RESOLUTION NO. 2026-37

RESOLUTION APPROVING THE UPDATED RAD CONTRACT RENT OPERATING COST ADJUSTMENT FACTOR (OCAF) FOR 2026, EFFECTIVE DECEMBER 1, 2026

The Housing Authority of the City of Asheville ("HACA" or "Authority") has the opportunity to adjust our contract rents for our RAD Project-based Voucher properties on an annual basis. HUD calculates and publishes the amount we can increase, and this year's Operating Cost Adjustment Factor (OCAF) is 4.6%.

WHEREAS, tenant rent will continue to be based on each Project-based Voucher family's adjusted annual income, or based on the stepped rent for families selected to that study group.

WHEREAS, HACA has 66 residents who pay full contract rent without a housing subsidy and they will see an increase of 4.6% to their rent.

WHEREAS, approval of the 2026 Operating Cost Adjustment Factor (OCAF) will be a 4.6% increase in revenue for HACA. The increase will not affect our income-based resident's portion of rent.

WHEREAS, this annual increase is important because it allows for HACA to get more federal subsidy for our properties so that we can continue to pay our bills as costs increase over time.

WHEREAS, this increase effects all of our Project-based Voucher units with the exception of Maple Crest. Maple Crest is on a different schedule and we will address their increase in January 2026.

WHEREAS, this increase will take effect on December 1, 2026.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF ASHEVILLE:

1. The President & CEO or Designee is hereby authorized and directed, in the name and on behalf of the HACA, to negotiate, execute and deliver all such agreements, documents and instruments and take all such other actions as shall be determined to be necessary or desirable and any additional actions that are legally permissible and necessary or advisable to carry it out.
2. All acts of the officers and staff of the Authority in furtherance of the purposes of this resolution are hereby ratified and approved.
3. This resolution shall take effect immediately upon its passage.

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RECORDING OFFICER'S CERTIFICATION

I, Ella Santos, the duly appointed Secretary of the Housing Authority of the City of Asheville, do hereby certify that Resolution **No. 2026-37** was properly adopted at a regular meeting held **October 28, 2026**

By: _____
Ella Santos, Secretary

(SEAL)

ASHEVILLE HOUSING AUTHORITY
165 SOUTH FRENCH BROAD AVE
ASHEVILLE, NORTH CAROLINA 28801

RAD Contract Rent Inflation Adjustment 2026

The following new Contract Rents are approved for the listed RAD Project Based Voucher properties listed below effective December 1, 2026. This inflation adjustment is based on HUD's published Operating Cost Adjustment Factor (OCAF) of 4.6% (FR 6495-N-02). Note that Tenant Rent will continue to be based on each family's adjusted annual income, or based on the Stepped Rent for families selected to that study group.

Current RAD Contract Rents since 12/1/2025						
	0BR	**1BR**	**2BR**	**3BR**	**4BR**	**5BR**
Central AVL (Aston/Altamont/Bartlett)	666	942	1074			
Southside (Livingston/Erskine/Walton)		881	1006	1106	1202	1225
West AVL (Pisgah View/Deaverview)		897	1079	1308		
North AVL (Hillcrest/Klondyke/Scattered)		903	1019	1125	1219	1247
FY2026 June HUD Fair Market Rents	*1436*	*1674*	*1835*	*2231*	*3078*	*3539*
June 1, 2026 FMR + 20%	1723	*2008*	*2202*	*2677*	*3693*	*4431*
Note: Maple Crest is on a different renewal schedule and is not included here.						
New - RAD Contract Rents with 4.6% OCAF, effective 12/1/2026						
	0BR	**1BR**	**2BR**	**3BR**	**4BR**	**5BR**
Central AVL (Aston/Altamont/Bartlett)	696	985	1123			
Southside (Livingston/Erskine/Walton)		921	1052	1156	1257	1281
West AVL (Pisgah View/Deaverview)		938	1128	1368		
North AVL (Hillcrest/Klondyke/Scattered)		944	1065	1176	1275	1304
FY2026 HUD Fair Market Rents	*1482*	*1714*	*1866*	*2223*	*3109*	3575
2026 FMR + 20%	*1778*	*2056*	*2239*	*2667*	*3730*	*4290*
Note: Maple Crest is on a different renewal schedule and is not included here.						

