

July 17, 2024

The Honorable Adrienne Todman  
Acting Secretary  
Department of Housing and Urban Development  
451 7th Street, S.W.  
Washington, D.C. 20410

Dear Acting Secretary Todman,

The undersigned national real estate associations represent a broad coalition of housing providers committed to working with the Department of Housing and Urban Development (HUD) to bolster housing supply and address America's housing affordability crisis. We share in HUD's goals of resiliency and efforts to combat the impact of climate change on real estate, especially housing. However, our groups have significant concerns about the implementation of the recent Federal Flood Risk Management Standard (FFRMS) rule. FHA Multifamily borrowers must not be subject to an implementation date that is arbitrary and impacted by the capacity of HUD staff.

The new FFRMS rule will require a significant redesign of projects, a dramatic increase in costs related to fill or floodproofing methods and will impact the development of much needed housing nationwide. The new rule, published in April, provided an optional extended compliance date for FHA multifamily mortgage borrowers through January 1, 2025, and before that date, applicants could choose to either follow the new FFRMS rule or the old requirements. This optionality gave borrowers time to adjust their project plans.

However, HUD's recent Administrative Memo establishes a September 1, 2024, threshold date, meaning that the borrower has to submit a pre-application or straight-to-firm application by that date to follow the previous floodplain requirements. Many projects have gone through years of design work but will not be ready for application by September 1 of this year. This creates serious concerns for borrowers, who may have these projects in the works and the plans will need to be significantly altered to meet the new FFRMS rule. Even for those that meet the September date, HUD acknowledges that they will do all they can to "avoid potential issues after January 1, 2025", there could be delays in their approval, requiring redesign to meet the new standards.

The FFRMS rule will have a significant impact on multifamily construction. Providing less than 5 months to have design plans comply (from publication to September 1) greatly underestimates the time and analysis needed to follow the new requirements.

We urge the Department to extend the compliance date of the FFRMS rule and make the compliance date the date of application. Without more time, HUD's dramatically low production levels will plummet as housing providers struggle to meet compliance requirements. Given the many other factors limiting housing production, including inflation, interest rates, labor costs and material costs, the compliance period on this rule should be at least 12 months from its publication.

Sincerely,

Council for Affordable and Rural Housing

Institute of Real Estate Management

Mortgage Bankers Association

National Affordable Housing Management Association

National Apartment Association

National Association of Home Builders

National Association of Housing Cooperatives

National Leased Housing Association

National Multifamily Housing Council