

CHAPTER 1. INTRODUCTION

1. PURPOSE. The Annual Contributions Contracts (ACC) covering Housing Assistance Payments Program projects (Section 8 and Section 23) provide that the Public Housing Agency (PHA) shall maintain complete and accurate books of account and records as may be prescribed from time to time by the Government (HUD) in connection with the PHA's administration of Housing Assistance Payments Program projects. This Handbook prescribes the minimum HUD requirements for those PHAs administering Housing Assistance Payments Program projects pursuant to an Annual Contributions Contract (ACC). Special provisions relating to HFA's which are not receiving annual contributions for administrative fees or preliminary costs are included in Chapter 9.
 2. TERMS AND DEFINITIONS. The following is a list of terms and definitions which are relevant to the accounting instructions and are used throughout this Handbook.
 - a. ACC Reserve Account. The account established and maintained in accordance with the terms and conditions of the ACC for the PHAs Section 8 Existing Housing Program. The account shall be in an amount as determined by HUD out of amounts by which the maximum ACC per year exceeds the amount paid under the ACC for any given year. Payments from this account shall be made only for housing assistance payments, the amount of the fee for regular costs of administration, and other costs specifically authorized or approved by the Secretary. One account shall be maintained for the PHA's total Section 8 Existing Housing Program under a single Part I of the ACC.
 - b. Annual Contributions Contract. A written agreement between HUD and the PHA to provide annual contributions to the PHA with respect to the Housing Assistance Payments Program projects being administered by the PHA.
 - c. Contingency Reserve. The account established and maintained in accordance with the terms and conditions of the ACC for Section 23 HAP projects. This reserve shall be established and maintained out of amounts by which the maximum annual contribution set forth in the ACC exceeds the amount paid under the ACC in any given year. The amount of the Contingency Reserve shall in no event exceed 10% of the maximum annual contribution set forth in the ACC. The amount in this reserve shall only be used for the housing assistance payments, the amount of the allowance for administrative expenses, increases in fund requirements for security and utility deposits and other purposes as approved by the Secretary.
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- d. Contract Rent. The rent payable to the Owner under his/her Housing Assistance Payments Contract, including that portion of the rent payable by the Family.
- e. Housing Assistance Payments Contract. In the case of a New Construction or Substantial Rehabilitation Private Owner/PHA project, a written agreement between the Owner and the PHA, approved by HUD; in the case of Existing Housing, a written agreement between the Owner and the PHA. The purpose of the HAP Contract is to provide housing assistance payments to Owners on behalf of Eligible Families.
- f. Housing Assistance Payments (HAP). The amount of housing assistance payments on behalf of an eligible Family determined in accordance with the schedules and criteria established by HUD. Unless otherwise specified, this applies to both Section 8 and Section 23 programs.
- g. HUD. The Department of Housing and Urban Development.
- h. Private Owner/PHA Project. A project to be owned by a private Owner throughout the term of the Housing Assistance Payments Contract where such Contract is entered into between the Owner and the PHA pursuant to an ACC between the PHA and HUD.
- i. Project Account. For Section 8 New Construction and Substantial Rehabilitation projects, the account established and maintained in accordance with the provisions of the ACC, in an amount as determined by the Secretary, out of amounts by which the maximum ACC commitment exceeds the amount paid under the ACC for any year. Payments from this account shall be made only for the purposes of housing assistance payments and other costs specifically authorized or approved by the Secretary. A separate Project Account shall be maintained for each New Construction project and each Substantial Rehabilitation project.
- j. Secretary. The Secretary of Housing and Urban Development.

3. PROJECT. There are three types of projects which may be administered by a PHA (including HFDAs) pursuant to an executed ACC under the HAP program: New Construction, Substantial Rehabilitation and Existing, which are referred to in this handbook as "New", "Rehab" and "Existing" respectively. For the purpose of this Handbook, the term project is being used to mean each New Construction or Substantial Rehabilitation project under a separate ACC Part I, and the PHA's Total Existing housing program under one ACC Part I.

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