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MEMORANDUM FOR: Joseph B. Lynch, Acting Regional Administrator
Regional Housing Commissioner, 2S

FROM: Michael B. Janis, General Deputy Assistant Secretary, PD

SUBJECT: Portion of Lump-sum Delayed Start Payment Counted as Income

This is in reference to a November 22, 1989, letter from Patricia Dunn of Broome Legal Assistance Corporation to Joyce Anne Bassett of my staff. The letter concerned [REDACTED], the holder of a Section 8 Housing Certificate issued by the Town of Union Planning Department.

Ms. B [REDACTED] recently received a lump-sum payment because of the delayed start of her Supplemental Security Income (SSI). Ms. Dunn and the Planning Department disagreed about how much of the payment should be included when computing Ms. B [REDACTED]'s rent.

Apparently, Ms. Dunn and the Planning Department raised the issue separately with your office. It is possible there was a misunderstanding about the information they were given on this subject. The purpose of this memorandum is to clarify HUD's position. We will explain how to determine the portion of a lump-sum delayed start payment that should be counted as income.

The proper method is to count only that part of the lump-sum payment that covers the time the family has been assisted by the agency. If the payment had begun when it was supposed to, only the money received during the person's tenancy would have been counted for eligibility or rent computation by the housing agency. The money for a prior period would not have been included. The same principle applies when the money is received as a lump-sum payment for the delayed start of a periodic payment.

Once this amount has been determined, the agency may include the money either prospectively or retroactively. It may add the amount to the family's anticipated income for the up-coming year. Alternatively, the housing agency may recompute the family's past rent.

If the PHA computes the rent retroactively, it may allow the family to make monthly installments. It also may ask for the back rent in one or more larger payments.

We are enclosing a copy of the letter we sent to Patricia Dunn. If you have additional questions, you may call Joyce Anne Bassett at FTS 426-0744.