PUBLIC HOUSING TENANT RIGHTS:

YOU MAY BE PAYING TOO MUCH RENT: THE EARNED INCOME DISREGARD

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Aloha United Way

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Are You Paying Too Much For Rent?

If you just became employed or received a significant raise, you may be entitled to have this income excluded in your rent calculation or you may be due a refund of overpaid past rent. This brochure explains how you might be eligible for something called the "Earned Income Disregard." *Please read this brochure carefully—it could save you money on your rent.*

What Is The Earned Income Disregard And How Does It Work?

As a public housing tenant, your rent is based on your income. As a general rule, when your income goes up, your rent goes up. The Earned Income Disregard is an exception to this rule. The purpose of the Earned Income Disregard is to encourage employment for public housing tenants. To accomplish this, increases in income due to employment will be "disregarded" for the purposes of calculating the tenant's income. In other words, even though a tenant's income increases, the increase will not be counted towards the tenant's rent calculation and the tenant's rent will not increase. You can only receive the Earned Income Disregard for a total of 24 months. You have 48 months from the time you first go to work to qualify for this benefit.

An example of how the Earned Income Disregard works: Assume that a public housing tenant has no income. The tenant's rent will be $0 per month. If the tenant finds a job and starts making $2000 per month, normally the tenant's rent would be roughly 30% of $2000—a rent of about $600 per month. However, because of the Earned Income Disregard, the tenant's rent will remain at $0 for a 12 month period. For the next twelve month period, 50% of the income will be disregarded. This would make rent for the second period approximately $300.

Who Qualifies For The Earned Income Disregard?

In determining the rent a tenant must pay in public housing operated by the Hawai`i Public Housing Authority (HPHA), HPHA is required to totally disregard for one year any increase in income resulting from employment of a family member who:

1. Was previously on welfare;
2. Was previously unemployed; or
3. Participated in a job training program.

Note: Only increases in "earned income" (i.e., money that you earn from employment) will be disregarded. Increases in other types of income, such as an increase in welfare benefits will not be disregarded.

Do You Qualify as a Person Who Was Previously Unemployed?

You are considered to have been previously unemployed if you live in public housing and you or a family member have earned no more than if you had worked 500 hours at a minimum wage in the past 12 months prior to your new employment.

Example #1
You live in public housing, have not worked for the past 12 months and now have a job. You qualify for the Earned Income Disregard as a previously unemployed person because you have not been employed in the past 12 months.

Example #2
You live in public housing and your adult daughter got a new job after earning only $1000 at a part-time job during the year prior to getting her new job. The Earned Income Disregard applies because she earned less than if she had worked 500 hours at minimum wage.

Note: Minimum wage laws frequently change. If the minimum wage increases, then the amount you can earn and still qualify for Earned Income Credit will also increase.

Do You Qualify as Someone Previously on Welfare?

You qualify for the Earned Income Disregard if your family's annual income increased because a family member who receives or was receiving Temporary Assistance for Needy Families (TANF) or any other state welfare benefits is now employed. To qualify, the family member must have received monthly income maintenance benefits under the TANF program, or a total of over $500 in other TANF benefits such as one-time payments, wages subsidies and transportation assistance.

Example #1
You live in public housing and were receiving TANF for five months before you began working. You qualify for the Earned Income Disregard because you obtained employment after having been on TANF.

Example #2
You live in public housing and are receiving TANF and have just been given a raise at your job. Your family qualifies for the Earned Income Disregard because you have obtained an increase in earned income while on TANF.

Example #3
You live in public housing with your adult daughter who obtained employment after having been on TANF for the past 3 months. Your daughter qualifies for the Earned Income Disregard because a member of your household obtained employment after having been on TANF.

Example #4
You live in public housing and have received a one-time payment of government assistance in the amount of $450 and transportation assistance equal to the amount of $150 over the past 6 months. You qualify for the Earned Income Disregard because the total amount of your benefits is $600, which is over the $500 requirement and you have received these benefits over the required 6 months.

Do You Qualify for the Earned Income Disregard as a Person Who Participated in a Job Training Program?

You qualify for the disregard if your family's income increased because a family member participated in an "economic self-sufficiency" or other job-training program.

The definition of an economic self-sufficiency program includes any program designed to assist tenants in gaining financial independence. This includes a large number and a wide variety of programs, including, but not limited to job training, English proficiency classes, and substance abuse and mental health treatment programs. An example of a qualifying program is "First to Work."

Example
You live in public housing and you receive a raise or become employed because you participated in a job-training program such as taking vocational courses at a community college. You would receive the Earned Income Disregard on the raise or on the entire amount if you qualify.

If You Qualify for the Earned Income Disregard You Are Entitled to the Following Benefits:

You can receive benefits from the Earned Income Disregard for up to 2 years. If you are a qualified family, you are entitled to the following income disregard:

Year 1: HPHA must exclude **100%** of your increase in earned income from your rent calculation.

Year 2: HPHA must exclude **50%** of your increase in earned income from your rent calculation.

Example for Year 1
You live in public housing and were on TANF before going to work. Your rent payment during this time was $25 per month. You obtain a job earning $500 dollars per month. For twelve months, HPHA MUST exclude that new income from your annual income when calculating your rent payment. ***This means that your rent amount may not be increased and must remain at $25 per month even though you are now earning $500 per month in income****. As long as you keep your job and continue to be employed, your rent cannot be higher than $25 per month for at least twelve months.*

Example for Year 2*:*
It is twelve months after HPHA initially disregarded your increased income, you live in public housing and you are still earning $500 per month in income. HPHA must now recalculate your rent. However, HPHA MUST exclude fifty percent of your earned income when calculating your rent for the second year. ***This means that only $250 of your $500 income will be considered actual income and used to calculate your rent for the second year following employment.*** *So as long as you keep your job and continue to be employed, your rent will be calculated as if your income is only $250 and will remain at that amount for another twelve months.*

What is the Maximum Length of Time I Can Have My Earned Income Excluded?

A family is limited to a lifetime **48-month period** of eligibility for the income disregard. The 48-month period begins on the date when the family member first begins employment. Thus, if you go to work for only six months and stop working, you have forty-two more months in which to use the remaining time on the Earned Income Disregard. If you do not again qualify for the Earned Income Disregard during that period, you will not again be able to claim the Earned Income Disregard while residing in public housing.

EXAMPLE:
You live in public housing and begin work on January 1, 2001, at which time you ask the housing authority to disregard your income. The last possible date through which you may have earned income excluded would be December 31, 2004, which is four years (or 48 months) after you first began working.

If you think you might qualify for the Earned Income Disregard and were overcharged for rent, first contact your manager to discuss your rent calculation. If you are still not receiving the Earned Income Disregard, then you should contact the Legal Aid office in your community for assistance.

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Honolulu, HI 96813

www.legalaidhawaii.org

Legal Aid's Hotline:
O'ahu: 808.536.4302
Neighbor Islands: 1.800.499.4302

REMEMBER:
This brochure is meant to provide general information, and does not provide specific legal advice about your individual case. The law often changes. Each case is different.

Hawai'i Immigrant Justice Center *at the*
Legal Aid Society of Hawai'i
www.hijcenter.org
www.legalaidhawaii.org
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