



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

ASSISTANT SECRETARY FOR HOUSING-  
FEDERAL HOUSING COMMISSIONER

**Special Attention of:**

**All Regional Directors, Multifamily Hub  
Directors, Multifamily Program Center  
Directors, Supervisory Project Managers**

**Notice H 2012-7**

**Issued: April 24, 2012**  
**Expires: This notice remains in effect until  
amended, revoked, or  
superseded**

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**Cross Reference:**  
**Mortgage Letter 2012-9**

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**SUBJECT:** Annual Base City High Cost Percentage and High Cost Area Revisions for 2012

In accordance with Chapter 5, paragraph 5-6 of HUD Handbook 4445.1 REV-2, Underwriting Technical Direction for Project Mortgage Insurance, we have reviewed the High Cost Percentages (HCP) for each Base City. Each Base City HCP has been recalculated based on Marshall & Swift construction data. The results are reflected in the attached list of authorized Base City HCPs, effective January 1, 2012.

**Statutory Exceptions to the Maximum Mortgage Amounts and High Cost Areas**

Maximum mortgage amounts were revised by the Consolidated Appropriations Act 2008 (Public Law 110-161, approved December 26, 2007) (FY 2008 Appropriations Act) which appropriated Fiscal Year 2008 funds for the majority of Federal agencies, including HUD. 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 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 Development has developed a list of High Cost Areas. For 2012, the threshold for a High Cost Area has been set for all areas (Special Limit Areas excepted) with assigned HCP multipliers of 267 percent or greater. This list (Base City High Cost percentages) is attached.

Hub Offices and Program Centers are instructed to examine the list in order to determine if their area is a High Cost Area, eligible for the maximum 215 percent increase (equivalent to a 315 percent multiplier) on a project-by-project basis.

Note that any change in any Office's annual HCP and High Cost Area can only be made by HUD Headquarters.

### 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%.

### Exceeding Assigned Geographic Field Office HCPs on a Case-by-Case Basis for FHA Statutory Mortgage Programs

Under the Delegation of Authority, the Commissioner has delegated Hub Directors the authority to waive the Handbook, on a case-by-case basis, and exceed their assigned geographic HCP ceilings, up to statutory maximum of 170 (270 multiplier). Those Directors who choose to exercise this Handbook waiver authority must document the project file in accordance with Paragraph 5-3 of HUD Handbook 4425.1 REV-2 CHG-1.

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Carol J. Galante  
Acting Assistant Secretary for Housing –  
Federal Housing Commissioner

**FHA MULTIFAMILY STATUTORY MORTGAGE PROGRAMS**  
**BASE CITY HIGH COST PERCENTAGES - Effective January 1, 2012**

<u>BASE CITY</u>	<u>HCP</u>
<b>BOSTON MA</b>	270 %
HARTFORD CT	270 %
BANGOR ME (PORTLAND)	267 %
MANCHESTER NH	270%
PROVIDENCE RI	270 %
BURLINGTON VT	270 %
<b>NEW YORK NY</b>	270 %
ALBANY NY	270 %
<b>BUFFALO NY</b>	270 %
<b>PHILADELPHIA PA</b>	270 %
CHARLESTON WV	270 %
CAMDEN NJ (TRENTON)	270 %
NEWARK NJ	270 %
PITTSBURGH PA	270 %
WILMINGTON DE	270 %
<b>BALTIMORE MD</b>	267 %
WASHINGTON DC	270 %
RICHMOND VA	244 %
<b>GREENSBORO</b>	234 %
COLUMBIA SC	224 %
<b>ATLANTA GA</b>	230 %
LOUISVILLE KY	223%
KNOXVILLE TN	211 %
MEMPHIS TN	202 %
NASHVILLE TN	211 %
SAN JUAN PR (K WST)	270 %
US VIRG ISL.(SPEC LMT)	405 %
<b>JACKSONVILLE</b>	230 %
BIRMINGHAM AL	208 %
JACKSON MS	205 %
MIAMI FL	230 %
TAMPA FL	240 %
<b>CHICAGO IL</b>	270 %
SPRINGFIELD IL	270 %
INDIANAPOLIS IN	239 %
<b>COLUMBUS OH</b>	239 %
CLEVELAND OH	254 %
CINCINNATI OH	230 %

<u>BASE CITY</u>	<u>HCP</u>
<b>DETROIT MI</b>	270 %
GRAND RAPIDS MI	233 %
<b>MINNEAPOLIS MN</b>	270 %
MILWAUKEE WI	270 %
<b>FORT WORTH TX</b>	199 %
LITTLE ROCK AR	208 %
NEW ORLEANS LA	208 %
SHREVEPORT LA	207 %
ALBUQUERQUE NM	231 %
DALLAS TX	199 %
HOUSTON TX	196 %
LUBBOCK TX	199 %
SAN ANTONIO TX	187 %
<b>KANSAS CITY KS</b>	270 %
DES MOINES IA	230 %
TOPEKA KS	233 %
ST. LOUIS MO	270 %
OMAHA NE	220 %
OKLAHOMA CITY OK	211 %
TULSA OK	208 %
<b>DENVER CO</b>	251 %
HELENA MT	231 %
FARGO ND	230 %
SIOUX FALLS SD	217%
SALT LAKE CITY UT	244 %
CASPER WY	244 %
<b>LOS ANGELES CA</b>	270 %
SANTA ANA CA (L.A.)	270 %
SAN DIEGO CA	270 %
<b>SAN FRANCISCO CA</b>	270 %
PHOENIX AZ	244 %
SACRAMENTO CA	270 %
HONOLULU HI (SP LMT)	405 %
LAS VEGAS NV	270 %
<b>SEATTLE WA</b>	270 %
ANCHORAGE AK(SP LMT)	405 %
BOISE ID	257 %
PORTLAND OR	270 %
SPOKANE WA	270 %

NOTE: Offices with an HCP of 267 or higher are designated High Cost Areas (HCA) and are shaded