

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 get a subsidy to help 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" (or "Disallowance") 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)
- Some Supportive Housing Programs
- 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 not more than 10 hours of work per week at the minimum wage during that period.
- "Minimum wage" means the federal minimum wage unless there is a higher state or local minimum wage.

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

- If the individual previously had no earned income, all of their wages will be disregarded for 12 months.
- If the individual meets the unemployed definition based on limited part-time work, only the increase in wages will be 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 24 consecutive months.

The Earned Income Disregard does not apply to: Project Based Section 8, Low Income Housing Tax Credit Program, Section 811 People with Disabilities Program, Section 202, Single Room Occupancy Mod Rehab, or Shelter Plus Care Program.

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