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

OFFICE OF HOUSING

DEC 15 2016

MEMORANDUM FOR: All Multifamily Regional Center Directors
All Multifamily Satellite Coordinators
All Multifamily Branch Chiefs
All Multifamily Supervisory Project Managers

FROM: Robert G. Iber, Acting Director. Office of Asset Management and Portfolio Oversight, HTN

SUBJECT: Renewal of Expiring Project Assistance Contracts (PACs) Under the Section 202 Program of Supportive Housing for the Elderly and for Persons with Disabilities for Fiscal Year (FY) 2017

This memorandum provides amended instructions for renewing expiring Project Assistance Contracts for Section 202. Congress provided authority to renew PAC contracts that expired between October 1, 2016 and December 9, 2016 through the "Continuing Appropriations and Military Construction, Veterans Affairs, and Related Agencies Appropriation Act, 2017, and Zika Response and Preparedness Act" (Public Law 114-223) (September 2016). In early December, Congress provided authority to renew PAC contracts that expire between December 10, 2016 and April 28, 2017 through the "Further Continuing and Security Assistance Appropriations Act" (Public Law 114-254) (December 2016). Your office can also continue processing renewals for contracts expiring after April 28, 2017, but you may not sign these contracts until enactment of a bill covering the timeframe of renewal. Our office will provide additional guidance for renewing any contract that expires after April 28, 2017 as soon as there is Congressional action.

Owners must submit an operating budget for all projects with an expiring PAC. If the owner is requesting an increase in project assistance, the request must detail project needs and summarize the reasons why an increase in project assistance is needed, including necessary increases to the Reserve for Replacement Account. An increase in the project assistance should be effective the day after the contract expiration, i.e., the first day of renewal. For renewal of contracts expiring from:

1. October 1, 2016 through December 9, 2016 regional offices should insert "*Public Law 114-223 (September 2016)*" in Section 4.b of the PAC contract.
2. December 10, 2016 through April 28, 2017 regional offices should insert "*Public Law 114-254 (December 2016)*" in Section 4.b of the PAC contract.

For general guidance on requesting and processing a rent increase, consult HUD Handbook 4350.1, *Multifamily Asset Management and Project Servicing*, Chapter 7 as modified below.

1. Disregard paragraph 7-30.P. of HUD Handbook 4350.1. The budget will no longer include a two percent contingency reserve for PAC projects owned by non-profits

and those projects once owned by non-profits that have been sold to limited dividend partnerships. In its place, an owner may include a typical vacancy factor not to exceed five percent.

2. PAC projects with low income housing tax credits may include in their budgets only those usual and customary fees and expenses for operating a tax credit project, including payment of the equity syndicator's asset management fees; state allocating agency's compliance and asset monitoring fees; mandatory interest payments of up to one percent due on subordinate debt provided by a governmental lender; and deferred developer's fees, plus interest accrued at the applicable federal rate, which may be deferred for no more than 12 years. The deferred developer's fee may be included as an operating budget line item but may only be paid from surplus cash.

In order for field offices to adequately review and timely process PAC renewal packages, owners should submit requests for renewals of PACs to field offices no later than 120 days prior to the expiration of the contract. The renewal term shall not exceed one year.

Owners of PAC projects cannot use funds remaining under the existing contract. The Department will be recapturing these funds.

Attached is a list of projects with a PAC that have or will expire this fiscal year (Attachment A).

No action is necessary by the Regional Center to request renewal funding. Funding for initial and subsequent PAC renewals will be provided automatically by OAMPO, Financial Operations Division (FOD). In the event that renewal funding was not provided, the Regional Centers should submit the continual needs of the missed project on the HACAO/FOD's Funding SharePoint site at http://hudsharepoint.hud.gov/sites/DASMFH/OHACAO/FOD/FOD_Funding/default.aspx. This site provides a centralized forum for funding issues. The attached contract renewal form (Attachment B) must be executed upon reservation of the project rental assistance funds.

For further information regarding renewal policy, please contact Stan Houle at 202- 402-2572 and on funding issues, please contact Marina McCulley-Boyd at 202-402-2062 or Chiara Law at 202-402-3842.

