



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No.: FR-6017-N-01]

Federal Housing Administration (FHA):
Indefinite Deferral of Implementation of the
Small Building Risk Sharing Initiative

AGENCY: Office of the Assistant Secretary for Housing - Federal Housing Commissioner, HUD.

ACTION: Notice.

SUMMARY: This notice advises the public that HUD is deferring implementation of the Small Building Risk Sharing Program authorized by Section 542(b) of the Housing and Community Development Act of 1992, to facilitate the financing of small multifamily properties.

FOR FURTHER INFORMATION CONTACT: Donald Billingsley, Office of Multifamily Housing Programs, Office of Production, Department of Housing and Urban Development, 451 7th Street SW, Room 6148, Washington, DC, 20410; email address Donald.A.Billingsley@hud.gov and telephone number (202) 402-7125 (this is not a toll-free number). Persons with hearing or speech impairments may access this number through TTY by calling the toll-free Federal Relay Service at 800-877-8339.

SUPPLEMENTARY INFORMATION: The “Small Building Risk Sharing Initiative Final Notice” (Final Notice) was published on July 16, 2015 at 80 FR 42105, following an initial notice published for public comment on November 4, 2013, at 78 FR 66043. The Final Notice announced implementation of an Initiative under the Risk Sharing Program, authorized by Section 542(b) of the Housing and Community Development Act of 1992, to facilitate the financing of small multifamily properties.

While applications were received pursuant to the Final Notice, HUD never implemented the program. In addition, it is not clear whether the program is still needed under current economic conditions. HUD therefore indefinitely defers the applicability of the Final Notice implementing the Small Buildings Risk Sharing Program (the “Initiative”) under Section 542(b) of the Housing and Community Development Act of 1992 and will not accept additional applications at this time. HUD may in the future proceed with the program or a revised program; however, HUD would, at a minimum, have to determine the following before proceeding:

a) If the Initiative is still needed to provide debt financing to small, affordable properties, or whether the availability of long-term, low-cost permanent financing to support small properties has increased substantially since the Initiative was first proposed, specifically through new and expanded federally backed financing programs offered through Fannie Mae and Freddie Mac;

b) The regulatory requirements and restrictions that would be imposed on property owners/borrowers participating in the Initiative regarding tenant rents and incomes, and whether these requirements would impose unfair and inappropriate economic burden on small property owners who provide affordable market rents but do not otherwise receive a government funded housing subsidy;

c) Whether existing Federal Housing Administration multifamily lending programs, including the newly expanded Tax Credit Pilot Program which supports new construction and substantial rehabilitation projects, adequately serve the debt financing needs of small properties that support affordable rental housing; and,

d) If the provisions of the Initiative as published adequately account for HUD's share of risk assumed for loans originated under the Initiative, or need to be modified in a revised Initiative notice.

Dated: April 24, 2017.

Genger Charles
General Deputy Assistant Secretary for Housing

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