



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

ASSISTANT SECRETARY FOR HOUSING-
FEDERAL HOUSING COMMISSIONER

DATE: January 22, 2024

MORTGAGEE LETTER: 2024-1

Subject

Annual Revisions to Base City High Cost Percentage and High Cost Areas

Annual Indexing of MAP Guide's Substantial Rehabilitation and Large Loan Risk Mitigation Thresholds

Purpose

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 Percentages (HCP) and High Cost Areas for 2024. The threshold for determining a High Cost Area (Special Limit Areas excepted) is a calculated, uncapped HCP that is greater than either 1) the United States average HCP, or 2) 270 percent.

For the geographic areas shown in Table 1, the maximum mortgage amount may be increased by its listed HCP. For the eligible High Cost Areas (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.

If only one geographic area is named in a given state, that area's HCP is to be used for all localities within the state. If multiple geographic areas are named in a given state, the applicable HCP is the listed area closest to the project's location.

The designated Annual Base City High Cost Percentages and High Cost Areas are effective January 1, 2024, for FHA multifamily mortgage insurance Firm Commitment applications and for amendments which have not been initially endorsed.

Special Limit Areas

Guam, the U.S. Virgin Islands, and the states of Alaska and Hawaii are Special Limit areas. The HCP for Special Limit Areas is 405 percent.

Per Unit Limit for Substantial Rehabilitation for Calendar Year 2024

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 5.1.2.A.2.b of the [2020 MAP Guide](#) requires that this base amount be annually adjusted for inflation based on the percentage change published by the Bureau of Labor Statistics of the Department of Labor or other inflation cost index. Accordingly, the 2024 base amount per dwelling unit to determine substantial rehabilitation for FHA insured loan programs is \$19,293 and was calculated using the CPI-U cost index increase of 4.9 percent as applied to the previous year's base amount.¹

Large Loan Risk Mitigation Threshold for Calendar Year 2024

Mortgagee Letter 2023-14 established a base loan amount of \$120 million to define the large loan risk mitigation threshold for applicable FHA insured loan programs for Calendar Year 2023. This Mortgagee Letter amended Section 3.10.1.C of the MAP Guide requiring HUD to annually review the threshold amount for an inflation adjustment, in \$5 million increments, based on the percentage change published by the Bureau of Labor Statistics of the Department of Labor or other inflation cost index. Applying the CPI-U cost index increase of 4.9 percent as applied to the previous year's base amount, the

¹ HUD utilizes the same CPI measurement period as the annual updates to the Home Ownership and Equity Protection Act of 1994 (HOEPA), as published by the Consumer Financial Protection Bureau.

resulting adjustment achieves the \$5 million increment requirement, and thus the 2024 large loan threshold is increased to \$125 million.²

This threshold may be applied to FHA multifamily mortgage insurance applications submitted or amended on or after January 1, 2024, so long as the loan has not been initially endorsed.

Julia R. Gordon, Assistant Secretary for Housing—
Federal Housing Commissioner

Attachment

² HUD utilizes the same CPI measurement period as the annual updates to the Home Ownership and Equity Protection Act of 1994 (HOEPA), as published by the Consumer Financial Protection Bureau.

TABLE 1

**FHA MULTIFAMILY STATUTORY MORTGAGE PROGRAMS
BASE PERCENTAGES FOR HIGH COST AREAS – EFFECTIVE JANUARY 2024**

WEST REGION	High Cost Percentage	High Cost Area (Up to 315% Waiver Eligible)	
San Francisco CA – West Regional Center	270%	Yes	
Bakersfield CA	270%	Yes	(2)
Eureka CA	270%	Yes	(2)
Fresno CA	270%	Yes	(2)
Los Angeles CA	270%	Yes	
Riverside CA	270%	Yes	(2)
Sacramento CA	270%	Yes	
San Diego CA	270%	Yes	
Santa Ana CA	270%	Yes	(3)
<i>Anchorage AK</i>	<i>405%</i>	<i>n/a – Special Limit</i>	(1)
<i>Guam</i>	<i>405%</i>	<i>n/a – Special Limit</i>	(1)
Phoenix AZ	270%	Yes	
Denver CO (Satellite Office)	270%	Yes	
Grand Junction CO	270%	Yes	(2)
Boise ID	270%	Yes	
<i>Honolulu HI</i>	<i>405%</i>	<i>n/a – Special Limit</i>	(1)
Billings MT	270%	Yes	(2)
Great Falls MT	270%	Yes	(2)
Helena MT	270%	Yes	(3)
Fargo ND	270%	Yes	
Las Vegas NV	270%	Yes	
Reno NV	270%	Yes	(2)
Medford OR	270%	Yes	(2)
Portland OR	270%	Yes	
Rapid City SD	270%	Yes	(2)
Sioux Falls SD	270%	Yes	
Salt Lake City UT	270%	Yes	
Seattle WA	270%	Yes	
Spokane WA	270%	Yes	
Casper WY	270%	Yes	
Cheyenne WY	270%	Yes	(2)

