

The HUD Earned Income Disregard

Background:

The federal Department of Housing and Urban Development (HUD) oversees several housing subsidy programs. Under these programs, tenants with limited income receive a subsidy to help them pay a portion of their rent. Typically, the tenant's share of rent will be 30 percent of the tenant or tenant family's countable income, with the HUD-sponsored program paying the remainder (up to an approved fair market rate).

Historical Treatment of Earned Income:

When a tenant or tenant family has an increase in their monthly income, including increases from earned income or wages, their tenant share of rent goes up. Generally, the tenant share of rent would go up by about \$1 for every \$3 in additional income.

HUD's "Earned Income Disregard" Allows Some Tenants with Disabilities to Work Without an Immediate Increase in Rent.

The Earned Income Disregard Applies to All Tenants in Public Housing Programs and to Tenants with Disabilities in Four Additional Types of Housing Subsidy Programs.

- ◆ The Section 8 Housing Choice Voucher Program (but not project-based Section 8)
- ◆ The Supportive Housing Program
- ◆ The Home Investment Partnerships Program
- ◆ The Housing Opportunities to Persons with AIDS Program

The Tenant Must be Previously Unemployed for One or More Years Prior to the New Employment

- ◆ Unemployed means that the individual was either not working during the previous 12 months or averaging less than 10 hours of work per week at the minimum wage.

During the First 12 Months of Employment, 100 Percent of the New Wages Will Be Disregarded

- ◆ If the individual previously had no income, all of their wages will be disregarded for 12 months. The 12 months do not have to be consecutive.
- ◆ If the individual meets the unemployed definition based on limited part-time work, only the increase in wages is what is disregarded.

During the Second 12 Months of Employment, i.e., Months 13 through 24, 50 Percent of the New Wages Will Be Disregarded.

The full, 24-month earned income disregard must be used within 48 consecutive months.

NOTE: These special rules have only been in effect since April 2001. For that reason, some of the agencies that are responsible for calculating rents under programs like the Section 8 Housing Choice Voucher Program are not familiar with these new rules. Individuals with disabilities and their advocates need to take steps, in some cases, to make sure these rules are enforced.