



TO: Section 8 Property Owners and Managers That Use Contract Rent Annual Adjustment Factors

FROM: Robert Conroy, Director of Asset Management

TOPICS

SECTION I: Section 8 Housing Assistance Payments Program – Contract Rent Annual Adjustment Factors for Fiscal Year 2010 Have Been Posted

On February 10, 2010 the Contract Rent Annual Adjustment Factors (AAFs) Notice was posted in the Federal Register, a copy of which is attached hereto. A copy of the AAFs for each region is also attached. Contract Rent AAFs established by this Notice are used to adjust contract rents for units assisted in certain Section 8 housing assistance payments programs during the initial (pre-renewal term) of the HAP contract and for all units in the Project-Based Certification program. There are three categories of Section 8 programs that use the Contract Rent AAFs:

- The Section 8 New Construction and Substantial Rehabilitation program
- The Section 8 Loan Management (LM) and Property Disposition (PD) program
- The Section 8 Project-Based Certificate (PBC) program

Contract Rent AAFs are used differently for each of the Section 8 program categories. The specific application of the Contract Rent AAFs is determined by law, the HAP contract and the appropriate program regulations and requirements.

Questions regarding Contract Rent AAFs may be forwarded to Maureen Brown at mbrown@mainehousing.org or to Jennifer Boardman at jboardman@mainehousing.org. They may also be reached at 1-800-452-4668 or TTY at 1-800-452-4603.

Attachments:

**Federal Register/Vol. 75, No. 27 [Docket No. FR-5391-N-01]
*Section 8 Housing Assistance Payments Program – Contract Rent Annual
Adjustment Factors, Fiscal Year 2010***

FY 2010 Contract Rent Annual Adjustment Factors

MAINEHOUSING NONDISCRIMINATION NOTICE

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FY 2010 CONTRACT RENT AAFS

01/12/10

Table 1

	HIGHEST COST INCLUDED	UTILITY EXCLUDED
Midwest Region	1.036	1.015
Northeast Region	1.051	1.025
South Region	1.051	1.035
West Region	1.040	1.037
Akron, OH MSA	1.025	1.000
Anchorage, AK MSA	1.036	1.041
Metropolitan Area Components:		
Anchorage, AK HMFA		
Matanuska-Susitna Borough, AK HMFA		
Ann Arbor, MI MSA	1.009	1.000
Ashtabula County, OH	1.033	1.000
Atlanta-Sandy Springs-Marietta, GA MSA	1.049	1.033
Metropolitan Area Components:		
Atlanta-Sandy Springs-Marietta, GA HMFA		
Butts County, GA HMFA		
Haralson County, GA HMFA		
Lamar County, GA HMFA		
Meriwether County, GA HMFA		
Atlantic City-Hammonton, NJ MSA	1.040	1.027
Baltimore-Towson, MD MSA	1.067	1.036
Metropolitan Area Components:		
Baltimore-Towson, MD HMFA		
Columbia city, MD HMFA		
Boston-Cambridge-Quincy, MA-NH MSA	1.038	1.006
Metropolitan Area Components:		
Boston-Cambridge-Quincy, MA-NH HMFA		
Brockton, MA HMFA		
Lawrence, MA-NH HMFA		
Lowell, MA HMFA		
Portsmouth-Rochester, NH HMFA		
Western Rockingham County, NH HMFA		
Boulder, CO MSA	1.034	1.023
Bremerton-Silverdale, WA MSA	1.068	1.078

FY 2010 CONTRACT RENT AAFS

01/12/10

Table 1

	HIGHEST COST INCLUDED	UTILITY EXCLUDED
Bridgeport-Stamford-Norwalk, CT MSA	1.058	1.040
Metropolitan Area Components:		
Bridgeport, CT HMFA		
Danbury, CT HMFA		
Stamford-Norwalk, CT HMFA		
Chicago-Naperville-Joliet, IL-IN-WI MSA	1.046	1.019
Metropolitan Area Components:		
Chicago-Naperville-Joliet, IL HMFA		
DeKalb County, IL HMFA		
Gary, IN HMFA		
Grundy County, IL HMFA		
Jasper County, IN HMFA		
Kendall County, IL HMFA		
Kenosha County, WI HMFA		
Cincinnati-Middletown, OH-KY-IN MSA	1.032	1.014
Metropolitan Area Components:		
Brown County, OH HMFA		
Cincinnati-Middleton, OH-KY-IN HMFA		
Grant County, KY HMFA		
Cleveland-Elyria-Mentor, OH MSA	1.025	1.000
Dallas-Fort Worth-Arlington, TX MSA	1.056	1.044
Metropolitan Area Components:		
Dallas, TX HMFA		
Fort Worth-Arlington, TX HMFA		
Wise County, TX HMFA		
Denver-Aurora-Broomfield, CO MSA	1.036	1.023
Detroit-Warren-Livonia, MI MSA	1.013	1.000
Metropolitan Area Components:		
Detroit-Warren-Livonia, MI HMFA		
Livingston County, MI HMFA		
Flint, MI MSA	1.017	1.000
Greeley, CO MSA	1.039	1.022
HAWAII	1.070	1.033
Hagerstown-Martinsburg, MD-WV MSA	1.072	1.034
Metropolitan Area Components:		
Hagerstown, MD HMFA		
Martinsburg, WV HMFA		

