



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

ASSISTANT SECRETARY FOR HOUSING-
FEDERAL HOUSING COMMISSIONER

MORTGAGEE LETTER 2020-17

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 2020

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 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 2020. 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 322.77 or greater. For these High Cost Areas shaded in the chart below (Special Limit Areas excepted), the maximum mortgage amount may be increased by up to 215 percent, (equivalent to a 315 percent multiplier), where necessary on a project-by-project basis. For the remaining unshaded geographical areas, the maximum mortgage amount may be increased by up to 170 percent (equivalent to a 270 percent multiplier). The 315 percent multiplier is not available for projects in the unshaded geographical areas.

The attached designated Annual Base City High Cost Percentages and High Cost Areas are effective January 1, 2020, for FHA multifamily mortgage insurance Firm Commitment applications and for amendments which have not been initially endorsed. 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 2020**

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 2020 base amount per dwelling unit to determine substantial rehabilitation for FHA insured loan programs of \$16,299 has been calculated based on the CPI-U of 2.3 percent increase applied to the previous year's base amount.

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.

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

Attachment

**FHA MULTIFAMILY STATUTORY MORTGAGE PROGRAMS
BASE PERCENTAGES FOR HIGH COST AREAS – EFFECTIVE JANUARY 2020**

WESTERN REGION	High Cost Percentage
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%
Guam**	405%
Phoenix AZ	270%
Denver CO (Satellite Office)	270%
Boise ID	270%
Honolulu HI*	405%
Helena MT	270%
Fargo ND	270%
Las Vegas NV	270%
Portland OR	270%
Sioux Falls SD	261%
Salt Lake City UT	270%
Seattle WA	270%
Spokane WA	270%
Casper WY	270%

SOUTHWEST REGION	High Cost Percentage
Ft. Worth TX (Southwest Regional Office)	252%
Dallas TX	252%
Houston TX	247%
Lubbock TX	237%
San Antonio TX	224%
Little Rock AR	246%
Des Moines IA	270%
Topeka KS	266%
New Orleans LA	249%
Shreveport LA	242%

SOUTHWEST REGION	High Cost Percentage
Kansas City MO (Satellite Office)	270%
St. Louis MO	270%
Omaha NE	262%
Albuquerque NM	270%
Oklahoma City OK	259%
Tulsa OK	248%

SOUTHEAST REGION	High Cost Percentage
Atlanta GA (Southeast Regional Office)	270%
Birmingham AL	249%
Jacksonville FL (Satellite Office)	270%
Key West FL	270%
Miami FL	270%
Tampa FL	270%
Louisville KY	270%
Jackson MS	248%
Greensboro NC	270%
San Juan PR	270%
Columbia SC	270%
Knoxville TN	253%
Memphis TN	253%
Nashville TN	253%
US Virgin Islands*	405%

MIDWEST REGION	High Cost Percentage
Chicago IL (Midwest Regional Office)	270%
Springfield IL	270%
Indianapolis IN	270%
Detroit MI (Satellite Office)	270%
Grand Rapids MI	270%
Minneapolis MN (Satellite Office)	270%
Cincinnati OH	270%
Cleveland OH	270%
Columbus OH	270%
Milwaukee WI	270%

NORTHEAST REGION	High Cost Percentage
New York NY (Northeast Regional Office)	270%
Albany NY	270%
Buffalo NY	270%
Hartford CT	270%
Washington DC	270%
Wilmington DE	270%
Boston MA (Satellite Office)	270%
Bangor ME	270%
Baltimore MD (Satellite Office)	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%

*** Special Limit Areas**

Note:

Offices with a “calculated” HCP of **322.77** (before the statutory cap of 270) or higher are designated “**High Cost Areas**” and are **shaded**. A higher base percentage multiplier of up to 315 percent may be applied to these High Cost Areas (Special Limit Areas excepted) where necessary, on a project-by-project basis.

