



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

ASSISTANT SECRETARY FOR HOUSING-
FEDERAL HOUSING COMMISSIONER

September 14, 2021

MORTGAGEE LETTER 2021-22

Subject

Annual Revisions to Base City High Cost Percentage, High Cost Area and Per Unit Substantial Rehabilitation Threshold for 2021

Purpose

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 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 2021. 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 342.16 or greater. For these High Cost Areas shaded in the chart below (Special Limit Areas excepted), the maximum mortgage amount may be increased by up to 215 percent, (equivalent to a 315 percent multiplier), where necessary on a project-by-project basis. For the remaining unshaded geographical areas, the maximum mortgage amount may be increased by up to 170 percent (equivalent to a 270 percent multiplier). The 315 percent multiplier is not available for projects in the unshaded geographical areas.

The attached designated Annual Base City High Cost Percentages and High Cost Areas are effective January 1, 2021, 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 Mortgage Letter.

**Per Unit Limit
for Substantial
Rehabilitation
for Calendar
Year 2021**

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 5.1.2.A.2.b of the [2020 MAP Guide](#) requires that this base amount be annually adjusted for inflation based on the percentage change published by the Bureau of Labor Statistics of the Department of Labor or other inflation cost index. Accordingly, the 2021 base amount per dwelling unit to determine substantial rehabilitation for FHA insured loan programs is \$16,299 and was calculated using the CPI-U cost index increase of 0.3 percent as applied to the previous year's base amount.¹

**Special Limit
Areas**

Guam, the U.S. Virgin Islands, and the states of Alaska and Hawaii are Special Limit areas. The HCP for Special Limit Areas is 405 percent.

Lopa P. Kolluri
Principal Deputy Assistant Secretary for the Office
of Housing - Federal Housing Administration

Attachment

¹ For 2021, HUD implemented the Consumer Finance Protection Bureau's adjustment period and a one-time proration is required to the 0.3 percent figure, which was computed from April 2019 to April 2020 (see 85 FR 50944, Aug. 19, 2020). Because HUD's previous Dollar Amounts utilized CPI-U data through December 2019, only interim CPI-U data from January 2020 through April 2020 is reflected in the table calculations. The overall impact of this adjustment resulted in no change for Calendar Year 2021, because CPI-U showed minor inflation of 1 percent in January and February 2020, but was fully offset by minor deflation of 1 percent in March and April 2020, associated with COVID-19 pandemic economic disruptions.

**FHA MULTIFAMILY STATUTORY MORTGAGE PROGRAMS
BASE PERCENTAGES FOR HIGH COST AREAS – EFFECTIVE JANUARY 2021**

WESTERN REGION	High Cost Percentage
San Francisco CA (Western Regional Office)	270%
Los Angeles CA	270%
Sacramento CA	270%
San Diego CA	270%
Santa Ana CA	270%
Anchorage AK*	405%
Guam*	405%
Phoenix AZ	270%
Denver CO (Satellite Office)	270%
Boise ID	270%
Honolulu HI*	405%
Helena MT	270%
Fargo ND	270%
Las Vegas NV	270%
Portland OR	270%
Sioux Falls SD	270%
Salt Lake City UT	270%
Seattle WA	270%
Spokane WA	270%
Casper WY	270%

SOUTHWEST REGION	High Cost Percentage
Ft. Worth TX (Southwest Regional Office)	259%
Dallas TX	256%
Houston TX	263%
Lubbock TX	242%
San Antonio TX	250%
Little Rock AR	270%
Des Moines IA	270%
Topeka KS	270%
New Orleans LA	257%
Shreveport LA	270%
Kansas City MO (Satellite Office)	270%
St. Louis MO	270%
Omaha NE	270%
Albuquerque NM	270%
Oklahoma City OK	270%
Tulsa OK	252%

SOUTHEAST REGION	High Cost Percentage
Atlanta GA (Southeast Regional Office)	270%
Birmingham AL	255%
Jacksonville FL (Satellite Office)	270%
Key West FL	270%
Miami FL	270%
Tampa FL	270%
Louisville KY	270%
Jackson MS	265%
Greensboro NC	270%
San Juan PR	270%
Columbia SC	270%
Knoxville TN	270%
Memphis TN	270%
Nashville TN	270%
US Virgin Islands*	405%

MIDWEST REGION	High Cost Percentage
Chicago IL (Midwest Regional Office)	270%
Springfield IL	270%
Indianapolis IN	270%
Detroit MI (Satellite Office)	270%
Grand Rapids MI	270%
Minneapolis MN (Satellite Office)	270%
Cincinnati OH	270%
Cleveland OH	270%
Columbus OH	270%
Milwaukee WI	270%

NORTHEAST REGION	High Cost Percentage
New York NY (Northeast Regional Office)	270%
Albany NY	270%
Buffalo NY	270%
Hartford CT	270%
Washington DC	270%
Wilmington DE	270%
Boston MA (Satellite Office)	270%
Bangor ME	270%
Baltimore MD (Satellite Office)	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%

*** Special Limit Areas**

Note:

Offices with a “calculated” HCP of **342.16** (before the statutory cap of 270 percent) or higher are designated “**High Cost Areas**” and are **shaded**. A higher base percentage multiplier of up to 315 percent may be applied to these High Cost Areas (Special Limit Areas excepted) where necessary, on a project-by-project basis.