



FEDERAL HOUSING ADMINISTRATION

Office of Multifamily Housing Programs



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

November 16, 2022

Dear FHA Multifamily Program Participants:

Today we are pleased to announce that FHA's Multifamily mortgage insurance programs insured 1,078 mortgages for multifamily properties in fiscal year 2022, its second highest volume by dollar amount, at \$21.1 billion of unpaid principal balance, and slightly below its record fiscal year 2021 dollar volume. We are equally pleased to announce that we have resolved the queue for reviews of applications submitted for FHA insurance on multifamily mortgages, due in large part to both operational efficiencies and policy changes put in place throughout fiscal year 2022 that streamlined operations and removed unnecessary barriers.

Resolving the queue is the result of a concentrated effort by the entire Multifamily team at our regional offices and at HUD Headquarters, and achieving this milestone at a time of record demand for FHA-insured financing showcases our ongoing commitment to facilitating greater multifamily affordable housing development. Our Multifamily Accelerated Processing (MAP)-approved lenders and borrowers worked right alongside FHA staff to reach this resolution.

FHA experienced unprecedented levels of applications during the last three fiscal years. At its height in 2021, FHA's application review queue contained more than 500 mortgage insurance applications waiting to be assigned for FHA review. The elimination of this queue was made possible through a concerted effort to manage the high demand for mortgage insurance by reallocating resources, as well as several policy changes implemented in fiscal year 2022, including:

- A temporary procedural change that permitted eligible pre-applications to convert to firm applications while in the queue and allowed future eligible applicants to submit a direct-to-firm application. This change better-aligned application information with current market conditions and resulted in improved processing efficiency for borrowers, lenders, and HUD.
- The publication of Reserve for Replacement policy in Housing Notice 2022-04 and Mortgagee Letter 2022-12, which allowed lenders to approve requests for withdrawal from a property's reserve for replacement in certain instances on a delegated basis, resulting in increased efficiency and a shortened timeframe in processing borrower requests for disbursements.

In addition to its high volume, in fiscal year 2022, HUD's Office of Multifamily Housing:

- Issued \$1.6 billion in firm commitments for mortgage insurance through its Federal Finance Bank Risk-Sharing Initiative which will create or preserve over 9,000 affordable rental homes.

- Surpassed \$15 billion in construction investment for affordable housing preservation through the Rental Assistance Demonstration (RAD) since the program's inception in 2013. Public Housing Authorities have leveraged RAD to finance the construction, rehabilitation, and preservation of more than 185,000 deeply affordable rental homes for low-income families, seniors, and persons with disabilities over the past nine years.
- Supported 1.4 million low-income individuals and families through its assisted housing programs.

Sincerely,

FHA's Office of Multifamily Housing Programs