Multifamily Housing
LIHTC Express Lane – New Construction
HUD Section 221(d)(4)



HUD Mortgagee Letter 2026-13 (effective immediately) creates an expedited 221(d)(4) path for experienced LIHTC development teams, while keeping standard FHA underwriting.

30 Days Firm commitment decision target	**80% LTC** Standard HERA limit restored	**No Unit Cap** Under-200-unit limit eliminated
4% + 9% 4% bond deals now eligible with 9%	**10% Equity** Max pay-in at Initial Endorsement	**No Fee Deferral** 25% deferral requirement removed

Features

- Long-term, fixed-rate, fully amortizing, non-recourse construction-to-permanent financing.
- No unit cap and no limit on loan size – the prior under-200-unit restriction is eliminated.
- 4% LIHTC with tax-exempt bonds now eligible, alongside 9% LIHTC.
- Loan-to-cost up to 80% (standard HERA limit), replacing the prior 65%–75% LTC cap.
- 25% deferred developer fee requirement removed.
- Tax credit equity pay-in at Initial Endorsement limited to 10%.
- 30-day Firm Commitment decision timeline maintained, with priority Concept Meeting scheduling.
- Final plans, specs and AEC reports due 15 days prior to closing, aligned with other funding sources.
- EMAD review not required unless requested by the Regional Production Division Director.

Eligibility

- New construction insured under Section 221(d)(4) with LIHTC-restricted rents (4% or 9%).
- Experienced developer, general contractor, architect and management agent (see page 2).
- Existing HUD borrowers submitting under prior credit approval and active in LIHTC are deemed eligible.
- Excludes noise above 75 dB and contamination above unrestricted residential levels without an approved remediation plan.

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LIHTC Express Lane Qualifications & Process HUD Section 221(d)(4)



Development Team Qualifications

Developer/Owner	3+ LIHTC deals developed, placed in service and stabilized in the past 5 years (1 comparable); $1M liquidity and $5M net worth without third-party guarantors; LIHTC portfolio DSCR above 1.15 and occupancy above 93%.
General Contractor	5+ Section 221(d)(4)/LIHTC projects and 5+ Davis-Bacon projects in the past 10 years; working capital above HUD's 5% standard without parent infusions.
Architect	Designed and supervised 5+ Section 221(d)(4) projects of comparable size and complexity in the past 10 years.
Management Agent	Currently operating 5+ LIHTC-compliant projects, with experience at the company level.
Prior HUD Experience	Not required; if applicable, no Tier 1 or 2 flags, REAC scores above 80 and positive MORs.

Streamlined HUD Process

- Priority Concept Meetings – early discussion with the Regional Production Division Director is encouraged.
- Early environmental items limited to Tribal, SHPO (lender-initiated Section 106), endangered species and 8-step floodplain/wetland notices.
- Draft Firm Commitment with sample LIHTC Exhibit B special conditions.
- Abbreviated HUD loan committee narrative template.
- Early legal review of trust indenture, note, org docs, ground lease, title and subordinate financing to avoid closing delays.

1 Concept Meeting
Priority scheduling; RPDD discussion encouraged

2 Environmental
Early Tribal, SHPO, species and floodplain items

3 Firm Commitment
30-day decision; draft LIHTC Exhibit B

4 Closing
Final plans, specs and AEC 15 days prior

Insurance Upon Completion (IUC): HUD will provide maximum practical latitude to encourage the IUC option, where FHA insurance begins after completion and Certificates of Occupancy for all units.

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