




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:  Christie M. Newhouse, Acting 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**

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 of \$15,000 or more. [Housing Notice 2023-04](#) issued April 7, 2023, indicates the base amount per dwelling unit to determine substantial rehabilitation is now \$18,392. This adjustment is made 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. This new threshold will make obsolete any previous dollar amount thresholds for approving the delay of a physical inspection. This amount is subject to change and an annual adjustment can be expected with each new Housing Notice titled “Annual Revisions to Base City High-Cost Percentage, High-Cost Area and Per Unit Substantial Rehabilitation Threshold.”¹ This amount applies to both insured and non-insured properties when a field office is considering an owner’s request to delay an inspection for substantial rehabilitation. If you have any questions, please contact Latosha Morris-Byrd at Latosha.Morris-Byrd@hud.gov.

¹ The latest Housing Notice can be found here: https://www.hud.gov/program_offices/administration/hudclips/notices/hsg