



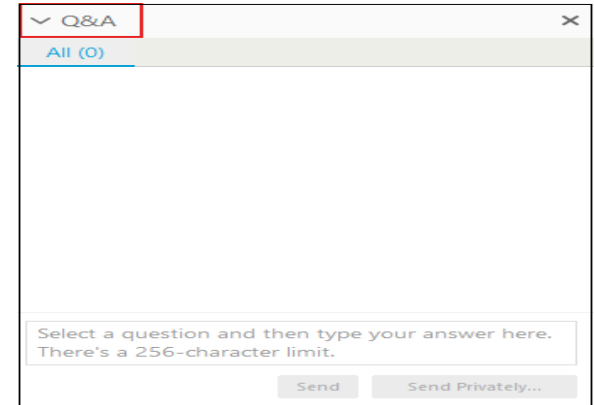
U.S. Housing and Urban Development
Multifamily Accelerated Processing
(MAP) Guide Industry Briefing, Session 2



Questions?



- Please submit your content related questions via the Q&A box
- Send questions to Host, Presenter, and Panelists
- Questions will be answered during the final portion webinar
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Effective Dates for MAP Guide Transition - 1



Effective now:

- Chapters 2 and 15
- Processing Efficiencies

Transition Rules - Apps received prior to December 19, 2020

- Subject to 2016 MAP Guide
- No waivers to use any provision of 2020 MAP (Ex: Submitted LIHTC deals may not selectively utilize 2020 MAP)
- App may be withdrawn & resubmitted subject to new queue assignment

Transition Rules - Apps received after December 18, 2020 (new MAP Guide issued)

- Subject to discrete effective dates, lender must declare choice of 2016 or 2020 MAP Guide, no mixing of favored provisions.

Effective Dates for MAP Guide Transition - 2



Effective Feb 1 for Firm Commitments:

- Chapter 19, Closing
- New MAP Guide Closing Chapter 19 effective for MF transactions with Firm Commitments issued on or after Feb. 1, 2021
- Lenders and their Counsel should carefully review chapter, new protocols in 19.1.2 and 19.1.3 to request/maintain preferred closing date
- Revised closing checklists under development; to be issued in future

Effective Dates for MAP Guide Transition - 3



Effective March 18, 2021

- Full transition; all provisions of 2020 MAP Guide
- Lenders no longer declare 2016 or 2020 MAP Guide – the 2020 MAP Guide is in full effect

Upcoming Events & Updates



- **Webinar #3**, Chapters 14 and 19, additionally Ch. 4, 17, 18
 - Tuesday, Feb. 2, 1:00 to 2:30 PM, ET
- **Webinar #4, Chapter 9 – Radon Deep Dive**
 - *Save the Date: Feb. 25, 2:00 to 3:30 PM, ET*
- **Webinar #5, Chapter 9 – Section 106 Delegation-Historic Preservation**
 - *TBD, likely Mid-March 2021*
- **Errata**
 - *Re-release of MAP Guide with corrections forthcoming*
- **Ask A Question (AAQ) Tutorial (recorded resource)**
- **New User Features Tutorial (recorded resource)**

Today's HUD Presenters



- Bart Goldberg (*Chapter 7*)
- Wendy Houston (*Chapter 8 and Appendix 8*)
- Sara Jensen (*Chapter 9*)
- *30 minutes for Q&A*



Chapter 7

Bart Goldberg

Section 7.5.2.A



Change:

- Market study effective date is date of site inspection or date Analyst completes his/her research on active and proposed competitive properties (but no more than 30 days from site inspection)
- 120 days from pre-app, 180 days from firm commitment issuance is unchanged

Explanation:

- Clarifies existing policy on submission of reports
- If reports expire, HUD may, at its discretion, consider waivers to allow the Market Analyst to resurvey the data and provide an update letter referencing any changes or impact to the conclusion contained in the report

Section 7.5.2.B



Change:

- Provides clarity on scope of market study update at firm commitment
- Revisiting the demographic and competitive analysis; net and effective demand; discussion of rents in the current competitive market

Explanation:

- Can be conducted as a desktop analysis, but should include a discussion of any material changes in the PMA

Section 7.5.4.A



Change:

- Market Analyst must evaluate project rents and discuss appropriateness of price position
- Rents projected by Market Analyst must be compared with Appraiser's independent analysis and reconciled with Lender

