



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

OFFICE OF HOUSING

Date: January 11, 2017

MORTGAGEE LETTER 2017-02

TO: ALL FHA APPROVED MULTIFAMILY MORTGAGEES

SUBJECT: Annual Base City High Cost Percentage and High Cost Area Revisions
for 2016

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 2016. 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 281.70 or greater, but because of the statutory cap of 170 percent or 270 percent multiplier, some localities have a higher HCP but still have the 270 percent multiplier.

The attached designated Annual Base City High Cost Percentages and High Cost Areas are effective January 1, 2016 and for transactions with firm commitments issued prior to the publication of the High Cost Percentages and Area Revisions for calendar year 2017.

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 Mortgagee 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

Edward L. Golding
Principal Deputy Assistant Secretary for Housing

**FHA Multifamily Statutory Mortgage Programs
Base Percentages for High Cost Areas – Effective January 2016**

Atlanta GA – Southeast Regional Office 252% Birmingham AL 221% Little Rock AR 212% Jacksonville FL* 243% Key West FL 270% Miami FL 253% Tampa FL 265% Louisville KY 239% Jackson MS 212% Greensboro NC 244% San Juan PR 270% Columbia SC 237% Knoxville TN 226% Memphis TN 220% Nashville TN 223% US Virgin Islands** 405%	Ft. Worth TX – Southwest Regional Office 215% Dallas TX 212% Houston TX 209% Lubbock TX 192% San Antonio TX 212% Little Rock AR 242% Des Moines IA 233% Topeka KS 218% New Orleans, LA 221% Shreveport LA 270% Kansas City MO* 270% St. Louis MO 224% Omaha NB 233% Oklahoma City OK 226% Tulsa OK	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% Phoenix AZ 248% Denver CO* 270% Boise ID 270% Honolulu HI** 405% Helena MT 250% Fargo ND 249% Las Vegas NV 270% Portland OR 270% Salt Lake City UT 261% Seattle WA 270% Spokane WA 270% Casper WY 262%
Chicago IL – Midwest Regional Office 270% Springfield IL 270% Indianapolis IN 248% Detroit MI* 270% Grand Rapids MI 243% Minneapolis MN* 270% Cincinnati OH 248% Cleveland OH 270% Columbus OH 248% Milwaukee WI 270%	New York NY – Northeast Regional Office 270% Albany NY 270% Buffalo NY 270% Hartford CT 270% Washington DC 270% Wilmington DE 270% Boston MA* 270% Bangor ME 270% Baltimore MD* 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%	<p align="center">Satellite Office - *</p> <p align="center">Special Limit- **</p> <p>Note: Offices with a “calculated” HCP of 281.70 (before the statutory cap of 270) or higher are designated “High Cost Areas” and are shaded. The Multifamily for Tomorrow (MFT) Transformation has been completed, so this Housing Notice reflects the MFT changes with respect to the new organizational structure.</p>

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