

HOUSING ASSISTANCE PAYMENTS
PROGRAM ACCOUNTING HANDBOOK

7420.6

APPENDIX 5

HUD-92662 (11-74)

U.S. Department of Housing and Urban Development Low-Rent Housing Program Section 23 - Housing Assistance Payments Program INITIAL ESTIMATE OF REQUIRED ANNUAL CONTRIBUTIONS (PRELIMINARY COSTS) <i>(To be Submitted to HUD for Approval Prior to HUD Execution of ACC)</i>		Type of Leasing (Check One) <input type="checkbox"/> New <input type="checkbox"/> Rehab. <input type="checkbox"/> Existing	
Name and Address of Local Housing Authority:		Check Applicable Box <input type="checkbox"/> Original <input type="checkbox"/> Revision No. _____	
HUD Field Office		AC Contract Number	
HUD Regional Office		Project Number	
		Number of Dwelling Units	
LINE NO.	ITEM DESCRIPTION	REQUESTED AMOUNT	
		LHA Estimate	HUD Modifications
PART I - PRELIMINARY ADMINISTRATIVE EXPENSE			
A. Prior to Execution of Annual Contributions Contract:			
010	Administrative Salaries		
020	Employee Benefit Contributions		
030	Legal Expense		
040	Travel Expense		
050	Sundry		
060	Total Costs (Lines 010 thru 050)		
B. From Date of Annual Contributions Contract to Beginning of First Fiscal Year (New and Rehab only):			
1. Administrative Expenses:			
110	Salaries		
120	Legal Expense		
130	Travel Expense		
140	Accounting and Auditing Fees		
150	Office Rent		
160	Sundry		
170	Total Administrative Expenses (Lines 110 thru 160)		
2. General Expense:			
210	Maintenance		
220	Insurance		
230	Employee Benefit Contributions		
240	Sundry		
250	Total General Expenses (Lines 210 thru 240)		
260	Total Expenses from Date of Annual Contributions Contract to Beginning of First Fiscal Year (Line 170 plus Line 250)		
PART II - NONEXPENDABLE EQUIPMENT			
310	Office Equipment		
320	Office Furnishings		
330	Automotive		
340	Other		
350	Total Nonexpendable Equipment (Lines 310 thru 340)		
PART III - SECURITY AND UTILITY DEPOSIT FUND			
A. Security Deposits:			
410	No. of Required Advances		
420	Average Advance		
430	Total Security Deposits (Line 410 X Line 420)		

LINE NO.	ITEM DESCRIPTION	REQUESTED AMOUNT	
		LMA Estimate	HUD Modifications
	B. Utility Deposits:		
460	No. of Required Advances		
480	Average Advance		
470	Total Utility Deposits (Line 460 X Line 480)		
490	Total Security and Utility Deposit Fund (Line 430 plus Line 470)		
500	Total Initial Estimate of Required Annual Contributions (Preliminary Costs) (Lines 080, 280, 380 and 480) (Not to exceed Line 700)		
	PART IV - MAXIMUM ANNUAL CONTRIBUTIONS AVAILABLE FOR PRELIMINARY COSTS		
610	Maximum Annual Contributions Available For the First Twelve Months of the First Fiscal Year (para. 1.3, Part I, ACC)		
	Estimated Requirement of Annual Contributions for Other Than Preliminary Costs for First Twelve Months of the First Fiscal Year:		
	Housing Assistance Payments:		
640	Gross Rents		
650	Less: Gross Family Contributions		
660	Housing Assistance Payments (Line 640 minus Line 650)		
670	Administrative Fee		
680	Provision for Contingency Reserve (5% of Line 610)		
690	Total Estimated Requirement of Annual Contributions for Other Than Preliminary Costs (Lines 660, 670 and 680)		
700	Maximum Annual Contributions Available for Preliminary Costs (Line 610 minus Line 690)		

**INSTRUCTIONS FOR PREPARING FORM HUD-52662, INITIAL ESTIMATE OF
REQUIRED ANNUAL CONTRIBUTIONS (PRELIMINARY COSTS)**

Use this form to compute the Initial Estimate of Required Annual Contributions (Preliminary Costs) for the Housing Assistance Payments Programs of (1) New Construction (known as New); (2) Substantial Rehabilitation (known as Rehab); and (3) Existing Housing (known as Existing).

The LHA shall submit a completed Form HUD-52662 and Form HUD-52666, Estimate of Total Required Annual Contributions, to the HUD Field Office for review and approval at the time of its submission to HUD of the Annual Contributions Contract (signed by LHA) for execution by HUD. A separate Form HUD-52662 must be submitted for each Housing Assistance Payments Program project, for HUD approval, in order to provide the base for estimating the required annual contributions approvable for that project for preliminary costs. The actual expenditures of cost categories which are subject to settlement will be reviewed subsequently and approved by HUD.