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funding with other HUD funds covered by this notice as listed in the table below, the later compliance date applies. HUD confirms that HOME and HTF projects with funding from a program covered by this compliance date extension do not have to comply with the Final Determination until the new extended date. See *https://www.hudexchange.info/programs/minimum-energy-standards/* for more information. Program participants who may have difficulty meeting compliance dates that have already passed should contact HUD.

The updated compliance dates are as follows:

Program	Initiation event	Compliance date
HOME and HTF (If HOME/HTF funding is layered with other HUD funds, the later program compliance date applies).	Participating Jurisdiction (PJ) or HTF Grantee Funding Commitment.	November 28, 2024.
Federal Housing Administration-Insured (FHA-Insured) Multifamily.	Pre-application Submitted to HUD	December 31, 2026.
FHA-Insured Single Family	Building Permit Application	December 31, 2026.
Public Housing Capital Fund	HUD approvals of development proposals for new Capital Fund or mixed financed projects.	December 31, 2026.
Project Based Vouchers	To be determined in further guidance	December 31, 2026.
Competitive Grants (Choice Neighborhoods, Section 202, Section 811).	Notice of Funding Opportunity (NOFO) Publication.	Upon publication of FY2026 NOFO for each respective program.
All programs, persistent poverty rural areas	Based on program-specific event, above	December 31, 2026.
Rental Assistance Demonstration (RAD)	N/A	Already effective by **Federal Register** Notice and program notice.

III. Findings and Certifications

Environmental Impact

This notice provides updated compliance deadlines for the Final Determination. A Finding of No Significant Impact (FONSI) was prepared for the preliminary determination that preceded the Final Determination and remained applicable to the Final Determination. That FONSI is also applicable to this notice. Accordingly, under 24 CFR 50.19(c)(4) this notice is categorically excluded from environmental review under the National Environmental Policy Act of 1969 (42 U.S.C. 4321).

Scott Turner,

Secretary.

[FR Doc. 2026–02184 Filed 2–2–26; 8:45 am]

BILLING CODE 4210–67–P

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR–6495–N–02]

Notice of Certain Operating Cost Adjustment Factors for 2026

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

ACTION: Notice; request for comments.

SUMMARY: This notice establishes operating cost adjustment factors (OCAFs) for project-based assistance contracts issued under Section 8 of the United States Housing Act of 1937 and renewed under the Multifamily Assisted Housing Reform and Affordability Act of 1997 (MAHRA) for eligible multifamily housing projects having an anniversary date on or after February 11, 2026. OCAFs are annual factors used to adjust Section 8 rents renewed under section 515 or section 524 of MAHRA. Additionally, OCAFs are part of an allowable method of rent adjustment for project-based voucher contracts pursuant to the provision at Section 8(o)(13)(I) of the United States Housing Act of 1937 that was implemented June 6, 2024. This notice also solicits comments on the methodology and data sources used to determine the OCAFs.

DATES:

Applicability date: February 11, 2026.

Comment due date: Comments are requested on or before April 6, 2026. Late-filed comments will be considered to the extent practicable.

ADDRESSES: Interested persons are invited to submit comments responsive to this notice. Copies of all comments submitted are available for inspection and downloading at *www.regulations.gov.* To receive consideration as public comments, comments must be submitted through one of the two methods specified below. All submissions must refer to the above docket number and title. Commenters are encouraged to identify the number of the specific question or questions to which they are responding. Responses should include the name(s) of the person(s) or organization(s) filing the comment; however, because any responses received by HUD will be publicly available, responses should not include any personally identifiable information or confidential commercial information.

1. *Electronic Submission of Comments.* Interested persons may submit comments electronically through the Federal eRulemaking Portal at *http://www.regulations.gov.*

2. *Submission of Comments by Mail.* Comments may be submitted by mail to the Regulations Division, Office of General Counsel, Department of Housing and Urban Development, 451 7th Street SW, Room 10276, Washington, DC 20410–0500.

HUD strongly encourages commenters to submit their feedback and recommendations electronically. Electronic submission of comments allows the commenter maximum time to prepare and submit a response, ensures timely receipt by HUD, and enables HUD to make comments immediately available to the public. Comments submitted electronically through the *http://www.regulations.gov* website can be viewed by other commenters and interested members of the public. Commenters should follow the instructions provided on that site to submit comments electronically.