FY 2010 CONTRACT RENT AAFS

01/12/10

Table 1

	HIGHEST COST INCLUDED	UTILITY EXCLUDED
Henderson County, TX	1.061	1.044
Houston-Sugar Land-Baytown, TX MSA Metropolitan Area Components: Austin County, TX HMFA Brazoria County, TX HMFA Houston-Baytown-Sugar Land, TX HMFA	1.040	1.032
Island County, WA	1.065	1.078
Kankakee-Bradley, IL MSA	1.054	1.014
Kansas City, MO-KS MSA Metropolitan Area Components: Bates County, MO HMFA Franklin County, KS HMFA Kansas City, MO-KS HMFA	1.043	1.016
Lenawee County, MI	1.020	1.000
Los Angeles-Long Beach-Santa Ana, CA MSA Metropolitan Area Components: Los Angeles-Long Beach, CA HMFA Orange County, CA HMFA	1.045	1.045
Manchester-Nashua, NH MSA Metropolitan Area Components: Hillsborough County, NH (part) HMFA Manchester, NH HMFA Nashua, NH HMFA	1.038	1.005
Miami-Fort Lauderdale-Pompano Beach, FL MSA Metropolitan Area Components: Fort Lauderdale, FL HMFA Miami-Miami Beach-Kendall, FL HMFA West Palm Beach-Boca Raton, FL HMFA	1.049	1.050
Milwaukee-Waukesha-West Allis, WI MSA	1.044	1.024
Minneapolis-St. Paul-Bloomington, MN-WI MSA	1.041	1.029
Monroe, MI MSA	1.015	1.000
Napa, CA MSA	1.041	1.041
New Haven-Milford, CT MSA Metropolitan Area Components: Milford-Ansonia-Seymour, CT HMFA New Haven-Meriden, CT HMFA Waterbury, CT HMFA	1.061	1.036

FY 2010 CONTRACT RENT AAFS

01/12/10

Table 1

	HIGHEST COST INCLUDED	UTILITY EXCLUDED
New York-Northern New Jersey-Long Island, NY-NJ-PA MSA	1.057	1.040
Metropolitan Area Components:		
Bergen-Passaic, NJ HMFA		
Jersey City, NJ HMFA		
Middlesex-Somerset-Hunterdon, NJ HMFA		
Monmouth-Ocean, NJ HMFA		
Nassau-Suffolk, NY HMFA		
New York, NY HMFA		
Newark, NJ HMFA		
Pike County, PA HMFA		
Westchester County, NY Statutory Exception Area		
Ocean City, NJ MSA	1.040	1.027
Olympia, WA MSA	1.069	1.078
Oxnard-Thousand Oaks-Ventura, CA MSA	1.045	1.045
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA	1.039	1.027
Phoenix-Mesa-Scottsdale, AZ MSA	1.039	1.034
Pittsburgh, PA MSA	1.043	1.001
Metropolitan Area Components:		
Armstrong County, PA HMFA		
Pittsburgh, PA HMFA		
Portland-Vancouver-Beaverton, OR-WA MSA	1.040	1.043
Poughkeepsie-Newburgh-Middletown, NY MSA	1.061	1.037
Racine, WI MSA	1.046	1.023
Riverside-San Bernardino-Ontario, CA MSA	1.046	1.045
Salem, OR MSA	1.039	1.043
San Diego-Carlsbad-San Marcos, CA MSA	1.046	1.045
San Francisco-Oakland-Fremont, CA MSA	1.041	1.041
Metropolitan Area Components:		
Oakland-Fremont, CA HMFA		
San Francisco, CA HMFA		

FY 2010 CONTRACT RENT AAFS

01/12/10

Table 1

	HIGHEST COST INCLUDED	UTILITY EXCLUDED
San Jose-Sunnyvale-Santa Clara, CA MSA Metropolitan Area Components: San Benito County, CA HMFA San Jose-Sunnyvale-Santa Clara, CA HMFA	1.041	1.041
Santa Cruz-Watsonville, CA MSA	1.041	1.041
Santa Rosa-Petaluma, CA MSA	1.041	1.041
Seattle-Tacoma-Bellevue, WA MSA Metropolitan Area Components: Seattle-Bellevue, WA HMFA Tacoma, WA HMFA	1.070	1.078
St. Louis, MO-IL MSA Metropolitan Area Components: Bond County, IL HMFA Macoupin County, IL HMFA St. Louis, MO-IL HMFA Washington County, MO HMFA	1.020	1.014
Tampa-St. Petersburg-Clearwater, FL MSA	1.031	1.030
Trenton-Ewing, NJ MSA	1.058	1.039
Vallejo-Fairfield, CA MSA	1.041	1.041
Vineland-Millville-Bridgeton, NJ MSA	1.041	1.026
Washington-Arlington-Alexandria, DC-VA-MD-WV MSA Metropolitan Area Components: Jefferson County, WV HMFA Warren County, VA HMFA Washington-Arlington-Alexandria, DC-VA-MD HMFA	1.060	1.039
Worcester, MA MSA Metropolitan Area Components: Eastern Worcester County, MA HMFA Fitchburg-Leominster, MA HMFA Western Worcester County, MA HMFA Worcester, MA HMFA	1.046	1.002

