



December 15, 2022

Jennifer Lavorel
Director, Program Administration Office
Office of Asset Management and Portfolio Oversight
Department of Housing and Urban Development
451 7th Street SW, Washington, DC 20410

RE: Docket No. FR-6360-N-01, Notice of Certain Operating Cost Adjustment Factors for 2023

Dear Director Lavorel,

Thank you for your commitment to affordable housing options for low-income households, including older adults served through HUD's Multifamily Housing programs. As the leading voice for aging, LeadingAge welcomes the opportunity to provide feedback on HUD's approach to setting the annual budget increases for certain housing communities for 2023.

We are very supportive of the agency's efforts to adjust the methodology for calculating Operating Cost Adjustment Factors (OCAFs) to better reflect operating costs faced by HUD-assisted properties. Like other sectors, housing providers have seen costs skyrocket over the past year. Appropriate annual budget increases through OCAFs are crucial for housing providers across the country to maintain financially viable housing communities and quality homes for households with low incomes.

The proposed adjusted calculation results in higher OCAFs than in previous years, bringing the national average from 3.1% in 2022 to 6.1% in 2023. The proposed changes to the vintage of data and the data used for calculating insurance costs will have much-needed relief to housing communities in 2023 and beyond. We are also supportive of HUD shifting to a later date to pull data beginning in 2024, reducing the lag time between data calculations and the OCAF effective date.

Despite these positive changes, HUD's proposed 2023 levels still fall short of inflation, which sat at over 8% for more than half of 2022 (partially even above 9%). Similarly, the Social Security Administration's Cost of Living Adjustment was recently announced at 8.7% for 2023 – the third-highest SS COLA in the nation's history.

In light of comparative increases, HUD's adjustments to OCAF calculations for 2023 do not go far enough, and we urge the agency to consider additional adjustments, particularly in the areas of staffing, utilities, and insurance. For example, property insurance costs have risen dramatically since the onset of the COVID-19 pandemic, leaving many housing providers to face double-digit increase.

While the proposed OCAFs are an excellent step in the right direction, we urge HUD to go further in future years to reasonably meet property expenses. Specifically, we urge the agency to consider additional actions to help offset increasing insurance premium and deductible costs. For example, HUD could make a special adjustment available to housing providers in climate-impacted areas that have faced natural disasters impacting property insurance rates. Lastly, HUD could consider adjusting the effective date of the OCAFs to fall in line with the calendar year to help more properties take advantage of the OCAF for the year and to help streamline property financials.

About LeadingAge

LeadingAge represents more than 5,000 aging services providers, including non-profit owners and managers of federally-subsidized senior housing properties. Alongside our members and 38 state partners, we use applied research, advocacy, education, and community-building to make America a better place to grow old. Our membership encompasses the continuum of services for people as they age, including those with disabilities. We bring together the most inventive minds in the field to lead and innovate solutions that support older adults wherever they call home.

Again, thank you for the opportunity to provide input on improving the method for calculating budget adjustments for HUD-assisted properties. Please address any questions to Juliana Bilowich (jbilowich@leadingage.org).

Sincerely,

Juliana Bilowich
Director, Housing Operations and Policy