Earned Income Disallowance

Introduction
EID Training Course

- Provides detailed information about:
  - Purpose, history and importance of EID
  - Responsibilities of tenants and property managers
  - Eligibility requirements and restrictions of EID
- Intended for property and housing managers, tenants, case managers, and employment specialists.
Module 1

Why EID Matters
Learning Objectives

• After completing this module, you will understand:
  • What EID is
  • Why it was created
  • How it was implemented
  • Why it matters
What is EI D?

- **Earned Income Disallowance or Disregard**
- Allows tenants who have been out of work to go back to work without having their rent increase right away
- Targets tenants with disabilities in certain subsidized, permanent housing units and any Public Housing tenant, with or without disabilities
What is EI D?

- Excludes 100% of increase income attributable to new earnings for a 12 months in calculating rent
- Excludes 50% of increase income attributable to new earnings for an additional 12 months
Susan: A Simple Example

- Susan’s baseline income is $6,500 from SSDI.
- She starts a job and makes $400 per month earning $4,800 a year.
- Susan’s new total income is $11,300 a year.
- For the first 12 eligible months, all of Susan’s earnings are disregarded and she pays rent based on her $6,500 SSDI income.
- For the next 12 eligible months, Susan pays rent based on an income of $8,900.
Goals of EI D

- *Motivate* tenants to return to work or to start work
- *Support* tenants’ efforts to achieve financial self-sufficiency
- *Remove* disincentives for tenants to seek employment while maintaining stable housing
Importance of Employment

- Employment contributes positively to individuals and families by
  - Adding income and reducing dependency on public assistance
  - Providing a sense of purpose & well-being
- Employment improves communities by
  - Promoting stronger families
  - Reducing poverty and homelessness
Why is EID Important?

- Provides incentives to pursue employment while living in affordable housing
- Allows tenants to pay for new work-related expenses and responsibilities
- Helps tenants move toward self-sufficiency
Why is EI D Important?

- Promotes stronger housing communities
- Helps ensure housing stability for formerly homeless families and individuals
- Prevents unwanted relocations
- Provides services staff an incentive to use with tenants when encouraging pursuit of employment
History of EID

- Enacted in 1990 for Public Housing Tenants only.
- Modified by the *Quality Housing and Work Responsibility Act of 1998* (QHWRA).
- Changed rule in 2001 made people with disabilities in other specified programs (SHP, HOME, HOPWA, and Section 8 Voucher Program) eligible for EID.
Implementation Barriers of EID

- Tenants, PHAs, and property managers unaware of the benefits or confused
- Supportive services staff and advocates unaware of the benefit and its value as an incentive to tenants
- As a result, improper, slow, or no implementation
Failure to Implement

- Overall EID implementation has been poor.
- Failure to enforce EID can significantly harm tenants:
  - Loss of income for those who can least afford it
  - Barriers or disincentives to pursue employment
  - Ability to afford housing can be threatened due to increased rent, potentially leading to eviction
Module 2

How EID Works
Learning Objectives

- After completing this module, you will be able to describe:
  - Terms of EID
  - Length of the benefit
  - Portability of the benefit
Terms of EID

- 24 months of EID benefit
  - 12 months of rent at pre-employment levels
  - 12 more months of rent at a reduced level
- EID benefit may be used within a period of 48 months, the EID “clock”
  - One lifetime use of EID
- Rent is recalculated after 12 months and upon termination of EID
How Long is the EID Benefit?

- Months of EID benefit and EID “clock” start with employment
  - If the tenant delays reporting to property manager:
    - Interim months still counted
    - No backdated refund of rent
  - If the property manager fails to properly implement EID:
    - Interim months still counted
    - Backdated refund of rent is due to tenant
  - If the tenant was not made aware of benefit:
    - Interim months still counted
    - Backdated refund of rent is due to tenant

- EID benefit months stop and start
- The benefit is portable
Case Example: Length of EI D Benefit

- John starts working on May 1
- Works past his first anniversary, stops in July
- Lands another job which will start in October
- Wants to know...
  - How many EI D months used?
  - How many EI D months remaining?
  - What percentage of income will be disallowed during the remaining months?
Case Example: Length of EI D Benefit, Continued

First 12 Months
- 100% of Increase in Earned Income
  - Job 1 (3 Months)
  - Job (9 Months Out of 12)

Second 12 Months
- 50% of Increase in Earned Income
  - Job 2 (3 Months Out of 12)
  - Remaining Benefit (9 Months)
When does EI D End?