FY 2010 CONTRACT RENT AAFS

01/12/10

Table 2

	HIGHEST COST INCLUDED	UTILITY EXCLUDED
Midwest Region	1.026	1.005
Northeast Region	1.041	1.015
South Region	1.041	1.025
West Region	1.030	1.027
Akron, OH MSA	1.015	1.000
Anchorage, AK MSA	1.026	1.031
Metropolitan Area Components:		
Anchorage, AK HMFA		
Matanuska-Susitna Borough, AK HMFA		
Ann Arbor, MI MSA	1.000	1.000
Ashtabula County, OH	1.023	1.000
Atlanta-Sandy Springs-Marietta, GA MSA	1.039	1.023
Metropolitan Area Components:		
Atlanta-Sandy Springs-Marietta, GA HMFA		
Butts County, GA HMFA		
Haralson County, GA HMFA		
Lamar County, GA HMFA		
Meriwether County, GA HMFA		
Atlantic City-Hammonton, NJ MSA	1.030	1.017
Baltimore-Towson, MD MSA	1.057	1.026
Metropolitan Area Components:		
Baltimore-Towson, MD HMFA		
Columbia city, MD HMFA		
Boston-Cambridge-Quincy, MA-NH MSA	1.028	1.000
Metropolitan Area Components:		
Boston-Cambridge-Quincy, MA-NH HMFA		
Brockton, MA HMFA		
Lawrence, MA-NH HMFA		
Lowell, MA HMFA		
Portsmouth-Rochester, NH HMFA		
Western Rockingham County, NH HMFA		
Boulder, CO MSA	1.024	1.013
Bremerton-Silverdale, WA MSA	1.058	1.068

FY 2010 CONTRACT RENT AAFS

01/12/10

Table 2

	HIGHEST COST INCLUDED	UTILITY EXCLUDED
Bridgeport-Stamford-Norwalk, CT MSA	1.048	1.030
Metropolitan Area Components:		
Bridgeport, CT HMFA		
Danbury, CT HMFA		
Stamford-Norwalk, CT HMFA		
Chicago-Naperville-Joliet, IL-IN-WI MSA	1.036	1.009
Metropolitan Area Components:		
Chicago-Naperville-Joliet, IL HMFA		
DeKalb County, IL HMFA		
Gary, IN HMFA		
Grundy County, IL HMFA		
Jasper County, IN HMFA		
Kendall County, IL HMFA		
Kenosha County, WI HMFA		
Cincinnati-Middletown, OH-KY-IN MSA	1.022	1.004
Metropolitan Area Components:		
Brown County, OH HMFA		
Cincinnati-Middleton, OH-KY-IN HMFA		
Grant County, KY HMFA		
Cleveland-Elyria-Mentor, OH MSA	1.015	1.000
Dallas-Fort Worth-Arlington, TX MSA	1.046	1.034
Metropolitan Area Components:		
Dallas, TX HMFA		
Fort Worth-Arlington, TX HMFA		
Wise County, TX HMFA		
Denver-Aurora-Broomfield, CO MSA	1.026	1.013
Detroit-Warren-Livonia, MI MSA	1.003	1.000
Metropolitan Area Components:		
Detroit-Warren-Livonia, MI HMFA		
Livingston County, MI HMFA		
Flint, MI MSA	1.007	1.000
Greeley, CO MSA	1.029	1.012
HAWAII	1.060	1.023
Hagerstown-Martinsburg, MD-WV MSA	1.062	1.024
Metropolitan Area Components:		
Hagerstown, MD HMFA		
Martinsburg, WV HMFA		

FY 2010 CONTRACT RENT AAFS

01/12/10

Table 2

	HIGHEST COST INCLUDED	UTILITY EXCLUDED
Henderson County, TX	1.051	1.034
Houston-Sugar Land-Baytown, TX MSA Metropolitan Area Components: Austin County, TX HMFA Brazoria County, TX HMFA Houston-Baytown-Sugar Land, TX HMFA	1.030	1.022
Island County, WA	1.055	1.068
Kankakee-Bradley, IL MSA	1.044	1.004
Kansas City, MO-KS MSA Metropolitan Area Components: Bates County, MO HMFA Franklin County, KS HMFA Kansas City, MO-KS HMFA	1.033	1.006
Lenawee County, MI	1.010	1.000
Los Angeles-Long Beach-Santa Ana, CA MSA Metropolitan Area Components: Los Angeles-Long Beach, CA HMFA Orange County, CA HMFA	1.035	1.035
Manchester-Nashua, NH MSA Metropolitan Area Components: Hillsborough County, NH (part) HMFA Manchester, NH HMFA Nashua, NH HMFA	1.028	1.000
Miami-Fort Lauderdale-Pompano Beach, FL MSA Metropolitan Area Components: Fort Lauderdale, FL HMFA Miami-Miami Beach-Kendall, FL HMFA West Palm Beach-Boca Raton, FL HMFA	1.039	1.040
Milwaukee-Waukesha-West Allis, WI MSA	1.034	1.014
Minneapolis-St. Paul-Bloomington, MN-WI MSA	1.031	1.019
Monroe, MI MSA	1.005	1.000
Napa, CA MSA	1.031	1.031
New Haven-Milford, CT MSA Metropolitan Area Components: Milford-Ansonia-Seymour, CT HMFA New Haven-Meriden, CT HMFA Waterbury, CT HMFA	1.051	1.026

