



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-5000

OFFICE OF PUBLIC AND INDIAN HOUSING

May 8, 2014

Dear Executive Director

Subject: Housing Choice Voucher Program – Alert about the Transition of Net Restricted Assets (NRA) to HUD-held Program Reserves

The purpose of this letter is to assist your public housing agency (PHA) in preparing for the transition of the PHA-held net restricted assets (NRA) to HUD-held program reserves. Please read and share this letter with your Financial Analysts/service providers accountable for the monthly reporting of NRA balances in the Voucher Management System (VMS).

PHAs were previously notified in the January 28, 2014 “Get Ready for 2014” letter of the Department’s intention to transition the NRA balances to HUD-held program reserves. Beginning with the **June, 2014**, HUD will reduce the PHAs’ HAP disbursement amount by the reported NRA balance as of 12/31/2013. For some PHAs, this transition could mean that HAP disbursements will be reduced over a period of one or more months in order to transition the total NRA balance to HUD-held reserves. Please note that this NRA transition to HUD-held reserves is not a recapture; the transition basically converts the NRA funds into HUD-held reserves, which will be available to the PHAs for current and future eligible HAP expenses.

Under separate cover, PHAs will be provided with their NRA balances and the underlying data used for the NRA calculation that was compared with the PHA reported NRA in VMS. Be advised that PHAs will be given **7 business days** to confirm (or to contest) their NRA balances and the information provided.

The NRA transition compels the use of available NRA balances, which means that some or most of the PHAs will need the totality of the NRA balances readily available for the June, 2014 HAP payments. Therefore, if the PHAs have invested some (or the totality) of the NRA balances, it would be recommended to initiate conversations with their financial institutions at this point to avert penalties for early withdrawal or any other charges.

If you have any questions concerning this letter, please contact the Financial Management Division at PIH.Financial.Management.Division@hud.gov, or the FMC Financial Analyst assigned to your agency.

Sincerely,

Miguel A. Fontáñez

Digitally signed by Miguel A. Fontáñez
DN: CN = Miguel A. Fontáñez, C = US, O = Housing
Voucher Financial Management Division, OU = Director
Reason: I am approving this document

Miguel A. Fontáñez

Director

Housing Voucher Financial Management Division