



[Docket No. FR-6274-N-01]

## Annual Indexing of Basic Statutory Mortgage

### Limits for Multifamily Housing Programs; Annual Indexing of Substantial Rehabilitation Threshold

**AGENCY:** Office of the Assistant Secretary for Housing—Federal Housing Commissioner, Housing and Urban Development (HUD).

**ACTION:** Notice.

**SUMMARY:** In accordance with Section 206A of the National Housing Act, HUD is providing notice of adjustment to the Basic Statutory Mortgage Limits for Multifamily Housing Programs for Calendar Year 2021. HUD is also providing notice of adjustment to the per unit cost threshold for determining substantial rehabilitation in the Multifamily Housing Programs pursuant to its administrative guidance for Calendar Year 2021.

**DATES:** Effective January 1, 2021.

**FOR FURTHER INFORMATION CONTACT:** Patricia M. Burke, Director, Office of Multifamily Production, Department of Housing and Urban Development, 451 Seventh Street SW, Washington, DC 20410-8000, telephone (202) 402-5693 (this is not a toll-free number). Hearing or speech-impaired individuals may access this number through TTY by calling the toll-free Federal Information Relay Service at (800) 877-8339.

**SUPPLEMENTARY INFORMATION:** Section 206A of the National Housing Act (12 U.S.C. 1712a) provides authority for the annual adjustment for the following FHA multifamily statutory dollar limits:

- I. Section 207(c)(3)(A) (12 U.S.C. 1713(c)(3)(A));
- II. Section 213(b)(2)(A) (12 U.S.C. 1715e(b)(2)(A));
- III. Section 220(d)(3)(B)(iii)(I) (12 U.S.C. 1715k(d)(3)(B)(iii)(I));
- IV. Section 221(d)(4)(ii)(I) (12 U.S.C. 1715l(d)(4)(ii)(I));

V. Section 231(c)(2)(A) (12 U.S.C. 1715v(c)(2)(A)); and

VI. Section 234(e)(3)(A) (12 U.S.C. 1715y(e)(3)(A)).

Section 206A goes on to state that the preceding

“Dollar Amounts” shall be adjusted annually (commencing in 2004) on the effective date of the Federal Reserve Board’s adjustment of the \$400 figure in the Home Ownership and Equity Protection Act of 1994 (HOEPA). The adjustment of the Dollar Amounts shall be calculated using the percentage change in the Consumer Price Index for All Urban Consumers (CPI–U) as applied by the Federal Reserve Board for purposes of the above-described HOEPA adjustment.

(b) Notification

The Federal Reserve Board on a timely basis shall notify the Secretary, or his designee, in writing of the adjustment described in subsection (a) and of the effective date of such adjustment in order to permit the Secretary to undertake publication in the Federal Register of corresponding adjustments to the Dollar Amounts. The dollar amount of any adjustment shall be rounded to the next lower dollar.

Note that 206A has not been updated to reflect the fact that HOEPA has been revised to use \$1,000 as the basis for the adjustment rather than \$400, and the Consumer Finance Protection Bureau has replaced the Federal Reserve Board in administering the adjustment. These changes were made by the Dodd-Frank Wall Street Reform and Consumer Protection Act’s amendments to the Truth in Lending Act, as further explained in the regulatory implementation of said changes found in 78 FR 6856, 6879 (Jan. 31, 2013).

The percentage change in the CPI-U used for the HOEPA adjustment is a 0.3 percent increase and the effective date of the HOEPA adjustment is January 1, 2021. The Dollar Amounts under Section 206A have been adjusted correspondingly and have an effective date of January 1, 2021.

These revised statutory limits may be applied to FHA multifamily mortgage insurance applications submitted or amended on or after January 1, 2021, so long as the loan has not been initially endorsed.

The adjusted Dollar Amounts for Calendar Year 2021 are shown below. To implement the Consumer Finance Protection Bureau’s adjustment, a one-time proration is required to the 0.3 percent figure, which was computed from April 2019 to April 2020 (see 85 FR 50944, Aug. 19, 2020). Because HUD’s previous Dollar Amounts utilized CPI-U data through December 2019, only interim CPI-U data from January 2020 through April 2020 is reflected in the table calculations. The overall impact of this adjustment resulted in no change for Calendar Year 2021, because CPI-U showed minor inflation of 1 percent in January and February 2020, but was fully offset by minor deflation of 1% in March and April 2020, associated with COVID-19 pandemic economic disruptions.

Moving forward in future years HUD will continue to utilize the CFPB’s time period (April to April) used for the HOEPA CPI-U adjustment, which is typically published in the August preceding the following January effective date.

**BASIC STATUTORY MORTGAGE LIMITS FOR CALENDAR YEAR 2021**

**MULTIFAMILY LOAN PROGRAM**

Section 207—Multifamily Housing;

Section 207 pursuant to Section 223(f)—Purchase or Refinance Housing; and,

Section 220—Housing in Urban Renewal Areas

Bedrooms	Non-Elevator	Elevator
0	\$54,892	\$64,026
1	60,807	70,944
2	72,633	86,990

3	89,525	108,951
4+	101,352	123,193

Section 213—Cooperatives

Bedrooms	Non-Elevator	Elevator
0	\$59,488	\$63,342
1	68,592	71,764
2	82,723	87,265
3	105,887	112,895
4+	117,966	123,927

Section 234—Condominium Housing

Bedrooms	Non-Elevator	Elevator
0	\$60,702	\$63,881
1	69,991	73,230
2	84,411	89,049
3	108,050	115,201
4+	120,372	126,454

Section 221(d)(4)—Moderate Income Housing

Bedrooms	Non-Elevator	Elevator
0	\$54,628	\$59,010
1	62,013	67,649
2	74,959	82,262
3	94,085	106,418

4+	106,314	116,817
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Section 231—Housing for the Elderly

Bedrooms	Non-Elevator	Elevator
0	\$51,937	\$59,010
1	58,063	67,649
2	69,336	82,262
3	83,443	106,418
4+	98,101	116,817

Section 207—Manufactured Home Parks

Per Space—\$25,200

**INDEXING OF PER UNIT LIMIT FOR SUBSTANTIAL REHABILITATION FOR CALENDAR YEAR 2021**

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. Applying the HOEPA adjustment to the base amount, the 2021 base amount per dwelling unit to determine substantial rehabilitation for FHA insured loan programs is \$16,299.

This per unit cost threshold for substantial rehabilitation may be applied to FHA multifamily mortgage insurance applications submitted or amended on or after January 1, 2021, so long as the loan has not been initially endorsed.

**ENVIRONMENTAL IMPACT**

This issuance establishes mortgage and cost limits that do not constitute a development decision affecting the physical condition of specific project areas or building sites. Accordingly,

under 24 CFR 50.19(c)(6), this notice is categorically excluded from environmental review under the National Environmental Policy Act of 1969 (42 U.S.C. 4321).

Lopa P. Kolluri,  
Principal Deputy Assistant Secretary for the Office of  
Housing - Federal Housing Administration.

**[Billing Code 4210-67]**

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