

meetings, contact the Executive Secretary as soon as possible.

Dated: September 13, 2006.

**Brian M. Salerno,**

*Rear Admiral, U.S. Coast Guard, Director of Inspections and Compliance.*

[FR Doc. E6-16229 Filed 9-29-06; 8:45 am]

**BILLING CODE 4910-15-P**

## DEPARTMENT OF HOMELAND SECURITY

### National Communications System

[Docket No. NCS-2006-0007]

### National Security Telecommunications Advisory Committee

**AGENCY:** National Communications System, DHS.

**ACTION:** Notice of Partially Closed Advisory Committee Meeting.

**SUMMARY:** The President's National Security Telecommunications Advisory Committee (NSTAC) will be meeting by teleconference: the meeting will be partially closed.

**DATES:** Thursday, October 12, 2006, from 2 p.m. until 3 p.m.

**ADDRESSES:** The meeting will take place by teleconference. For access to the conference bridge and meeting materials, contact Mr. William Fuller at (703) 235-5521, or by e-mail at [William.C.Fuller@dhs.gov](mailto:William.C.Fuller@dhs.gov) by 5 p.m. on Friday, October 6, 2006. If you desire to submit comments, they must be submitted by October 5, 2006.

Comments must be identified by NCS-2006-0007 and may be submitted by one of the following methods:

- **Federal eRulemaking Portal:** <http://www.regulations.gov>. Follow the instructions for submitting comments.

- **E-mail:** [NSTAC1@dhs.gov](mailto:NSTAC1@dhs.gov). Include docket number in the subject line of the message.

- **Mail:** Office of the Manager, National Communications System (N5), Department of Homeland Security, Washington, DC, 20529.

**Instructions:** All submissions received must include the words "Department of Homeland Security" and NCS-2006-0007, the docket number for this action. Comments received will be posted without alteration at [www.regulations.gov](http://www.regulations.gov), including any personal information provided.

**Docket:** For access to the docket to read background documents or comments received by the NSTAC, go to <http://www.regulations.gov>.

**FOR FURTHER INFORMATION CONTACT:** Ms. Kiesha Gebreyes, Chief, Industry Operations Branch at (703) 235-5525, e-

mail: [Kiesha.Gebreyes@dhs.gov](mailto:Kiesha.Gebreyes@dhs.gov) or write the Deputy Manager, National Communications System, Department of Homeland Security, CS&T/NCS/N5.

**SUPPLEMENTARY INFORMATION:** The NSTAC advises the President on issues and problems related to implementing national security and emergency preparedness telecommunications policy. Notice of this meeting is given under the Federal Advisory Committee Act (FACA), Pub. L. 92-463, as amended (5 U.S.C. App. 1 *et seq.*).

At the upcoming meeting, between 2 p.m. and 2:20 p.m., the members will receive comments from government stakeholders and receive an update from the NSTAC's Emergency Communications and Interoperability Task Force (ECITF). This portion of the meeting will be open to the public.

Between 2:20 p.m. and 3 p.m., the committee will discuss and vote on the Global Infrastructure Resiliency (GIR) Report and discuss NSTAC's Influenza Pandemic Study. This portion of the meeting will be closed to the public.

Persons with disabilities who require special assistance should indicate this when arranging access to the teleconference and are encouraged to identify anticipated special needs as early as possible.

**Basis for Closure:** The GIR discussion will likely involve sensitive infrastructure information concerning system threats and explicit physical/cyber vulnerabilities related to current communications capabilities. The discussion on NSTAC's Influenza Pandemic Study will likely involve sensitive information concerning prioritization of critical infrastructure capabilities, and the use of vaccines and medications. Public disclosure of such information would heighten awareness of potential vulnerabilities and increase the likelihood of exploitation by terrorists or other motivated adversaries. Pursuant to Section 10(d) of the Federal Advisory Committee Act, Public Law 92-463, as amended (5 U.S.C. App. 1 *et seq.*), the Department has determined that this discussion will concern matters which, if disclosed, would be likely to frustrate significantly the implementation of a proposed agency action. Accordingly, the relevant portion of this meeting will be closed to the public pursuant to the authority set forth in 5 U.S.C. 552b(c)(9)(B).

Dated: September 13, 2006.

