

Special Attention of:

All Multifamily Hub Directors
All Multifamily Hub Program Center Directors
All Project Managers
All Regional Directors
All Field Office Directors

Notice H 2002-18

Issued: September 6, 2002

Expires: September 30, 2003

Cross References:

Handbook 4571.2 (811)

Handbook 4571.3 REV-1 (202)

Subject: Fiscal Year 2002 Annual Operating Cost Standards - Section 202 Supportive Housing for the Elderly and Section 811 Supportive Housing for Persons with Disabilities Programs

Attached are the Operating Cost Standards (OCS) which HUD Office staff should use for calculating the annual per person/per unit amount of a Project Rental Assistance Contract (PRAC) when making Fiscal Year 2002 subsidy fund reservations for Capital Advance applications under the subject programs.

These Standards have been updated using the National Consumer Price Index (CPI) of housing changes for 2001. Each HUD Office should adjust these Standards downward to accommodate any lower cost area within its jurisdiction when locally developed cost data so indicate.

Historically, some areas significantly exceed the National CPI average. To assure that those areas are not precluded from program participation, each HUD Office noted below is authorized to adjust its annual OCS by up to the additional percentage shown: Atlanta - 0.2 percent; Chicago - 5.2 percent; New York - 17.4 percent; Philadelphia - 4.6 percent; Los Angeles - 5.6 percent; San Francisco - 43.3 percent; and Seattle - 21.3 percent.

To determine the total amount of an annual PRAC, multiply the OCS by the number of residential spaces in a group home or by the number of revenue-producing units in either an independent living facility or an elderly project. For the seven cities listed above, the result thus obtained would be multiplied by part or all of the additional percentage, as needed.

In accordance with the waiver authority provided in the Fiscal Year 2002 HUD Appropriations Act (Pub.L.107-73), the Secretary is waiving the following statutory and regulatory provisions in the FY 2002 Program NOFAs for the Section 202 (67 FR 14375) and Section 811 (67 FR 14421) Programs as published in the Federal Register on March 26, 2002:

:Distribution: W-3-1,

The term of the PRAC is reduced from 20 years to a minimum term of 5 years. The Department anticipates that, at the end of the contract terms, renewals will be approved

subject to the availability of funds. In addition to this provision, the Department will reserve PRAC funds based on 75 percent rather than 100 percent of the current OCS for approved units in order to take into account the average tenant contribution toward rent.

Should you have any questions, please contact Brenda M. Butler at (202) 708-3000, extension 6788.

John C. Weicher
Assistant Secretary for Housing-
Federal Housing Commissioner

Attachments

NATIONAL AVERAGE FOR 2001 - 176.9

<u>CITIES</u>	<u>ANNUAL AVERAGE</u> 2001	<u>PERCENTAGE</u> <u>INCREASE</u>
Atlanta, GA	177.1	0.2
Chicago-Gary-Kenosha IL-IN-WI	182.1	5.2
Los Angeles-Riverside- Orange County, CA	182.5	5.6
NY-Northern NJ-Long Island, NY-NJ-CT-PA	194.3	17.4
Phil-Wilmington-Atlantic City, PA-NJ-DE-MD	181.5	4.6
San Francisco-Oakland- San Jose, CA	220.2	43.3
Seattle-Tacoma, Bremerton, WA	198.2	21.3

FISCAL YEAR 2002
 Operating Cost Standards
 Section 202 and 811

OFFICE2001 OPERATING COST STANDARDS**BOSTON HUB**

Boston	\$ 5,605
Hartford	5,281
Manchester	4,263
Bangor	4,387
Burlington	4,276
Providence	5,223

NEW YORK HUB

New York City	6,346
---------------	-------

BUFFALO HUB

Buffalo	4,467
Albany	4,574

PHILADELPHIA HUB

Charleston	4,196
Newark	5,493
Camden	4,980
Pittsburgh	4,064
Philadelphia	5,007
Wilmington	4,630

BALTIMORE HUB

Baltimore	4,358
Richmond	3,897
Washington	4,438

GREENSBORO HUB

Columbia	3,466
Greensboro	3,762

ATLANTA HUB

Atlanta	3,545
San Juan	3,466
Louisville	3,762
Knoxville	3,465
Nashville	3,330
Memphis	3,545

FISCAL YEAR 2002
 Operating Cost Standards
 Section 202 and 811

OFFICE2001 OPERATING COST STANDARDS**JACKSONVILLE HUB**

Jacksonville	3,436
Miami	3,677
Tampa	3,248
Birmingham	3,466
Jackson	3,571

CHICAGO HUB

Chicago	4,221
Indianapolis	4,005

COLUMBUS HUB

Cincinnati	4,032
Cleveland	4,493
Columbus	3,980

DETROIT HUB

Detroit	4,490
Grand Rapids	3,736

MINNEAPOLIS HUB

Milwaukee	4,086
Minneapolis	4,358

FT. WORTH HUB

Ft. Worth	3,762
Albuquerque	3,679
Lubbock	3,627
Houston	3,736
Little Rock	3,222
New Orleans	3,357
Shreveport	3,465
San Antonio	3,451

FISCAL YEAR 2002
 Operating Cost Standards
 Section 202 and 811

OFFICE2001 OPERATING COST STANDARD**KANSAS CITY HUB**

Des Moines	3,655
Kansas City	4,086
Topeka	3,600
Omaha	3,679
Oklahoma City	3,465
Tulsa	3,571
St. Louis	4,306

DENVER HUB

Denver	3,980
Casper	3,381
Fargo	3,381
Helena	3,679
Salt Lake City	3,490
Sioux Falls	3,357

SAN FRANCISCO HUB

Honolulu (Guam)	5,223
Reno	4,221
Phoenix	3,679
Sacramento	4,684
San Francisco	5,223

LOS ANGELES HUB

Los Angeles	4,875
San Diego	4,519
Santa Ana	4,875

SEATTLE HUB

Anchorage	7,452
Portland	3,897
Boise	3,790
Seattle	4,143
Spokane	4,059