HUD encourages interested parties to submit comment in response to these questions.


Dated: September 6, 2013.

Jean Lin Pao,
General Deputy Assistant Secretary, Office of Policy Development and Research.

[FR Doc. 2013–22456 Filed 9–13–13; 8:45 am]

BILLING CODE 4210–67–P

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR–5730–N–01]

Notice of Certain Operating Cost Adjustment Factors for 2014

AGENCY: Office of the Assistant Secretary for Housing—Federal Housing Commissioner, HUD.

ACTION: Notice.

SUMMARY: This notice establishes operating cost adjustment factors (OCAFs) for project based assistance contracts for eligible multifamily housing projects having an anniversary date on or after February 11, 2014. OCAFs are annual factors used to adjust Section 8 rents renewed under section 524 of the Multifamily Assisted Housing Reform and Affordability Act of 1997 (MAHRA).

DATES: Effective Date: February 11, 2014.

FOR FURTHER INFORMATION CONTACT: Stan Houle, Housing Program Manager, Office of Housing Assistance and Grant Administration, Department of Housing and Urban Development, 451 7th Street SW., Washington, DC 20410; telephone number 202–402–2572 (this is not a toll-free number). Hearing- or speech-impaired individuals may access this number through TTY by calling the toll-free Federal Relay Service at 800–877–8339.

SUPPLEMENTARY INFORMATION:

I. OCAFs

Section 514(e)(2) of MAHRA (42 U.S.C. 1437f note) requires HUD to establish guidelines for rent adjustments based on an OCAF. The statute requiring HUD to establish OCAFs for Low-Income Housing Preservation and Resident Homeownership Act (LIHPRHA) (12 U.S.C. 4101, et seq.) projects and projects with contract renewals or adjustments under section 524(b)(1)(A) of MAHRA is similar in wording and intent. HUD has therefore developed a single factor to be applied uniformly to all projects utilizing OCAFs as the method by which renewal rents are established or adjusted.

LIHPRHA projects are low-income housing projects insured by the Federal Housing Administration (FHA). LIHPRHA projects are primarily low-income housing projects insured under section 221(d)(3) below-market interest rate (BMIR) and section 236 of the National Housing Act, respectively. Both categories of projects have low-income use restrictions that have been extended beyond the 20-year period specified in the original documents, and both categories of projects also receive assistance under section 8 of the U.S. Housing Act of 1937 to support the continued low-income use.

MAHRA gives HUD broad discretion in setting OCAFs, referring, for example, in sections 524(a)(4)(C)(i), 524(b)(1)(A), 524(b)(3)(A) and 524(c)(1) simply to “an operating cost adjustment factor established by the Secretary.” The sole limitation to this grant of authority is a specific requirement in each of the foregoing provisions that application of an OCAF “shall not result in a negative adjustment.” Contract rents are adjusted by applying the OCAF to that portion of the rent attributable to operating expenses exclusive of debt service.

The OCAFs published in this notice and applicable to eligible projects having a project based assistance contracts anniversary date of on or after February 11, 2014, are calculated using the same method as those published in HUD’s 2013 OCAF notice published on October 16, 2012 (77 FR 63324). Specifically, OCAFs are calculated as the sum of weighted average cost changes for wages, employee benefits, property taxes, insurance, supplies and equipment, fuel oil, electricity, natural gas, and water/sewer/trash using publicly available indices. The weights used in the OCAF calculations for each of the nine cost component groupings are set using current percentages attributable to each of the nine expense categories. These weights are calculated in the same manner as in HUD’s October 16, 2012, notice. Average expense proportions were calculated using three years of audited Annual Financial Statements from projects covered by OCAFs. The expenditure percentages for these nine categories have been found to be very stable over time, but using three years of data increases their stability. The nine cost component weights were calculated at the state level, which is the lowest level of geographical aggregation with enough projects to permit statistical analysis. The data were not available for the Western Pacific Islands, so state data for Hawaii were used as the best available indicator of OCAFs for these areas.

The best current price data sources for the nine cost categories were used in calculating annual change factors. State-level data for fuel oil, electricity, and natural gas from Department of Energy surveys are relatively current and continue to be used. Data on changes in employee benefits, insurance, property taxes, and water/sewer/trash costs are only available at the national level. The data sources for the nine cost indicators selected used were as follows:

- **Labor Costs:** First quarter, 2013 Bureau of Labor Statistics (BLS) ECI, Private Industry Wages and Salaries, All Workers (Series ID CU20300000000001) at the national level and Private Industry Benefits, All Workers (Series ID CU20300000000001) at the national level.

- **Property Taxes:** Census Quarterly Summary of State and Local Government Tax Revenues—Table 1
  
- **Insurance:** May 2012 to May 2013 Bureau of Labor Statistics (BLS) Consumer Price Index, All Items Less Food, Energy and Shelter (Series ID CUU0000SAOL12E) at the national level.

- **Fuel Oil:** October 2012—March 2013 U.S. Weekly Heating Oil and Propane Prices report. Average weekly residential heating oil prices in cents per gallon excluding taxes for the period from October 1, 2012 through March 18, 2013 are compared to the average from October 3, 2011 through March 19, 2012. For the States with insufficient fuel oil consumption to have separate estimates, the relevant regional Petroleum Administration for Defense Districts (PADD) change between these two periods is used; if there is no regional PADD estimate, the U.S. change between these two periods is used.

