



Understanding Tiered Rent

Everett Housing Authority
ver 2023.01

Tiered Rent?



Tiered Rent Fact Sheet

What is Tiered Rent?

The Tiered Rent policy uses income ranges known as “tiers” to determine a household’s monthly rent payment for a three-year period.

Tier 3	\$\$\$
Tier 2	\$\$
Tier 1	\$

Tiered Rent monthly payments are set based on the tier that the household’s income falls into



Prior income: The income used to determine a household’s tier is the household’s income from the prior 12 months (unless the household is newly receiving housing assistance).

Tiers: The income tiers are in blocks of \$2,500.

→ The lowest tier goes from \$0 to \$2,499. The next tier goes from \$2,500 to \$4,999. Tiers continue going up in blocks of \$2,500.

Monthly rent payment: Every household in the same tier has the same Tiered Rent monthly payment. Those in higher tiers pay more, those in lower tiers pay less.

→ For example, every household with income between \$2,500 and \$4,999 would be in the same tier and have the same Tiered Rent monthly payment.



Tiered Rent monthly payments do not go up for at least three years

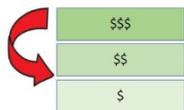


Income reexaminations: Only take place once every three years.

Between the 3-year reexaminations: Households do NOT need to report income changes and monthly rent payments will not go up due to household income changes.

→ Households must report changes in who lives in the unit (whether someone leaves the household or joins), but those changes do not affect the monthly rent payment.

At the next 3-year income reexamination: If a household’s income has increased or decreased enough to correspond with a higher or lower tier, then the household’s tiered rent would be set at that higher or lower tier for the next three years. However, if a household’s income has not changed enough to move it to a different tier, then the household’s Tiered Rent would not change.



Temporary reductions in monthly rent payments if the household experiences a financial hardship

Financial hardship: If, at any point, a household is experiencing a financial hardship, they can request a temporary reduction in their monthly payment by completing a hardship request form.

Reduced rent: If the household qualifies, their monthly payment can be lowered temporarily.

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 (to confirm continued eligibility) 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 learn about how the Tiered Rent policy affects households. MDRC, a nonprofit research organization, and its consultants is 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 makes the same monthly rent payment. For example, all households with income between \$0 and \$2,499 will be

Tiered Rent Frequently Asked Questions

in the first tier and will pay the \$50 minimum rent. For the current Tiered Rent table, visit <https://www.evha.org/mtw>

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 households' monthly rent payment is adjusted based on the household's updated income. If the household's income has increased or decreased, such that it corresponds to a lower or higher tier, then the household's monthly rent payment is adjusted accordingly. The monthly rent payment does not increase as a result of an increase in household income between the 3-year reexaminations.

Q9. What happens if my household income goes up?

Households do not need to report income changes in between the 3-year income reexaminations.

Q10. Will I still receive a utility reimbursement?

Utility allowances are not affected by the Stepped Rent program.

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?

A household's gross past income from a prior 12-month period is used to determine a household's Tiered Rent. However, if the household is newly receiving housing assistance, then the household's gross current income is used for the first Tiered Rent certification and the household's gross past income from a prior 12-month period is used to determine the monthly rent payment 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 as a result of annual childcare expenses that are more than \$2,500 per year, or if you are eligible for a dependent deduction by having 4 or more dependents, you can request a hardship that would lower your income tier. This could lower your monthly rent payment. (See section on *Hardships*).

Tiered Rent

Frequently Asked Questions

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. Households do not need to report increases in income during those three years and 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 reduction, which may result in a lower monthly rent payment.

Q18. What if my household income increases?

Households do not need to report income increases between the 3-year income reexaminations. If household income goes up there will not be any immediate change to the monthly rent payment. 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 but if the household is facing a financial burden, the household may be eligible for a temporary hardship rent. (See *Hardships* section below).

Hardships

Q20. What happens if I experience a financial hardship?

Tiered Rent Frequently Asked Questions

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 lead the household to qualify 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 4 or more dependents

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. To do so, submit a request in writing to your THRIVE Specialist via email, mail, or RentCafe, using the Change in Circumstance form. Once the housing agency receives a valid hardship request, your THRIVE Specialist will contact you with next steps.

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

The temporary hardship monthly rent payment is set based on the tier that corresponds to the household's current income (minus any qualifying childcare expenses). Households may qualify for additional hardship considerations based on other qualifying circumstances such as a death in the family. The hardship duration is set based on each household's circumstances.

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.