



U.S. Department of Housing and Urban Development
Detroit Office, Region V
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MANAGEMENT NEWSLETTER 91-4

MEMORANDUM FOR: All Owners and Agents of Subsidized Housing

FROM: John G. Terranella, Director
Housing Management Division, Detroit Office

SUBJECT: Special Instructions for Recalculating Annual Income

This Newsletter transmits instructions on recalculating annual income for tenants in HUD's assisted housing programs based on the following:

1. Across-the-Board Reductions in Michigan Welfare Grants and State Supplemental Income ("SSI") - The State of Michigan's Department of Social Services ("DSS") reduced benefits as follows:

- (a) Effective March 1, 1991 grants paid to Aid to Dependent Children ("ADC") and General Assistance ("GA") clients were ratably reduced by 17 percent; and stipends paid to Job Start clients were ratably reduced by 13.4 percent.
- (b) Effective May 1, 1991 monthly payments paid to SSI clients in "Independent Living" were reduced by \$12 per month and monthly payments to SSI clients living in the "Household of Another" were reduced by \$8.50 per month.

Further changes in DSS programs are under consideration. Absent additional written special instructions from this office, future changes in tenants' income resulting from DSS reductions are to be handled in accordance with outstanding Handbook instructions.

2. Earned Income Tax Credits ("EITCs") - Effective January 1, 1991 EITCs are excluded from annual income (Omnibus Budget Reconciliation Act of 1990). EITCs are payments from the IRS provided to low income workers with children who apply for the credit, which is either included regularly in their pay, or paid in a single sum. A Final Rule is pending publication in the Federal Register. During the interim, early implementation based on these instructions is required.

Special Instructions for Implementing Both the DSS Reductions and the EITC Exclusion

- (1) As soon as possible, but no later than June 30, 1991, recalculate each tenant's annual income using the instructions contained on the back of this Newsletter if the tenant's current annual income includes either ADC, GA, Job Start stipends, SSI or an EITC.
- (2) Conduct an annual recertification using the recalculated income which must be made effective retroactively to the effective dates specified above (e.g., March 1, 1991 for ADC/GA/Job Start clients, May 1, 1991 for SSI clients, and January 1, 1991 for EITC recipients). Applicants pending move-in whose income was calculated without the DSS reductions or with an EITC included should also be given the benefit of these special instructions. NO ADJUSTMENT TO OR RECERTIFICATION OF OTHER HOUSEHOLD INCOME IS REQUIRED.
- (3) If a tenant's rent decreases, all excess rent paid must be reimbursed in the form of a rent credit or a refund check within 90 days after completing the interim recertification.
- (4) Interim recertifications implementing the DSS reductions prior to receipt of these instructions should be reviewed and adjusted as appropriate to conform with these instructions.

STEPS FOR RECALCULATING INCOME

Step 1.

ADC/GA GRANTS	Multiply the annual ADC/GA income reflected on the current HUD-50059 by .017.
GA JOB START STIPENDS	Multiply the annual stipend reflected on the current HUD-50059 by .0134.
SSI INCOME	Reduce annual income reflected on the current HUD-50059 by \$144 (\$12 per month) for recipients in "Independent Living" and \$102 (\$8.50 per month) for recipients in "Household of Another."
EITCs	Reduce annual income reflected on the current HUD-50059 by the amount of the EITC included therein if the EITC was or will be received on or after January 1, 1991 (whether it is received regularly in pay or in a single sum).

Step 2

Deduct the amount calculated under Step 1 from the tenants' annual income.

Examples

Current annual ADC/GA income $\$3,396 \times .017 = \57.73
 $\$3,396 - \$57.73 = \$3,338.26$
Recalculated annual ADC/GA income = $\$3,338$

Current annual Job Start stipend $\$3,396 \times .0134 = \45.50
 $\$3,396 - \$45.50 = \$3,350.49$
Recalculated annual GA Job Start stipend = $\$3,350$

Current annual SSI $\$3,396 - \$144 = \$3,252$ (Independent Living)
Recalculated annual SSI = $\$3,252$

Current annual SSI $\$3,396 - \$102 = \$3,294$ (Household of Another)
Recalculated annual SSI = $\$3,294$

Current annual income with EITC payment $\$3,396 - \$300 = \$3,096$
Recalculated annual income without EITC payment = $\$3,096$

Step 3

Amend the tenants' current HUD-50059s to reflect the recalculated annual income using the procedures described in HUD Handbook 4350.3, Exhibit 3-4, paragraph 3.

Step 4

For Section 8, Rent Supplement and RAP projects, attach the amended HUD-50059s to the next HAP Voucher submitted to the Field Office and adjust the HAP payment accordingly. A copy of each amended HUD-50059 must be retained in the tenants' file for all assisted housing programs.