

Proposed Revisions to
HOC's Administrative Plan for the Housing Choice Voucher Program

Please note: Existing language is in **BLACK**, proposed changes are in **RED**, and proposed deletions are shown with strikethrough.

Streamlining Change Regarding Earned Income Disregard

Chapter 6: Factors Related to Total Tenant Payment and Family Share Determination

A. INCOME AND ALLOWANCES [24 CFR 5.609]

Income: Includes all monetary amounts, which are received on behalf of the family, except any financial assistance received for mandatory education fees and charges (in addition to tuition). For purposes of calculating the Total Tenant Payment, HUD defines what is to be calculated and what is to be excluded in the federal regulations. In accordance with this definition, all income that is not specifically excluded in the regulations is counted.

Annual Income: is defined as the gross amount of income anticipated to be received by the family during the 12 months after certification or recertification. Gross income is the amount of income prior to any HUD allowable expenses or deductions, and does not include income that has been excluded by HUD. Annual income is used to determine whether or not applicants are within the applicable income limits. A family who actually works less than 12 months, as required by their employment, will have their income treated as though they worked 12 months.

Adjusted Income: is defined as the annual income minus any HUD allowable expenses and deductions.

HUD has five allowable deductions from Annual Income:

Dependent Allowance: \$480 each for family members (other than the head or spouse) who are minors, and for family members who are 18 and older who are full-time students or who are disabled.

Elderly/Disabled Allowance: \$400 per family for families whose head or spouse is 62 or over or disabled.

Allowable Medical Expenses: Deducted for all family members of an eligible elderly/disabled family.

Child Care Expenses: Deducted for the care of children under 13 when child care is necessary to allow an adult member to work, attend school, or actively seek employment.

Allowable Disability Assistance Expenses: Deducted for attendant care or auxiliary

apparatus for persons with disabilities if needed to enable the individual or an adult family member to work.

Allowable deductions from Annual Income are reviewed at annual reexamination.

Earned Income Disallowance/Disregard [24 CFR 5.617]

The Earned Income Disregard (EID) is designed to promote self-sufficiency for families with disabilities in the housing Choice Voucher (HCV) program who meet the definition of a “qualified family.”

Disallowance of increase in annual income

- (1) *Initial 12-month exclusion.* During the 12-month period beginning on the date a member who is a person with disabilities of a qualified family is first employed or the family first experiences an increase in annual income attributable to employment, HOC must exclude from annual income of a qualified family any increase in income of the family member who is a person with disabilities as a result of employment over prior income of that family member.
- (2) *Second 12-month exclusion and phase-in.* Upon the expiration of the 12-month period defined in paragraph (1) of this section and for the subsequent 12-month period, HOC must exclude from annual income of a qualified family at least 50 percent of any increase in income of such family member as a result of employment over the family member's baseline income.
- (3) *Maximum two-year disallowance.* The disallowance of increased income of an individual family member who is a person with disabilities as provided in paragraph (1) or (2) of this section is limited to a lifetime 24-month period. The disallowance applies for a maximum of 12 months for disallowance under paragraph (1) of this section and a maximum of 12 months for disallowance under paragraph (2) of this section, during the 24-month period starting from the initial exclusion under paragraph (1) of this section. Previously, families were eligible to receive the EID benefit for no more than 24 months, but which could be spread across a 48-month time period to account for potential changes in the employment status of the family member whose original employment caused the family to be eligible for EID. That is no longer the case. EID eligibility is now limited to a maximum of only 24 straight months.