**Peter M. Fonash,**

*Deputy Manager National Communications System.*

[FR Doc. 06-8398 Filed 9-29-06; 8:45 am]

**BILLING CODE 4410-10-P**

## DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-5103-N-01]

### Notice of Certain Operating Cost Adjustment Factors for 2007

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

**ACTION:** Publication of the 2007 Operating Cost Adjustment Factors (OCAFs) for Section 8 rent adjustments at contract renewal under section 524 of the Multifamily Assisted Housing Reform and Affordability Act of 1997 (MAHRA), as amended by the Preserving Affordable Housing for Senior Citizens and Families into the 21st Century Act of 1999, and under the Low-Income Housing Preservation and Resident Homeownership Act of 1990 (LIHPRHA) Projects assisted with Section 8 Housing Assistance Payments.

**SUMMARY:** This notice establishes annual factors used in calculating rent adjustments under section 524 of the Multifamily Assisted Housing Reform and Affordability Act of 1997 (MAHRA) as amended by the Preserving Affordable Housing for Senior Citizens and Families into the 21st Century Act of 1999, and under the Low-Income Housing Preservation and Resident Homeownership Act of 1990 (LIHPRHA).

**DATES:** *Effective Date:* February 11, 2007.

**FOR FURTHER INFORMATION CONTACT:** Stan Houle, Housing Project Manager, Office of Housing Assistance and Grant Administration, Office of Multifamily Housing, Department of Housing and Urban Development, 451 Seventh Street, SW., Washington, DC 20410; telephone (202) 708-3000; extension 2572 (This is not a toll-free number). Hearing or speech-impaired individuals may access this number via TTY by calling the toll-free Federal Information Relay Service at (800) 877-8339.

### SUPPLEMENTARY INFORMATION:

#### I. Operating Cost Adjustment Factors (OCAFs)

Section 514(e)(2) of MAHRA requires HUD to establish guidelines for rent adjustments based on an operating cost adjustment factor (OCAF). The legislation requiring HUD to establish OCAFs for LIHPRHA projects and projects with contract renewals under section 524 of MAHRA is similar in wording and intent. HUD has therefore developed a single factor to be applied uniformly to all projects utilizing

OCAF as the method by which rents are adjusted.

Additionally, section 524 of the Act gives HUD broad discretion in setting OCAFs—referring simply to “operating cost factors established by the Secretary.” The sole exception to this grant of authority is a specific requirement that application of an OCAF shall not result in a negative rent adjustment. OCAFs are to be applied uniformly to all projects utilizing OCAFs as the method by which rents are adjusted upon expiration of the term of the contract. OCAFs are applied to project contract rent less debt service.

An analysis of cost data for FHA-insured projects showed that their operating expenses could be grouped into nine categories: Wages, employee benefits, property taxes, insurance, supplies and equipment, fuel oil, electricity, natural gas, and water and sewer. Based on an analysis of these data, HUD derived estimates of the percentage of routine operating costs that were attributable to each of these nine expense categories. Data for projects with unusually high or low expenses due to unusual circumstances were deleted from analysis.

States are the lowest level of geographical aggregation at which there are enough projects to permit statistical analysis. Additionally, no data were available for the Western Pacific Islands. Data for Hawaii was therefore used to generate OCAFs for these areas.

The best current measures of cost changes for the nine cost categories were selected. The only categories for which current data are available at the State level are for fuel oil, electricity, and natural gas. Current price change indices for the other six categories are only available at the national level. The Department had the choice of using dated State-level data or relatively current national data. It opted to use national data rather than data that would be two or more years older (*e.g.*, the most current local wage data are for 2003).

In prior years, OCAF adjustments have used either the overall Consumer Price Index (CPI) change or the Residential Property Tax index from the Census Consumer Expenditure Survey (CES) as a surrogate for property tax increases. In 2007, the surrogate is the Census Quarterly Summary of State and Local Government Tax Revenue—Table 1. Based on a review of available data, HUD has determined that continued use of the overall CPI index as a surrogate measure of property tax changes has become inappropriate. The most current CES data available for this analysis is from 2004; therefore, the information

lags current market trends. Average property tax increases have been higher in recent years, and in limited instances are known to be much higher. Although the Census of Local Governments property tax revenues adjusted for revenue units is an inexact measure of residential property tax increases, it is the best such national measure found to date.

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

*Labor Costs*—3/2005 to 3/2006 Bureau of Labor Statistics (BLS), “Employment Cost Index, Private Sector Wages and Salaries Component at the National Level.”

*Employment Benefit Costs*—3/2005 to 3/2006 Bureau of Labor Statistics (BLS) “Employment Cost Index, Employee Benefits at the National Level.”

*Property Taxes*—2004–2005 Census Quarterly Summary of State and Local Government Tax Revenue—Table 1.

*Goods, Supplies, Equipment*—3/2005 to 3/2006 Bureau of Labor Statistics (BLS) “Producer Price Index, Consumer Goods Less Food and Energy.”