FY 2010 CONTRACT RENT AAFS

01/12/10

Table 2

	HIGHEST COST INCLUDED	UTILITY EXCLUDED
New York-Northern New Jersey-Long Island, NY-NJ-PA MSA	1.047	1.030
Metropolitan Area Components:		
Bergen-Passaic, NJ HMFA		
Jersey City, NJ HMFA		
Middlesex-Somerset-Hunterdon, NJ HMFA		
Monmouth-Ocean, NJ HMFA		
Nassau-Suffolk, NY HMFA		
New York, NY HMFA		
Newark, NJ HMFA		
Pike County, PA HMFA		
Westchester County, NY Statutory Exception Area		
Ocean City, NJ MSA	1.030	1.017
Olympia, WA MSA	1.059	1.068
Oxnard-Thousand Oaks-Ventura, CA MSA	1.035	1.035
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA	1.029	1.017
Phoenix-Mesa-Scottsdale, AZ MSA	1.029	1.024
Pittsburgh, PA MSA	1.033	1.000
Metropolitan Area Components:		
Armstrong County, PA HMFA		
Pittsburgh, PA HMFA		
Portland-Vancouver-Beaverton, OR-WA MSA	1.030	1.033
Poughkeepsie-Newburgh-Middletown, NY MSA	1.051	1.027
Racine, WI MSA	1.036	1.013
Riverside-San Bernardino-Ontario, CA MSA	1.036	1.035
Salem, OR MSA	1.029	1.033
San Diego-Carlsbad-San Marcos, CA MSA	1.036	1.035
San Francisco-Oakland-Fremont, CA MSA	1.031	1.031
Metropolitan Area Components:		
Oakland-Fremont, CA HMFA		
San Francisco, CA HMFA		

FY 2010 CONTRACT RENT AAFS

01/12/10

Table 2

	HIGHEST COST INCLUDED	UTILITY EXCLUDED
San Jose-Sunnyvale-Santa Clara, CA MSA Metropolitan Area Components: San Benito County, CA HMFA San Jose-Sunnyvale-Santa Clara, CA HMFA	1.031	1.031
Santa Cruz-Watsonville, CA MSA	1.031	1.031
Santa Rosa-Petaluma, CA MSA	1.031	1.031
Seattle-Tacoma-Bellevue, WA MSA Metropolitan Area Components: Seattle-Bellevue, WA HMFA Tacoma, WA HMFA	1.060	1.068
St. Louis, MO-IL MSA Metropolitan Area Components: Bond County, IL HMFA Macoupin County, IL HMFA St. Louis, MO-IL HMFA Washington County, MO HMFA	1.010	1.004
Tampa-St. Petersburg-Clearwater, FL MSA	1.021	1.020
Trenton-Ewing, NJ MSA	1.048	1.029
Vallejo-Fairfield, CA MSA	1.031	1.031
Vineland-Millville-Bridgeton, NJ MSA	1.031	1.016
Washington-Arlington-Alexandria, DC-VA-MD-WV MSA Metropolitan Area Components: Jefferson County, WV HMFA Warren County, VA HMFA Washington-Arlington-Alexandria, DC-VA-MD HMFA	1.050	1.029
Worcester, MA MSA Metropolitan Area Components: Eastern Worcester County, MA HMFA Fitchburg-Leominster, MA HMFA Western Worcester County, MA HMFA Worcester, MA HMFA	1.036	1.000

Reserve for Replacement and/or Residual Receipts Funds are reviewed and authorized by HUD in accordance with regulatory and administrative guidelines.

Agency form numbers, if applicable: form HUD-9250.

Estimation of the total numbers of hours needed to prepare the information collection including number of respondents, frequency of response, and hours of response: The number of burden hours is 4,129. The number of respondents is 8,257, the number of responses is 8,257, the frequency of response is on occasion, and the burden hour per response is 30 minutes.

Status of the proposed information collection: This is an extension of a previously approved collection.

Authority: The Paperwork Reduction Act of 1995, 44 U.S.C., Chapter 35, as amended.

Dated: February 4, 2010.

Ronald Y. Spraker,

Associate General Deputy Assistant Secretary for Housing.

[FR Doc. 2010-2830 Filed 2-9-10; 8:45 am]

BILLING CODE 4210-67-P

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-5380-N-03]

Notice of Proposed Information Collection: Comment Request; Monthly Report of Excess Income and Annual Report of Uses of Excess Income

AGENCY: Office of the Assistant Secretary for Housing, HUD.

ACTION: Notice.

SUMMARY: The proposed information collection requirement described below will be submitted to the Office of Management and Budget (OMB) for review, as required by the Paperwork Reduction Act. The Department is soliciting public comments on the subject proposal.

DATES: *Comments Due Date:* April 12, 2010.

ADDRESSES: Interested persons are invited to submit comments regarding this proposal. Comments should refer to the proposal by name and/or OMB Control Number and should be sent to: Lillian Deitzer, Departmental Reports Management Officer, QDAM, Department of Housing and Urban Development, 451 7th Street, SW., Washington, DC 20410; e-mail Lillian_L_Deitzer@HUD.gov or telephone (202) 402-8048 or the number for the Federal Information Relay Service (1-800-877-8339).

FOR FURTHER INFORMATION CONTACT:

Harry Messner, Project Manager, Department of Housing and Urban Development, 451 7th Street, SW., Washington, DC 20410, telephone (202) 402-2626 (this is not a toll free number) for copies of the proposed forms and other available information.

SUPPLEMENTARY INFORMATION: The Department is submitting the proposed information collection to OMB for review, as required by the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35, as amended).

This Notice is soliciting comments from members of the public and affected agencies concerning the proposed collection of information to: (1) Evaluate whether the proposed collection is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (2) Evaluate the accuracy of the agency's estimate of the burden of the proposed collection of information; (3) Enhance the quality, utility, and clarity of the information to be collected; and (4) Minimize the burden of the collection of information on those who are to respond; including the use of appropriate automated collection techniques or other forms of information technology, e.g., permitting electronic submission of responses.

