



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

OFFICE OF HOUSING

MEMORANDUM FOR:

All Multifamily Regional Directors  
All Multifamily Production Directors  
All Multifamily Operations Officers  
Multifamily FHA MAP Lenders

FROM:

Patricia M. Burke, Acting Director  
Office of Multifamily Production

*Patricia M. Burke*  
7/26/19

SUBJECT:

MAP Guide Clarification, Inclusion of Opportunity Zones  
Under Section 220 of the National Housing Act

The 2017 Tax Cuts and Jobs Act (P.L. 115–97, Dec 22, 2017) created a new tax incentive known as Qualified Opportunity Funds, which invest capital gains into projects located in Opportunity Zones. Opportunity Zones are census tracts that are *low-income communities* as defined in Section 1400Z(c) of the Act, which references the New Market Tax Credit program at 26 U.S.C. 45D(e). On July 9, 2018, the IRS published a list of more than 8,700 census tracts designated by the Secretary of the Treasury as *qualified opportunity zones* in the 50 states and U.S. territories: <https://www.irs.gov/pub/irs-irbs/irb18-28.pdf>. The list was updated on December 14, 2018 to include two additional census tracts in Puerto Rico and can be found at: <https://www.cdfifund.gov/Pages/Opportunity-Zones.aspx>. An Executive Order 13853 establishing the White House Opportunity and Revitalization Council, signed December 12, 2018, created a Council “to encourage public and private investments in urban and economically distressed areas, including qualified opportunity zones.”

To further promote Opportunity Zones, the Department of Housing and Urban Development (HUD) determined that all designated Opportunity Zone tracts are automatically eligible areas under Section 220 of the National Housing Act. Section 220 insures mortgages for the new construction or substantial rehabilitation of mixed-use housing projects in urban renewal areas, code enforcement areas and other areas where local governments have undertaken designated revitalization activities. Eligibility criteria for Section 220 includes concentrated development areas in which concentrated housing, physical development and public service activities are being carried out in a coordinated manner, pursuant to a locally developed strategy for neighborhood improvement, conservation or preservation.

Based on the fact that locally developed strategies were used in the designation of Opportunity Zones nationally and in the United States Territories, we have determined they are eligible areas for the use of mortgage insurance under Section 220 of the National Housing Act. All applications for

mortgage insurance under Section 220 must meet the underwriting standards outlined in the MAP Guide.

This memo is effective immediately and subsequently will be reflected in the next version of the MAP Guide. Please contact Elizabeth H. Arteaga, Housing Program Officer, Office of Multifamily Housing Production with any questions or comments at (202)402-3584, or [elizabeth.h.arteaga@hud.gov](mailto:elizabeth.h.arteaga@hud.gov).