Explanation:

- Confirms need for independent analysis of rents by Market Analyst and Appraiser (vs. reliance on Appraiser to develop market rents)

Section 7.5.11.B.1



Change:

- Includes “An estimate of the current competitive rental inventory of professionally managed units in the PMA”
- Adds requirement to review scattered site units that may not compete even if not professionally managed

Explanation:

- Requires a review of single family and other smaller multi-unit projects that may compete with the subject

Section 7.5.13.1.A.4



Change:

- Stipulates that a balanced market is 5% vacancy

Explanation:

- Requires Market Analysts to comment on potential impact of net demand conclusion on future occupancy levels in market by end of forecast period
 - Especially if supply and demand are concluded to be in balance

Section 7.5.14.B



Change:

- Redefines absorption period as time necessary to achieve balanced market occupancy (95%) or market's typical stabilized occupancy level based on current market net and effective demand estimates

Explanation:

- Eliminated sustaining occupancy as a benchmark and quantitative/qualitative analysis as a methodology

Section 7.5.14.E



Change:

- Details elements necessary to analyze any proposed commercial space in project

Explanation:

- Includes traffic counts, inventory, pipeline, opinion on commercial development opportunities on the subject site and achievable rent levels etc.

Section 7.6



Change:

- Removes requirement that Appraiser must use a capitalization rate higher than the debt service constant (“DSC”)

Explanation:

- Was inconsistent with appraisal practice; is more of an underwriting consideration
- Guidance moved to Chapter 3 as an underwriting caution in expanding and fast-moving markets

Section 7.6.8.1



Change:

- Confirms appraisal should use market rents for purposes of developing Criterion 3 EXCEPT when rent control or legislative restriction limits maximum rents in perpetuity AND when limits survive foreclosure
 - In these cases, the controlled/limited rent should be used to develop Criterion 3

Explanation:

- Added to better reflect property value if legislatively fixed rental restrictions exceed loan term

Section 7.7.7.B



Change:

- Requires use of a 5% vacancy for 90% Low Income Housing Tax Credit (LIHTC) deals

Explanation:

- LIHTC deals operate significantly differently than 90% Project Based Rental Assistance (PRBA) projects which may still be underwritten at 3% vacancy

Section 7.7.12



Change:

- Clarifies types of Other/Ancillary income that may be recognized

Explanation:

- Includes utility submetering, permit income from internet and media services, and income received from having a cellular tower on project site
- Requires market research support to include such sources as underwritten income

Section 7.9.8.D



Change: (proposed)

- Location of paragraph is an editing error; should be moved to 7.9.8.E.

Explanation:

- Refers to site valuation where sites are sold by a public body. Will be corrected in future MAP Guide update

Section 7.9.8.E.4



Change:

- Adds section permitting recognition of land value for sites sold by public body for affordable housing development at less than Fair Market Value (FMV) to value of site generated by affordable units

Explanation:

- Novel addition, recognizes partial value for affordable deals that might contribute land from public entity.
- Supports affordable housing mission

Section 7.15



Change:

- Revises leasehold section for better organization and clarity

Explanation:

- N/A

Section 7.15.7



Change:

- Adds section on fee joinders, permitted by state statute

Explanation:

- Addition of existing, accepted guidance

Section 7.16.4



Change:

- Adds section on real estate tax deferral
 - Distinguishes it from tax abatement

Explanation:

- Reduces MF risk by differentiating deferral (where return of value to HUD in a note sale may be diminished) from tax abatement



Chapter 8

Wendy Houston

Section 8.3.3



Change:

- Adds new Previous Participation guidance published in Notice 2016-15

Explanation:

- Updates definitions for Covered Project, Controlling Participant, and Specified Capacity
- Entire list of *Controlling Participants types* added to this section

Section 8.3.5



Change:

- New section with new foreign national principal guidance published in Notice 2019-01 and Mortgage Letter 2019-02, both titled “Guidance for Foreign National Participation in FHA-Insured Multifamily Programs”

Explanation:

- Incorporates guidance from ML 2019-02 in the 2020 MAP Guide

Section 8.5.1.6.A.6



Change:

- Adds new language to Section to address the General Contractor's "pay when paid subcontractors"

Explanation:

- Emphasizes that this type of contract effects the timing of the payment, not the obligation to pay, and therefore HUD will generally not adjust the general contractor's working capital calculation

Section 8.6



Change:

- Updates the scope and processes for prior credit review and approval from Mortgagee Letter 2013-07 (still in effect) and Mortgage Letter 2018-09

Explanation:

- Increases the FHA-insured threshold from \$250 million to \$500 million with approval period of 24 months from 12 months

Section 8.7.1.A.5



Change:

- Requires expiration of any restrictive covenants (written) in secondary financing documents upon foreclosure of an FHA-insured loan or deed of trust.