This Notice also lists the following information:

Title of Proposal: Monthly Report of Excess Income and Annual Report of Uses of Excess Income.

OMB Control Number, if applicable: 2502-0086.

Description of the need for the information and proposed use: Project owners are permitted to retain Excess Income for projects under terms and conditions established by HUD. Owners must submit a written request to retain some or all of their Excess Income. The request must be submitted at least 90 days before the beginning of each fiscal year, or 90 days before any other time during a fiscal year that the owner plans to begin retaining excess income for that fiscal year. HUD uses the information to ensure that required excess rents are remitted to the Department and/or retained by the owner for project use.

Agency form numbers, if applicable: Web form e-93104 Monthly Report of Excess Income.

Estimation of the total numbers of hours needed to prepare the information collection including number of respondents, frequency of response, and hours of response: The number of burden hours is 5,493. The number of respondents is 2,506, the number of responses is 20,172, the frequency of

response is on occasion, and the burden hour per response is three-quarters of an hour for the annual report of uses of excess income, and one-quarter hour for the monthly report of excess income.

Status of the proposed information collection: This is an extension of a previous clearance.

Authority: The Paperwork Reduction Act of 1995, 44 U.S.C., Chapter 35, as amended.

Dated: February 4, 2010.

Ronald Y. Spraker,

Associate General Deputy Assistant Secretary for Housing.

[FR Doc. 2010-2824 Filed 2-9-10; 8:45 am]

BILLING CODE 4210-67-P

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-5391-N-01]

Section 8 Housing Assistance Payments Program—Contract Rent Annual Adjustment Factors, Fiscal Year 2010

AGENCY: Office of the Secretary, HUD.

ACTION: Notice of Revised Contract Rent Annual Adjustment Factors (AAF).

SUMMARY: The United States Housing Act of 1937 requires that assistance contracts signed by owners participating in the Department's Section 8 housing assistance payment programs provide annual adjustment to monthly rentals for units covered by the contract. This notice announces revised Contract Rent AAFs for adjustment of contract rents on assistance contract anniversaries. The factors are based on a formula using residential rent and utility cost changes from the most current annual Bureau of Labor Statistics Consumer Price Index (CPI) survey. These factors are applied at Housing Assistance Payment (HAP) contract anniversaries for those calendar months commencing after the effective date of this notice. In a separate notice, HUD will publish "Renewal Funding AAFs" to be used exclusively for renewal funding of tenant-based rental assistance, reflecting the more recent CPI data.

DATES: *Effective Date:* February 10, 2010

FOR FURTHER INFORMATION: Contact David Vargas, Associate Deputy Assistant Secretary for Office of Public Housing and Voucher Programs, Office of Public and Indian Housing, 202-708-2815, for questions relating to the Project-Based Certificate and Moderate Rehabilitation programs (non Single Room Occupancy); Ann Oliva, Director, Office of Special Needs Assistance Programs, Office of Community Planning and Development, 202-708-

4300, for questions regarding the Single Room Occupancy (SRO) Moderate Rehabilitation program; Willie Spearmon, Director, Office of Housing Assistance and Grant Administration, Office of Housing, 202-708-3000, for questions relating to all other Section 8 programs; and Marie L. Lihn, Economist, Economic and Market Analysis Division, Office of Policy Development and Research, 202-708-0590, for technical information regarding the development of the schedules for specific areas or the methods used for calculating the AAFs. Mailing address for the above persons: Department of Housing and Urban Development, 451 7th Street, SW., Washington, DC 20410. Hearing- or speech-impaired persons may contact the Federal Information Relay Service at 800-877-8339 (TTY). (Other than the "800" TTY number, the above-listed telephone numbers are not toll free.)

SUPPLEMENTARY INFORMATION: Tables showing Contract Rent AAFs will be available electronically from the HUD data information page at http://www.huduser.org/portal/datasets/aaf.html/FY2010_CR_tables.pdf.

I. Applying Contract Rent AAFs to Various Section 8 Programs

Contract Rent AAFs established by this Notice are used to adjust contract rents for units assisted in certain Section 8 housing assistance payment programs during the initial (i.e., pre-renewal) term of the HAP contract and for all units in the Project-Based Certificate program. There are three categories of Section 8 programs that use the Contract Rent AAFs:

Category 1—The Section 8 New Construction and Substantial Rehabilitation programs and the Section 8 Moderate Rehabilitation program.

Category 2—The Section 8 Loan Management (LM) and Property Disposition (PD) programs.

Category 3—The Section 8 Project-Based Certificate (PBC) program.

Each Section 8 program category uses the Contract Rent AAFs differently. The specific application of the Contract Rent AAFs is determined by the law, the HAP contract, and appropriate program regulations or requirements.

AAFs are not used in the following cases:

Renewal Rents. With the exception of the Project-Based Certificate program, Contract Rent AAFs are not used to determine renewal rents after expiration of the original Section 8 HAP contract (either for projects where the Section 8 HAP contract is renewed under a restructuring plan adopted under 24 CFR part 401; or renewed without

restructuring under 24 CFR part 402). In general, renewal rents are based on the applicable state-by-state operating cost adjustment factor (OCAF) published by HUD; the OCAF is applied to the previous year's contract rent minus debt service.

