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OFFICE OF THE ASSISTANT SECRETARY
FOR PUBLIC AND INDIAN HOUSING

MEMORANDUM FOR: Gertrude W. Jordan, Regional Administrator-Regional Housing
Commissioner, 5S

ATTENTION: Thomas Reimer, Director, Office of Public Housing, 5PH

FROM: James E. Baugh, General Deputy Assistant Secretary for Public and Indian
Housing, PD

Silvio J. DeBartolomeis, Acting General Deputy Assistant Secretary for
Housing-Deputy Federal Housing Commissioner, HD

SUBJECT: Welfare Rents - Michigan

The Michigan Department of Social Services (the welfare agency) has informed us that they are making a policy change which will affect the calculation of rent for families living in HUD-assisted housing who are recipients of Aid to Dependent Children (ADC) or General Assistance (GA). The change is being implemented through new instructions being sent to the welfare agency's local offices. The change is effective July 1, 1986.

The statute and HUD regulations require that families in assisted housing pay as rent the highest of 10 percent of monthly income, 30 percent of monthly adjusted income, or, if applicable, a welfare rent. Welfare rents are a consideration when the welfare agency designates an amount for housing and adjusts that amount up to a maximum according to what the family is actually charged.

The welfare agency's new instructions indicate that, starting July 1, 1986, Michigan ADC and GA recipients living in HUD-assisted housing will be provided the maximum amount payable for housing regardless of the amount of their rent. Since the grant will not fluctuate according to what the family is charged, the welfare rent provision will no longer apply. The total tenant payment for Michigan ADC and GA recipients will have to be set at the higher of 10 percent of monthly income or 30 percent of monthly adjusted income -- the same as for other assisted housing tenants.

We would appreciate your asking the Detroit and Grand Rapids offices to notify their PHAs and owners of this change. PHAs and owners should be advised:

- 1) not to charge a welfare rent to ADC or GA recipients who are admitted to assisted housing on or after July 1, 1986;

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- 2) to stop charging a welfare rent to ADC or GA recipients who are currently in assisted housing no later than their next annual or interim reexamination/recertification; and
- 3) to provide a rent credit or reimbursement to any family which is charged a welfare rent on or after July 1, 1986, to cover the period between July 1, 1986 and the effective date of the rent redetermination.

Please let us know if we can be of further assistance on this matter.