Attachments

Attachment A

LIST OF EXPIRING PROJECT ASSISTANCE CONTRACTS FY 2017

Region	Property ID	Name	Contract Number	Expiration Date
Midwest	800010235	INDEPENDENCE SQUARE APARTMENTS	MI33D891001	31-Oct-16
Midwest	800061682	MEADOWS (THE)	MI33Q971003	31-Oct-16
Midwest	800011227	ROBERT WILL COMMUNITY HOUSING	MN46D891001	03-Jan-17
Midwest	800017297	ST. MARK COMMUNITY	OH10D891004	20-Jan-17
Midwest	800011301	SUPERIOR VIEW APTS aka Twin Ports 4 sites	MN46D891002	23-Jan-17
Midwest	800006904	OPPORTUNITY APARTMENTS	IN36D901006	26-Feb-17
Midwest	800006755	GROUP LIVING	IN36D891009	08-May-17
Midwest	800011377	HAYDEN LAKE APTS aka The Wiggins	MN46D891003	16-May-17
Midwest	800017286	SOUTHSIDE MANOR	OH16D891004	30-May-17
Midwest	800011325	REDRUTH VALLEY APARTMENTS	MN46D891005	27-Jul-17
Midwest	800211870	VOLUNTEERS OF AMERICA MONTCALM	MI28S991001	10-Sep-17
Northeast	800015611	OPEC HOUSING	NY06Q901004	17-Oct-16
Northeast	800003867	DIMA I	DE26D901001	20-Oct-16
Northeast	800019404	BOUCHER APARTMENTS	RI43D891002	04-Nov-16
Northeast	800018933	TERRACE OVERVIEW APTS.	PA28D891004	12-Nov-16
Northeast	800211794	JAWONIO RESIDENTIAL OPPORTUNITY	NY36Q991005	02-Dec-16
Northeast	800018184	ALLIED COMMUNITY LIVING	PA28D891001	04-Dec-16
Northeast	800008861	SECOND ASSOC PROPERTIES	MA06D901001	22-Dec-16
Northeast	800055455	EATEN KNOLLS	NY36Q971005	21-Jan-17
Northeast	800018686	MOSHANNON VALLEY APTS.	PA28D891006	24-Feb-17
Northeast	800008278	FIRST ASSOC PROPERTY HOMES	MA06D891002	26-Feb-17
Northeast	800015691	PROJECT SHARE	NY36D891003	05-Mar-17
Northeast	800018547	IRMA SELIGMAN APTS.	PA28D901001	22-Mar-17
Northeast	800056355	WILLOW HOUSE	RI43Q971003	31-Mar-17
Northeast	800055451	OPTIONS SUPP HSG IV	NY36Q971001	04-May-17
Northeast	800015088	ELLICOTT PLACE APARTMENTS	NY06D891003	10-May-17
Northeast	800015555	NASHOPA HOUSE	NY36D891004	11-May-17
Northeast	800023594	FMRS HOUSING INC	WV15D891001	12-May-17
Northeast	800232294	SPRUCE MANOR	WV15Q091001	31-Aug-17

