

Tiered Rent

Frequently Asked Questions

Tiered Rent

Q1. What is the Tiered Rent program?

Under the Tiered Rent program, a household is placed into a tier based on the household income. Households in any given tier all pay the same tiered rent amount. The monthly rent payment is set based on the income tier. Household income is reexamined once every three years, and the monthly rent payment is adjusted according to the tier the household's updated income falls into at that time.

Q2. What are the benefits of Tiered Rent to households in the program?

There are several benefits of Tiered Rent, including:

- When household income increases, those increases do not lead to an immediate increase in the monthly rent payment. Monthly rent payments are only adjusted after a regularly scheduled income reexamination (which takes place once every 3 years).
- Households only have to provide income information once every three years.

Q3. How are households protected from financial burden under Tiered Rent?

Households in the Tiered Rent program are protected by the hardship policy (see *Hardships* section below).

Q4. What is the Tiered Rent Demonstration?

The U.S. Department of Housing and Urban Development, Office of Policy Development and Research (HUD) is sponsoring a study to learn about how the Tiered Rent policy affects households. MDRC, a nonprofit research organization, and its consultants are conducting this study.

Q5. How did my household become a part of the Tiered Rent program?

Households are chosen to be a part of the Tiered Rent program by random selection.

Q6. How long will I have to be in the Tiered Rent program?

The Tiered Rent policy is being tested for six years. Tiered Rent households will have a minimum of two Triennial Income Reexaminations—one now and another one three years from now.

Monthly rent payments

Q7. How will my monthly rent payment be set?

Under Tiered Rent, a set of 'tiers' represent different income ranges, and each tier has a corresponding monthly rent payment. A household's monthly rent payment is set based on which tier the household's income falls into. Every household in the same tier has the same monthly rent payment. For example, all households with income between \$0 and \$2,499 will be

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in the first tier and will pay the \$50 minimum rent. For the current Tiered Rent table go to AMHA's website at www.akronhousing.org/Moving-to-Work-MTW.html.

Q8. How often is my household's monthly rent payment updated?

Tiered Rent households have a regularly scheduled income reexamination once every three years. The household's monthly rent payment is adjusted based on the household's updated income. If the household's income has increased or decreased, such that it falls into a lower or higher tier, then the household's monthly rent payment is adjusted accordingly.

The monthly rent payment does not increase because of an increase in household income between the 3-year reexaminations.

Q9. What happens if my household income goes up?

Households' rent payments will not go up due to their income going up in between the 3-year income reexaminations. Tiered rent households will not need to report changes to their income between triennial reexaminations.

Q10. Will I still receive a utility reimbursement?

The Tiered Rent Program does not affect utility allowances.

Q11. I am an HCV participant. What happens if the rent the owner charges for my unit is above the payment standard?

If the rent the owner charges is above the payment standard, that difference would be added to the household's Tiered Rent to determine the monthly rent payment.

Q12. I am a resident of Public Housing. Will my monthly rent payment ever go above the rent I would pay for a similar unit on the private market?

For Public Housing residents, the Tiered Rent will never go above the amount you would pay for a similar unit in the local housing market, which is also called Flat Rent.

Household Income Calculations

Q13. What income is used to calculate my monthly rent payment?

For current households, the gross past income from a prior 12-month period is used to determine a household's Tiered Rent. For households newly receiving housing assistance, the household's gross current income is used for the first Tiered Rent certification. Then, the household's gross past income from a prior 12-month period is used to determine the Tiered Rent at the 3-year income reexamination.

Q14. Will my household income be adjusted for deductions or allowances?

No, income is not adjusted for deductions or allowances. However, if a household is facing a financial hardship because of annual childcare expenses that are more than \$2,500, or if you have 6 or more dependents in your household, you can request that those circumstances be

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considered when determining your tier. This could lower your monthly rent payment. (See section on *Hardships*).

Q15. What income documentation will I need to provide?

The documentation needed is different for households that are receiving housing assistance for the first time than for those that are recertifying their income.