FOR FURTHER INFORMATION CONTACT: Jennifer Lavorel, Director, Office of Asset Management and Portfolio Oversight Program Administration Office, Department of Housing and Urban Development, 451 7th Street SW, Washington, DC 20410; telephone number 202–402–2515 (this is not a toll-free number). HUD welcomes and is prepared to receive calls from individuals who are deaf or hard of hearing, as well as individuals with speech or communication disabilities. To learn more about how to make an accessible telephone call, please visit *https://www.fcc.gov/consumers/guides/telecommunications-relay-service-trs.*

SUPPLEMENTARY INFORMATION:

I. Background

Section 514(e)(2) and section 524(c)(1) of the Multifamily Assisted Housing Reform and Affordability Act of 1997 (MAHRA) (42 U.S.C. 1437f note), as amended, require HUD to establish guidelines for the development of operating cost adjustment factors (OCAFs) for rent adjustments. Similar language is found in sections 524(a)(4)(C)(i), 524(b)(1)(A), and 524(b)(3)(A) of MAHRA, all of which prescribe the use of the OCAF in the calculation of renewal rents. MAHRA gives HUD broad discretion in setting OCAFs. For example, sections 524(a)(4)(C)(i), 524(b)(1)(A), 524(b)(3)(A), and 524(c)(1) refer simply to ''an operating cost adjustment factor established by the Secretary.'' HUD uses a single methodology for establishing OCAFs for each of these applications of OCAFs, although the methodology has evolved over time. The sole limitation to this grant of authority is a specific requirement in each of the foregoing provisions that application of an OCAF ''shall not result in a negative adjustment.''

In addition to their use under MAHRA, Section 8(o)(13)(I)(i) of the United States Housing Act of 1937 allows the use of OCAFs for project-based voucher contracts as implemented on June 6, 2024 in *Housing Opportunity Through Modernization Act of 2016—Housing Choice Voucher (HCV) and Project-Based Voucher Implementation; Additional Streamlining Changes* (89 FR 38224 (May 7, 2024)).

OCAFs vary among States and territories. Contract rents are adjusted by applying the OCAF for the State or territory in which the subject project is located to that portion of the rent attributable to operating expenses exclusive of debt service.

The OCAFs provided in this notice are applicable to eligible projects having a contract anniversary date on or after February 11, 2026.

II. OCAF Determination

OCAFs are composite factors calculated as the sum of weighted changes across nine operating cost categories: electricity, employee benefits, employee wages, fuel oil, goods/supplies/equipment, insurance, natural gas, property taxes, and water/sewer/trash. The weights used in the OCAF calculations for each of the nine cost component groupings are set using current percentages attributable to each of the nine expense categories. HUD calculates weights using three years of audited Annual Financial Statements from projects covered by OCAFs. HUD has found these expenditure percentages to be stable over time; using three years of data helps smooth short-term fluctuations. The nine cost component weights, and, thus, the OCAFs, are calculated at the State level, which is the lowest level of geographical aggregation with enough projects to permit statistical analysis. These data are not available for the Western Pacific Islands, so data for Hawaii are used as the best available indicator of OCAFs for these areas.

HUD relies on current and reliable price data available for each cost category drawing primarily from federal statistical agencies and audited financial statements. State-level data for electricity, fuel oil, and natural gas from Department of Energy surveys are relatively current and continue to be used. Data on changes in employee benefits, employee wages, goods/supplies/equipment, property taxes, and water/sewer/trash costs are available only at the national level. HUD uses State and HUD Region data for insurance, continuing the practice adopted for FY 2025 OCAFs.

