

HUD 220 Program Guide

CLIENT GUIDE | UPDATED SEPTEMBER 27, 2026

At a glance

Term: Up to 40 years, fully amortizing; economic-life limits apply.

Interest: Fixed for the loan term.

Loan structure: Construction and permanent financing in one loan.

Cost benchmark: Up to 87%; 90% for qualifying affordable or rental-assisted properties.

Debt coverage (DSCR): At least 1.15×; 1.11× for qualifying categories, including MIP.

Per-unit limit: Statutory mortgage limits can further restrict the loan amount.

Recourse: Nonrecourse; completion obligations apply.

Annual MIP: 0.25% under the current multifamily schedule.

The lowest applicable sizing result sets the loan amount. Debt coverage compares underwritten income with loan payments, including mortgage insurance.

How it works

Section 220 can finance new construction or rehabilitation in eligible revitalization areas. Location eligibility is an early part of the review; an urban address alone does not establish eligibility.

Send us the site address, proposed development plan and supporting local revitalization documents. We can compare Section 220 with Section 221(d)(4) and confirm the appropriate HUD application route.

MAP links this program's loan ratios to Section 221(d)(4). Read together with Mortgagee Letter 2025-03, the general benchmarks are up to 87% with at least 1.15× debt coverage for market-rate housing, or up to 90% with at least 1.11× coverage for qualifying LIHTC properties with a rent advantage and properties with rental assistance on at least 90% of units. The lowest applicable sizing test controls the loan amount. The separate middle-income option under Mortgagee Letter 2026-01 is limited to Section 221(d)(4).

The percentage applies to HUD replacement cost, with statutory per-unit and debt-service tests also limiting proceeds. Eligible commercial uses may occupy up to 25% of net rentable area and provide up to 30% of effective gross income. HUD must accept the location under Section 220; an urban address alone is insufficient.

What to consider

The project must meet the program's location and underwriting requirements. Confirm the site designation, development scope and commercial uses early. Age-restricted senior housing is not eligible under Section 220.

General program information, not a loan commitment. Eligibility, proceeds and requirements depend on the transaction, applicable guidance and HUD approval.

References: [MAP Guide](#); [Sizing update](#); [Middle-income scope](#).