




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

KERRY

JUL 15 2010

MEMORANDUM FOR: All Multifamily Hub Directors
All Multifamily Program Center Directors
All Performance-Based Contract Administrators
All Multifamily Project Managers

FROM: 
Willie Spearmon, Director, Office of Housing Assistance and
Grant Administration, HTH

SUBJECT: 20-Year Section 8 Contracts

It has come to my attention recently that some field offices are denying Owners' requests to renew their Multifamily Assisted Housing Reform and Affordability Act (MAHRA) Section 8 contracts for 20 years.

This memorandum is to remind you that the Department believes long-term, multiyear contracts assist in preserving affordable housing. You should suggest that Owners request the longest possible term for the Section 8 contract renewal irrespective of the renewal option selected.

1. **Generally**, the maximum term of the contract is 20 years.
2. The **exception** to the maximum term of the contract is made where there is a Use Agreement that controls the renewal options available to the Owner. In this case, the maximum term of the contract may be coterminous with the Use Agreement and may be less than or more than 20 years. For example:
 - The maximum term of the contract for a Title II preservation project with a Use Agreement having a remaining life of 10 years is 10 years.
 - The maximum term of the contract for a Title VI preservation project with a Use Agreement having a remaining life of 30 years is 30 years.
3. If an Owner chooses a contract term of more than one year, the contract will be funded for one year, or increments thereof, with the remaining years, or increments thereof, subject to sufficient appropriations.

4. The term of a multiyear contract does not have to be in whole years. There may be occasions where the last rental adjustment period may be less than 12 months; for example, a property has an existing Use Agreement with a remaining life of 2 years and 7 months. In this example, the last rental adjustment is for the remaining term of the contract: 7 months. Therefore, the Owner would receive a prorated operating cost adjustment factor (OCAF) for the 7 months. See Chapter 2 of the Section 8 Renewal Guide for instructions on calculating a prorated OCAF.

If you have any questions concerning this memorandum, please contact Kerry Mulholland at (202) 402-2649.



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OFFICE OF HOUSING

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