1. General**a. First Fiscal Year**

- (1) **New and Rehab.** The first fiscal year for a project shall be the period beginning with the commencement of leasing (i.e., the first day of the month in which the first unit is leased by an eligible Family) and ending on the last day of the established fiscal year which is not less than 12 months after commencement of such leasing.
- (2) **Existing.** The first fiscal year for a project shall be the period beginning on the date the Annual Contributions Contract is executed and ending on the last day of the established fiscal year which is not less than 12 months after the date of execution.

b. Completion and Submission of Form HUD-52662

- (1) **New and Rehab.** The Heading and all necessary parts shall be completed and submitted together with Form HUD-52666, Estimate of Total Required Annual Contributions. One copy of the Form HUD-52662, with the exception noted in paragraph 1b(3)(a)(2) below, shall be submitted to the HUD Field Office with each copy of the Form HUD-52666; thus requiring an original and four copies of the HUD-52662. The timing of the first submission of the Form HUD-52662 is discussed above.
- (2) **Existing.** The Heading and all necessary parts except Part IB, which should be left blank, shall be completed and submitted together with Form HUD-52666, Estimate of Total Required Annual Contributions. One copy of the Form HUD-52662 shall be submitted with each Form HUD-52666 to the HUD Field Office. The timing of the first submission of the Form HUD-52662 is discussed above.
- (3) **Revisions.** The submissions may be revised to reflect changes in circumstances and available data as follows:
 - (a) **New, Rehab, or Existing (Without Additional Units Authorized)**
 - (1) **Prior to the End of the First Fiscal Year.** If a revised Form HUD-52662 is submitted prior to the end of the first fiscal year, the amounts of the additional need shall be added to amounts shown on the most recently HUD-approved Form HUD-52662. The revised totals, by line item, shall be entered on a revised Form HUD-52662. This revised form will serve as back-up documentation to a revised Form HUD-52666. In addition, the LHA shall submit documentation justifying the increases. Part IV of Form HUD-52662 shall be completed showing the same amounts as on the most recently HUD-approved Form HUD-52662, unless a reduction in the maximum annual contribution authorized has occurred during the period. In the latter case, Part IV shall be recomputed based on the reduced number of units and maximum annual contribution.
 - (2) **Subsequent to the End of the First Fiscal Year.** The only request that will be considered by the HUD Field Office for additional annual contributions for preliminary cost items after the end of the first fiscal year will be for the Security and Utility Deposit Fund. Generally, this fund, as originally established, is intended to be sufficient throughout the life of the Annual Contributions Contract. If, however, due to unusual or unforeseen circumstances, (such as an increase in the amount of security deposits required by owners and/or utility companies or a substantial increase in repayment losses due to circumstances beyond the control of the LHA) there is a need for additional annual contribution for the Security and Utility Deposit Fund, these funds shall be requested by use of Form HUD-52666 and the instructions contained thereon.
 - (b) **Existing - With Additional Authorized Units:** An estimate may be prepared and submitted if the Annual Contributions Contract is subsequently revised to increase the authorized number of dwelling units.
 - (1) **Prior to the End of the First Fiscal Year.** The amounts of the additional need shall be added to the amounts shown on the most recently HUD-approved Form HUD-52662. The revised totals, by line item, shall be entered on a revised Form HUD-52662, which will serve as back-up documentation for the revised Form HUD-52666. The Heading and all necessary parts, except Part IB, which shall be left blank, shall be completed. A copy of the revised Form HUD-52662 shall be submitted with each copy of the revised Form HUD-52666.
 - (2) **Subsequent to the End of the First Fiscal Year.** The amounts of the additional need, for the additional units only, shall be entered on a Form HUD-52662, and these amounts shall be entered on a Form HUD-52666, on the appropriate lines. A copy of the Form HUD-52662 shall be submitted with each copy of the Form HUD-52666. The Heading and all necessary parts except Part IB, which shall be left blank, shall be completed.

