

HUD LEADERSHIP IN ACTION

Affordable Housing In Focus

Tax Abatements, TIFs and similar incentives - HUD views as central to affordable housing production.

TX – HFCS / PFCS and FL Live Local –

- Official guidance paused indefinitely.
- FL Live Local – look for updated guidance.
- Bring deals to concept meeting.

LIHTC and Other TC Programs – Call to arms coming soon. Identify provisions needing updates – lenders submit via AAQ.

Legislative & Program Updates –

- House Passed measure increasing MF Statutory Limits; Senate Bill pending.
- **HUD exploring:**
 - HOME program incentives.
 - Zoning reforms.
 - Single-access staircase program.



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Middle Income 221(d)(4) NC/SR Mortgagee Letter (ML 2026-01)

<https://www.hud.gov/sites/dfiles/hudclips/documents/2026-01hsgml.pdf>

Objectives & Flexibility -

- Support existing municipal programs, not dictate compliance structures.
- Regional leadership - determine if local programs meet HUD's intent ("close enough").
- HUD is exploring:
 - Partnerships with military bases and other federally owned land for workforce housing.
 - Projects on base land will not be evaluated based on military-specific demand.

Further Development -

- Room for additional policy work.

Highlights -

- Loan Amount Lesser of: 90% LTC or 1.11X DSCR; 7% Vacancy.
- 50% of Units Targeted for Tenant Income Levels Up To 120% of AMI (No Rent Advantage Required).
- 10 Year Restriction Period – Use Restriction Agreement Required.
- Annual Monitoring By State or Local Entity.



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General Regulatory Environment

Many items currently in clearance and others in discussion across multiple fronts.

Multifamily “**Kitchen Sink**” Mortgagee Letter Pending – (“imminent”) – what’s in this?

Emphasizing **single underwriter reviews**.

Renewed focus on **Op Zones**.

Vacancy, Sub-Rehab and Large Loan Limits

- Discussion on reducing **market rate vacancy** assumption back to 5%, from 7% for 223(f) transactions.
- Sub-rehab vs Heavy 223(f) – may increase thresholds; **evaluating new index**.
- Large loan limits remain at \$130M for now – **Increases and UW guidance under review**. May remove differential in loan size UW.

Modular / Manufactured Housing

- Strong HUD interest, including factory-level draws.
- Considering:
 - Single national standard.
 - Eliminating steel chassis requirement for 1 story only; expanding to 2-3 stories.



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General Regulatory Environment Continued

Build-to-Rent – Upcoming Mortgagee Letter will apply to 221(d)(4) and 223(f)

Asset Management – Delegation memo remains internal and in process. Expected to remove superfluous roles.

Closing Process – MOA being developed to improve consistency and protect HUD

Survey Standards – Aware of inconsistencies – updates in process.

Closing documents – New documents being drafted. HUD cannot mandate using new forms yet.

Offsite Stored Materials – Seen as major opportunity for efficiency. Send comments.

Parri Passu Disbursements – In discussion.

National Loan Committee – May increase limits.

Base Limits, HCPs, Statutory Limits – Currently in clearance.

Navigating Bottlenecks – HUD is focused on streamlining and delivering more housing.

- Recognize staff reductions and streamline efforts in process.
- If not getting timely response – respectfully elevate – no one wants business to be delayed.

