



FHA INFO 2023-30

April 13, 2023

FHA Seeks Feedback on Guidance for Accessory Dwelling Unit Rental Income Policy

To support the goals of increasing the stock of affordable housing and expanding opportunities for wealth building and homeowner stability, the Federal Housing Administration (FHA) is proposing updates to its appraisal protocols, underwriting requirements, and the Home Equity Conversion Mortgages' (HECM) financial assessment to permit the inclusion of income from an Accessory Dwelling Unit (ADU) in the assessment of a borrower's qualifying income for purposes of obtaining FHA-insured mortgage financing. Today, a draft Mortgagee Letter (ML), *Consideration of Accessory Dwelling Unit Rental Income*, was posted on [FHA's Single Family Housing Drafting Table](#) webpage for stakeholder feedback. ADUs are an important component of the [Biden/Harris Administration Housing Supply Action Plan](#).

With the proposed policy provided in this draft ML, prospective borrowers financing a property with an ADU will be able to use the actual or projected rental income from the ADU to help meet FHA income guidelines. Specifically, this draft ML proposes policy on underwriting rental income from an ADU and for the analysis and reporting of ADU market rent in FHA appraisals. It also proposes policy that adds ADUs to the types of improvements eligible for the FHA Standard 203(k) Rehabilitation Mortgage Insurance Program and for including ADU rental income when performing financial assessments for HECM.

Interested stakeholders are encouraged to thoroughly review and provide feedback on the draft ML through April 27, 2023. Instructions for viewing the draft ML and providing feedback are available on the [Drafting Table](#). FHA is especially interested in feedback on the sufficiency of its proposed policy provisions to ensure that borrowers can meet their mortgage obligations for 203(k) mortgages used to finance the new construction or rehabilitation of an ADU if construction or renovation of the ADU takes longer than anticipated. FHA will carefully consider all feedback received before publishing a final ML.

For more information, read today's [press release](#).

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