

MANAGEMENT BULLETIN #425

Date January 23, 2013

To Owners/Agents of Section 8 and 236 New Construction and Substantial Rehab Properties

From Michelle Mitchell
Program Administration Supervisor

Re Clarification of HUD requirement for Residual Receipts of New Regulation Section 8 Housing Assistance Payment (HAP) Contracts to Offset Monthly Section 8 Housing Assistance Payments

On October 2, 2012, HUD issued a memorandum regarding clarification of Housing Notice H 2012-14 which referenced Residual Receipts (RR). In the Frequently Asked Questions (FAQ), under "Retained Balance", the following question was asked:

"Question: 2. Is there a threshold balance after calculating the retained balance amount that would trigger the use of a residual receipt balance to offset HAP? In other words if after calculating the retained balance amount of \$250 per unit we are left with an available balance of say \$5.00, are we still required to submit a 9250 to release 5 dollars from the RR account to offset HAP?"

Answer: All amounts over \$250 per unit must be used to offset assistance payment."

This question/answer was further verified by HUD staff during the National Council of State Housing Agencies (NCSHA) conference held in Washington D.C on January 16-18, 2013.

What this means for your property is that whenever there is balance over the \$250 per unit limit, your monthly voucher must be adjusted by that amount, even if it is for \$1.

In order for Illinois Housing Development Authority (IHDA) to comply, IHDA is asking all New Regulation Section 8 properties to provide a bank/mortgage statement showing the RR balance **on a monthly basis. Failure to do so will delay processing of your HAP voucher.**

Beginning February 2013, please send an email stating the amount of the Residual Receipt balance along with a copy of the monthly bank/mortgage statement showing the amount, **no later the 25th of every month**, to Asset@ihda.org with carbon copies to mmitchel@ihda.org or fax 312/832-2187.

If you have any questions, please contact your Program Administration Officer.

memorandum