Tiered Rent Briefing/Orientation

Akron Metropolitan Housing Authority

- Thank you for joining us today to learn more about tiered rent.
- As you know, you have been randomly assigned to have your rent calculated using the new Tiered Rent rules. I want to take some time to explain the Tiered Rent program and help you understand how you can benefit from it.

Tiered Rent Table

Find your tier by comparing your household's annual income to the tier minimum and maximum

Tier	Tier Minimum	Tier Maximum	Tiered Rent
1	$0	$2,499	$50
2	$2,500	$4,999	$87
3	$5,000	$7,499	$146
4	$7,500	$9,999	$204
5	$10,000	$12,499	$262
6	$12,500	$14,999	$321
7	$15,000	$17,499	$379
8	$17,500	$19,999	$437

- Here is a portion of our tiered rent table.
- Households will be grouped into tiers based on annual income, and the rent will be fixed for each tier. Everyone in that tier, or group, will have the same rent portion.
- The rent in each tier is based on what's affordable in the middle of the tier. So the tiered rent might be slightly lower or higher than what you would pay under the standard rent rules, but it will still be affordable.
- For example ....

Tiered Rent Table

Example: A family with annual income of $8,000 would be in tier 4 and their tiered rent would be $204

Tier	Tier Minimum	Tier Maximum	Tiered Rent
1	$0	$2,499	$50
2	$2,500	$4,999	$87
3	$5,000	$7,499	$146
4	$7,500	$9,999	$204
5	$10,000	$12,499	$262
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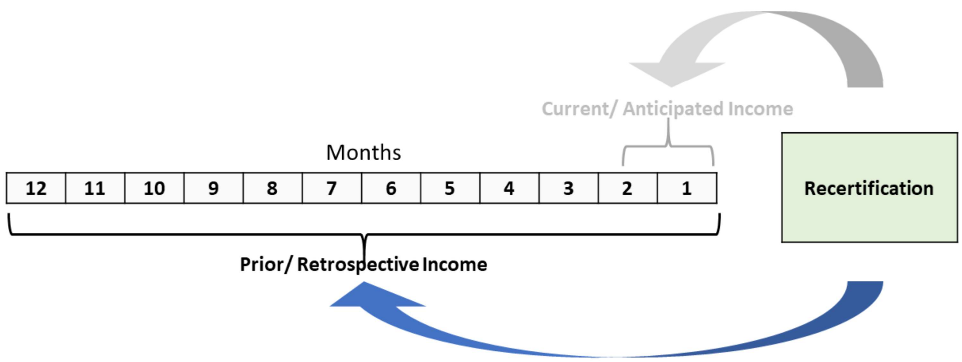
- If your annual income is $8,000, you would be in tier 4, which is for all households with income between $7,500 and $9,999.
- And your tiered rent would be $204.
- If your income changes just a little bit —like going up to $9,000—it won't affect your tiered rent because you will still be in the same tier and still pay $204.
- This is just a part of the tiered rent table. It keeps going up by $2,500 tiers to as high as we need it.

Tiered Rent Income

A household's income from a prior 12-month period is used to determine the Tiered Rent

