	270%	Yes
Harrisburg PA	270%	Yes
Philadelphia PA	270%	Yes
Pittsburg PA	270%	Yes
Providence RI	270%	Yes
Norfolk VA	270%	Yes
Richmond VA	270%	Yes
Burlington VT	270%	Yes
Charleston WV	270%	Yes

Footnotes:

1. Special Limit Area.