Northeast	800056810	233 ALLEN STREET	CT26D891001	30-Sep-17
Southeast	800012996	RSS SCATTERED HOMES	NC19D891016	12-Nov-16
Southeast	800013312	WNC COMMUNITY HOMES #3	NC19D891018	20-Nov-16
Southeast	800013193	SHEPHERD HOUSE	NC19D891021	24-Nov-16
Southeast	800012555	ARC/HDS GUILFORD CO GH #6	NC19D891002	06-Dec-16
Southeast	800007862	RUSSELLVILLE RESIDENCE	KY36D891003	12-Dec-16
Southeast	800012453	AS NEW HANOVER CO. G.H. #1	NC19D901023	29-Dec-16
Southeast	800012454	AS NEW HANOVER CO. G.H. #2	NC19D901024	29-Dec-16
Southeast	800012590	ARC/HDS MECKLENBURG COUNTY GROUP HOME	NC19D891007	01-Jan-17
Southeast	800007673	HENDERSON GROUP HOME	KY36D891005	05-Jan-17
Southeast	800004133	LIFE CONCEPTS INDEPENDENT LIVING II	FL29D901008	28-Jan-17
Southeast	800012497	ARC/HDS CARTERET CO GH #2	NC19D891001	04-Feb-17
Southeast	800012626	ARC/HDS ROWAN COUNTY GROUP HOME #4	NC19D891009	10-Feb-17
Southeast	800012600	ARC/HDS MOORE COUNTY GROUP HOME #3	NC19D891011	14-Feb-17
Southeast	800012552	ARC/HDS FORSYTH CO GH #6	NC19D891004	19-Feb-17
Southeast	800012638	ARC/HDS RUTHERFORD COUNTY GROUP HOME #2	NC19D891010	19-Feb-17
Southeast	800012452	AS MECKLENBURG CO. G.H. #2	NC19D901031	23-Feb-17
Southeast	800019592	GA PROPERTIES (PIEDMONT PROPERTIES/M.R. DEVELOP)	SC16D891003	24-Feb-17
Southeast	800012477	ARC/HDS ALAMANCE CO GH #9	NC19D901019	25-Feb-17
Southeast	800012556	ARC/HDS GUILFORD CO GH #8	NC19D901001	25-Feb-17
Southeast	800012566	ARC/HDS GUILFORD CO GH #7	NC19D901008	25-Feb-17
Southeast	800012501	ARC/HDS CRAVEN CO GH #3	NC19D901003	26-Feb-17
Southeast	800012524	ARC/HDS CUMBERLAND CO. GH #7	NC19D891006	26-Feb-17
Southeast	800012665	ARC/HDS WASHINGTON COUNTY GROUP HOME #3	NC19D901009	26-Feb-17
Southeast	800012482	ARC/HDS ALAMANCE CO GH #7	NC19D891003	10-Mar-17
Southeast	800012479	ARC/HDS ALAMANCE CO GH #8	NC19D891008	11-Mar-17
Southeast	800012455	AS DURHAM CO. GROUP HOME #1	NC19D901027	23-Mar-17
Southeast	800012704	AS WAKE CO. G.H. #1	NC19D901025	23-Mar-17
Southeast	800019768	SANDWOOD APARTMENTS, INC.	SC16D891004	24-Mar-17
Southeast	800019496	BRIDGEWOOD APTS., INC.	SC16D891005	29-Mar-17
Southeast	800012213	NORTH WILLOWS	MS26D891001	05-Apr-17
Southeast	800000356	ONDERDONK COTTAGES	AL09D891003	26-Apr-17
Southeast	800000357	CHRISTOPHERSON ESTATES	AL09D891002	26-Apr-17

Southeast	800012658	ARC/HDS UNION COUNTY GROUP HOME #3	NC19D901011	18-May-17
Southeast	800013295	WHITTECAR HOME	NC19D901016	20-May-17
Southeast	800012584	ARC/HDS LEE COUNTY GROUP HOME	NC19D901007	03-Jun-17
Southeast	800004245	LIFE CONCEPTS GROUP HOME II	FL29D901011	29-Jun-17
Southeast	800013028	MHA OF THE PIEDMONT	NC19D891013	31-Jul-17
Southeast	800013028	MHA OF THE PIEDMONT	NC19D901014	31-Jul-17
Southeast	800013028	MHA OF THE PIEDMONT	NC19D901015	31-Jul-17
Southeast	800013031	MHA HOUSING OF CENTRAL NC	NC19D891015	31-Jul-17
Southeast	800013034	MHA HSG. OF WESTERN NC	NC19D891014	31-Jul-17
Southeast	800013060	MHA HOUSING OF EASTERN NC	NC19D901029	31-Jul-17
Southeast	800066412	PAUL BRASWELL RESIDENTIAL CENTER	MS26Q961003	31-Jul-17
Southeast	800012510	ARC/HDS CATAWBA CO GH #3	NC19D901004	28-Aug-17
Southeast	800012564	ARC/HDS GASTON CO GH #4	NC19D891005	28-Aug-17
Southeast	800012589	ARC/HDS LINCOLN COUNTY GROUP HOME	NC19D901002	28-Aug-17
Southeast	800012627	ARC/HDS RANDOLPH COUNTY GROUP HOME	NC19D901005	29-Aug-17
Southeast	800112161	LETTIE POSTON APARTMENTS	TN40S981003	31-Aug-17
Southeast	800007664	HALLMARK GROUP HOME	KY36D891006	03-Sep-17
Southwest	800008233	CORBITT LODGE	LA48D891003	27-Oct-16
Southwest	800000733	PEACEFUL SHORES	AR37D891006	29-Oct-16
Southwest	800014572	FRANK GRAY HOUSE	NM16D891003	30-Nov-16
Southwest	800014642	VERN JOLLY HOUSE	NM16D891002	30-Nov-16
Southwest	800000753	RIDGE HOMES	AR37D901005	16-Dec-16
Southwest	800000673	LIFELINE APARTMENTS	AR37D891004	22-Dec-16
Southwest	800005349	LEMARS INDEPENDENT LIVING	IA05D890001	31-Dec-16
Southwest	800013555	COMMUNITY ALLIANCE HOUSING I	NE26D901001	31-Dec-16
Southwest	800000772	SMOOTH SAILING GROUP HOME	AR37D891003	30-Jan-17
Southwest	800014558	CONCHA ORTIZ Y PINO DE KLEVEN	NM16D891001	31-Jan-17
Southwest	800000696	MICHAEL T. O'BRIEN APARTMENTS	AR37D901009	28-Feb-17
Southwest	800000546	CALM SEAS	AR37D891005	03-Mar-17
Southwest	800013533	MOSAIC HOUSING CORPORATION I	NE26D901002	31-Mar-17
Southwest	800021108	MONARCH PLACE APTS	TX59D901001	29-Apr-17
Southwest	800020861	ELLIOTT GRANT HOMES	TX59D891003	30-Apr-17
Southwest	800020663	ARLINGTON VOA LIVING	TX16D891001	31-May-17

