



OFFICE OF HOUSING

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-8000

MEMORANDUM FOR: All Multifamily Regional Center Directors
All Multifamily Satellite Office Directors
All Multifamily Asset Management Directors
All Multifamily Contract Administrators

FROM: Tobias J. Halliday, Director
Office of Asset Management and Portfolio Oversight, HTG

SUBJECT: 2023 Operating Cost Adjustment Factors: Temporary
Suspension of OCAF Processing Provision

HUD recently published the 2023 Operating Cost Adjustment Factors (OCAFs), which reflect the current inflationary environment. The national average OCAF for the United States as a whole is at 6.1 percent; the OCAFs for the individual states and territories range from a low of 4.8 percent in South Dakota to a high of 8.3 in Maine. Only 2 states have OCAFs below 5.0 percent.

In light of the extensive number of jurisdictions with 2023 OCAFs of 5.0 percent or higher, HUD is temporarily suspending the requirement laid out in Section 2-17.B.6.c of the *Section 8 Renewal Policy Guidebook*, which directs the Contract Administrator (CA), upon receipt of an owner's request for an annual rent adjustment, to forward the request to the Account Executive (AE) for review prior to executing the Rent Schedule "if the rent increase equals or exceeds five percent." Instead, HUD instructs CAs to process annual rent adjustments for contract renewals or multiyear contracts eligible for and electing an auto OCAF pursuant to the 2023 OCAFs without forwarding such requests to the AE for review, even if application of the 2023 OCAF will result in a rent increase of 5 percent or more.

Note that for budget-based rent adjustments, HUD is not suspending the processing instructions. This means that the CA must forward to the AE for review any request for a budget-based rent increase of 5 percent or more.

If you have questions about this memo, please contact Belinda Koros at Belinda.P.Koros@hud.gov.