



OFFICE OF HOUSING

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

MEMORANDUM FOR: Multifamily Regional Directors
Multifamily Satellite Office Directors
Multifamily Owners and Management Agents

FROM: Jennifer L. Larson, Director, Office of
Asset Management and Portfolio Oversight, HTG

SUBJECT: **Update to the per unit cost to determine substantial rehabilitation
threshold for REAC inspection postponements**

[Housing Notice 2024-02](#) issued January 22, 2024, indicates the base amount per dwelling unit to determine substantial rehabilitation is now \$19,293. The updated threshold renders obsolete Housing Notice 2023-04, issued on April 7, 2023, along with the memo dated July 4, 2023, which initially set the prior base amount of \$18,392 for approving delays in physical inspections. This current memo serves as a replacement, with the current figure now at \$19,293 and subject to change.

The March 21, 2019, memo titled “Approving the Delay of a Physical Inspection Beyond the New Real Estate Assessment Center (REAC) Inspection Notification Timelines” indicated that for a field office to consider an owner’s request to delay an inspection because of a substantial rehabilitation, the total cost of the rehabilitation must have a per unit cost minimum. This minimum is established in accordance with Section 5.1.2.A.2.b of the MAP Guide, which requires an annual adjustment “for inflation based on the percentage change published by the Bureau of Labor Statistics of the Department of Labor or other inflation cost index. Adjustments are anticipated in each new Housing Notice titled “Annual Revision to Base City High-Cost Percentage, High-Cost Area, and Per Unit Substantial Rehabilitation Threshold.” If you have any questions, please contact Latosha Morris-Byrd Latosha.Morris-Byrd@hud.gov

Internal HUD Distribution:						
Identification Lines :						
Annual Substantial Rehab Memo J Drive						
Correspondence Code	Originator HTNA MORRIS- BYRD	Concurrence HTNA CLARK	Concurrence HTNA GAMEZ	Concurrence	Concurrence	Concurrence
Name						
Date						

Official Record Copy

U.S. Department of Housing and Urban Development
Previous edition is obsolete.

form HUD-713.1 (02/03)