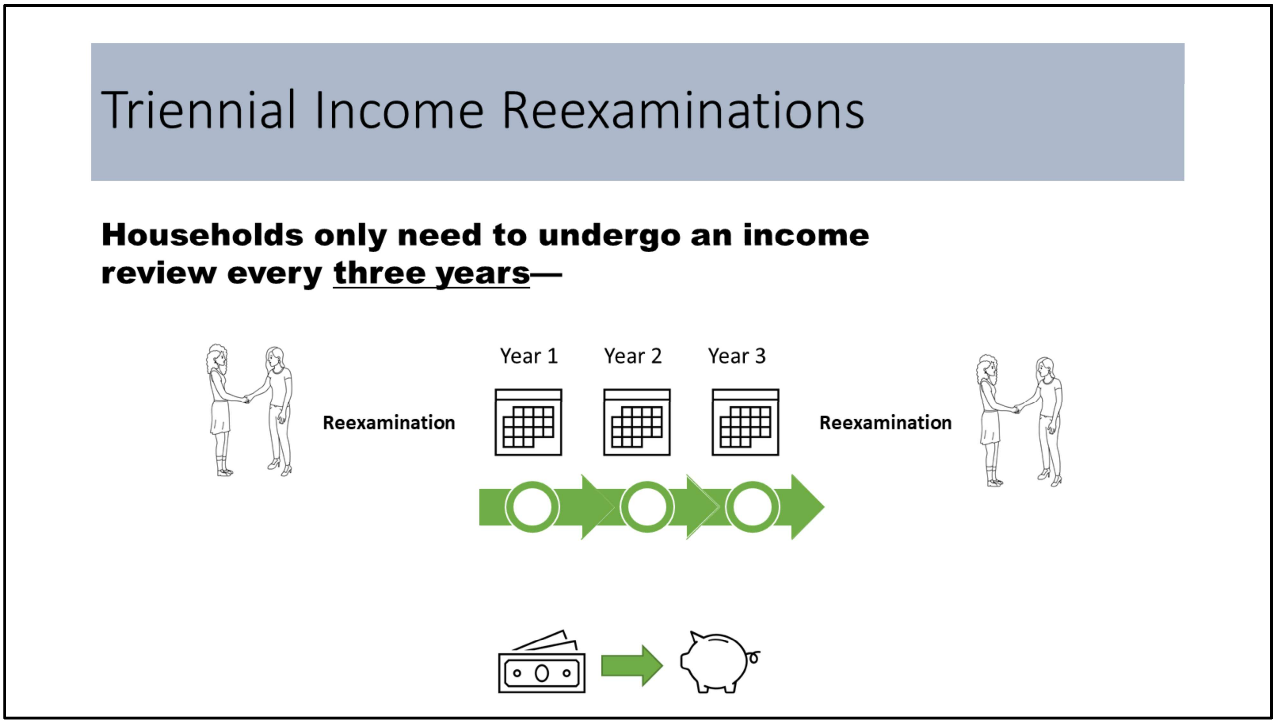


- Under the standard rent rules, we measure income based on a household's current situation: what they made over the last few months and expect to make in the next year. We call this a household's current/anticipated income.
- Under the new tiered rent, we will use current/anticipated income **only** if you are new to housing assistance or if you request a hardship, which we will go over later. The rest of the time, we will measure your income over a prior 12 month period. We call this "prior income" or "retrospective income." That means, the income you earned during those 12 months, even if you're not currently receiving it, will be calculated towards your future potential earnings. Research has suggested that looking at prior income will be more accurate. And since the tiered rent will be set for three years, we want to base it on the most accurate income information.
- Also for the tiered rent, we will not be using income deductions, like for dependents or for childcare that you may have had in the past. However, you may be able to get a hardship for these deductions, which we'll discuss later.

Prior/ Retrospective Income Documentation

- You will need to provide proof of income for a prior 12-month period
- Review your appointment letter for a list of what documents you will need to provide
- False or unreported income will be corrected and may cause an increase in your rent portion

- Because the tiered rent will be based on prior retrospective income, you will need to provide documentation of your income for a prior 12-month period leading up to your income reexamination.
- We will tell you exactly which dates to use for the 12-month period because it is not a straight calendar year.
- Your appointment letter will explain exactly what documents you'll need to provide for this period.
- As always, if you report inaccurate information about your income, we will correct your rent and may require a repayment.

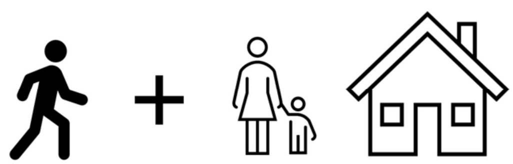


- Another change with tiered rent is that you will no longer have an annual income review.
- Under the new tiered rent we will only review your income every **three years**, which is a triennial reexamination.
- During that three year period between reexaminations, your rent **will not increase due to your income going up**—so you will get to save that extra income.
- If your income goes down during the three years, you can get a temporary rent reduction, which we call a hardship. We'll talk more about hardships later.
- In three years, when you have your next triennial reexamination, we will check your income and update your tiered rent.
- If your income is higher or lower by a little bit, but not enough to change to a different tier, then your tiered rent would not change.

Household Composition Changes

Households must report changes in who lives in the unit (whether someone leaves or joins the household)

But those changes do not affect the monthly rent payment until the next triennial reexamination



- As a reminder, you are still required to report changes in household members – if someone moves in or out – but your rent would continue to stay the same until your next triennial reexamination.