Budget-based Rents. Contract Rent AAFs are not used for budget-based rent adjustments. For projects receiving Section 8 subsidies under the LM program (24 CFR part 886, subpart A) and for projects receiving Section 8 subsidies under the PD program (24 CFR part 886, subpart C), contract rents are adjusted, at HUD's option, either by applying the Contract Rent AAFs or by budget-based adjustments in accordance with 24 CFR 886.112(b) and 24 CFR 886.312(b). Budget-based adjustments are used for most Section 8/202 projects.

Certificate Program. In the past, Contract Rent AAFs were used to adjust the contract rent (including manufactured home space rentals) in both the tenant-based and project-based certificate programs. The tenant-based certificate program has been terminated and all tenancies in the tenant-based certificate program have been converted to the Housing Choice Voucher Program, which does not use Contract Rent AAFs to adjust rents. All tenancies remaining in the project-based certificate program continue to use Contract Rent AAFs to adjust contract rent for outstanding HAP contracts.

Voucher Program. Contract Rent AAFs are not used to adjust rents in the Tenant-Based or the Project-Based Voucher programs.

Moderate Rehabilitation Program. Under the Section 8 Moderate Rehabilitation program, (both the regular program and the single room occupancy program), the public housing agency (PHA) applies the Contract Rent AAF to the base rent component of the contract rent, not the full contract rent.

II. Adjustment Procedures

This section of the notice provides a broad description of procedures for adjusting the contract rent. Technical details and requirements are described in HUD notices H 2002-10 (Section 8 New Construction and Substantial Rehabilitation, Loan Management, and Property Disposition) and PIH 97-57 (Moderate Rehabilitation and Project-Based Certificates).

Because of statutory and structural distinctions among the various Section 8 programs, there are separate rent adjustment procedures for the three program categories:

Category 1: Section 8 New Construction, Substantial Rehabilitation, and Moderate Rehabilitation Programs

In the Section 8 New Construction and Substantial Rehabilitation programs, the published Contract Rent AAF factor is applied to the pre-adjustment contract rent. In the Section 8 Moderate Rehabilitation program, the published Contract Rent AAF is applied to the pre-adjustment base rent.

For Category 1 programs, the Table 1 Contract Rent AAF factor is applied before determining comparability (rent reasonableness). Comparability applies if the pre-adjustment gross rent (pre-adjustment contract rent plus any allowance for tenant-paid utilities) is above the published Fair Market Rent (FMR).

If the comparable rent level (plus any initial difference) is lower than the contract rent as adjusted by application of the Table 1 Contract Rent AAF, the comparable rent level (plus any initial difference) will be the new contract rent. However, the pre-adjustment contract rent will not be decreased by application of comparability.

In all other cases (i.e., unless the contract rent is reduced by comparability):

- The Table 1 Contract Rent AAF is used for a unit occupied by a new family since the last annual contract anniversary.
- The Table 2 Contract Rent AAF is used for a unit occupied by the same family as at the time of the last annual contract anniversary.

Category 2: The Loan Management Program (24 CFR Part 886, Subpart A) and Property Disposition Program (24 CFR Part 886, Subpart C)

At this time Category 2 programs are not subject to comparability. (Comparability will again apply if HUD establishes regulations for conducting comparability studies under 42 U.S.C. 1437f(c)(2)(C).) Rents are adjusted by applying the full amount of the applicable AAF under this notice.

The applicable Contract Rent AAF is determined as follows:

- The Table 1 Contract Rent AAF is used for a unit occupied by a new family since the last annual contract anniversary.
- The Table 2 Contract Rent AAF is used for a unit occupied by the same family as at the time of the last annual contract anniversary.

Category 3: Section 8 Project-Based Certificate Program

The following procedures are used to adjust contract rent for outstanding HAP contracts in the Section 8 PBC program:

- The Table 2 Contract Rent AAF is always used. The Table 1 Contract Rent AAF is not used.

- The Table 2 Contract Rent AAF is always applied before determining comparability (rent reasonableness).

- Comparability always applies. If the comparable rent level is lower than the rent to owner (contract rent) as adjusted by application of the Table 2 Contract Rent AAF, the comparable rent level will be the new rent to owner.

- The new rent to owner will not be reduced below the contract rent on the effective date of the HAP contract.

III. When to Use Reduced Contract Rent AAFs (From Contract Rent AAF Table 2)

In accordance with Section 8(c)(2)(A) of the United States Housing Act of 1937 (42 U.S.C. 1437f(c)(2)(A)), the Contract Rent AAF is reduced by 0.01:

- For all tenancies assisted in the Section 8 Project-Based Certificate program.

- In other Section 8 programs, for a unit occupied by the same family at the time of the last annual rent adjustment (and where the rent is not reduced by application of comparability (rent reasonableness)).

The law provides that:

Except for assistance under the certificate program, for any unit occupied by the same family at the time of the last annual rental adjustment, where the assistance contract provides for the adjustment of the maximum monthly rent by applying an annual adjustment factor and where the rent for a unit is otherwise eligible for an adjustment based on the full amount of the factor, 0.01 shall be subtracted from the amount of the factor, except that the factor shall not be reduced to less than 1.0. In the case of assistance under the certificate program, 0.01 shall be subtracted from the amount of the annual adjustment factor (except that the factor shall not be reduced to less than 1.0), and the adjusted rent shall not exceed the rent for a comparable unassisted unit of similar quality, type and age in the market area. 42 U.S.C. 1437f(c)(2)(A).

