

NAHMA HUD Update: HUD releases two notices - Property-Assessed Clean Energy (PACE) Guidance and Annual Base City High Cost Percentages/Area Revisions

Dear NAHMA Members,

Please see below two items released by HUD regarding (1) [Property-Assessed Clean Energy Guidance](#) and (2) [Annual Base City High Cost Percentage and High Cost Area Revisions](#).

Thanks,

Juliana

1. Property-Assessed Clean Energy Guidance (PACE)

HUD released guidance on Property-Assessed Clean Energy (PACE), which acts as a mechanism for **financing energy efficiency and renewable energy improvements** in the FHA-insured portfolio of multifamily properties.

The PACE program allows property owners to avoid paying the upfront costs of energy-saving installations by entering into an assessment contract with a participating PACE locality. PACE spreads the cost of clean-energy improvements, such as energy-efficient boilers, upgraded insulation, new windows, or solar installations, over the expected life of the measure.

The agreement stipulates that the property owner repay the cost of the improvements through a property tax assessment, making PACE projects less risky than typical loans, and low-interest capital can be raised from the private sector with no government financing. PACE programs are currently available in 32 states and the District of Columbia.

To view the notice, which articulates steps to gain consent for PACE financing, click [here](#).

2. Annual Base City High Cost Percentage and High Cost Area Revisions

HUD released the notice regarding the Annual Base City High Cost Percentages and High Cost Areas effective January 1, 2016 and for transactions with firm commitments issued prior to the publication of the High Cost Percentages and Area Revisions for calendar year 2017.

Maximum mortgage amounts were revised by the Consolidated Appropriations Act in 2008. Section 221 revises the statutory exceptions to maximum mortgage amounts for the FHA Multifamily Housing Programs by **substituting 170 percent for the 140 percent exception of any geographical area**, and by **substituting 215 percent for 170 percent as the maximum exception allowed for a specific project**.

The Office of Multifamily Production has developed a list of High Cost Areas for 2016. 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 281.70 or greater.

To view the policy, click [here](#).

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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.