- At the end of 24 months, if both periods of eligibility are completely used
- At the end of 48 months, even if the full eligibility was not used
- The benefit may be terminated earlier if fraudulent activity by the tenant occurs.
Case Example: The 48-Month Eligibility Period

- Joan is previously unemployed and qualifies for EI D.
- **October 1, 2007:** She gets a job in a local warehouse and works through December. She has now used 3 months of eligibility.
- **June 1, 2008:** Joan becomes employed again. This time, she works for 13 months. She starts her second job at the start of the ninth month of her 48-month eligibility period. At the end of the 13 months, she has used 16 months of eligibility and is 21 months into her 48-month eligibility period.
Case Example, Continued

- **July 1, 2009**: Joan stops work and does not work again for 2 years (24 months). She now has only 3 months of eligibility for EID remaining during her 48-month “window” of eligibility.

- **July 1, 2011**: Joan starts work and her income is reduced for 3 more months. She has now reached the end of her 48-month eligibility period and cannot use EID again.
What Happens if the Tenant Moves?

The tenant remains eligible for benefits, if:

- He or she is still within the 48-month period of eligibility, and
- The tenant has moved to other housing allowing the EID benefit.
Module 3

Roles and Responsibilities
Learning Objectives

- After completing this module, you will understand:
  - Roles and responsibilities of property managers, services staff, and tenants
  - How to access or manage EID benefits
Responsibilities of the Property Manager

- EID is mandatory for owners/operators of the eligible housing programs.
- Property Managers must:
  - Inform tenants about EID,
  - Help eligible tenants access this benefit,
  - Manage the benefit, and
  - Monitor the benefit.
Tools for Marketing EI D to Tenants

- Discuss at initial lease-up, recertification of income, and annual recertification
- Tools include:
  - Poster
  - Brochure/Tenant Insert
  - This training curriculum and related Trainer’s Guide
- More information about EI D at www.hudhre.info
Outreach to Tenants

- Make information accessible to tenants within the housing community:
  - Provide regular marketing
  - Train staff about the benefit
  - Ensure services staff have accurate information
- Conduct outreach to other organizations and service professionals related to the target population.
- Outreach and training to staff at other sites
Managing EI D

- Keep information about EI D in the tenant’s file:
  - Start and end dates for benefit
  - Employment dates and wages
  - Total number of months worked
  - Total used out of the total allowed
  - Income and rent calculation
Managing EI D

To ensure accuracy:

- Communicate with the tenant
- Communicate with case managers, and employment specialists
- Ensure software includes EI D benefit support.
Monitoring EID

- Errors can be costly
- Consider using a standard questionnaire for maintaining accurate information on EID participants
- Work closely with any housing/human service agency

To access the Eligibility Questionnaire, minimize this window and select the Eligibility Questionnaire link from the Earned Income Disallowance page of the HRE.
Tenant Responsibilities

- Make an informed choice about when to access the benefit
- Inform the property manager of any changes in employment status
- Give notification of a potential change in rent status
- Correctly report wages, income, and status

To access the **EID Tenant Letters or EID Brochure**, minimize this window and select the *EID Tenant Letter or EID Brochure link* from the Earned Income Disallowance page of the HRE.
Responsibilities of Case Managers and Employment Staff

- Outreach to tenants and information dissemination
- Help tenants to:
  - Access and manage the benefit and to understand consequences of receiving the benefit
  - Plan for long-term housing and employment goals
  - Maintain financial stability
Learning Objectives

- After completing this module, you will understand the eligibility criteria for EID, including:
  - Housing
  - Income
  - Employment
  - Disability
  - Family status
Eligibility Criteria

- Factors involved in determining eligibility for EID include:
  - Housing status
  - Disability status
  - Income and benefits
  - Employment status and related wages
What is a Qualified Family?

- **Public Housing**
  - Any family with any member whose income increased through a “qualifying event”

- **Other Assisted Housing**
  - Housing assisted with HOME, HOPWA, SHP, or the Housing Choice Voucher Program
  - Family income increased through a “qualifying event” attributable to a family member with a disability
Housing Requirements

- EID recipients must meet one of the following housing requirements:
  - Live in public housing
  - Live in housing assisted with HOME, HOPWA or SHP funds (tenants with disabilities only)
    - Funds can be through rental housing or tenant-based rental assistance (TBRA)
  - Participate in the Housing Choice Voucher Program (tenants with disabilities only)
EI D Does NOT Apply to:

- Project Based Section 8
  - But Tenant-Based Section 8 is EI D-eligible
- Low Income Housing Tax Credit Program
- Section 811 People with Disabilities Program
- Section 202
- Single Room Occupancy Mod Rehab
- Shelter Plus Care Program
Where can I learn more about these Housing Programs?