Legislative history for this statutory provision states that “the rationale [for lower AAFs for non-turnover units is] that operating costs are less if tenant turnover is less * * *”. Department of Veteran Affairs and Housing and Urban Development, and Independent Agencies Appropriations for 1995, Hearings Before a Subcommittee of the Committee on Appropriations 103d Cong., 2d Sess. 591 (1994). The Congressional Record also states the following:

Because the cost to owners of turnover-related vacancies, maintenance, and marketing are lower for long-term stable tenants, these tenants are typically charged

less than recent movers in unassisted market. Since HUD pays the full amount of any rent increases for assisted tenants section 8 projects and under the Certificate program, HUD should expect to benefit from this ‘tenure discount.’ Turnover is lower in assisted properties than in the unassisted market, so the effect of the current inconsistency with market-based rent increases is exacerbated. (140 Cong. Rec. 8659, 8693 (1994)).

To implement the law, HUD publishes two separate Contract Rent AAF Tables, Tables 1 and 2. The difference between Table 1 and Table 2 is that each Contract Rent AAF in Table 2 is 0.01 less than the corresponding Contract Rent AAF in Table 1. Where a Contract Rent AAF in Table 1 would otherwise be less than 1.0, it is set at 1.0, as required by statute; the corresponding Contract Rent AAF in Table 2 will also be set at 1.0, as required by statute.

IV. How to Find the Contract Rent AAF

Tables 1 and 2 that show Contract Rent AAFs are posted on the HUD User Web site at http://www.huduser.org/portal/datasets/aaf.html/FY2010_CR_tables.pdf. There are two columns in each table. The first column is used to adjust contract rent for rental units where the highest cost utility is included in the contract rent, i.e., where the owner pays for the highest cost utility. The second column is used where the highest cost utility is not included in the contract rent, i.e., where the tenant pays for the highest cost utility.

The applicable Contract Rent AAF is selected as follows:

- Determine whether Table 1 or Table 2 is applicable. In Table 1 or Table 2, locate the Contract Rent AAF for the geographic area where the contract unit is located.

- Determine whether the highest cost utility is or is not included in contract rent for the contract unit.

- If highest cost utility is included, select the Contract Rent AAF from the column for “highest cost included.” If highest cost utility is not included, select the Contract Rent AAF from the column for “utility excluded.”

V. Methodology

Contract Rent AAFs are rent inflation factors. Two types of rent inflation factors are calculated for Contract Rent AAFs: Gross rent factors and shelter rent factors. The gross rent factor accounts for inflation in the cost of both the rent of the residence and the utilities used by the unit; the shelter rent factor accounts for the inflation in the rent of the residence, but does not include any change in the cost of utilities. The gross

rent inflation factor is designated as “Highest Cost Utility Included” and the shelter rent inflation factor is designated as “Highest Cost Utility Excluded”.

Contract Rent AAFs are calculated using CPI data on “rent of primary residence” and “fuels and utilities”.¹ The CPI inflation index for rent of primary residence measures the inflation of all surveyed units regardless of whether utilities are included in the rent of the unit or not. In other words, it measures the inflation of the “contract rent” which includes units with all utilities included in the rent, units with some utilities included in the rent and units with no utilities included in the rent. In producing a gross rent inflation factor and a shelter rent inflation factor, HUD decomposes the contract rent CPI inflation factor into parts to represent the gross rent change and the shelter rent change. This is done by applying the percentage of renters who pay for heat (a proxy for the percentage renters who pay shelter rent) from the Consumer Expenditure Survey (CEX) and American Community Survey (ACS) data on the ratio of utilities to rents.²

Survey Data Used to Produce Contract Rent AAFs

In this publication, the rent and fuel and utilities inflation factors for large metropolitan areas and Census regions are based on changes in the rent of primary residence and fuels and utilities CPI indices from 2007 to 2008. The CEX data used to decompose the contract rent inflation factor into gross rent and shelter rent inflation factors come from a special tabulation of 2007 CEX survey data produced for HUD for the purpose of computing Contract Rent AAFs. The utility-to-rent ratio used to produce Contract Rent AAFs comes from 2007 ACS median rent and utility costs.

Geographic Areas

Contract Rent AAFs are produced for all Class A CPI cities (CPI cities with a population of 1.5 million or more) and for the four Census Regions. They are applied to core-based statistical areas (CBSAs), as defined by the Office of Management and Budget (OMB), according to how much of the CBSA is covered by the CPI city-survey. If more than 75 percent of the CBSA is covered by the CPI city-survey, the Contract Rent AAF that is based on that CPI survey is applied to the whole CBSA and to any

¹ CPI indexes CUUSA103SEHA and CUSR0000SAH2 respectively.

² The formulas used to produce these factors can be found in the Annual Adjustment Factors overview and in the FMR documentation at <http://www.HUDUSER.org>

HUD-defined metropolitan area, called "HUD Metro FMR Area" (HMFA), within that CBSA. If the CBSA is not covered by a CPI city-survey, the CBSA is assigned the relevant regional CPI factor. Almost all non-metropolitan counties are assigned regional CPI factors.³ For areas assigned the Census Region CPI factor, both metropolitan and non-metropolitan areas receive the same factor.

Each metropolitan area that uses a local CPI update factor is listed alphabetically in the tables by state and each HMFA is listed alphabetically within its respective CBSA. Each Contract Rent AAF applies to a specified geographic area and to units of all bedroom sizes. Contract Rent AAFs are provided:

- For separate metropolitan areas, including HMFAs and counties that are currently designated as non-metropolitan, but are part of the metropolitan area defined in the local CPI survey.
- For the four Census Regions for those metropolitan and non-metropolitan areas that are not covered by a CPI city-survey.

