



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

OFFICE OF HOUSING

All Regional Directors
Field Office Directors
Multifamily Regional Center
Multifamily Program Center/Satellite Office
Directors, Supervisory Project Managers

NOTICE 2018- 04

Issued: May 23, 2018

Expires: This notice remains in effect until amended, superseded or rescinded.

Cross Reference:
Mortgagee Letter 2018-04

SUBJECT: Annual Revisions to Base City High Cost Percentage, High Cost Area and Per Unit Substantial Rehabilitation Threshold for 2018

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 170 percent, or 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 Areas for 2018. The threshold for a High Cost Area has been set for all areas (Special Limit Areas excepted) with a “calculated” High Cost Percentage (HCP) of 292.54 or greater, but because of the statutory cap of 170 percent or 270 multiplier, some localities have a higher HCP but still have the 270 multiplier.

The attached designated Annual Base City High Cost Percentages and High Cost Areas are effective January 1, 2018, for FHA multifamily mortgage insurance firm commitment applications and for amendments which have not been initially endorsed. The area multiplier is to be used for all localities in the state if only one city has been named in the state. If multiple cities are named in any state, use the multiplier for the city closest to the location of the city named in this Notice.

PER UNIT LIMIT FOR SUBSTANTIAL REHABILITATION FOR CALENDAR YEAR 2018

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.D.2 of the MAP guide requires that this base amount be adjusted periodically based on the percentage change published by the Consumer Financial Protection Bureau or other inflation cost index published by HUD. Accordingly, the 2018 base amount per dwelling unit to determine substantial rehabilitation for FHA insured loan programs is \$15,636.

SPECIAL LIMIT AREAS

Guam, the U.S. Virgin Islands, and the states of Alaska and Hawaii are Special Limit areas. Care should be taken to ensure that the appropriate limits are used for corresponding programs. The HCP for Special Limit Areas is 405 percent.

Paperwork Reduction Act

There are no information collection requirements in this Notice, and therefore the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) does not apply. In accordance with the Paperwork Reduction Act, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB control number.

Attachment

Dana T. Wade
General Deputy Assistant Secretary for Housing

**FHA Multifamily Statutory Mortgage Programs
Base Percentages for High Cost Areas – Effective January 2018**

Atlanta GA – Southeast Regional Office 260%	Ft. Worth TX – Southwest Regional Office 225%	San Francisco CA – Western Regional Office 270%
Birmingham AL 236%	Dallas TX 229%	Los Angeles CA 270%
Jacksonville FL* 262%	Houston TX 226%	Sacramento CA 270%
Key West FL 270%	Lubbock TX 217%	San Diego CA 270%
Miami FL 264%	San Antonio TX 198%	Santa Ana CA 270%
Tampa FL 270%	Little Rock AR 215%	Anchorage AK** 405%
Louisville KY 256%	Des Moines IA 257%	Phoenix AZ 263%
Jackson MS 229%	Topeka KS 242%	Denver CO* 270%
Greensboro NC 245%	New Orleans, LA 229%	Boise ID 270%
San Juan PR 270%	Shreveport LA 221%	Honolulu HI** 405%
Columbia SC 248%	Kansas City MO* 270%	Helena MT 262%
Knoxville TN 228%	St. Louis MO 270%	Fargo ND 262%
Memphis TN 226%	Omaha NE 236%	Las Vegas NV 270%
Nashville TN 238%	Albuquerque NM 253%	Portland OR 270%
US Virgin Islands** 405%	Oklahoma City OK 239%	Sioux Falls SD 239%
	Tulsa OK 235%	Salt Lake City UT 270%
		Seattle WA 270%
		Spokane WA 270%
		Casper WY 269%
		Guam ** 405%
Chicago IL – Midwest Regional Office 270%	New York NY – Northeast Regional Office 270%	
Springfield IL 270%	Albany NY 270%	
Indianapolis IN 269%	Buffalo NY 270%	
Detroit MI* 270%	Hartford CT 270%	
Grand Rapids MI 260%	Washington DC 270%	
Minneapolis MN* 270%	Wilmington DE 270%	
Cincinnati OH 252%	Boston MA* 270%	
Cleveland OH 270%	Bangor ME 270%	
Columbus OH 269%	Baltimore MD* 270%	
Milwaukee WI 270%	Manchester NH 270%	
	Camden NJ 270%	
	Newark NJ 270%	
	Philadelphia PA 270%	
	Pittsburg PA 270%	
	Providence RI 270%	
	Richmond VA 270%	
	Burlington VT 270%	
	Charleston WV 270%	
		Satellite Office - *
		Special Limit- **
		Note: Offices with a “calculated” HCP of 292.54 (before the statutory cap of 270) or higher are designated “High Cost Areas” and are shaded.