		CENTER		
Southwest	800011606	HARAMBEE HOUSE	MO36D891002	30-Jun-17
Southwest	800013555	COMMUNITY ALLIANCE HOUSING I	NE26D891002	30-Jun-17
Southwest	800008232	GREENWOOD LODGE	LA48D891002	31-Jul-17
Southwest	800020999	KC CASA DE PAZ	TX59D891004	31-Jul-17
Southwest	800112205	DUMAS HOUSE	LA48S981004	31-Jul-17
West	800218162	LINDEN PLACE APT/ASIGRAND FORKS	ND99Q021002	13-Nov-16
West	800219394	BOZEMAN SUPPORTIVE HOUSING/SPIRNG RUN	MT99Q031001	13-Nov-16
West	800215552	NORTHLAND APARTMENTS	ND99Q011001	29-Nov-16
West	800017910	HALSEY STREET PROJECT	OR16D901003	26-Dec-16
West	800217662	HFL VAN NUYS	CA16Q021002	31-Dec-16
West	800002513	STONEHAVEN HOUSE	CA39D891007	31-Jan-17
West	800000993	AARON HOUSE	CA39D891001	17-Feb-17
West	800017960	LAUREL GROVE APARTMENTS	OR16D891001	06-Mar-17
West	800002073	NOVA HOUSE	CA39D891008	31-Mar-17
West	800002043	NEW VISIONS	CA16D891010	09-Apr-17
West	800018131	TRYON MEWS	OR16D901004	14-Jun-17
West	800022439	COUNTRY HEIGHTS APARTMENTS	WA19D891002	28-Jun-17
West	800211483	MEADOWLARK COURT APTS	CO99S991002	30-Jun-17
West	800073697	GLENDALE SENIOR HOUSING	UT99S971002	10-Jul-17

Attachment B

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

OFFICE OF HOUSING

PROJECT ASSISTANCE CONTRACT

CONTRACT RENEWAL FOR FISCAL YEAR 20__

ONE-YEAR TERM

1. CONTRACT INFORMATION:

Project Assistance Contract Number_____

FHA Project Number (if applicable): _____

Project Name: _____

Project Number: _____

Project Address: _____

_____

Name of Owner: _____

Address of the Owner: _____

_____

2. EXPIRING CONTRACT:

Except as specifically modified by this Contract Renewal, all provisions of the Expiring or Expired Project Assistance Contract are renewed.

3. TERM OF THE RENEWAL:

The term of the Contract Renewal begins on _____ and shall run for a period of one year and will end on _____.

Execution of this Contract by HUD is an obligation of $_____, an amount sufficient to provide project assistance payments for approximately _____ months of the Renewal Contract term.

[In the event HUD is unable to fund the Renewal Contract for the full 12 month term, HUD will provide funding for the remainder of the Renewal Contract term subject to the availability of appropriations. When such appropriations are available, HUD will obligate additional funding and provide the Owner written notification of (1) the amount of such additional funding, and (ii) the approximate period of time the Renewal Contract term to which it will be applied.]

4. RENEWAL CONTRACT

a. Parties

The Renewal Contract is a project assistance contract ("PAC Contract") between HUD and the Owner of the Project

b. Statutory and Regulatory Authority

Renewal of PACs is authorized under Public Law _____.

The Owner executing the Renewal Contract shall be subject to all applicable HUD requirements, including but not limited to 24 CFR § 891, subpart E.

c. Expiring Contract

Previously, HUD and the Owner had entered into a PAC Contract ("existing contract") to make assistance payments to the Owner for eligible residents living in the Project.

d. Purpose of Renewal Contract

(1) The purpose of the Renewal Contract is to renew the expiring or expired contract for a one-year term. During the term of the Renewal Contract, HUD shall make project assistance payments to the Owner in accordance with the provisions of the Renewal Contract.

