

Earned Income Disallowance

- 24 CFR 5.617 Self-sufficiency incentives for persons with disabilities – Disallowance of increase in annual income (Housing Choice Vouchers)
- 24 CFR 960.255 Self-sufficiency incentives – Disallowance of increase in annual income (Public Housing)
 - PH Guidebook 10.9
- The disallowance of increase in annual income is the same for both programs
 - Housing Choice Vouchers
 - Public Housing
- Difference is that for the HCV program, the disallowance only applies to a person with disabilities

Earned Income Disallowance “Qualified Family”

- Disallowance: Exclusion from annual income
- HCV: CFR 5.617 a family residing in housing assisted under the Housing Choice Voucher program...
- PH: CFR 960.255 a family residing in public housing...

AND

- Whose annual income increases as a result of employment of a family member who was unemployed for one or more years previous to employment.
 - (HCV only: family member must be a person with disabilities)

Definition: Previously Unemployed

- Previously unemployed includes a person who has earned, in the 12 months previous to employment, no more than would be received for 10 hours of work per week for 50 weeks at the established minimum wage (minimum wage x 500 hrs).

OR

- Whose annual income increases as a result of increased earnings by a family member during participation in any economic self-sufficiency or other job training program.
 - (HCV only: family member must be a person with disabilities)

OR

- Whose annual income increases, as a result of new employment or increased earnings of a family member, during or within 6 months after receiving assistance, benefits or services for needy families (TANF temporary assistance to needy families and WTW welfare to work programs).
 - (HCV only: family member must be a person with disabilities)
- The TANF program is not limited to monthly income maintenance, but also includes such benefits and services as one-time payments, wage subsidies and transportation assistance – provided that the total amount over a 6 month period is at least \$500.

Disallowance of Increase in Annual Income: Initial 12 month Exclusion

- During the 12 cumulative month period
 - Beginning on the date a member of a qualified family is first employed or experiences an increase in annual income as a result of employment.
- The PHA must exclude 100% of any increase in income as a result of employment over prior income of that family member.

Second 12 month Exclusion and Phase-In

- During the second 12 cumulative month period
 - After the date a member of a qualified family is first employed or experiences an increase in annual income as a result of employment.
- The PHA must exclude 50% of any increase in income as a result of employment over prior income of that family member

Maximum Four Year Disallowance

- The disallowance of increased income is limited to a lifetime 48 month period
 - Maximum of 12 months for 100% of the disallowance of income, and
 - Maximum of 12 months for 50% of the disallowance of income
- During the 48 month period starting from the initial exclusion

Another way to think about it...

- The disallowance ends whichever comes first
 - Both sets of 12 cumulative months used; or
 - 48 calendar months (4 years)

Earned Income Disallowance Inapplicability to Admission

- The disallowance does not apply for purposes of admission to the program
- In other words, it only applies to participants of the Housing Choice Voucher program and residents of public housing

Calculating EID is a mathematical formula:

$$\begin{array}{r} \text{Earned Income} \\ + \\ \text{Unearned Income} \\ - \\ \text{Baseline} \\ = \\ \text{Exclusion} \end{array}$$

Next, take 100% or 50% of the exclusion just calculated

Individual Savings Accounts Public Housing Only

24 CFR 960.255 (d) Individual Savings Accounts

- As an alternative to the disallowance of increases in income, a PHA may choose to provide for individual savings accounts for public housing residents who pay income-based rent
- The PHA must have written policies that include the following provisions:
 - The PHA must advise the family that the savings account option is available
 - At the option of the family, the PHA must deposit in the savings account the total amount that would have been included in tenant rent as a result of the disallowance
 - Amounts deposited in a savings account may be withdrawn only for the purpose of
 - Purchasing a home;
 - Paying education costs of family members;
 - Moving out of public housing; or
 - Other expenses authorized by the PHA or economic self-sufficiency
 - The PHA must maintain the account in an interest bearing account
 - Must credit the family with the interest
 - May not charge the family a fee for maintaining the account
 - At least annually the PHA must provide the family with a report on the status of the account
 - If the family moves out of public housing, the PHA shall pay the tenant family any balance in the account, minus any amounts owed to the PHA