SOUTHWEST REGION	High Cost Percentage	High Cost Area (315% Waiver Eligible)	
Ft. Worth TX – Southwest Regional Center	270%	Yes	(3)
Amarillo TX	270%	Yes	(2)
Dallas TX	270%	Yes	
El Paso TX	270%	Yes	(2)
Houston TX	270%	Yes	
Lubbock TX	270%	Yes	(3)
San Antonio TX	270%	Yes	
Little Rock AR	270%	Yes	
Cedar Rapids IA	270%	Yes	(2)
Des Moines IA	270%	Yes	
Topeka KS	270%	Yes	(3)
Wichita KS	270%	Yes	(2)
New Orleans, LA	270%	Yes	
Shreveport LA	270%	Yes	
Kansas City MO (Satellite Office)	270%	Yes	
St. Louis MO	270%	Yes	
Omaha NE	270%	Yes	
Albuquerque NM	270%	Yes	
Santa Fe NM	270%	Yes	(2)
Oklahoma City OK	270%	Yes	
Tulsa OK	270%	Yes	(3)

SOUTHEAST REGION	High Cost Percentage	High Cost Area (315% Waiver Eligible)	
Atlanta GA – Southeast Regional Center	270%	Yes	
Savannah GA	270%	Yes	(2)
Birmingham AL	270%	Yes	
Mobile AL	270%	Yes	(2)
Jacksonville FL (Satellite Office)	270%	Yes	
Key West FL	270%	Yes	(3)
Miami FL	270%	Yes	
Tampa FL	270%	Yes	
Louisville KY	270%	Yes	
Jackson MS	270%	Yes	
Charlotte NC	270%	Yes	(2)
Greensboro NC	270%	Yes	(3)
Raleigh NC	270%	Yes	(2)
San Juan PR	270%	Yes	(3)
Charleston SC	270%	Yes	(2)
Columbia SC	270%	Yes	
Knoxville TN	270%	Yes	(3)
Memphis TN	270%	Yes	
Nashville TN	270%	Yes	
<i>US Virgin Islands</i>	405%	<i>n/a – Special Limit</i>	(1)

MIDWEST REGION	High Cost Percentage	High Cost Area (315% Waiver Eligible)	
Chicago IL – Midwest Regional Center	270%	Yes	
Springfield IL	270%	Yes	
Fort Wayne IN	270%	Yes	(2)
Indianapolis IN	270%	Yes	
Detroit MI (Satellite Office)	270%	Yes	
Grand Rapids MI	270%	Yes	(3)
Minneapolis MN (Satellite Office)	270%	Yes	
Duluth MN	270%	Yes	(2)
Cincinnati OH	270%	Yes	
Cleveland OH	270%	Yes	
Columbus OH	270%	Yes	
Milwaukee WI	270%	Yes	

NORTHEAST REGION	High Cost Percentage	High Cost Area (315% Waiver Eligible)
New York NY – Northeast Regional Office	270%	Yes
Albany NY	270%	Yes
Buffalo NY	270%	Yes
Rochester NY	270%	Yes (2)
Bridgeport CT	270%	Yes (2)
Hartford CT	270%	Yes
Washington DC	270%	Yes
Dover DE	270%	Yes (2)
Wilmington DE	270%	Yes (3)
Boston MA (Satellite Office)	270%	Yes
Springfield MA	270%	Yes (2)
Bangor ME	270%	Yes
Portland ME	270%	Yes (2)
Baltimore MD (Satellite Office)	270%	Yes
Manchester NH	270%	Yes
Atlantic City NJ	270%	Yes (2)
Camden NJ	270%	Yes (3)
Newark NJ	270%	Yes
Harrisburg PA	270%	Yes (2)
Philadelphia PA	270%	Yes
Pittsburg PA	270%	Yes
Providence RI	270%	Yes
Norfolk VA	270%	Yes (2)
Richmond VA	270%	Yes
Burlington VT	270%	Yes
Charleston WV	270%	Yes

Footnotes:

1. Special Limit Area.
2. Geographic area added in Calendar Year 2024
3. Geographic area to be eliminated in Calendar Year 2025 due to data unavailability.