The data sources used for the selected nine cost indicators are as follows:

- *Electricity:* Energy Information Agency (EIA), May 2025 ''Electric Power Monthly'' report, Table 5.6.B. HUD compares the January 2025 to May 2025 estimate to the January 2024 to May 2024 estimate. *https://www.eia.gov/electricity/monthly/epm_table_grapher.php?t=epmt_5_06_b.*
- *Employee benefits:* Bureau of Labor Statistics (BLS) Employment Cost Index (ECI), Private Industry Benefits, All Workers (Series ID CIU2030000000000I), at the national level. HUD compares the second quarter of 2025 to the second quarter of 2024. *https://data.bls.gov/timeseries/CIU2030000000000I.*
- *Employee wages:* BLS ECI, Private Industry Wages and Salaries, All Workers (Series ID CIU2020000000000I), at the national level. HUD compares the second quarter of 2025 to the second quarter of 2024. *https://data.bls.gov/timeseries/CIU2020000000000I.*
- *Fuel Oil:* EIA U.S. Weekly Heating Oil and Propane Prices report. Average weekly residential heating oil prices in cents per gallon excluding taxes for the period from October 7, 2024, through the week of May 12, 2025, are compared to the average from October 2, 2023, through the week of March 25, 2024.[1] For the States with insufficient fuel oil consumption to have separate estimates, HUD uses the relevant regional Petroleum Administration for Defense Districts (PADD) change between these two periods; if there is no regional PADD estimate, HUD uses the U.S. change between these two periods. *https://www.eia.gov/dnav/pet/pet_pri_wfr_a_EPD2F_PRS_dpgal_w.htm.*
- *Goods/Supplies/Equipment:* BLS Consumer Price Index, All Items Less Food, Energy and Shelter (Series ID CUUR0000SA0L12E) at the national level. HUD compares the July 2025 estimate to the estimate for July 2024. *https://data.bls.gov/timeseries/CUUR0000SA0L12E.*
- *Insurance:* Audited Financial Statements (AFS), multifamily data for property insurance at the State-level or, for those States with fewer than 100 multifamily properties, at the HUD regional level.[2] HUD compares the average annual property insurance expenditures in 2024 to the expenditures in 2023.
- *Natural Gas:* Energy Information *Administration* (EIA), Natural Gas, Residential Energy Price, monthly prices in dollars per 1,000 cubic feet at the state level. HUD compares the average of monthly prices from June 2024 to May 2025 to the average of prices from June 2023 to May 2024. Due to EIA data quality standards, several states were missing data for one or two months in 2024 and 2025; in these cases, data for these missing months were estimated using data from the surrounding months in that year and the relationship between that same month and the surrounding months in 2021. *www.eia.gov/dnav/ng/ng_pri_sum_a_EPG0_PRS_DMcf_a.htm.*
- *Property Taxes:* Census Quarterly Summary of State and Local Government Tax Revenue—Table 1 *https://www.census.gov/econ/currentdata/dbsearch?bprogramCode=QTAX&startYear=2023&endYear=2025&categories=QTAXCAT1&dataType=TOTAL&geoLevel=US&adjusted=0&notAdjusted=1&errorData=0.* HUD calculates the total tax receipts for April 2024–March 2025, divides by occupied housing units to find the average annual tax per unit and compares this figure to

[1] Data for April and May were available at the time the OCAFs were calculated this year but not in the prior year. Given that there is a minimal difference (approximately –0.016 at most for any given state) with oil generally contributing less than 1 percent to state OCAFs, the additional data has been used. When available, additional data will be used in future calculations as well.

[2] The financial statements comprise approximately 17,000 residential properties, including those in the Section 8 (including RAD conversions), Section 202, and Section 811 programs of HUD's Office of Multifamily Housing. There are 17 states with fewer than 100 properties that receive a regional average.

the prior year. The number of occupied housing units is taken from U.S. Census Bureau's Current Population Survey/Housing Vacancy Survey (CPS/HVS) housing inventory estimates, Table 8: *https://www.census.gov/housing/hvs/data/histtab8.xlsx.*

- *Water/Sewer/Trash:* Consumer Price Index, All Urban Consumers, Water and Sewer and Trash Collection Services (Series ID CUUR0000SEHG) at the national level. HUD compares the estimate for July 2025 to the estimate for July 2024.