- **Electricity:** Energy Information Administration, February 2013 “Electric Power
VerDate Mar<15>2010 17:46 Sep 13, 2013 Jkt 229001 PO 00000 Frm 00057 Fmt 4703 Sfmt 4703 E:\FR\FM\16SEN1.SGM 16SEN1

renewal rents are required to be set at section 524(b)(3) of MAHRA, the
room occupancy projects (SROs) under Rehabilitation projects, other than single
As an example, for Section 8 Moderate
at rents not exceeding comparable
request such a plan. Renewals must be
Market Program, including projects that
restructuring plans under the Mark-to-
Section 8 project-based assistance
assistance, and ensure the continued
cost of federal housing assistance,
Mark-to-Market Program to reduce the

OCAF for Virginia. The OCAFs for 2014
expense categories to calculate the 2014
This 2.0 percent would then be added
from 2012 to 2013, the wage increase
expenses and increased by 4 percent
instance, if wages in Virginia comprised
by the selected inflation factors. For

MAHRA, as amended, created the
Mark-to-Market Program to reduce the
cost of federal housing assistance,
enhance HUD’s administration of such
assistance, and ensure the continued
affordability of units in certain
multifamily housing projects. Section
524 of MAHRA authorizes renewal of
Section 8 project-based assistance
contracts for projects without
restructuring plans under the Mark-to-
Market Program, including projects that
are not eligible for a restructuring plan
and those for which the owner does not
request such a plan. Renewals must be
at rents not exceeding comparable
market rents except for certain projects.
As an example, for Section 8 Moderate
Rehabilitation projects, other than single
room occupancy projects (SROs) under
the McKinney-Vento Homeless
Assistance Act (42 U.S.C. 11301 et seq.),
that are eligible for renewal under
section 524(b)(3) of MAHRA, the
renewal rents are required to be set at
theless of: (1) the existing rents under
the expiring contract, as adjusted by the
OCAF; (2) fair market rents (less any
amounts allowed for tenant-purchased
utilities); or (3) comparable market rents
for the market area.
LIHPRHA (see, in particular, section
and HUD’s regulations at 24 CFR
248.145(a)(9)) requires that future rent
adjustments for LIHPRHA projects be
made by applying an annual factor, to
be determined by HUD to the portion of
project rent attributable to operating
expenses for the project and, where the
owner is a priority purchaser, to the
portion of project rent attributable to
project oversight costs.

III. Findings And Certifications
Environmental Impact
This issuance sets forth rate
determinations and related external
administrative requirements and
procedures that do not constitute a
development decision affecting the
physical condition of specific project
areas or building sites. Accordingly,
under 24 CFR 50.19(c)(6), this notice is
categorically excluded from
environmental review under the
National Environmental Policy Act of

Catalog of Federal Domestic Assistance Number

The Catalog of Federal Domestic Assistance Number for this program is
14.187.

Carol J. Galante,
Assistant Secretary for Housing—Federal
Housing Commissioner.

Appendix
Operating Cost Adjustment Factors for 2014
Alabama 2.2
Alaska 1.7
Arizona 2.1
Arkansas 2.1
California 2.0
Colorado 1.9
Connecticut 1.6
Delaware 1.8
District of Columbia 1.3
Florida 2.0
Georgia 2.0
Hawaii 2.4
Idaho 2.2
Illinois 1.4
Indiana 1.9
Iowa 2.0
Kansas 2.2
Kentucky 2.0
Louisiana 1.6
Maine 1.8
Maryland 1.7
Massachusetts 1.7
Michigan 1.9
Minnesota 1.6
Mississippi 2.0
Missouri 2.1
Montana 1.7
Nebraska 2.2
Nevada 2.0
New Hampshire 1.2
New Jersey 1.4
New Mexico 1.9
New York 1.4
North Carolina 2.1
North Dakota 2.0
Ohio 1.7
Oklahoma 2.0
Oregon 2.1
Pacific Islands 2.4
Pennsylvania 1.5
Puerto Rico 1.9
Rhode Island 1.6
South Carolina 2.2
South Dakota 2.3
Tennessee 1.9
Texas 2.0
Utah 2.4
Vermont 2.2
Virgin Islands 2.2
Virginia 2.0
Washington 2.1
West Virginia 2.3
Wisconsin 1.7
Wyoming 2.2
US Average 1.9

[FPR Doc. 2013–22458 Filed 9–13–13; 8:45 am]
BILLING CODE 4210–67–P

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
[Docket No. FR–5711–N–02]
Notice of Regulatory Waiver Requests Granted for the Second Quarter of Calendar Year 2013

AGENCY: Office of the General Counsel, HUD.

ACTION: Notice.

SUMMARY: Section 106 of the Department of Housing and Urban Development Reform Act of 1989 (the HUD Reform Act) requires HUD to publish quarterly Federal Register notices of all regulatory waivers that HUD has approved. Each notice covers the quarterly period since the previous Federal Register notice. The purpose of this notice is to comply with the requirements of section 106 of the HUD Reform Act. This notice contains a list of regulatory waivers granted by HUD during the period beginning on April 1, 2013, and ending on June 30, 2013.

FOR FURTHER INFORMATION CONTACT: For general information about this notice, contact Camille E. Acevedo, Associate General Counsel for Legislation and Regulations, Department of Housing and Urban Development, 451 7th Street SW., Room 10262, Washington, DC 20410–0500, telephone 202–708–1793 (this is not a toll-free number). Persons with hearing- or speech-im pairments may