Earned Income Disallowance: Carol (Walk thru exercise)

Initial Full Exclusion:

- Carol has been receiving monthly TANF benefits of \$685 which is \$8,220 annually.
- 2 months later Carol begins working full time earning \$10 per hour ($\$10 \times 2080 = \$20,800$)
- She also started receiving child support of \$125 per month ($\$125 \times 12 = \$1,500$)
 - TANF benefits stop

Carol's baseline is $685 \times 12 = \mathbf{\$8,220}$

Her annual income increased to \$20,800 as a result of earnings

Phase In (50% Exclusions):

- After 12 months of receiving the 100% exclusions, Carol receives a 2nd set of 12 months where the PHA will exclude 50% of the increase.
- Carol is still working full time but has received a pay increase. She now earns \$10.45 per hour ($\$10.45 \times 2080 = \$21,736$)
- Her child support increased to \$300 per month (\$3,600 per year)

EID Formula

$$\begin{array}{r} \text{Earned Income} \\ + \\ \text{Unearned Income} \\ - \\ \text{Baseline} \\ = \\ \text{Exclusion} \end{array}$$

Next, take 100% or 50% of the exclusion just calculated

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100% Initial Exclusion

Head of household name	Social Security Number	Date modified (mm/dd/yyyy)
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6. Assets

6a. Family member name	No.	6b. Type of asset	6c. Calculation (PHA use)	6d. Cash value of asset	6e. Anticipated Income
				\$	\$
				\$	\$
				\$	\$
				\$	\$
				\$	\$
				\$	\$
				\$	\$
				\$	\$
6f, 6g. Column totals				\$	6f. \$ 6g.
6h. Passbook rate (written as decimal)					0. _____ 6h.
6i. Imputed asset income: 6f X 6h (if 6f is \$5,000 or less, put 0)					\$ 6i.
6j. Final asset income: larger of 6g or 6i					\$ 6j.

7. Income

7a. Family member name	No.	7b. Income Code	7c. Calculation (PHA use)	7d. Dollars per year	7e. Income exclusions	7f. Income after exclusions (7d minus 7e)
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
7g. Column total						\$ 7g.

7g. Column total

7h. Reserved

7i. Total annual income: 6j + 7g \$ 7i.

<p>7b: Income Codes</p> <p>Wages: B = own business F = federal wage HA = PHA wage M = military pay W = other wage</p>	<p>Welfare: G = general assistance IW = annual imputed welfare income T = TANF assistance</p> <p>SS/SSI/Pensions: P = pension S = SSI SS = Social Security</p>	<p>Other Income Sources: C = child support E = medical reimbursement I = Indian trust/per capita N = other nonwage sources U = unemployment benefits</p>
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50% Phase In Exclusion

Head of household name	Social Security Number	Date modified (mm/dd/yyyy)
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6. Assets

6a. Family member name	No.	6b. Type of asset	6c. Calculation (PHA use)	6d. Cash value of asset	6e. Anticipated Income
				\$	\$
				\$	\$
				\$	\$
				\$	\$
				\$	\$
				\$	\$
				\$	\$
				\$	\$
6f, 6g. Column totals				\$	6f. \$ 6g.
6h. Passbook rate (written as decimal)					0. _____ 6h.
6i. Imputed asset income: 6f X 6h (if 6f is \$5,000 or less, put 0)					\$ 6i.
6j. Final asset income: larger of 6g or 6i					\$ 6j.

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				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
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				\$	\$	\$
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				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
7g. Column total						\$ 7g.

7g. Column total

7h. Reserved

7i. Total annual income: 6j + 7g \$ 7i.

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