



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

ASSISTANT SECRETARY FOR HOUSING-  
FEDERAL HOUSING COMMISSIONER

**MORTGAGEE LETTER: 2023-07**

**DATE: April 7, 2023**

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**Subject**

**Annual Revisions to Base City High Cost Percentage, High Cost Area and Per Unit Substantial Rehabilitation Threshold for 2023**

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**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 2023. 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 541.20 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, 2023, 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.

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**Per Unit Limit  
for Substantial  
Rehabilitation  
for Calendar  
Year 2023**

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 2023 base amount per dwelling unit to determine substantial rehabilitation for FHA insured loan programs is \$18,392 and was calculated using the CPI-U cost index increase of 8.3 percent as applied to the previous year's base amount.

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**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.

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Julia R. Gordon, Assistant Secretary for Housing—  
Federal Housing Commissioner

**FHA MULTIFAMILY STATUTORY MORTGAGE PROGRAMS  
BASE PERCENTAGES FOR HIGH COST AREAS – EFFECTIVE JANUARY 2023**

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

<b>SOUTHWEST REGION</b>	<b>High Cost Percentage</b>
<b>Ft. Worth TX – Southwest Regional Office</b>	270%
Dallas TX	270%
Houston TX	270%
Lubbock TX	270%
San Antonio TX	270%
Little Rock AR	270%
Des Moines IA	270%
Topeka KS	270%
New Orleans, LA	270%
Shreveport LA	270%
<b>Kansas City MO (Satellite Office)</b>	270%
St. Louis MO	270%
Omaha NE	270%
Albuquerque NM	270%
Oklahoma City OK	270%
Tulsa OK	270%

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

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

<b>NORTHEAST REGION</b>	<b>High Cost Percentage</b>
<b>New York NY – Northeast Regional Office</b>	270%
Albany NY	270%
Buffalo NY	270%
Hartford CT	270%
Washington DC	270%
Wilmington DE	270%
<b>Boston MA (Satellite Office)</b>	270%
Bangor ME	270%
<b>Baltimore MD (Satellite Office)</b>	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 **541.20** (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.