(2) In accordance with 24 CFR §891, subpart E, Project assistance payments shall only be paid to the Owner of the contract units occupied by eligible residents leasing decent, safe and sanitary units from the Owner in accordance with statutory requirements, and with all HUD regulations and other requirements. If HUD determines that the Owner has failed to maintain one or more contract units in decent, safe and sanitary condition, HUD may reduce the number of units covered by the PAC.

e. Contract Units

The Renewal Contract applies to the contract units.

5. EXPIRING CONTRACT – PROVISIONS RENEWED:

a. Except as specifically modified by the Renewal Contract, all provisions of the Expiring Contract are renewed (to the extent such provisions are consistent with the regulatory requirements in effect at the beginning of the Renewal Contract term).

b. The following provisions of the Expiring or Expired Contract concerning any of the following subjects shall be amended as necessary:

(1) Identification of contract units by size and applicable contract rents;

(2) The amount of the monthly contract rents;

(3) Contract rent adjustments; and

(4) Project account as previously established and maintained by HUD pursuant to 24 CFR §891.715(b).

c. The Renewal Contract includes those provisions of the Expiring Contract that are renewed in accordance with the section 5.

6. CONTRACT RENT:

The contract rents for each bedroom size (number of bedrooms) shall be the contract rent amount listed on Exhibit A of this Contract Renewal Amendment.

7. OWNER WARRANTIES:

a. The Owner warrants that it has the legal right to execute the Renewal Contract and to lease dwelling units covered by the contract.

b. The Owner warrants that the rental units leased by the Owner under the Renewal Contract are in decent, safe and sanitary condition (as defined and determined in accordance with HUD regulations and procedures), and shall be maintained in such condition during the term of the Renewal Contract.

8. OWNER TERMINATION NOTICE:

a. Before termination of the Renewal Contract, the Owner shall provide written notice to HUD and each assisted resident in accordance with HUD requirements.

b. If the Owner fails to provide such notice in accordance with the law and HUD requirements the Owner termination will have no effect.

9. HUD REQUIREMENTS:

The Renewal Contract shall be construed and administered in accordance with all HUD requirements, including changes in HUD regulations and other requirements during the term of the Renewal Contract. However, any changes in HUD requirements that are inconsistent with the provisions of the Renewal Contract, including provisions of section 6 (contract rent), shall not be applicable.

10. STATUTORY CHANGES DURING TERM:

If any statutory change during the term of the Renewal Contract is inconsistent with section 6 of the Renewal Contract, and if HUD determines, and so notifies the Owner, that HUD is unable to carry out the provisions of section 6 because of such statutory change, the Owner may terminate the Renewal Contract upon 120 days written notification to HUD.

11. EXCLUSION OF THIRD-PARTY RIGHTS:

a. HUD does not assume any responsibility for injury to, or any liability to, any person injured as a result of the Owner's action or failure to act in connection with HUD's implementation of the Renewal Contract, or as a result of any other action or failure to act by the Owner.

b. The Owner is not the agent of HUD and the Renewal Contract does not create or affect any relationship between HUD and any lender to the Owner or any suppliers, employees, contractors or subcontractors used by the Owner in connection with implementation of the Renewal Contract.

12. WRITTEN NOTICES:

a. Any notice by HUD or the Owner to the other party pursuant to the Renewal Contract shall be given in writing.

b. A party shall give notice at the other party's address specified in section 1 of the Renewal Contract, or at such other address as the other party has designated by a contract notice. A party gives notice to other party by taking steps reasonably required to deliver the notice in ordinary course of business. A party receives notice when the notice is duly delivered at the designated address.

SIGNATURES:

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

BY: _____
Signature by authorized representative

_____
Name and official title (Print)

Date: _____

OWNER

Name of Owner (Print): _____

By: _____
Signature of authorized representative

_____
Name and title (Print)

Date: _____

EXHIBIT A

IDENTIFICATION OF UNITS ("CONTRACT UNITS")
BY SIZE AND APPLICABLE CONTRACT RENTS

PROJECT NAME: _____

PROJECT ASSISTANCE CONTRACT NUMBER: _____

PROJECT NUMBER: _____

Effective Date of the Rent Increase (if applicable): _____

Number of Contract Units	Number of Bedrooms	Contract Rent	Utility Allowance	Gross Rent