

February 11, 2008

## **MORTGAGEE LETTER 2008-04**

MEMORANDUM FOR: ALL FHA APPROVED MULTIFAMILY MORTGAGEES

SUBJECT: FHA Multifamily Statutory Loan Limit Adjustments and Changes in Annual Base City High Cost Percentage for FHA-Insured Multifamily Housing in High-Cost Areas

Title II of the National Housing Act (12 U.S.C. 1707 et seq.) authorizes the Secretary to make exceptions to the maximum mortgage amounts in certain Federal Housing Administration (FHA) multifamily mortgage insurance programs. Until recently, Title II provided for exceptions in amounts of up to a 140 percent increase on a geographical basis and up to a 170 percent increase on a project-by-project basis.

These maximum mortgage amounts were recently 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 now grant exceptions to maximum mortgage limits for certain multifamily housing programs by (1) up to 170 percent in geographical areas where cost levels so require, and (2) up to 170 percent, or 215 in high cost areas, where necessary on a project-by-project basis.

This Mortgagee Letter also includes the Department's annual publication of Base City High Cost Percentages and an identification of the cities designated as High Cost Areas. The law does not determine which areas are to be considered "High Cost Areas." Accordingly, the Office of Multifamily Housing Development established the threshold for a High Cost Area for 2008 for all areas (Special Limit Areas excepted) with assigned High Cost Percentage multipliers of 186 percent or greater. See attachments.

The High Cost Percentage for Special Limit Areas (US Virgin Islands, Honolulu, HI., Anchorage, AK) is increased from 360% to 405%.

The FY 2008 Appropriations Act change and update of the Base City High Cost

Percentages and Special Limit Areas are effective January 1, 2008.

A final rule will be published to conform to HUD's regulations at 24 CFR § 200.15 to the recent statutory changes made by FY 2008 Appropriations Act.

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Brian D. Montgomery  
Assistant Secretary for Housing –  
Federal Housing Commissioner

## Attachments

THE HIGH COST PERCENTAGES (HCP) SHOWN ARE MULTIPLIERS OF THE BASIC STATUTORY MORTGAGE LIMITS.

Hubs/ Program Centers with jurisdiction over cities identified as High Cost Areas are eligible to increase their assigned HCP to a multiplier of 315 percent times the Basic Statutory Mortgage Limits on a project by project basis.

Hubs/Program Centers with jurisdiction over other areas (with the exception of Special Limit Areas) are eligible to increase their assigned HCP to a multiplier of 270 percent times the Basic Statutory Mortgage Limits in any geographic area where the cost limits so require.

Special Limit Areas have an HCP multiplier of 405 percent.

# BASE CITY HIGH COST PERCENTAGES - Effective January 1, 2008

## FHA MULTIFAMILY STATUTORY MORTGAGE PROGRAMS

BASE CITY	HCP	BASE CITY	HCP
** <u>BOSTON MA HUB</u>	270 %	<u>DETROIT MI HUB</u>	258 %
** HARTFORD CT	270 %	D GRAND RAPIDS MI	184 %
D BANGOR ME (PORTLAND)	238 %	<u>MINNEAPOLIS MN HUB</u>	269 %
MANCHESTER NH	248 %	MILWAUKEE WI	268 %
** PROVIDENCE RI	270 %	<u>FORT WORTH TX HUB</u>	199 %
D BURLINGTON VT	219 %	LITTLE ROCK AR	189 %
<u>BUFFALO NY HUB</u>	264 %	NEW ORLEANS LA	198 %
ALBANY NY	237 %	SHREVEPORT LA	193 %
** <u>NEW YORK NY HUB</u>	270 %	ALBUQUERQUE NM	191 %
** <u>PHILADELPHIA PA HUB</u>	270 %	DALLAS TX	197 %
D CHARLESTON WV	227 %	HOUSTON TX	196 %
CAMDEN NJ (TRENTON)	265 %	LUBBOCK TX	182 %
** NEWARK NJ	270 %	SAN ANTONIO TX	191 %
PITTSBURGH PA	244 %	<u>KANSAS CITY KS HUB</u>	243 %
** WILMINGTON DE	270 %	DES MOINES IA	198 %
<u>BALTIMORE MD HUB</u>	243 %	D TOPEKA KS	222 %
WASHINGTON DC	269 %	ST. LOUIS MO	261 %
RICHMOND VA	222 %	OMAHA NE	229 %
** <u>GREENSBORO NC HUB</u>	270 %	OKLAHOMA CITY OK	195 %
COLUMBIA SC	243 %	TULSA OK	185 %
<u>ATLANTA GA HUB</u>	209 %	<u>DENVER CO HUB</u>	256 %
D LOUISVILLE KY	222 %	HELENA MT	187 %
KNOXVILLE TN	206 %	FARGO ND	185 %
MEMPHIS TN	200 %	SIOUX FALLS SD	180 %
NASHVILLE TN	213 %	SALT LAKE CITY UT	219 %
SAN JUAN PR	261 %	CASPER WY	175 %
US VIRG ISL. (SPEC LMT)	405 %	** <u>LOS ANGELES CA HUB</u>	270 %
<u>JACKSONVILLE FL HUB</u>	212 %	** SANTA ANA CA (L.A.)	270 %
BIRMINGHAM AL	208 %	** SAN DIEGO CA	270 %
JACKSON MS	198 %	** <u>SAN FRANCISCO CA HUB</u>	270 %
MIAMI FL	263 %	PHOENIX AZ	212 %
TAMPA FL	258 %	** SACRAMENTO CA	270 %
** <u>CHICAGO IL HUB</u>	270 %	HONOLULU HI (SPEC LMT)	405 %
SPRINGFIELD IL	264 %	LAS VEGAS NV	235 %
INDIANAPOLIS IN	222 %	** <u>SEATTLE WA HUB</u>	270 %
<u>COLUMBUS OH HUB</u>	220 %	ANCHORAGE AK (SPEC LMT)	405 %
CLEVELAND OH	244 %	BOISE ID	198 %
CINCINNATI OH	226 %	PORTLAND OR	248 %
		SPOKANE WA	225 %

- \*\* Office has reached the maximum Base City High Cost Percentage (Geographic)  
Designated High Cost Areas 186% and Above.  
Designated Special Limit Areas (SPEC LMT) 405%
- D 2008 HCP is lower than 2007 HCP