



OFFICE OF HOUSING

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

August 31, 2017

MORTGAGEE LETTER 2017-14

TO: ALL FHA APPROVED MULTIFAMILY MORTGAGEES

SUBJECT: Annual Revisions to Base City High Cost Percentage, High Cost Area and Per Unit Substantial Rehabilitation Threshold for 2017

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 2017. 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 287.23 or greater, but because of the statutory cap of 170 percent or 270 multiplier, some localities have a higher HCP but still have the 270 multiplier.

The attached designated Annual Base City High Cost Percentages and High Cost Areas are effective January 1, 2017, for FHA multifamily mortgage insurance Firm Commitment applications and for amendments which have not been initially endorsed, and establishes new geographical areas to apply Base Percentages for High Cost Areas. 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.

PER UNIT LIMIT FOR SUBSTANTIAL REHABILITATION FOR CALENDAR YEAR 2017

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.D.2 of the MAP guide requires that this base amount be adjusted periodically based on the percentage change published by the Consumer Financial Protection Bureau or other inflation cost index published by HUD. Accordingly, the 2017 base amount per dwelling unit to determine substantial rehabilitation for FHA insured loan programs is \$15,315.

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

Dana T. Wade
General Deputy Assistant Secretary for Housing

FHA Multifamily Statutory Mortgage Programs
Base Percentages for High Cost Areas – Effective January 2017

Atlanta GA		Ft. Worth TX		San Francisco CA	
Southeast Regional Office	259%	Southwest Regional Office	223%	Western Regional Office	270%
Birmingham AL	221%	Dallas TX	223%	Los Angeles CA	270%
Little Rock AR	216%	Houston TX	219%	Sacramento CA	270%
Jacksonville FL*	243%	Lubbock TX	227%	San Diego CA	270%
Key West FL	270%	San Antonio TX	198%	Santa Ana CA	270%
Miami FL	261%	Little Rock AR	216%	Anchorage AK**	405%
Tampa FL	270%	Des Moines IA	250%	Phoenix AZ	258%
Louisville KY	250%	Topeka KS	235%	Denver CO*	270%
Jackson MS	225%	New Orleans, LA	225%	Boise ID	270%
Greensboro NC	244%	Shreveport LA	223%	Honolulu HI**	405%
San Juan PR	270%	Kansas City MO*	270%	Helena MT	257%
Columbia SC	248%	St. Louis MO	270%	Fargo ND	254%
Knoxville TN	228%	Omaha NB	235%	Las Vegas NV	270%
Memphis TN	225%	Albuquerque NM	252%	Portland OR	270%
Nashville TN	234%	Oklahoma City OK	240%	Sioux Falls	230%
US Virgin Islands**	405%	Tulsa OK	237%	Salt Lake City UT	270%
				Seattle WA	270%
				Spokane WA	270%
				Casper WY	269%

Chicago IL – Midwest Regional Office	270%	New York NY Northeast Regional Office	270%	<p>FHAMultifamily Production Satellite Office - *</p> <p>Special Limit- **</p> <p>Note: Offices with a “calculated” HCP of 287.23 (before the statutory cap of 270) or higher are designated “High Cost Areas” and are shaded.</p>
Springfield IL	270%	Albany NY	270%	
Indianapolis IN	258%	Buffalo NY	270%	
Detroit MI*	270%	Hartford CT	270%	
Grand Rapids MI	257%	Washington DC	270%	
Minneapolis MN*	270%	Wilmington DE	270%	
Cincinnati OH	248%	Boston MA*	270%	
Cleveland OH	270%	Bangor ME	270%	
Columbus OH	258%	Baltimore MD*	270%	
Milwaukee WI	270%	Manchester NH	270%	
		Camden NJ	270%	
		Newark NJ	270%	
		Philadelphia PA	270%	
		Pittsburgh PA	270%	
		Providence RI	270%	
		Richmond VA	270%	
		Burlington VT	270%	
		Charleston WV	270%	