



# HOUSING PRESERVATION NEWS

## CHPC Preservation Clearinghouse

Elyse Perry,  
Program Coordinator  
Ph:(415) 433-6804 x13  
Email:  
[eperry@chpc.net](mailto:eperry@chpc.net)

Matt Schwartz  
Executive Director  
Ph:(415) 433-6804 x11  
Email:  
[mschwartz@chpc.net](mailto:mschwartz@chpc.net)

### How to contact us:

#### MAIN OFFICE

369 Pine Street Suite 300  
San Francisco, CA 94104  
Ph: (415) 433-6804  
Fax: (415) 433-6805

#### INLAND EMPIRE

28545 Old Town  
Front Street, Suite 205  
Temecula, CA 92590  
Ph: (951) 506-3377  
Fax: (951) 506-3997

#### LOS ANGELES

800 South Figueroa  
Street, Suite 760  
Los Angeles, CA 90017  
Ph: (213) 892-8775  
Fax: (213) 892-8776

#### SACRAMENTO

PO Box 8132  
5325 Elkhorn Blvd.  
Sacramento, CA 95842  
Ph: (916) 683-1180  
Fax: (916) 683-1194

#### SAN DIEGO

PO Box 319  
113 West G Street  
San Diego, CA 92101  
Ph: (858) 693-1572  
Fax: (951) 506-3997

## Section 8 Project Based Renewals Facing Funding Shortfall; HUD Revises Section 8 Renewal Policy Guide

### Section 8 Project Based Renewals Funding Shortfall

The talk of the subsidized housing world this month is that HUD currently does not have sufficient funds to renew all contracts with anniversary dates in the last quarter of FY07 for the full 12 months. Ironically, the funding shortfall is not caused by a failure of Congress to appropriate funds, but by HUD's failure to request enough funds for all renewals in FY07. At the beginning of August, HUD began informing owners whose projects have contract anniversary dates in the last quarter of FY07, that they will receive funding for only 60 to 90 days instead of a full year. Owners with expiring contracts will still be able to renew their contracts for one year or several years, but will not receive 12 months of funding when the contract is renewed. Projects with anniversary dates in the first three quarters of FY07 will have funding reserved until the next anniversary date.

We have also become aware that HUD will not have sufficient funds for renewals in FY08 if Congress appropriates what is currently proposed by HUD. The estimated shortfall for FY08 is between \$1 billion and \$2 billion. The House Financial Services Committee is preparing to hold an oversight hearing in September regarding late payments and HUD's failure to request sufficient funds for both FY07 and FY08. CHPC and other advocates will be working hard to ensure that Congress appropriates sufficient funds so that all contract renewals are fully funded for the entire 12 months.

### Section 8 Renewal Policy Guide Revisions

As a result of the funding shortfall and the move away from funding a full 12 months to shorter periods, HUD has revised all Housing Assistance Payment Contract Renewal forms and advises owners to no longer use previous versions. The following are the attachments that have been revised or are new:

- Attachment 11-1 - Basic Renewal Contract – One-Year Term
- Attachment 11-2 (New) - Basic Renewal Contract – Multi-Year Term
- Attachment 12 - Renewal Contract for Mark-Up-To-Market Project
- Attachment 13 - Preservation Renewal Contract
- Attachment 14 - Interim (Full) Mark-To-Market Renewal Contract
- Attachment 15 - Interim (Lite) Mark-To-Market Renewal Contract
- Attachment 16 – Full Mark-To-Market Renewal Contract
- Attachment 17 - Watch List Renewal Contract
- Attachment 18 (New) – Form letter for issuance to owners with multi-year contracts

The significant change that has been made to all of the contracts listed above is to Section 2, Term and Funding of Renewal Contract. This section has been changed to specify the length of the contract term and that funding will now be provided incrementally. The contract administrator will fill in the blanks for the amount of funding HUD is obligating and the number of months. This section further states that HUD will provide additional funding for the remainder of the renewal term subject to the availability of sufficient appropriations. HUD will provide the owner written notice of the amount of additional funding and the approximate period of time within the Renewal Contract term to which it will be applied.

Attachment 16 – Full Mark-To-Market Renewal Contract has a revision that is unique to that contract renewal form. Section 6, Contract Rents, now has a new subsection (c) that outlines HUD’s discretion to adjust contract rents downward if the project at anytime during the term of the renewal contract receives other government assistance, including any loan, grant, credit, tax benefit, or other form of direct or indirect assistance such as tax credits, that would reduce the project’s operating expenses, debt service and/or required replacement reserve contributions.

The new Attachment 18 is a form letter that will be sent by HUD to owners of properties with multi-year Section 8 contract. The letter constitutes notice that HUD has determined that sufficient appropriations are not currently available to make housing assistance payments under the Renewal Contract for the entire contract term. The letter further states that HUD will obligate funds sufficient to provide housing assistance payments for a certain period of time and when additional funding becomes available, HUD will obligate it.