The Contract Rent AAFs shown at http://www.huduser.org/portal/datasets/aaf.html/FY2010_CR_tables.pdf use the same OMB metropolitan area definitions, as revised by HUD, that are used in the FY 2010 FMRs.

Area Definitions

To make certain that they are using the correct Contract Rent AAFs, users should refer to the Area Definitions Table section at http://www.huduser.org/portal/datasets/aaf.html/FY2010_AreaDef.pdf. For units located in metropolitan areas with a local CPI survey, Contract Rent AAF areas are listed separately. For units located in areas without a local CPI survey, the metropolitan or nonmetropolitan counties receive the regional CPI for that Census Region.

The Area Definitions Table at http://www.huduser.org/portal/datasets/aaf.html/FY2010_AreaDef.pdf lists areas in alphabetical order by state. The associated CPI region is shown next to each state name. Areas whose Contract Rent AAFs are determined by local CPI

³ There are four non-metropolitan counties that continue to use CPI city updates: Ashtabula County, OH, Henderson County, TX, Island County, WA, and Lenawee County, MI. BLS has not updated the geography underlying its survey for new OMB metropolitan area definitions and these counties, are no longer in metropolitan areas, but they are included as parts of CPI surveys because they meet the 75percent standard HUD imposes on survey coverage. These four counties are treated the same as metropolitan areas using CPI city data.

surveys are listed first. All metropolitan areas with local CPI surveys have separate Contract Rent AAF schedules and are shown with their corresponding county definitions or as metropolitan counties. In the six New England states, the listings are for counties or parts of counties as defined by towns or cities. The remaining counties use the CPI for the Census Region and are not specifically listed in the Area Definitions Table at http://www.huduser.org/portal/datasets/aaf.html/FY2010_AreaDef.pdf.

Puerto Rico and the Virgin Islands use the South Region Contract Rent AAFs. All areas in Hawaii use the Contract Rent AAFs identified in the Table as "STATE: Hawaii," which are based on the CPI survey for the Honolulu metropolitan area. The Pacific Islands use the West Region Contract Rent AAFs.

Accordingly, HUD publishes these Annual Adjustment Factors for the Section 8 Housing Assistance Payments programs as set forth in the Contract Rent AAF Tables posted at http://www.huduser.org/portal/datasets/aaf.html/FY2010_CR_tables.pdf.

Dated: February 4, 2010.

Raphael W. Bostic,

Assistant Secretary for Policy Development and Research.

[FR Doc. 2010-2991 Filed 2-9-10; 8:45 am]

BILLING CODE 4210-67-P

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-5391-N-02]

Section 8 Housing Assistance Payments Program—Renewal Funding Annual Adjustment Factors, Fiscal Year 2010

AGENCY: Office of the Secretary, HUD.

ACTION: Notice of Renewal Funding Annual Adjustment Factors (AAFs).

SUMMARY: The Consolidated Appropriations Act, 2010 (Pub. L. 111-117), directs HUD's Office of Public and Indian Housing (PIH) to "provide renewal funding for each Public Housing Agency (PHA) based on Voucher Management System (VMS) leasing and cost data for the most recent Federal fiscal year and by applying the most recent Annual Adjustment Factors as established by the Secretary". This notice announces Renewal Funding AAFs in response to that directive. Consumer Price Index (CPI) data, similar to those used for "Contract Rent AAFs", are used, but semi-annual CPI data replaces annual CPI data. This

makes the Renewal Funding AAFs six months more current than the CPI data used to derive Contract Rent AAFs. These CPI data are more current data and better reflect the economic circumstances most relevant to the Housing Choice Voucher (HCV) program in 2010 and the assumptions of the 2010 budget. Like the Contract Rent AAFs, these factors are based on a formula using residential rent and utility cost changes. Contract Rent AAFs were published in a separate notice which can be viewed at: http://www.huduser.org/portal/datasets/aaf.html/FY2010_CF_table.pdf.

DATES: *Effective Date:* February 10, 2010.

FOR FURTHER INFORMATION CONTACT:

Contact David Vargas, Associate Deputy Assistant Secretary for Office of Public Housing and Voucher Programs, Office of Public and Indian Housing, 202-708-2815; and Marie L. Lihn, Economist, Economic and Market Analysis Division, Office of Policy Development and Research, 202-708-0590, for technical information regarding the development of the schedules for specific areas or the methods used for calculating the AAFs. Mailing address for the above persons: Department of Housing and Urban Development, 451 7th Street, SW., Washington, DC 20410. Hearing- or speech-impaired persons may contact the Federal Information Relay Service at 800-877-8339 (TTY). (Other than the "800" TTY number, the above-listed telephone numbers are not toll free.)

SUPPLEMENTARY INFORMATION: The table showing Renewal Funding AAFs will be available electronically from the HUD data information page at http://www.huduser.org/portal/datasets/aaf.html/FY2010_RF_table.pdf. Renewal Funding AAFs include utility costs and only one set of AAFs is published for this purpose.

I. Methodology

Renewal Funding AAFs are derived from rent inflation factors to account for relative differences in rent inflation among different parts of the country. Two types of rent inflation factors are typically calculated for AAFs: Gross rent factors and shelter rent factors; however, only the gross rent inflation factor is used for Renewal Funding AAFs. The gross rent factor accounts for inflation in the cost of both the rent of the residence and the utilities used by the unit.

Renewal Funding AAFs are calculated using CPI data on "rent of primary