



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

OFFICE OF HOUSING

MORTGAGEE LETTER 2019-08

Date: May 20, 2019

TO: ALL FHA APPROVED MULTIFAMILY MORTGAGEES

SUBJECT: Annual Revisions to Base City High Cost Percentage, High Cost Area and Per Unit Substantial Rehabilitation Threshold for 2019

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 2019. 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 309.6 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, 2019, 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 any 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 Mortgagee Letter.

**PER UNIT LIMIT FOR SUBSTANTIAL REHABILITATION FOR CALENDAR YEAR 2019**

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 2019 base amount per dwelling unit to determine substantial rehabilitation for FHA insured loan programs of \$15,933 has been calculated based on the CPI-U of 1.9 percent increase applied to the previous year's base amount.

### **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 Mortgage Letter, 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

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Brian D. Montgomery  
Assistant Secretary for Housing – Federal Housing  
Commissioner

Attachment

**FHA MULTIFAMILY STATUTORY MORTGAGE PROGRAMS  
BASE PERCENTAGES FOR HIGH COST AREAS – EFFECTIVE JANUARY 2019**

<b>Atlanta GA</b> Southeast Regional Office	270%	<b>Ft. Worth TX</b> Southwest Regional Office	243%	<b>San Francisco CA</b> Western Regional Office	270%
Birmingham AL	245%	Dallas TX	247%	Los Angeles CA	270%
Jacksonville FL*	267%	Houston TX	238%	Sacramento CA	270%
Key West FL	270%	Lubbock TX	225%	San Diego CA	270%
Miami FL	270%	San Antonio TX	209%	Santa Ana CA	270%
Tampa FL	270%	Little Rock AR	232%	Anchorage AK**	405%
Louisville KY	269%	Des Moines IA	270%	Guam**	405%
Jackson MS	237%	Topeka KS	258%	Phoenix AZ	270%
Greensboro NC	262%	New Orleans LA	239%	Denver CO*	270%
San Juan PR	270%	Shreveport LA	235%	Boise ID	270%
Columbia SC	262%	Kansas City MO*	270%	Honolulu HI**	405%
Knoxville TN	241%	St. Louis MO	270%	Helena MT	270%
Memphis TN	240%	Omaha NE	252%	Fargo ND	270%
Nashville TN	248%	Albuquerque NM	264%	Las Vegas NV	270%
US Virgin Islands**	405%	Oklahoma City OK	255%	Portland OR	270%
		Tulsa OK	241%	Sioux Falls SD	257%
				Salt Lake City UT	270%
				Seattle WA	270%
				Spokane WA	270%
				Casper WY	270%
<b>Chicago IL</b> Midwest Regional Office	270%	<b>New York NY</b> Northeast Regional Office	270%		
Springfield IL	270%	Albany NY	270%		
Indianapolis IN	270%	Buffalo NY	270%		
Detroit MI*	270%	Hartford CT	270%		
Grand Rapids MI	270%	Washington DC	270%		
Minneapolis MN*	270%	Wilmington DE	270%		
Cincinnati OH	269%	Boston MA*	270%		
Cleveland OH	270%	Bangor ME	270%		
Columbus OH	270%	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 309.96 (before the statutory cap of 270) or higher are designated “**High Cost Areas**” and are shaded.