Explanation:

- Conforms to existing guidance
- Exception: when HOME funds (or HOME like funds) are involved in the FHA-loan, restrictive covenants remain in place

Section 8.7.6.A.3.h



Change:

- Deleted requirement that 75% of net proceeds from sale or TPA reduce the subordinate indebtedness. Subordination Agreement, Forms HUD-92420M (Public), revised

Explanation:

- The requirement is no longer applicable
- Assuming FHA-insured senior lien is paid in full, there is no need for a limitation on the payoff of subordinate debt

Section 8.8.3.B.4.c, d & e



Change:

- Incorporates non-profit guidance from three Forms cancelled in 2016 (HUD-3433, HUD-3434, and HUD-3435)

Explanation:

- Added guidance: disclosure of certified relationships, contractual relationships, and motivations
- The credit and financial analysis for a non-profit principal and a borrower are currently covered in Section 8.3 of the Guide.

Section 8.11.1.A.2.c



Change:

- Cash-Out under 223(f), clarifies that Regional/Satellite Offices may reduce cash-out holdback amount based on certain criteria met by borrower when holdback exceeds \$1 million

Explanation:

- Adds corresponding guidance from Chapter 5 on how to fund repair escrow and assurance of completion escrow

Section 8.14



Change:

- Previously included example of form HUD-92264-A, computing a borrower's initial 20% tax credit equity and breakdown of pay-in schedule

Explanation:

- This is a LIHTC topic
 - Was moved to Chapter 14, Sections 14.13 - Tax Credit Equity Pay-In Schedule and 14.14 - Definition of "Net Equity"

Section 8.14.C.12



Change:

- Expands information about EB - 5, U.S. Citizenship and Immigration Services equity program, which HUD recognizes as eligible borrower equity to meet cash requirement

Explanation:

- Conforms with and clarifies existing guidance

Section 8.15.5.1



Change:

- Adds language covering FHA insured loan with 4% LIHTCs

Explanation:

- Relates to transaction that may include issuance of short-term cash collateralized tax-exempt financing



Appendix 8

Wendy Houston

Section A.8.4



Change:

- New matrix chart of credit & financial documents listed by participant type or role type

Explanation:

- To clearly list required documents
- Omission Correction Missing Role- Management Agent w/o an IOI & Management Agent w/an IOI



Chapter 9

Sara Jensen

Section 9.1.2.A.1



Change:

- Set national approach on what should be defined as the aggregated project for Multifamily FHA applications

Explanation:

- Updated for clarification and consistency

Section 9.1.2.A.1



Change:

- New FAQs linked from Chapter 9

Aggregation Examples

State Approvals for Contamination

Acceptable Environmental Conditions

EA Factors

Underground Storage Tank integrity test and O+M Plan

Historic Preservation Programmatic Agreements that apply to FHA Reviews

EIS Waiver for Noise Process

Section 9.1.2.A.2



Change:

- Clarifies that housing staff may consider three alternatives:
 - 1) Action as proposed; 2) Modifications within the aggregated project site; or
 - 3) No action (i.e., rejection of the application)

Explanation:

- Housing staff considering application for FHA mortgage insurance at a particular site are limited to alternatives described above

Section 9.1.3



Change:

- Expands levels of review section to include all types of Multifamily insurance

Explanation:

- Clarifies that 221(d)(4) sub rehab projects are not always subject to an EA level review
- Incorporates guidance that 223(f) projects are CEST even if they include ground disturbance

Section 9.2.1.A



Change:

- Lenders and third parties are now required to submit environmental review reports directly into HEROS

Explanation:

- This was mandated for consistency and expediency

Section 9.2.1.C



Change:

- Moves the federal nexus for Choice Limiting Actions from 'initial contact' to the application date (or pre-application, if lenders use 2-step process)

