



FHA INFO 2023-81

October 16, 2023

Publication of Final Policies for Accessory Dwelling Units

Today, the Federal Housing Administration (FHA) published [Mortgagee Letter \(ML\) 2023-17, Revisions to Rental Income Policies, Property Eligibility, and Appraisal Protocols for Accessory Dwelling Units](#), which provides expanded financing options for borrowers seeking to purchase properties with an accessory dwelling unit (ADU), rehabilitate existing structures to add ADUs, or construct new homes with ADUs. With these new policies, more first-time homebuyers and inter-generational families will have access to FHA-insured mortgage financing for properties with ADUs, enhancing their ability to build generational wealth and expanding the supply of affordable housing in their communities.

Specifically, the guidance in this ML:

- Allows prospective borrowers financing a property with an ADU to use some of the actual or projected rental income from the ADU to help meet FHA income requirements;
- Requires analysis and reporting of ADU rental history or market rent in FHA appraisals;
- Clarifies that ADUs are an eligible improvement type for the FHA Standard 203(k) Rehabilitation Mortgage Insurance Program; and
- Adds single family homes with ADUs to the types of improvements that can be financed under FHA's mortgages for new construction programs.

Today's ML takes into consideration industry feedback received on the draft ML that was previously announced in [FHA INFO 2023-30](#).

These policy updates will be incorporated into a future version of the [Single Family Housing Policy Handbook 4000.1](#) and the [HECM Financial Assessment and Property Charge Guide](#).

The provisions of this ML apply to FHA Title II forward and Home Equity Conversion Mortgages and are effective immediately.

For more information, read today's [press release](#).

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- Visit our knowledge base to obtain answers to frequently asked questions 24/7 at www.hud.gov/answers.
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- Call 1-800-CALLFHA (1-800-225-5342). Persons with hearing or speech impairments may reach this number by calling the Federal Relay Service at 1-800-877-8339.

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