- Housing for Persons with AIDS (HOPWA) [http://www.hud.gov/offices/cpd/aidshousing/programs](http://www.hud.gov/offices/cpd/aidshousing/programs)
- Supportive Housing Program (SHP) [http://www.hud.gov/offices/cpd/homeless/programs/shp/](http://www.hud.gov/offices/cpd/homeless/programs/shp/)
HUD Definition of Disability

Individual must meet one of the following three criteria:

1. Has physical, mental, or emotional impairment that is characterized by all of the following:
   - Long-continued or indefinite duration
   - Impedes ability to live independently
   - Improved ability with more suitable housing conditions

2. Has a developmental disability

3. Includes persons with AIDS
SSA Definition of Disability

- HUD also accepts the SSA definition of disability:
  - Inability to participate in gainful activity
  - Medically-determined physical or mental impairment
  - Expected to result in death or last continuously for at least 12 months
“Qualifying Events” for EID

For Public Housing Tenants - Annual Income increases:

- Due to employment of a previously unemployed member, OR
- When a family member participates in an economic self-sufficiency program or job training program, OR
- Within six months of receipt of TANF payments, benefits and services worth at least $500.
“Qualifying Events” for EI D

- For tenants assisted by Housing Choice Voucher, SHP, HOPWA or HOME programs, Annual Income increases:
  - Due to employment of a member with a disability, who was previously unemployed OR
  - When a family member with a disability participated in an economic self-sufficiency program or job training program, OR
  - Due to increased earnings by a person who has a disability who received during the past 6 months, TANF payments, benefits, and services worth at least $500.
Economic Self-Sufficiency Program

- Encourages, assists, trains or facilitates the economic independence of HUD-assisted families or provides work.

- Types of programs:
  - Job training
  - English proficiency
  - Employment counseling
  - Workfare
  - Work placement
  - Finance or household management
  - Basic skills training
  - Occupational skills
  - Apprenticeship
  - Education
  - Sheltered workshop participation
  - Substance abuse
  - Mental health treatment
  - On-the-job training
  - Other job training or job readiness programs
Previously Unemployed

- Has not worked in the past 12 months,
  OR
- Has earned income in the past 12 months equal to or less than 10 hours of work per week for 50 weeks at the established minimum wage
Minimum wage

- Local, state or federal minimum wage

EXAMPLE:

Minimum wage is $6.55
X 10 hours = $65.50
X 50 weeks = $3,275.00
Income Requirements

- Income increased
  - Due to employment of someone who was “previously unemployed”
  - Due to participation in an economic self-sufficiency or job training program (stipend)
  - Within six months of receiving TANF or other benefits from welfare worth at least $500

- Note:
  - Except for residents of Public Housing, the family member whose income increased *must* be one with a disability.
**Adjusted Income**

- Income exclusions defined by HUD
- Mandatory deductions must also be subtracted
- Adjusted Annual Income used for rent calculation, with or without EID
- The result is the tenant’s adjusted income.

To access the *Income Exclusions*, minimize this window and select the *Income Exclusions link* from the Earned Income Disallowance page of the HRE.
Case Example: Is Richard Eligible for EID?

- Richard lives in permanent housing subsidized by Shelter Plus Care.
- He receives SSI and reports that he is employed earning $9.00 per hour.
- For the past 8 months, he worked on and off earning about $1,800, half of which was from a training program.
TANF and Qualified Families

- Annual income increases as a result of employment or earnings from a self-sufficiency or job training program
- Annual income increases during or within six months of receiving $500 in TANF
- Except for the public housing program, the family member who has increased income must be a person with a disability
Is Marge Eligible for EI D?

