



Memo Number: 12-03-01
TO: Section 8 Owners and Management Agents
From: Vona Johnson, Director of Rental Housing Management *Vona*
Subject: Automatic OCAF Rent Increase
Date: 3-8-2012

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 the Owner to calculate its own OCAF rent increase and submit an OCAF Worksheet and a cover letter to South Dakota Housing Development Authority (SDHDA) as the contract administrator (CA) during Amend Rent years to obtain an OCAF rent increase. 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 properties should be submitted to SDHDA as in the past. To find out if your property is eligible for the Auto OCAF process, please contact SDHDA.

If your property is eligible for an Auto OCAF rent increase, at approximately 150 days prior to the contract anniversary date, a letter will be sent advising you of your property'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 SDHDA with your signed certification within ten (10) days. SDHDA 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 property's contract anniversary date.

For properties that receive utility allowances, you are still required to complete a Utility Analysis annually at the time of the annual rent adjustment in the manner described in HUD Multifamily Asset Management and Project Servicing Handbook 4350.1, Chapter 7. Please have this completed and submitted to SDHDA at least 150 days prior to your property's contract anniversary date. This will ensure timely processing of your Auto OCAF rent increase.

SDHDA and the Department of Housing and Urban Development are excited about bringing this streamlined process to you and welcome your feedback. Please submit any comments you may have to SDHDA so that we may pass them along to HUD.

If you have any questions relating to the Auto OCAF process, please contact Lisa Donner in our office at (605) 773-3181 or lisa@sdhda.org.

