

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF FINANCIAL ASSISTANCE****Asset Management and Compliance Section**

1800 Third Street, Suite 390
P. O. Box 952054
Sacramento, CA 94252-2054
(916) 324-8282
FAX (916) 324-3246

**ASSET MANAGEMENT AND COMPLIANCE (AMC)****ADMINISTRATIVE NOTICE****Notice Number: 11-01**

DATE: July 20, 2011

TO: RHCP-BOND, FHDP, CHRP-R and SUHRP Borrowers and Management Agents

FROM: Janet Marzolf, Section Chief
Asset Management and Compliance Section

SUBJECT: Consumer Price Index (CPI) Factor for Rent Increase Calculation for 2012 for RHCP-Bond, FHDP, CHRP-R and SUHRP

Administrative Note: This Administrative Notice establishes a formal written notification of administrative guidelines that affect the operation of Department programs. This format is used to identify, clarify and record administrative guidelines and interpretations of public interest.

The purpose of this notice is to inform borrowers and management agents that the Consumer Price Index factor (All Urban Consumers, West Urban, Rent of Primary Residence) to be used in the formula for calculating increases in project rents for fiscal years beginning in 2012 is **1.4** percent. This figure is based upon data from the U.S. Department of Labor, Bureau of Labor Statistics.

Program regulations require that borrowers submit proposed budgets and rent increase requests at least 60 days prior to the end of the current fiscal year. If you wish to request an increase in project rents that exceeds the CPI formula increase, please discuss it with your Asset Management Representative as early as possible to confirm that it will meet regulatory requirements.

Please note that this CPI factor is used for all RHCP-BOND, FHDP and CHRP-R rent increase calculations, and for only those SUHRP projects that require its use in the project's regulatory agreement. If you have a SUHRP-funded project, please check your SUHRP regulatory agreement to determine if you are to use this factor for your rent increase calculation.

When submitting your annual budgets and rent information, please use the forms on the Department's website at: <http://www.hcd.ca.gov/fa/amc>

If you have any questions regarding the 2012 CPI factor or the electronic budget forms, please contact your Asset Management Representative. If you need assistance in identifying your Asset Management Representative, please call (916) 324-8282.