*Insurance*—3/2005 to 3/2006 Bureau of Labor Statistic (BLS) “Consumer Price Index, Tenant and Household Residential Insurance Index.”

*Fuel Oil*—Energy Information Agency, 2004 to 2005 consumption-weighted annual average State prices for #2 residential fuel oil (Department of Energy multi-state fuel oil grouping averages used for the States with too little fuel oil consumption to have values).

*Electricity*—Energy Information Agency, February 2006 “Electric Power Monthly” report, Table 5.6.B.

*Natural Gas*—Energy Information Agency, Natural Gas, Residential Energy Price, 2004–2005 annual cost in dollars per 1,000 cubic feet (monthly data are so erratic that annual averages offer a more reliable measure).

*Water and Sewer*—3/2005 to 3/2006 Consumer Price Index, “All Urban Consumers, Water and Sewer and Trash Collection Services.”

The sum of the nine cost components equals 100 percent of operating costs for purposes of OCAF calculations. To calculate the OCAFs, the selected inflation factors are multiplied by the relevant State-level operating cost percentages derived from the previously referenced analysis of FHA insured projects. For instance, if wages in Virginia comprised 50 percent of total operating cost expenses and wages increased by 4 percent from March 2004 to March 2005, the wage increase component of the Virginia OCAF for 2006 would be 2.0 percent ( $4\% \times 50\%$ ).

This 2.0 percent would then be added to the increases for the other eight expense categories to calculate the 2006 OCAF for Virginia. These types of calculations were made for each State for each of the nine cost components, and are included as the Appendix to this Notice.

## II. MAHRA and LIHPRHA OCAF Procedures

MAHRA, as amended by the Preserving Affordable Housing for Senior Citizens and Families into the 21st Century Act of 1999, created the Mark-to-Market Program to reduce the cost of Federal housing assistance, enhance HUD’s administration of such assistance, and to ensure the continued affordability of units in certain multifamily housing projects. Section 524 of MAHRA authorizes renewal of Section 8 project-based assistance contracts for projects without Restructuring Plans under the Mark-to-Market Program, including renewals that are not eligible for Plans and those for which the owner does not request Plans. Renewals must be at rents not exceeding comparable market rents except for certain projects. For Section 8 Moderate Rehabilitation projects, other than single room occupancy projects (SROs) under the McKinney-Vento Homeless Assistance Act (McKinney Act, 42 U.S.C. 11301 *et seq.*), that are eligible for renewal under section 524(b)(3) of MAHRA, the renewal rents are required to be set at the lesser of: (1) The existing rents under the expiring contract, as adjusted by the OCAF; (2) fair market rents (less any amounts allowed for tenant-purchased utilities; or (3) comparable market rents for the market area.

The Low-Income Housing Preservation and Resident Homeownership Act of 1990 (“LIHPRHA”) (see, in particular, section 222(a)(2)(G)(i) of LIHPRHA, 12 U.S.C. 4112 (a)(2)(G) and the regulations at 24 CFR 248.145(a)(9) requires that future rent adjustments for LIHPRHA projects be made by applying an annual factor to be determined by the Secretary to the portion of project rent attributable to operating expenses for the project and, where the owner is a priority purchaser, to the portion of project rent attributable to project oversight costs.

## III. Findings and Certifications

### *Environmental Impact*

This issuance 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).

*Executive Order 13132, Federalism*

This notice does not have federalism implications and does not impose substantial direct compliance costs on State and local governments or preempt State law within the meaning of Executive Order 13132 (entitled "Federalism").

*Catalog of Federal Domestic Assistance Number*

The Catalog of Federal Domestic Assistance Number for this program is 14.187.

Dated: September 22, 2006.

**Brian D. Montgomery,**

*Assistant Secretary for Housing-Federal Housing Commissioner.*

**OPERATING COST ADJUSTMENT FACTORS FOR 2007**

	Percent
ALABAMA .....	3.2
ALASKA .....	5.6
ARIZONA .....	3.0
ARKANSAS .....	4.1
CALIFORNIA .....	3.7
COLORADO .....	3.6
CONNECTICUT .....	6.3
DELAWARE .....	4.4
DIST.OF COLUMBIA .....	3.8
FLORIDA .....	3.9
GEORGIA .....	3.8
HAWAII .....	4.4
IDAHO .....	3.1
ILLINOIS .....	4.3
INDIANA .....	4.1
IOWA .....	4.9
KANSAS .....	3.3
KENTUCKY .....	3.3
LOUISIANA .....	4.1
MAINE .....	5.1
MARYLAND .....	4.0
MASSACHUSETTS .....	5.9
MICHIGAN .....	4.7
MINNESOTA .....	4.6
MISSISSIPPI .....	4.0
MISSOURI .....	3.2
MONTANA .....	4.0
NEBRASKA .....	3.9
NEVADA .....	3.4
NEW HAMPSHIRE .....	4.6
NEW JERSEY .....	3.9
NEW MEXICO .....	3.4
NEW YORK .....	5.8
N. CAROLINA .....	3.0
N. DAKOTA .....	4.7
OHIO .....	4.7
OKLAHOMA .....	5.0
OREGON .....	3.1
PENNSYLVANIA .....	3.9
RHODE ISLAND .....	6.7
S. CAROLINA .....	3.1