- Marge has a disability and receives HOME rental assistance
- Received $575 per month in TANF benefits for the past ten months
- Marge begins new employment making $700 per month
Module 5

Calculating EID
Learning Objectives

- After completing this module, you will be able to calculate EID
Calculating EI D

- Baseline Income (previous income)
  - Unearned and earned income prior to the start of the benefit.
  - Will not change throughout the 48 month benefit period
- Qualifying Event Income (new income)
  - 100% of qualifying event income is excluded in the first 12 months
  - 50% of qualifying event income is excluded in the second 12 months
Joe: A Simple Example

- Joe’s baseline income is $7,000
- Joe’s new job pays $3,600 per year
- Joe’s new total income is $10,600
- For the first 12 eligible months, Joe pays rent as if he had an income of $7,000
  - $10,600 – (100% \times $3,600) = $7,000
- For the second 12 eligible months, Joe pays rent as if he had an income of $8,800
  - $10,600 – (50\% \times $3,600) = $7,000
How Much is the EI D Benefit?

- The tenant’s adjusted income is unique to the individual
- Qualifying event income also varies among individuals
- Not all tenants are in the same benefit period
Case Example: EI D for Tenants with a Disability

- John has a disability
- Lives alone in HOPWA funded supportive housing apartment.
- Receives a monthly SSI income of $603. Pays a $60 per month co-payment for his medication.
- John has started working 15 hours a week at a job paying $10.42 per hour.
John’s Rent With Only SSI Income

**Annual Income**
Monthly SSI $603 x 12 months = Annual Income
$603 x 12 months = $7,236

**Adjusted Income**
Disability Allowance and Medication Co-Pay = Annual Deductions
$400 + $503 = $903
Annual Income - Annual Deductions = Adjusted Income
$7,236 - $903 = $6,333

**Rent**
Adjusted Income ÷ 12 months = Monthly Adjusted Income
$6,333 ÷ 12 months = $528
Monthly Adjusted Income x 30% = Monthly Rent
$528 x 0.30 = $158
John’s SSI Adjustment for Working

- **Unearned Income Deduction + Earned Income Deduction + Medical Expenses = Total Deductions**
  
  \[ \$20 + \$65 + \$60 = \$145 \]

- **Monthly Earned Income - Total Deductions = Balance of Income**
  
  \[ \$625 - \$145 = \$480 \]

- **Balance of Income ÷ 2 = Reduction in SSI**
  
  \[ \$480 ÷ 2 = \$240 \]

- **SSI Income - SSI Reduction = Adjusted SSI Income**
  
  \[ \$603 - \$240 = \text{\$363 per month} \]

- **SSI Annual (Unearned) Income = $4,356**
John’s Rent *without EID*

**Annual Income**

\[
\text{Earned Income} + \text{Monthly SSI} \times 12 \text{ months} = \text{Annual Income}
\]

\[
$625 + $363 = $988 \text{ per month} \times 12 = $11,856
\]

**Adjusted Income**

\[
\text{Disability Allowance and Medication Co-Pay} = \text{Annual Deductions}
\]

\[
$400.00 + $364 = $764
\]

\[
\text{Annual Income} - \text{Annual Deductions} = \text{Adjusted Income}
\]

\[
$11,856 - $764 = $11,092
\]

**Rent**

\[
\frac{\text{Adjusted Income}}{12 \text{ months}} = \text{Monthly Adjusted Income}
\]

\[
$11,092 \div 12 \text{ months} = $924
\]

\[
\text{Monthly Adjusted Income} \times 30\% = \text{Monthly Rent}
\]

\[
$924 \times 0.30 = $277
\]
John’s Rent with EI D

**Annual Income**

Baseline Income + Increase in Income = Total Income

$7,236 + $4,620 ($7,500 – 2,880) = $11,856

Total Income – EI D = Annual Income

$11,856 - $4,620 = $7,236

**Adjusted Income**

Disability Allowance and Medication Co-Pay = Annual Deductions

$400 + $503 = $903

Annual Income – Annual Deductions = Adjusted Income

$7,236 - $930 = $6,303

**Rent**

Adjusted Income ÷ 12 months = Monthly Adjusted Income

$6,303 ÷ 12 months = $526.

