

Dear NAHMA Members,

Below, please find recent information from HUD regarding Annual Base City High Cost Percentages and High Cost Areas, the adjusted base amount per unit to define substantial rehabilitation, incentives for FHA mortgage insurance for properties located in Opportunity Zones, and basic statutory mortgage limits for FHA Multifamily Housing Programs in 2019.

1. Annual Revisions to Base City High Cost Percentage, High Cost Area

The attached designated [Annual Base City High Cost Percentages and High Cost Areas](#) are effective January 1, 2019, 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 locations in the state if only one city has been named in that state; if multiple cities are named in any state, the multiplier for the city closest to the location named in the Mortgagee Letter is to be used. Guam, the U.S. Virgin Islands, and the states of Alaska and Hawaii are Special Limit areas for which the High Cost Percentage (HCP) is 405%.

2. Per Unit Limit for Substantial Rehabilitation for Calendar Year 2019

The 2016 MAP Guide established a base amount of \$15,000 per unit to define [substantial rehabilitation](#) for FHA insured loan programs. The MAP Guide requires that this base amount be adjusted periodically based on inflation cost index changes. Accordingly, the 2019 base amount per dwelling unit to determine substantial rehabilitation for FHA insured loan programs is \$15,933.

3. Incentives for FHA Mortgage Insurance for Properties Located in Opportunity Zones

Tax reforms enacted in late 2017 created a new tax incentive known as Qualified Opportunity Funds, which invest capital gains into projects located in Opportunity Zones. To further promote Opportunity Zones, HUD is introducing incentives for property owners applying for certain loans with [FHA multifamily mortgage insurance](#) for properties located in qualified opportunity zones.

HUD has designated specialized Senior Underwriters in each region of the country to process certain applications for FHA mortgage insurance for properties located in qualifying census tracts, which will be eligible for reduced application fees. Incentives announced under the Notice are available immediately, and interested applicants may contact their local HUD office for information on how to identify their eligibility.

4. Basic Statutory Mortgage Limits for Calendar Year 2019

HUD released information regarding the [Calendar Year 2019 Basic Statutory Mortgage Limits](#) for Multifamily Housing Programs. The dollar amounts in certain sections of the National Housing Act are the base per unit statutory limits for FHA's multifamily mortgage programs and have been adjusted annually since 2004. The adjustment of the dollar amounts is calculated using the percentage change in the Consumer Price Index for All Urban Consumers (CPI-U); the percentage change in the CPI-U is 1.9 percent with an effective date of January 1, 2019.

Thanks,

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NAHMA is the leading voice for affordable housing management, advocating on behalf of multifamily property managers and owners whose mission is to provide quality affordable housing.