



Oregon

John A. Kitzhaber, MD, Governor



Housing and Community Services

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Dear Owner/Agent:

The Department of Housing and Urban Development (HUD) has streamlined the Amend Rents process for multi-year contracts that have been renewed under the Multifamily Assisted Housing Reform and Affordability Act (MAHRA) and are eligible to receive an Operating Cost Adjustment Factor (OCAF) rent increase. The new process is called the Automatic (Auto) OCAF Rent Increase process and is being launched in our area of the country starting March 1, 2012.

The Auto OCAF Rent Increase process eliminates the requirement for an Owner/Agent to calculate their own OCAF rent increase and submit an OCAF Worksheet to the contract administrator (OHCS) during an Amend Rents year. Contract renewals and certain contracts that are not eligible to receive an automatic OCAF annually will not be a part of this automated process. Renewal and rent increase packages for those projects should be submitted to us as in the past. The 180-day letter provided by OHCS will inform you of whether or not the project is eligible for the Auto OCAF.

If your project is eligible for an Auto OCAF rent increase, at approximately 150 days prior to the contract anniversary date, we will send you a letter advising you of your project's new OCAF increased rents, a new Exhibit A, and a request that you certify the accuracy of the debt service and non-Section 8 rent potential amounts used. Once you have accepted the Auto OCAF rent increase, you will need to complete and execute three (3) Forms HUD-92458 Rent Schedules and return those to us with your signed certification within ten (10) days. We will execute the HUD-92458 Rent Schedules upon receipt and one will be returned to you immediately, at which time you will complete your Gross Rent Change through TRACS. The entire process can be easily completed within two weeks and can provide you with your rent increase in time to process by your project's contract anniversary date.

For projects that receive utility allowances, you are still required to complete a Utility Analysis annually at the time of the annual rent adjustment.

As your Contract Administrator we would like to emphasize the importance of providing the information necessary to complete the OCAF Worksheet prior to the 150-day letter. In addition to the above noted UA analysis we will also be requesting, if applicable, verification of:

1. *The Project's current debt service; and*
2. *The current Annual Rent Potential for any non-Section 8 Units or non-expiring Section 8 contracts associated with the Project.*

We believe this change can greatly streamline the annual OCAF adjustment process for all; but realizing it will depend on the Contract Administrator (OHCS) receiving the necessary data prior to generating and sending out the 150-day letter.

If you have any questions relating to the Auto OCAF process, please contact me at (503) 986-0970, or by email at matthew.perry@hcs.state.or.us.

Sincerely,

Matthew Perry, Quality Assurance Advisor
HUD Contract Administration