Explanation:

- Defines what is and is not a choice limiting action; has new language defining end of federal nexus
- States no construction activities can occur on site after concept meeting

Section 9.2.1.C.2



Change:

- New language clarifies that existing multifamily residential properties may continue normal operations during the FHA application process

Explanation:

- Leasing, work related to unit turnover, regularly scheduled or emergency repairs allowed.
- No critical or non-critical repairs included as part of the FHA application prior to completed environmental review

Section 9.2.1.C.4



Change:

- New language defines the end of the federal nexus

Explanation:

- If an application not submitted within approved timeframes, or submitted but withdrawn, no longer federalized.
- If resubmitted at later date, the application must address any environmental compliance concerns noted at original submission. Actions that adversely affect or threaten compliance may impact acceptability of the project.

Section 9.2.1.C.6



Change:

- MAP Guide still prohibits modification of the site after a concept meeting

Explanation:

- Cannot enter into new commitment to modify the site after concept meeting (lender or developer)
- Certain scenarios allowed. **Caution**—potential risk to application, particularly with respect to Historic Preservation.

Section 9.2.1.C.6



Example 1:

- Choice Neighborhood Project. PHA to demolish several blocks of public housing, including at the site planned for FHA project. Environmental Review for PHA action complete Under Part 58.

Explanation:

- 2016 MAP Guide required a MAP waiver if demolition took place after initial contact with HUD.
- 2020 updates eliminate barriers to PHA's approved action.
- Highlight and discuss at concept. Include HUD's AUGF for Part 58.

Section 9.2.1.C.6



Example 2:

- Planned Urban Development. Horizontal improvements are required by a legal agreement entered into prior to Concept Meeting and would include the FHA site.

Explanation:

- Best option is to delay the improvements on the FHA parcel (and aggregated areas) until HUD completes HEROS review.
- If not possible as per legal agreement, this would not be a choice-limiting action but would be done at applicants' risk.

Section 9.2.2.E



Change:

- Removes requirement for Environmental Clearance Officer (ECO) review and comment for site in normally unacceptable noise zone

Explanation:

- Change incorporates CPD Notice 19-06

Section 9.2.2.G



Change:

- Strongly encourages MFH staff to consult with OEE field staff on projects with site contamination and/or include a floodway

Explanation:

- These issues are complex for HUD staff to assess
- Are of great risk to residents and the insurance fund
- Unchanged--FEO/REOs the experts and should be consulted for TA on all complex environmental issues.

Section 9.3



Change:

- Environmental Report section moved ahead of contamination section in Chapter

Explanation:

- Demonstrates that contamination is part of HEROS review, not a separate requirement

Section 9.3.G



Change:

- Removes section 9.5.O from 2016 MAP Guide - “Other Federal and State Law”
- Replaces with new sections on Wild and Scenic Rivers, Farmland, and the Clean Air Act

Explanation:

- MAP Guide does not set new policy in these areas, but provides basic overview and links to guidance on the HUD Exchange

Section 9.4.11



Change:

- Includes new section for projects on or adjacent to Superfund NPL sites

Explanation:

- Language crafted with input from EPA
- Gives additional guidance on NPL site characterization and types of documents EPA can provide

Section 9.4.13



Change:

- Includes new requirement for integrity testing and O&M plans for underground storage tanks not regulated by local, state, tribal, or federal authority

Explanation:

- Change aligns MAP Guide with HUD's Residential Care Facility Program

Section 9.6.1



Change:

- Minor changes to Lead-Based Paint section to incorporate 2017 amendments to Lead Safe Housing Rule

Explanation:

- Change aligns the MAP Guide with the latest Lead rules

Section 9.6.2.F



Change:

- Replaces 1979 threshold date for asbestos surveys with 1989 threshold date
- Because roofing materials may have ACM, updates require applicants to verify composition of roof materials
- Requires pre-construction surveys for rehab above repair threshold defined in 5.1.3

Explanation:

- Changes align with EPA asbestos regulations at 40 CFR Part 61

Section 9.6.2.J



Change:

- Replaces 2016 MAP Guide requirement to remove friable or damaged asbestos; allows for more flexible risk-based approach

Explanation:

- Change aligns MAP Guide with industry standards and the 232 Handbook

Section 9.6.3.2.C



Change:

- Removes exception to radon testing requirements for 223(f) projects in EPA Radon Zone 3
- Radon professional who says testing/mitigation not required must cite relevant state or ANSI-AARST radon standard exception

Explanation:

- EPA does not support the Zone 3 exception
- Data suggests the Zone 3 exception may miss up to 33% of projects with radon over 4 pCi/L
- Change aligns MAP guide with the 232 Handbook.