Monthly Adjusted Income × 30% = Monthly Rent

$526 × 0.30 = $158
John Benefits from Working With and Without EID D

Without EID

• Rent: $277

With EID

• Rent: $158

In the first 12 EID months John saves $1,428 in rent costs and has that much more in his pocket
Case Example: Jackie

- Jackie is a single Mom with a disability who lives with her two children in an apartment funded by HOME Tenant Based Rental Assistance.
- Her children are 9 and 17 years of age.
- She was on TANF for the past year and recently got a job working fulltime for $21,000 per year.
- Her son, Robert, works part-time earning $9,000 per year.
Jackie’s Rent with EI D Income

Baseline Income + Increase in Income = Total Income

\[ $6,480 + $14,520 (\$21,000 - 6,480) = $21,000 \]

Total Income - EI D = Annual Income

\[ $21,000 - $13,520 = $6,480 \]

Adjusted Income

Disability Allowance and Dependent Allowance = Annual Deductions

\[ $400 + $960 (\$480 \times 2) = $1,360 \]

Annual Income - Annual Deductions = Adjusted Income

\[ $6,480 - $1,360 = $5,120 \]

Rent

Adjusted Income ÷ 12 months = Monthly Adjusted Income

\[ $5,120 ÷ 12 \text{ months} = $427 \]

Monthly Adjusted Income x 30% = Monthly Rent

\[ $427 \times 0.30 = $128 \]
Case Example: Nancy

- Single parent on TANF assistance of $4,200 for previous year
- Receives $1,800 per year in child care assistance, enabling Nancy to work
- She enrolls in a 9-month training program, which includes a stipend of $806 per month
- Public Housing tenant
Nancy’s Income with EID

Baseline Income + Earned Income = Total Income
TANF $4,200 + Child Support $1,800 = $6,000

Earned Income from Job Training
Monthly Gross Wages of $806 x 9 months = $7,254

Total income = $6,000 + $7,254 = $13,254

Total Income - EI D = Annual Income
$13,254 - $7,254 = $6,000
Nancy’s Rent - continued

Adjusted Income

Dependents (3) = Deductions
$480.00 x 3 = $1,440

Annual Income - Deductions = Adjusted Income
$6,000 - $1,440 = $4,560

Rent

Adjusted Income ÷ 12 months = Monthly Adjusted Income
$4,560 ÷ 12 months = $380

Monthly Adjusted Income x 30% = Monthly Rent
$380 x 0.30 = $114
Unusual Situation: George

- Baseline Income $3,600
- Earned income $3,000
- New income is only the Earned income of $3,000 because George lost his general assistance income of $3,600 when he began working
- No EID
Module 6

The EID Benefit: A link between housing and employment
Learning Objectives

- After completing this module, you will understand:
  - The link between housing and employment
  - The importance of implementing EID
  - How to support tenant employment
Promoting Employment

- Housing as a stable platform for employment
- Improving tenant employment outcomes
- Increasing self-sufficiency
Triggering EI D

- Marketing EI D
- Sample tenant letter to trigger the EI D benefit
- Begins when a qualified tenant begins working

To access the Tenant Letters, minimize this window and select the appropriate link under Tenant Letters from the Earned Income Disallowance page of the HRE.
Importance of Implementing EID

- EID is mandatory
- Keeps the owner in compliance with rules
- Offers assistance to disadvantaged populations
- Strengthens housing community

To access the EID Documentation checklist, minimize this window and select the EID Documentation link from the Earned Income Disallowance page of the HRE.
Supporting Tenant Employment

- “Vocationalizing”
- Integrated services
- Communication
- Recognition
Learning Objectives

- After completing this module, you will be able to:
  - Define the terms referred to in this training
  - Know where to go for more information
Glossary

- Annual Income...
- Adjusted Income...
- Baseline Income...

To access the EID Glossary, minimize this window and select the EID Glossary link from the Earned Income Disallowance page of the HRE.
For More Information

- Federal Statutes on Rent Rules in Public Housing 42 USC § 1437a(d)
- Federal Regulations for EID in Public Housing 24 CFR §§ 960.255 and 5.617
- Federal Regulations on Treatment of Income 24 CFR 5609
- Federal Register Final Rule, January 19, 2001
- Federal Register EID Technical Amendments February 12, 2002
EID Materials

- EID Eligibility Questionnaire
- EID Income Exclusions
- EID Documentation Checklist
- EID Defining Disability Handout
- EID Brochure (Overview and Tenant Insert)
- EID Tenant Letters (For people living in public housing and for people with disabilities)
- Glossary
Website Resources

- U.S. Department of Housing and Urban Development
  - Admission and Occupancy FAQ
    http://www.hud.gov/offices/pih/phr/about/ao_faq_eid.cfm

- U.S. Department of Labor
  - Minimum Wage Information
    http://www.dol.gov/esa/minwage/america.htm