



OFFICE OF HOUSING

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

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**SUBJECT: COVID-19 and the Impact on Operating Cost Adjustment Factor Properties
RAD & M2M Projects**

Dear Industry Partners:

Thank you for your letter of June 12, 2020 regarding the impact of COVID-19 on Operating Cost Adjustment Factor (OCAF) Restricted Properties and the status of funding authorized by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (P.L. 116-136). The Office of Multifamily Housing Programs understands that increased costs related to responding to COVID-19 have had a negative impact on the operating budgets of many properties.

HUD has spoken with many industry partners to better understand the operating challenges they are facing during this difficult period. As the Department develops policies and procedures for CARES Act funding, HUD is attempting to balance the experiences owners have had to date with the considerable uncertainty about potential future impacts of the COVID-19 virus and the possibility that conditions could deteriorate later in the year.

Your letter requests the Department to implement additional operating cost adjustments to help preserve those Section 8 affordable assets burdened by the pandemic driven costs and indicates that you may pursue legislative solutions to allow market rent adjustments for Mark to Market (M2M) properties and properties in the Rental Assistance Demonstration (RAD). HUD is currently developing a plan to provide CARES Act funds to assist owners with COVID-19 related operating costs and increased costs for service coordination. HUD hopes to share more information about this effort with our partners in the next 30 days. HUD does not expect to use OCAF adjustments in the current year to address costs associated with COVID-19.

Thank you for your interest in the Department's programs, and I hope this information is

helpful to you. If you require further assistance with this matter, you may contact Belinda Koros at 202-402-3615 or by email at *Belinda.P.Koros@hud.gov*.

Sincerely,

Tobias Halliday
Director
Office of Asset Management & Program Oversight
Multifamily Housing Programs