APPENDIX 5

- c. **Preliminary Costs of Additional Units for an Existing Program in a Partial Year.** If the first fiscal year of the additional units is less than 12 months and the Total Annual Contributions available (Line 5 of Form HUD-52666) is not sufficient to fund the total amount of the approved Preliminary Costs, a request for the unfunded balance shall be resubmitted on a Form HUD-52662 in the next subsequent fiscal year only. An unfunded balance occurs when the amounts entered on Lines 08 through 11, Col. 1, of the Form HUD-52666 exceed the amounts entered on Lines 08 through 11, Col. 2, of the form. The amount by which Col. 1 exceeds Col. 2 for these lines shall be entered, by line item, on a separate Form HUD-52662 and also on a combined Form HUD-52666 prepared for the subsequent fiscal year. The Form HUD-52662 shall be submitted in support of the Form HUD-52666. The Heading and the total lines of all necessary parts of the Form HUD-52662, except Part IB and Part IV, which shall be left blank, shall be completed.
- d. **Supporting Documentation.** The LHA shall submit supporting documentation substantiating each of the estimates included on the Form HUD-52662. Such data shall include, among other items, the number of employees and their estimated manhours, a listing of insurance coverage and cost, nonexpendable equipment to be purchased by item and cost, and the calculation and justification used to determine the amount required for the Security and Utility Deposit Fund. Where periods of time are related to cost, the number of months involved must be shown. Supporting data shall of course also be furnished for those items included in Part IV of this form.
2. **Heading**
- Insert check, if original submission; or insert revision number, if revised submission.
 - HUD Field and Regional Offices: Insert appropriate office.
 - Type of Housing Assistance Payments Program: Check the appropriate box.
 - AC Contract No.: Insert Annual Contributions Contract number.
 - Project No.: Enter the project number.
 - No. of D.U.: Enter the total number of dwelling units authorized in the Annual Contributions Contract; or, for a revised submission for an Existing Project occasioned by the authorization of additional units, enter the total number of units authorized by the Revised ACC, Part I if the revision is submitted in the first fiscal year; if submitted in a subsequent year, enter the number of additional units only.
3. **Part I - Preliminary Administrative Expense**
- Section A.** The costs to be included in Part IA are those normally incurred prior to the execution of the Annual Contribution Contract. These expenses will include, but are not limited to, the costs incurred by the LHA in conducting surveys and other necessary activities required for the making of an application for a Section 23 Housing Assistance Payments Program. Annual contributions will be provided for items includable in this category on a one-time basis during the first fiscal year (with the exception of additional units for an Existing Project which is discussed in paragraph 1c above) and will be subject to a settlement based on actual expenditures.
 - Section B.** For New and Rehab, the estimates of costs to be included in Part IB are those necessary administrative expenses to be incurred for the period commencing on the date the Annual Contributions Contract is executed and terminating on the day prior to the beginning of the first fiscal year. Annual contributions will be provided on a one-time basis during the first fiscal year and will be subject to a settlement based on actual expenditures. Part IB does not apply to the Existing Program.
4. **Part II - Nonexpendable Equipment.** The estimates of costs to be included in this Part are those costs of nonexpendable equipment incidentally required to accomplish the tasks associated with the normal, ongoing operation of the LHA under the Annual Contributions Contract. Acquisitions of nonexpendable equipment shall be limited to essential items. Annual contributions for the items included in Part II will be approved on a one-time basis during the first fiscal year (with the exception of additional units for an Existing Project which is discussed in paragraph 1c above) and will be subject to a settlement based on actual expenditures.
5. **Part III - Security and Utility Deposit Fund.** The estimates to be included in this Part will represent the amount needed as a revolving fund from which short-term non-interest bearing loans will be made to tenants to provide them with funds to make security deposits to owners, not to exceed one month's rent, and utility deposits to utility companies, if necessary. The LHA may make such advances on behalf of the tenants in hardship cases where families are unable to obtain funds from their own resources and/or other private or public sources. The estimate of the amount of these advances will be based on the judgment of the LHA of the needs of the prospective tenants and on general local practices in regard to deposits. In estimating the total need for this revolving fund, the LHA shall consider the repayments by the tenants since these may be used for future payments of security and/or utility deposits. Generally, this fund, as originally established, is intended to be sufficient throughout the life of the ACC (see paragraph 1 b (3) (a) (2) above). The funds will be subject to a settlement based on actual expenditures and collections over the life of the Annual Contributions Contract.
6. **Part IV - Maximum Annual Contributions Available for Preliminary Costs.** Annual contributions will be made available for those items included in Parts I, II, and III, as approved by the HUD Field Office, up to, but not to exceed, the amount of the maximum annual contributions available for preliminary costs as shown on Line 700, Part IV, of this form.

Instructions for completing Part IV.

- a. Line 610. Enter the maximum annual contributions available for the project for which this form is completed as shown in paragraph 1.3, Annual Contributions, Part I of the Annual Contributions Contract.
- b. Line 640. Enter the estimated total of the gross rents (rent to owner plus allowance for tenant supplied utilities) of those units expected to be leased by Families during the first 12 months of the first fiscal year. Consider only the number of months the units are expected to be actually leased by Families.
- c. Line 650. Enter the estimated total of the Gross Family Contribution toward gross rent on the same basis as indicated in the instructions for Line 640.
- d. Line 670. Enter the product of the following factors: (1) number of units authorized in the Annual Contributions Contract; (2) 12 (number of months in a year); (3) the average of the HUD-approved fair market rents (which will be provided by the HUD Field Office) for new two-bedroom units for the LHA locality, and (4) 3 percent (.03).
- e. Lines 680, 690, and 700. Self-explanatory.
- f. Existing Project. When Part IV is completed to determine the Maximum Annual Contributions Available for Preliminary Costs for additional units authorized, prior to the end of the first fiscal year, the calculation shall be based on the first 12 months of ACC coverage for the total units and not on "the first 12 months of the first fiscal year," as stated on Form HUD-52562. If the additional units are authorized subsequent to the end of the first fiscal year, the calculation shall be based on the first 12 months of ACC coverage for the additional units only.