The sum of the nine cost component percentage weights equals 100 percent of operating costs for purposes of OCAF calculations. To calculate the OCAFs, State-level cost component weights developed from AFS data are multiplied by the selected inflation factors. For example, if wages in Virginia represent 50 percent of total operating cost expenses and increased by 4 percent from 2024 to 2025, the wage increase component of the Virginia OCAF for 2025 would be 2.0 percent (50% * 4%). This 2.0 percent would then be added to the increases for the other eight expense categories to calculate the 2026 OCAF for Virginia. Because OCAFs are derived from multiple indices and data sources, they should be understood as composite adjustment factors rather than a single published index. For states where the calculated OCAF is less than zero, the OCAF is floored at zero. The OCAFs for 2026 are included as an Appendix to this notice.

III. Solicitation of Public Comment

This notice is soliciting comments from members of the public and affected parties concerning the methodology and data sources used to determine the OCAF as described in Section II. HUD will not revise the FY26 OCAFs in response to public comments but will take public input into consideration when developing the FY27 OCAFs. Any proposed changes to HUD's OCAF methodology will be published for public comment not later than the date of publication of the FY27 OCAF Notice.

HUD encourages interested parties to submit comments in response to these questions:

1. What alternative methodologies and data sources (*e.g.,* Consumer Price Index) should HUD consider when calculating the annual operating cost adjustment factor?

2. What factors most impact annual operating costs for affordable housing multifamily rental properties, and should the cost categories included in the OCAF be adjusted to reflect those costs?

3. How have OCAF-adjusted rent levels at HUD-assisted properties compared with the rent levels of recent movers with similar income levels or of recent movers into comparable units?

4. Should HUD consider adjusting the weighting of cost categories more or less frequently to smooth out variation or reflect emerging trends?

5. What data sources or approaches could HUD use to better capture regional or local variations in operating costs, particularly in states with diverse housing markets?

6. How should HUD balance timeliness and stability in its data sources (*e.g.,* shorter vs. longer measurement periods) to avoid volatility while still reflecting current conditions?

7. Should HUD explore predictive or forward-looking models (such as inflation forecasts or rolling averages) to anticipate operating cost changes rather than relying solely on past-year comparisons?

8. Should HUD explore selecting a subset of the nine cost components to determine OCAF to focus on the factors that primarily drive cost in each state?

9. How might HUD evaluate the long-term impact of OCAF adjustments on property sustainability and affordability, and what measures could be used to monitor these outcomes?

IV. Findings and Certifications Environmental Impact

This notice sets forth rate determinations and related external administrative requirements and procedures that do not constitute a development decision affecting the physical condition of specific project areas or building sites. Accordingly, under 24 CFR 50.19(c)(6), this notice is categorically excluded from environmental review under the National Environmental Policy Act of 1969 (42 U.S.C. 4321).

V. Paperwork Reduction Act

This notice does not impact the information collection requirements already submitted to the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3520). In accordance with the Paperwork Reduction Act, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB control number.

VI. Assistance Listing Number

The Assistance Listing number for this program is 14.195.

Frank Casisidy,

Assistant Secretary for Housing—Federal Housing Commissioner.

APPENDIX

Operating Cost Adjustment Factors for 2026

Alabama	5.9
Alaska	5
Arizona	4.4
Arkansas	6
California	4.9
Colorado	4.5
Connecticut	4.3
Delaware	4.4
District of Columbia	5.1
Florida	8.2
Georgia	5.4
Hawaii	4.6
Idaho	4.6
Illinois	5.1
Indiana	5
Iowa	4.6
Kansas	5.2
Kentucky	5.1
Louisiana	9.8
Maine	3.3
Maryland	4.8
Massachusetts	4.8
Michigan	4.4
Minnesota	4.9
Mississippi	6.4
Missouri	5.1
Montana	4
Nebraska	4.9
Nevada	3.8
New Hampshire	3.6
New Jersey	4.9
New Mexico	6.3
New York	4.7
North Carolina	4.6
North Dakota	4.5
Ohio	4.9
Oklahoma	6.4
Oregon	4.8
Pacific Islands	4.6
Pennsylvania	4.7
Puerto Rico	6.1
Rhode Island	3.8
South Carolina	6.2
South Dakota	4.4
Tennessee	4.9
Texas	6.4
Utah	4.1
Vermont	4.6
Virgin Islands	12.3
Virginia	4.9
Washington	5.2
West Virginia	5.8
Wisconsin	4.4
Wyoming	4.4
United States	5.1

[FR Doc. 2026–02201 Filed 2–2–26; 8:45 am]

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