



HUD Earned Income Disregard

2009 Fact Sheet on Work Incentives

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 HUD subsidy will pay up to 70 percent of the rent with the tenant or tenant family responsible for the remaining 30 percent.

When a tenant or their family member 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 additional income.

But: HUD's "Earned Income Disregard" allows tenants and their family members living in certain types of housing to work without an immediate increase in rent.

How it Helps You:

HUD has an Earned Income Disregard that applies to people in certain types of housing. Public housing authorities will disregard earnings from employment when calculating your rent for the first year in which you are employed. In the second year of your employment, only half of your earnings will be counted in figuring your rental payments. You must verify what type of housing assistance you are receiving to know if this work incentive applies to you.

How it Works:

If you live in the following types of HUD-subsidized housing, you may be eligible for the Earned Income Disregard (also known as the Earned Income Disallowance):

- ◆ Public housing, operated by the Public Housing Authorities
- ◆ The Section 8 Housing Choice Voucher Program (but not project-based Section 8)
- ◆ The Supportive Housing Program (Section 811 housing for elderly and persons with disabilities)
- ◆ The Home Investment Partnerships Program
- ◆ The Housing Opportunities to Persons with AIDS Program

For the purpose of this work incentive, you must not have been working during the previous 12 months, or averaging less than 10 hours of work per week at the minimum wage.

If you live in one of these types of housing, and become employed, and have been previously unemployed for one or more years prior to getting your new job, HUD will disregard 100% of your new wages during the first 12 months of your employment. During the Second 12 Months of employment, (i.e., months 13 through 24), HUD will disregard 50% of your wages.

There are also other types of housing programs that can help you with self-sufficiency, such as Individual Development Accounts, or Family Self-Sufficiency programs. These programs allow you to save for obtaining an education, purchasing a home, moving out of public housing, or starting a business. It is important to talk to your housing complex manager to understand what alternatives are available to you.

A Community Work Incentives Coordinator or a Benefits Information Network Liaison can help you determine if the HUD Earned Income Disregard and other housing incentives apply to you.

For more information and support on your work incentives, contact:

INDIANA WORKS
Work Incentives
Planning and Assistance

In Northern and
Central Indiana:
1-866-646-8161 (toll free)

In Southern Indiana:
1-800-206-6610 (toll free)