- *For households that are newly receiving housing assistance:* current income has been calculated based on the information provided in the application.
- *For households that already receive housing assistance and are having an income reexamination:* Households need to provide 12-months of prior income documentation. At each Tiered Rent income reexamination, the household is provided with a recertification packet that lists acceptable documentation and the date range the documentation needs to cover.

Q16. How often will I have regularly scheduled income reexaminations?

Under Tiered Rent, households will only need to do an income reexamination to report updated income information once every three years. These are called triennial reexaminations. The monthly rent payment will not go up due to income increases between reexaminations.

Reporting on Changes

Q17. What if my household composition changes?

Households must report changes in who lives in the household (whether someone leaves the household or someone joins) between income reexaminations. If someone joins the household and the change results in an increase in household income, that increase will not affect the household's monthly rent payment until the next 3-year income reexamination. If someone leaves the household and the change results in a financial burden due to a decrease in income, the household can request a temporary hardship rent, which may result in a lower monthly rent payment.

Q18. What if my household income increases?

If household income goes up, there will not be any immediate change to the monthly rent payment. Tiered rent households will not need to report changes to their income between triennial reexaminations. The additional income will be included when determining the household income at the next 3-year income reexamination and could result in a higher monthly rent payment at that time.

Q19. What if my household income decreases?

Households do not need to report income decreases between the 3-year income reexaminations. However, if the household is facing a financial burden, the household may be eligible for a temporary hardship rent. (See *Hardships* section below).

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Hardships

Q20. What happens if I experience a financial hardship?

If a household experiences a financial hardship, the monthly rent payment can be temporarily lowered.

Q21. What qualifies as a hardship?

To be eligible for a Tiered Rent hardship, the household's current income must have dropped the household into a lower tier. Circumstances that could qualify the household include:

- The household has had a decrease in income and that decrease lowers the household income enough that it corresponds to a lower tier.
- The household has more than \$2,500 in eligible childcare costs and subtracting those expenses from current income drops the household into a lower tier.
- The household has 6 or more dependents and subtracting a \$1,200 large family deduction from current income drops the household into a lower tier.
- An adult household member (other than the head, co-head, or spouse) with earned income becomes a full-time student and subtracting all but \$480 from current income drops the household into a lower tier.

Other circumstances, such as the following, may be considered when determining hardship eligibility:

- The household has experienced a death in the household that causes a financial hardship.
- The household has experienced a sudden increase in expenses (such as funeral costs or medical bills) that causes a financial hardship.

Q22. How do I apply to have my rent reduced due to a financial hardship?

To request a hardship, the household must complete and submit a hardship request form and provide proof of all current household income. To submit a request, go to AMHA's website (www.akronhousing.org), click on Resources, and then click on Income Change/Hardship Form. If the hardship qualifies, then AMHA will process the request and it will be effective the first of the following month after the request was submitted.

Q23. What will my monthly rent payment be if I qualify for a hardship?

The temporary hardship rent is based on the tier that corresponds to the household's current income (minus any qualifying childcare expenses or large family deduction). Household current income must fall into a lower tier to qualify for all hardships with the exception of Other Circumstances. Households may qualify for additional hardship considerations based on other qualifying circumstances such as a death in the family. Hardships will last for 6-12 months depending on the reason for the hardship.

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Reason for Hardship (current household income must fall into a lower tier)	Length of Hardship
Temporary Decreased Income (unpaid leave, seasonal income – lasting more than 1 month up to 6 months)	6 Months
Decreased Income	12 Months
At least \$2,500 in qualifying childcare expenses	12 Months
Large Family (6 or more dependents)	12 Months
Newly Full-Time Student with earned income (not head, co-head, or spouse)	12 Months
Other Circumstances (such as significant increase in expenses like a large medical bill, death in the family, etc.) – income falling into a lower tier not required	6 Months

Q24. What happens when the period for my reduced hardship monthly rent payment ends?

When the temporary hardship rent period ends, the household's monthly rent payment will return to what it would have been if the hardship had never occurred. However, if the household is still experiencing a financial hardship, it can request an extension by completing a new hardship request form. There is no limit to the number of times a household may be granted a hardship.