**OPERATING COST ADJUSTMENT FACTORS FOR 2007—Continued**

	Percent
S. DAKOTA .....	4.9
TENNESSEE .....	3.4
TEXAS .....	5.8
UTAH .....	3.2
VERMONT .....	4.0
VIRGINIA .....	3.5
WASHINGTON .....	3.1
W. VIRGINIA .....	3.1
WISCONSIN .....	4.3
WYOMING .....	3.4
PACIFIC ISLANDS .....	3.8
PUERTO RICO .....	2.6
VIRGIN ISLANDS .....	2.0
U.S. AVERAGE .....	4.3

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**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

[Docket No. FR-4513-N-26]

**Credit Watch Termination Initiative**

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

**ACTION:** Notice.

**SUMMARY:** This notice advises of the cause and effect of termination of Origination Approval Agreements taken by HUD's Federal Housing Administration (FHA) against HUD-approved mortgagees through the FHA Credit Watch Termination Initiative. This notice includes a list of mortgagees which have had their Origination Approval Agreements terminated.

**FOR FURTHER INFORMATION CONTACT:** The Quality Assurance Division, Office of Housing, Department of Housing and Urban Development, 451 Seventh Street, SW., Room B133-P3214, Washington, DC 20410-8000; telephone (202) 708-2830 (this is not a toll free number). Persons with hearing or speech impairments may access that number through TTY by calling the Federal Information Relay Service at (800) 877-8339.

**SUPPLEMENTARY INFORMATION:** HUD has the authority to address deficiencies in the performance of lenders' loans as provided in HUD's mortgagee approval regulations at 24 CFR 202.3. On May 17, 1999 (64 FR 26769), HUD published a notice on its procedures for terminating Origination Approval Agreements with FHA lenders and placement of FHA lenders on Credit Watch status (an evaluation period). In the May 17, 1999, notice, HUD advised that it would publish in the **Federal Register** a list of

mortgagees, which have had their Origination Approval Agreements terminated.

**Termination of Origination Approval Agreement:** Approval of a mortgagee by HUD/FHA to participate in FHA mortgage insurance programs includes an Origination Approval Agreement (Agreement) between HUD and the mortgagee. Under the Agreement, the mortgagee is authorized to originate single-family mortgage loans and submit them to FHA for insurance endorsement. The Agreement may be terminated on the basis of poor performance of FHA-insured mortgage loans originated by the mortgagee. The termination of a mortgagee's Agreement is separate and apart from any action taken by HUD's Mortgagee Review Board under HUD's regulations at 24 CFR part 25.

**Cause:** HUD's regulations permit HUD to terminate the Agreement with any mortgagee having a default and claim rate for loans endorsed within the preceding 24 months that exceeds 200 percent of the default and claim rate within the geographic area served by a HUD field office, and also exceeds the national default and claim rate. For the 28th review period, HUD is terminating the Agreement of mortgagees whose default and claim rate exceeds both the national rate and 200 percent of the field office rate.

**Effect:** Termination of the Agreement precludes that branch(s) of the mortgagee from originating FHA-insured single-family mortgages within the area of the HUD field office(s) listed in this notice. Mortgagees authorized to purchase, hold, or service FHA insured mortgages may continue to do so.

Loans that closed or were approved before the termination became effective may be submitted for insurance endorsement. Approved loans are (1) those already underwritten and approved by a Direct Endorsement (DE) underwriter employed by an unconditionally approved DE lender and (2) cases covered by a firm commitment issued by HUD. Cases at earlier stages of processing cannot be submitted for insurance by the terminated branch; however, they may be transferred for completion of processing and underwriting to another mortgagee or branch authorized to originate FHA insured mortgages in that area. Mortgagees are obligated to continue to pay existing insurance premiums and meet all other obligations associated with insured mortgages.

A terminated mortgagee may apply for a new Origination Approval Agreement if the mortgagee continues to be an approved mortgagee meeting the