Section 9.6.3.2.C



Change:

- Eliminates the 25% sampling exception and requires 100% ground floor testing per the ANSI-AARST MAMF standard

Explanation:

- Based on data from Michael Kitto “EARTH” Study, which found that 25% sampling results in 34 – 48% chance of missing elevated radon units
- Protects residents; eliminates delay and confusion about requirement to resample 100% of ground floor units if any unit has elevated radon after 25% ground floor testing has been done

Section 9.6.3.G



Change:

- For new construction and sub rehab, all mitigation report, including follow-up testing, must be submitted to HUD at final completion inspection

Explanation:

- Testing must be completed prior to building occupancy

Section 9.6.4



Change:

- HUD delegation of authority to lenders and authorized representatives to initiate consultation with SHPOs in some circumstances
- Requires some submissions to be prepared by qualified historic preservation professional

Explanation:

- **Delegation will be final on March 18, 2021 (not available for use before then)**
- Draft delegation memo included as an Appendix to Chapter 9

Section 9.6.5.I



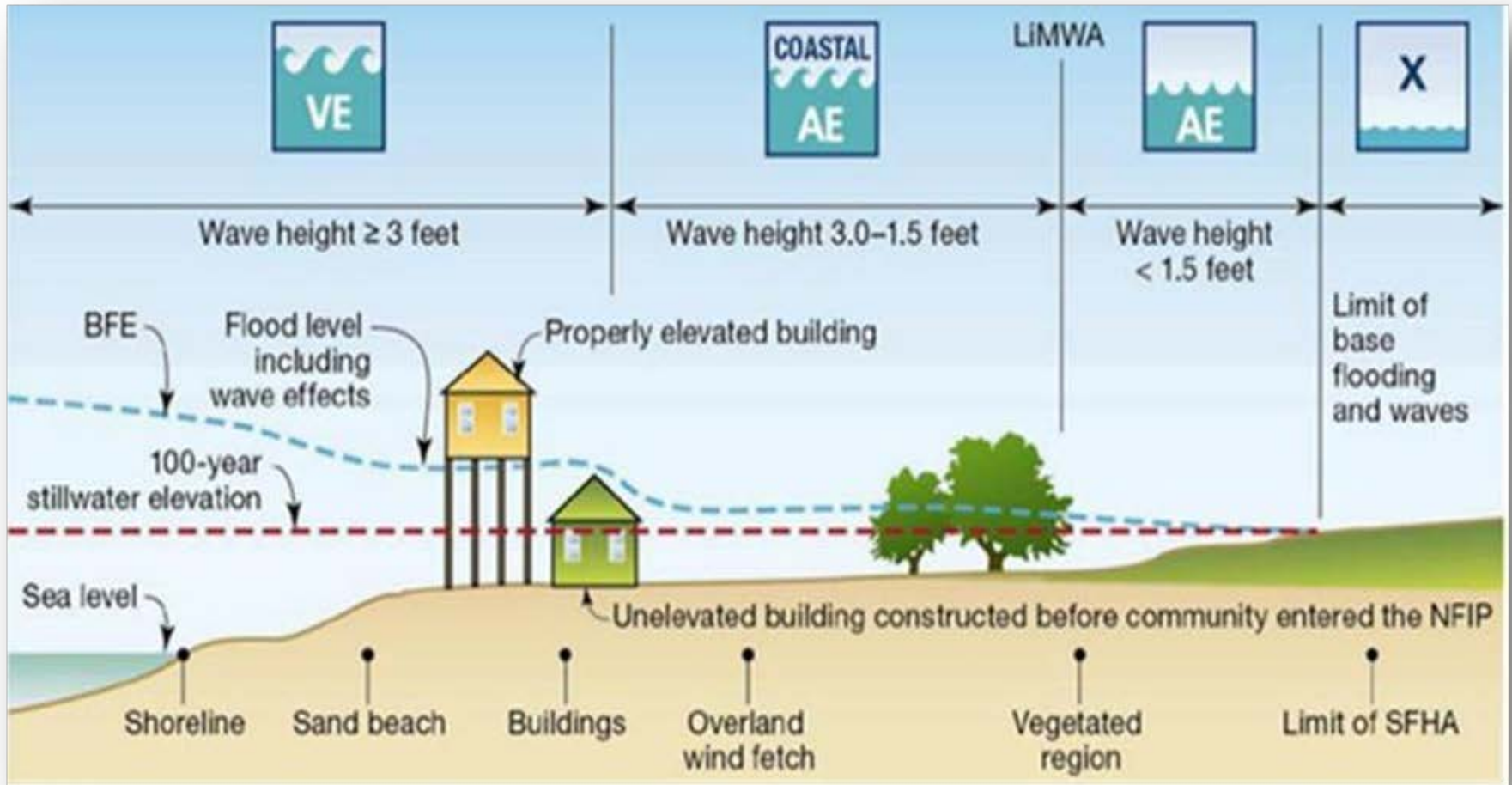
Change:

- Adds restrictions to development in FEMA Limit of Moderate Wave Action (LIMWA)

Explanation:

- HUD will not approve new construction/sub rehab applications in LIMWA
- Discourages approval of uninsured 223(f) with Level 2+ in the LIMWA
 - Will only do so if work meets current standards for coastal high hazard areas in FEMA regulations
 - Will consider approving insured refinance transactions \leq Level One repairs or assisted projects on case-by-case basis

LiMWA



Section 9.6.5.J



Change:

- Update requires 2 ft. of freeboard for new construction projects located in special flood hazard area

Explanation:

- Freeboard required by 20 states, DC, Puerto Rico, 596 localities
- HUD required 2' of freeboard for Disaster Recovery-assisted projects; has been applied to all states receiving HUD disaster assistance for recent flood disasters

Section 9.6.5.K



Change:

- Discourages purchase/refinance if lowest floor, life support facilities, ingress or egress of existing building below the 100-yr floodplain line, removing the 12" qualifier

Explanation:

- HUD retains discretion in these cases; change would help MF staff more appropriately consider risks from projects located in/surrounded by the floodplain

Section 9.6.5



Floodplain	2016 Policy	2020 Policy
High coastal hazard areas/ floodways	No FHA insurance permitted	No FHA insurance permitted
LiMWA	HUD staff review conservatively under the 8-step process.	<p><u>NC/SR</u>: prohibited</p> <p><u>Refi of uninsured or refi of currently insured with level 2 repairs or above</u>: strongly discouraged unless it meets construction requirements for high coastal hazard areas</p> <p><u>Refi of currently insured or assisted with level 1 repairs or below</u>: considered case by case</p>
100-year floodplain	<p><u>NC</u>: strongly discouraged. To qualify, lowest floor must be 1 foot above base flood elevation (BFE)</p> <p><u>SR</u>: strongly discouraged</p> <p><u>Refi/Ac</u>: discouraged if lowest floor, ingress, egress or life safety system is more than 1 foot below BFE</p>	<p><u>NC</u>: strongly discouraged. To qualify, lowest floor must be 2 feet above base flood elevation (BFE)</p> <p><u>SR</u>: strongly discouraged</p> <p><u>Refi/Ac</u>: discouraged if lowest floor, egress, ingress or life safety system is any distance below BFE</p>

Section 9.6.6



Change:

- Expands flood insurance requirements to cover projects where preliminary flood map or Advisory Base Flood Elevation (ABFE) indicates it will be in a Special Flood Hazard Area

Explanation:

- Updates allow Housing Approving Officials discretion to require flood insurance for buildings located in/on:
 - Moderate flood hazard area (FEMA zones B or shaded X)
 - Parcel that includes a SFHA
 - In coastal area subject to storm surge
 - Where topography/past flood indicate high risk

Section 9.6.6/3.9.1



Change:

- Chapter 3.9.1 increases minimum flood insurance requirements for properties located in SFHA

Explanation:

- HUD requires flood insurance in an amount at least equal to the greater of:
 - a. The maximum flood insurance available for that type of property under the NFIP or
 - b. An amount equal to the replacement cost of the bottom two stories above grade, as determined by form HUD-92329 or equivalent.

