



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

ASSISTANT SECRETARY FOR HOUSING-  
FEDERAL HOUSING COMMISSIONER

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Special Attention of:

Notice H 10-20

All Regional Directors, Multifamily Hub  
Directors, Multifamily Program Center  
Directors, Supervisory Project Managers

Issued: September 2, 2010  
Expires: December 31, 2010

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Cross Reference:  
Mortgagee Letter 2010-31

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SUBJECT: Annual Base City High Cost Percentage and High Cost Area  
Revisions for 2010

In accordance with Chapter 5, paragraph 5-6 of HUD Handbook 4425.1 REV-2, Underwriting Technical Direction for Project Mortgage Insurance, we have reviewed the High Cost Percentages (HCP) for each Base City.

Each Base City HCP has been recalculated and the results are reflected in the attached list of authorized Base City HCPs, which are effective 60 days from the publication date of this Notice. The 2010 High Cost Percentages have been recalculated to include a one-time adjustment to bring the HCPs into better alignment with the relative construction costs among the designated base cities based on Marshall & Swift construction data.

This year, 2010, some offices will experience substantial upward or downward adjustments resulting from a recalculation of the HCP to bring them into alignment with actual relative construction costs among localities. Additionally, defining High Cost Area as a Base Locality with construction cost at or above the national average leaves more localities without the High Cost Area designation than in past years. Hubs and Field offices most affected by this recalculation were surveyed for reaction and concerns. All Offices concluded that designated changes would not affect the ability to accept and process multifamily housing under HUD existing programs; especially with the addition of total land, Notice H10-07, as part of Criterion 4, HUD Form 92264A.

The attached designated Annual Base City High Cost Percentages and High Cost Areas are effective 60 days from the publication date of this Housing Notice.

Statutory Exceptions to the Maximum Mortgage Amounts and High Cost Areas

Maximum mortgage amounts were 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 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 170 percent, or 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 Development has developed a list of High Cost Areas. For 2010, the threshold for a High Cost Area has been set for all areas (Special Limit Areas excepted) with assigned HCP multipliers of 245 percent or greater. This list (Base City High Cost percentages) is attached.

Hub Offices and Program Centers are instructed to examine the list in order to determine if their area is a High Cost Area, eligible for the maximum 215 percent increase (equivalent to a 315 percent multiplier) on a project-by-project basis.

Note that any change in any Office’s annual HCP and High Cost Area can only be made by HUD Headquarters.

#### 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%

Exceeding Assigned Geographic Field Office HCPs on a Case by Case Basis for FHA Statutory Mortgage Programs

Under the Delegation of Authority, the Commissioner has delegated Hub Directors the authority to waive the Handbook, on a case-by-case basis, and exceed their assigned geographic HCP ceilings, up to statutory maximum of 170 (270 multiplier). Those Directors who choose to exercise this Handbook waiver authority must document the project file in accordance with Paragraph 5-8 of HUD Handbook 4425.1 REV-2 CHG-1.

Attachment

BASE CITY HIGH COST PERCENTAGES

/s/

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David H. Stevens  
Assistant Secretary for Housing –  
Federal Housing Commissioner

**FHA MULTIFAMILY STATUTORY MORTGAGE PROGRAMS**  
**BASE CITY HIGH COST PERCENTAGES - Effective January 1, 2010**

<u>BASE CITY</u>	<u>HCP</u>
<b>BOSTON MA</b>	270 %
HARTFORD CT	270 %
BANGOR ME (PORTLAND)	255 %
MANCHESTER NH	260 %
PROVIDENCE RI	270 %
BURLINGTON VT	256 %
<b>BUFFALO NY</b>	270 %
ALBANY NY	270 %
<b>NEW YORK NY</b>	270 %
<b>PHILADELPHIA PA</b>	270 %
CHARLESTON WV	263 %
CAMDEN NJ (TRENTON)	270 %
NEWARK NJ	270 %
PITTSBURGH PA	265 %
WILMINGTON DE	270 %
<b>BALTIMORE MD</b>	252 %
WASHINGTON DC	260 %
RICHMOND VA	232 %
<b>GREENSBORO</b>	220 %
COLUMBIA SC	211 %
<b>ATLANTA GA</b>	227 %
LOUISVILLE KY	216 %
KNOXVILLE TN	203 %
MEMPHIS TN	197 %
NASHVILLE TN	208 %
SAN JUAN PR (K WST)	270 %
US VIRG ISL.(SPEC LMT)	405 %
<b>JACKSONVILLE</b>	225 %
BIRMINGHAM AL	200 %
JACKSON MS	188 %
MIAMI FL	225 %
TAMPA FL	238 %
<b>CHICAGO IL</b>	270 %
SPRINGFIELD IL	254 %
INDIANAPOLIS IN	228 %
<b>COLUMBUS OH</b>	225 %
CLEVELAND OH	245 %
CINCINNATI OH	220 %

<u>BASE CITY</u>	<u>HCP</u>
<b>DETROIT MI</b>	270 %
GRAND RAPIDS MI	228 %
<b>MINNEAPOLIS MN</b>	270 %
MILWAUKEE WI	254 %
<b>FORT WORTH TX</b>	192%
LITTLE ROCK AR	194 %
NEW ORLEANS LA	198 %
SHREVEPORT LA	197 %
ALBUQUERQUE NM	224 %
DALLAS TX	192 %
HOUSTON TX	191 %
LUBBOCK TX	194 %
SAN ANTONIO TX	178 %
<b>KANSAS CITY KS</b>	255 %
DES MOINES IA	229 %
TOPEKA KS	206 %
ST. LOUIS MO	261 %
OMAHA NE	216 %
OKLAHOMA CITY OK	204 %
TULSA OK	202 %
<b>DENVER CO</b>	240 %
HELENA MT	223 %
FARGO ND	220 %
SIOUX FALLS SD	216%
SALT LAKE CITY UT	229 %
CASPER WY	232 %
<b>LOS ANGELES CA</b>	270 %
SANTA ANA CA (L.A.)	270 %
SAN DIEGO CA	270 %
<b>SAN FRANCISCO CA</b>	270 %
PHOENIX AZ	231 %
SACRAMENTO CA	270 %
HONOLULU HI (SP LMT)	405 %
LAS VEGAS NV	270 %
<b>SEATTLE WA</b>	270 %
ANCHORAGE AK(SP LMT)	405 %
BOISE ID	242 %
PORTLAND OR	270 %
SPOKANE WA	253 %

NOTE: Offices with an HCP of 245 or higher are designated High Cost Areas (HCA) and are shaded