



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

ASSISTANT SECRETARY FOR HOUSING-  
FEDERAL HOUSING COMMISSIONER

**Special Attention of**

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

**Notice H 2007-06**

Issued: October 10, 2007

Expires: October 31, 2008

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Cross References

Handbook 4571.2 (811)

Handbook 4571.3 REV-1 (202)

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**SUBJECT:** Fiscal Year 2007 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 2007 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 2007. 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: Chicago – 1 percent; New York – 34.8 percent; Philadelphia – 17 percent; Los Angeles – 22.3 percent; San Francisco – 27.3 percent; and Seattle – 11.9 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 six 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 2007 HUD Appropriations Act, the Secretary is waiving the following statutory and regulatory provisions in the FY 2007 Program SuperNOFA for the Section 202 and Section 811 Programs:

The term of the PRAC is reduced from 5 to 3 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 questions, please contact Adia Hayes at (202) 402-2463.

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Brian Montgomery, Assistant Secretary for  
Housing –Federal Housing Commissioner

Attachments

**NATIONAL AVERAGE FOR 2006 – 203.2**

<b><u>CITIES</u></b>	<b><u>ANNUAL AVERAGE</u></b> <b><u>2006</u></b>	<b><u>PERCENTAGE</u></b> <b><u>INCREASE</u></b>
Chicago-Gary-Kenosha IL-IN-WI	204.2	1
Los Angeles-Riverside- Orange County, CA	225.5	22.3
NY-Northern NJ-Long Island, NY-NJ-CT-PA	238.0	34.8
Phil-Wilmington-Atlantic City, PA-NJ-DE-MD	220.2	17
San Francisco-Oakland- San Jose, CA	230.5	27.3
Bremerton, WA Seattle-Tacoma	215.1	11.9

**FISCAL YEAR 2007**  
**Operating Cost Standards**  
**Section 202 and 811**

**OFFICE**

**2007 OPERATING COST STANDARDS**

**BOSTON HUB**

Boston	\$6,491
Hartford	\$6,116
Manchester	\$4,937
Bangor	\$5,080
Burlington	\$4,951
Providence	\$6,048

**NEW YORK HUB**

New York City	\$7,349
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**BUFFALO HUB**

Buffalo	\$5,173
Albany	\$5,297

**PHILADELPHIA HUB**

Charleston	\$4,860
Newark	\$6,361
Camden	\$5,767
Pittsburgh	\$4,707
Philadelphia	\$5,798
Wilmington	\$5,361

**BALTIMORE HUB**

Baltimore	\$5,047
Richmond	\$4,513
Washington	\$5,139

**GREENSBORO HUB**

Columbia	\$4,013
Greensboro	\$4,356

**ATLANTA HUB**

Atlanta	\$4,105
San Juan	\$4,013
Louisville	\$4,356
Knoxville	\$4,012
Nashville	\$3,857
Memphis	\$4,105

**OFFICE****2007 OPERATING COST STANDARDS****JACKSONVILLE HUB**

Jacksonville	\$3,978
Miami	\$4,258
Tampa	\$3,761
Birmingham	\$4,013
Jackson	\$4,135

**CHICAGO HUB**

Chicago	\$4,888
Indianapolis	\$4,638

**COLUMBUS HUB**

Cincinnati	\$4,670
Cleveland	\$5,203
Columbus	\$4,610

**DETROIT HUB**

Detroit	\$5,200
Grand Rapids	\$4,326

**MINNEAPOLIS HUB**

Milwaukee	\$4,731
Minneapolis	\$5,047

**FT. WORTH HUB**

Ft. Worth	\$4,356
Albuquerque	\$4,261
Lubbock	\$4,200
Houston	\$4,326
Little Rock	\$3,731
New Orleans	\$3,888
Shreveport	\$4,012
San Antonio	\$3,997

**KANSAS CITY HUB**

Des Moines	\$4,233
Kansas City	\$4,731
Topeka	\$4,168
Omaha	\$4,261
Oklahoma City	\$4,012
Tulsa	\$4,135
St. Louis	\$4,986

**OFFICE****2007 OPERATING COST STANDARDS****DENVER HUB**

Denver	\$4,610
Casper	\$3,915
Fargo	\$3,915
Helena	\$4,261
Salt Lake City	\$4,043
Sioux Falls	\$3,888

**SAN FRANCISCO HUB**

Honolulu (Guam)	\$6,048
Reno	\$4,888
Phoenix	\$4,261
Sacramento	\$5,424
San Francisco	\$6,048

**LOS ANGELES HUB**

Los Angeles	\$5,645
San Diego	\$5,233
Santa Ana	\$5,645

**SEATTLE HUB**

Anchorage	\$8,630
Portland	\$4,513
Boise	\$4,388
Seattle	\$4,797
Spokane	\$4,699