Section 9.6.6



Flood Insurance	2016 Policy	2020 Policy
When Required	Buildings in the Special Flood Hazard Area (100-year floodplain)	<p>Buildings in the Special Flood Hazard Area (100-year floodplain)</p> <p>Buildings where a preliminary flood map or Advisory Base Flood Elevation shows buildings in the Special Flood Hazard Area (SFHA)</p> <p>At Production Director’s Discretion:</p> <ul style="list-style-type: none"> • Buildings in the moderate flood hazard zone (500-year flood plain) • Parcel includes a SFHA (including an incidental portion) • Buildings in a coastal area subject to storm surge • Where topography or past flooding create a high risk for flood events.
How much coverage	Flood insurance is required during construction when the property becomes insurable, and upon completion, in the amount required by the Flood Disaster Protection Act of 1973.	<p>Flood insurance is required during construction when the property becomes insurable, and upon completion in an amount at least equal to the greater of:</p> <ol style="list-style-type: none"> a. The maximum flood insurance available for that type of property under the NFIP or b. An amount equal to the replacement cost of the bottom two stories above grade, as determined by form HUD-92329 or equivalent.

Section 9.6.8.I



Change:

- Incorporates HUD's Balcony Policy from CPD Notice 16-19

Explanation:

- N/A

Section 9.6.8.K



Change:

- Adds new language on railroad vibration, noise, and location

Explanation:

- Aligns MAP Guide with the 232 Handbook
- Edits add flexibility following comments on drafting table

Section 9.6.9



Change:

- Incorporates new final rule conforming ASD standards for residential propane tanks to industry standards

Explanation:

- Also provides additional guidance on how to consider above ground tanks for existing projects that do not involve an increase in residential density

Section 9.6.19.B



Change:

- Includes clearer path to consider risks from pipelines with clear exemptions, a table projects can use to assess risk, and requirement for professional assessment of riskiest pipelines

Explanation:

- Table is included in Appendix to Chapter 9

Section 9.6.19.c



Change:

- Includes better guidance on what is a fall hazard

Explanation:

- Updates allow HUD to consider an exemption to fall distance requirements for existing housing projects

Section 9.6.19.F



Change:

- Adds fracking to the section on oil and gas wells.

Explanation:

The updates tie the risk to the distance from the fracking well pad (the location where the drilling takes place and the gas/oil extracted) and inserts a minimum distance of 300 feet from a well pad.

Section 9.6.20



Change:

- Expands Environmental Assessment section

Explanation:

- Provides clearer guidance on HEROS EA requirements

Q & A



Resources



- The MAP Guide and related items are available at https://www.hud.gov/program_offices/administration/hudclips/guidebooks/hsg-GB4430

2020 MAP Guide (12/18/2020)	PDF
Appendix 4 Application Exhibit Checklists (12/18/2020)	EXCEL
HUD RfR Financial Factors Tool v3.0_2 (11/19/2020)	EXCEL
Estimated Useful Life Table (EUL) for CNA eTool (2/11/2016)	PAGE
Transmittal (12/18/2020)	PDF
Archived Guidebooks - <i>January 2016, August 2011 and March 2002 versions</i>	

MAP Guide Ask A Question (AAQ)



- COMING SOON: HUD will announce the availability of a new resource, the MAP Guide Ask-a-Question virtual Help Desk, to be available at <https://www.hudexchange.info/program-support/my-question/>
- All future MAP Guide questions **should** be submitted to the MAP Guide AAQ, no longer to your favorite HUD staff.

A screenshot of the HUD Exchange website's "Ask A Question" page. The page header includes the HUD Exchange logo and navigation links for Programs, Resources, Trainings, Program Support (highlighted), Grantees, and News. The main content area is titled "Ask A Question" and contains a blue box with text: "The following Ask A Question desks are active: AFFH, BRAC, CNA e-Tool, CoC, DRGR, eCon Planning Suite, ESG, e-snaps, HDX, HMIS, HOIWA, HEROS, HUD VASH, IDIS, Legacy Homeless Programs, NSP, Sage, and Title V. The CDBG and HOME Ask A Question desks are closed and no longer accepting questions. Please contact your local CPD Field Office for assistance." Below this is a progress indicator showing "Step 1 of 2" with a "Next" button. The form fields are labeled "Personal Information* Required fields" and include input boxes for "First Name", "Last Name", and "State".

Thank
You

