

**Michigan State Housing Development Authority
Tenant Based Rental Assistance (TBRA)**

Youth Savings Account

This policy bulletin provides guidance and the attached forms are for your use as needed when working with youth in establishing a savings account. The following was outlined in the Homeless Youth Initiative Request for Proposal, 2006-2007:

“During the two-year period of TBRA, youth will have the option of participating in a savings account managed by the Project Lead Agency:

At the point of entry or when the youth has earned income, the youth’s portion of rent (30 percent of monthly income) will be established as a baseline. When there is an increase in earned income, the amount of rent the youth will pay will also increase. The difference between the baseline and the increase in rent will be set-aside in an account to be managed by the Project Lead Agency. When there are additional income increases, the difference between the current tenant rent and the increased rent portion, will be set-aside in this account.

At the end of their rental assistance, if the youth has monies in their account, the monies along with any interest, would be paid to TBRA coupon holder upon his/her departure from the program. The youth should be encouraged (not required) to use these funds, to continue their rent payments on their own, or obtain necessary education, transportation, job skills, etc. to enhance their professional development.”

For Example:

At Entry (Youth initial rental payment is baseline):

Unit Rent: \$500.00
Youth portion (this is baseline): \$50.00 (30% of monthly income)
Assistance Payment: \$450.00
Youth Saving Account: \$0

6 months later (Youth’s Income Increases and an income change is processed):

Unit Rent: \$500.00
Youth portion: \$400.00 (30% of monthly income)
Assistance payment: \$100.00
Youth Savings Account: \$350.00 (Three hundred-fifty dollars, \$350.00 is the difference between baseline and the increase in rent, i.e., Youth now pays \$400; youth previously paid \$50.00; $400.00 - 50.00 = 350.00$.)

As illustrated above, the baseline for the youth is established when the youth enters the Tenant Based Rental Assistance Program, i.e., the amount initially paid for rent. The assistance payment requested from MSDHA and being paid to the landlord will decrease as youth’s income increases. This is due to the fact that the youth’s increased income will require him/her to pay more of their rent.

However, the requested assistance payment from MSDHA will not change because as the administering agency continue to bill \$450, paying \$100.00 towards and placing \$350.00 in an interest bearing account for the youth. To reiterate, the only difference is that a portion of the assistance payment will be going to the landlord, and the other portion will be going into the youth’s savings account (such as the example above).

Remember. All Assistance Payments drawn down from MSDHA that are put into the Youth's Savings Account, must be put into an Interest Bearing Account.

Withdrawal of Funds from Youth Savings Account

The grantee may permit the youth to withdraw funds from their savings account before completion of the contract if the youth has completed specific financial goals, leaves the program in good standing, and moves onto another housing subsidy. The grantee will pay the TBRA coupon holder the amount in the savings account, less any amount owed to the grantee or landlord.

The youth should be encouraged (not required) to use these funds, to continue their rent payments on their own, or obtain necessary education, transportation, job skills, etc. to enhance their professional development.

Loss of Youth Savings Account

The youth will not receive the funds in their savings account if:

- Discharged from the program in bad standing;
- Terminated from their lease by the landlord;
- Failure to meet program responsibilities.

In this case, all monies within the savings account shall be returned to the grantee for further youth TBRA assistance.

If a youth attains an AMI percentage (Over 30% AMI) in which 30% of their income becomes greater than the full amount of rent, the MSDHA assistance payment will be canceled, and the youth successfully terminated from the program. The assistance payment will also stop being put into the youth's savings account when the youth's monthly income surpasses 80% Area Medium Income, or the youth is terminated from the program.