

NAHMAanalysis

News and Analysis of Breaking Issues in Affordable Housing 2002-115



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Housing Notice 2002-17 Section 202 and 811 Renewals

The Office of Housing has issued the notice detailing contract renewal procedures for PRAC renewals. The full notice follows below, we have the list of properties, and the renewal forms posted on the member section of the NAHMA Website. The link is: <http://www.nahma.org/member/analysis.html>

U.S. Department of Housing and Urban Development
Office of Housing

Special Attention of:
Regional Directors
Multifamily Hub Directors
Multifamily Program Center Directors

Notice: H 2002-17
Issued: August 2, 2002
Expires: August 31, 2003

Supervisory Project Managers
Project Managers
Owners, Management Agents
Field Office Directors

Cross Reference:
Handbook 4350.1

SUBJECT: Renewal of Expiring Project Rental Assistance Contracts (PRACS) for Projects Under the Section 202 Program of Supportive Housing for the Elderly and the Section 811 Program of Supportive Housing for Persons with Disabilities

PURPOSE: The Departments of Veterans Affairs and Housing and Urban Development and Independent Agencies Appropriations Act of 2002 authorized the Department to renew expiring PRACS for a term of one year. This Notice provides instructions for renewing expiring Project Rental Assistance Contracts for Section 202 and Section 811 projects.

PROCEDURES FOR REQUESTING A PRAC RENEWAL: Owners must submit an operating budget for all projects with an expiring PRAC. If the owner is requesting an increase in project rental assistance, the request must detail project needs and summarize the reasons why an increase in project rental assistance is needed, including necessary increases to the Reserve for

Replacement. An increase in the project rental assistance should be effective the date of the expiring contract. For general guidance on requesting and processing a rent increase, consult HUD Handbook 4350.1, Multifamily Asset Management and Project Servicing, Chapter 7.

In order for the Field Office to adequately and timely review and process the request for the renewal of a PRAC, the request for a renewal of the PRAC should be submitted to the Field Office no later than 120 days prior to the expiration of the contract. See example in Attachment A. The renewal term shall not exceed one year.

Prior to Field Office approval of a PRAC renewal and any needed increase in project rental assistance, owners of PRAC properties must first use funds remaining in the existing contract. If there are sufficient funds in the existing contract to cover project needs for a period of one year, there is no need to execute a contract renewal form. Instead, Field Office staff must amend the existing contract by extending the expiration date of the contract.

PROCEDURES FOR FUNDING PRAC RENEWALS: Attached is a list of properties with a PRAC that will expire this fiscal year (Attachment B). Field Offices are asked to submit the renewal needs of each of the projects on the attached list that are within your jurisdiction to your Desk Officer in the Office of Asset Management in Headquarters. If there are projects that should be added to, or removed from, the attached list, please do so. Based on the renewal needs that have been confirmed by each Field Office Funding Coordinator, funds will be assigned and allocated to the Multifamily Hub.

Each Processing Center will submit the request for PRAC renewal funds to the Hub. In turn, the Hub will forward the request to the Fort Worth Accounting Center for obligation. At the discretion of the Hub Director, the Field Office may submit the request for funding directly to the Fort Worth Accounting Center.

If, during the one-year contract renewal period, it is determined that the original estimate was too low and/or it is determined that the project needs have increased, the Field Office will submit a request to their Desk Officer in the Office of Asset Management for funds to amend the contract. The term of the amended contract will not exceed the term of the one-year renewal contract period.

CONTRACT AMENDMENT: The attached contract renewal form (Attachment C) must be executed upon reservation of the project rental assistance funds.

FOR FURTHER ASSISTANCE and additional information regarding the renewal of PRACs, please contact staff in the Office of Asset Management.

John C. Weicher
Assistant Secretary for Housing-Federal Housing Commissioner