Tiered Rent Example

2023 – Year 1

Household Income =

$8,000

Tiered Rent
Monthly Payment =

$204

Tier	Tier Minimum	Tier Maximum	Tiered Rent
1	$0	$2,499	$50
2	$2,500	$4,999	$87
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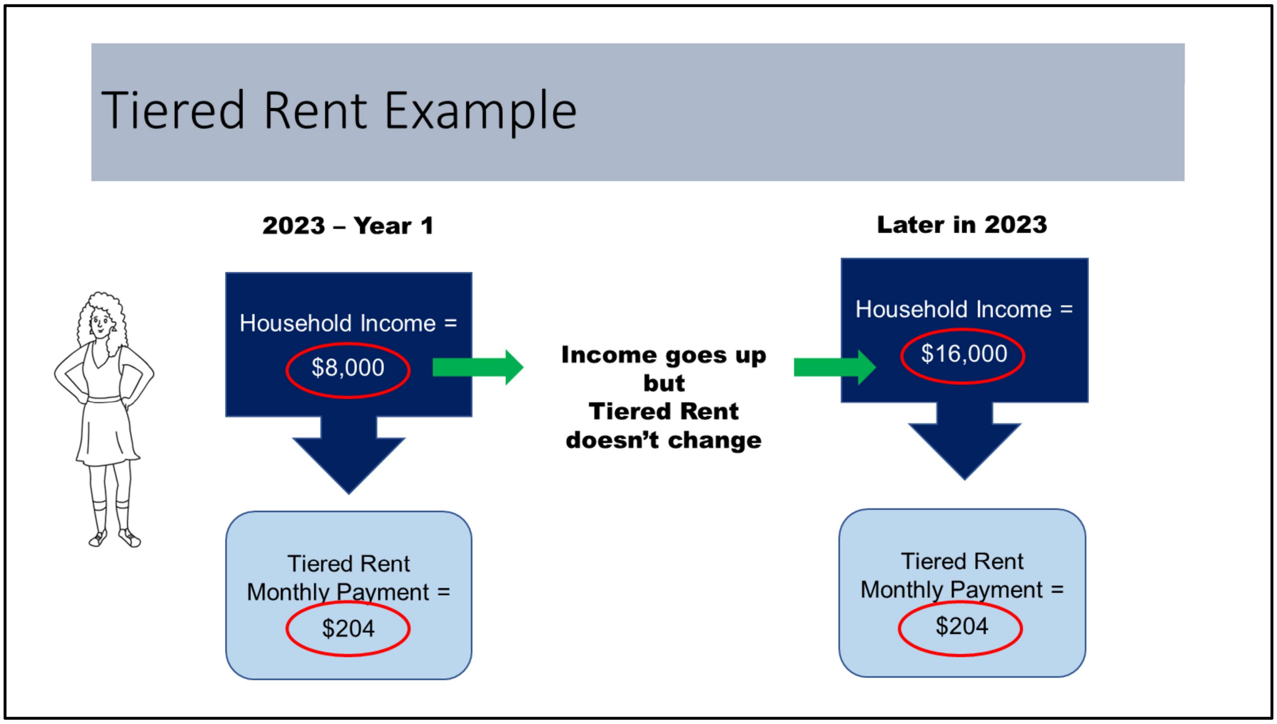
- Here is an example of a household under the new tiered rent.
- Carla starts the tiered rent program in 2023. Her income is $8,000, so her tiered rent is $204.
- Her next triennial reexamination will be in 2026. Her tiered rent will stay at $204 until then.



- A few months later, she gets a new job and her income goes up to $16,000. Even though her income has gone up, her rent does not change until her next triennial reexamination in 2026.

Tiered Rent Example

2026 – Triennial Reexamination

Household Income =

$16,000

Tiered Rent Monthly Payment =

$379

Tier	Tier Minimum	Tier Maximum	Tiered Rent
1	$0	$2,499	$50
2	$2,500	$4,999	$87
3	$5,000	$7,499	$146
4	$7,500	$9,999	$204
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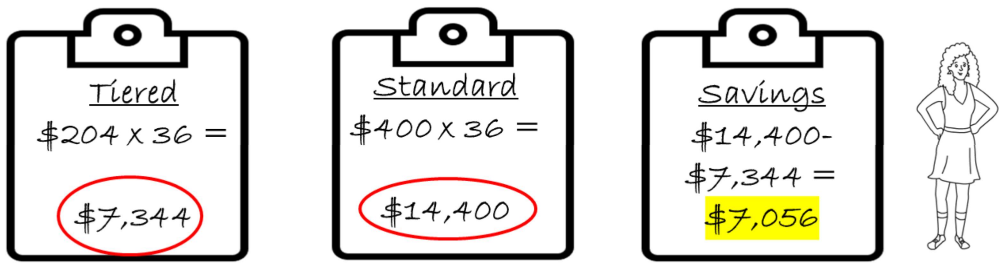
- In 2026, Carla has her next triennial reexamination. Her income is still $16,000. She is now in a new tier, and her tiered rent will go to $379.

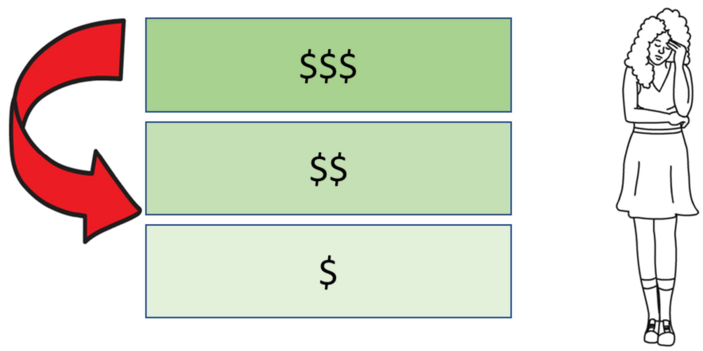
Tiered Rent Benefit



- The tiered rent will be great for you if your income goes up. Especially if your income goes up early in the three-year period between income reviews.
- Under the new Tiered Rent, Carla will pay a total of $7,344 over three years.
- Under the old standard rent rules, Carla's rent would have gone up when she got the new job, and she would have paid $14,400 over three years.

- Thanks to the Tiered Rent, Carla saves about <u>**$7,000**</u> over three years, compared to the standard rent rules.

Hardships



- The tiered rent can work out great if your income goes up. But what if your income goes down? Or something else happens and you're struggling with the tiered rent? You can request a temporary rent reduction called a hardship.

Hardship Eligibility

Tiered Rent households may request a temporary hardship rent reduction if:

→ Current income drops the household into a lower tier

→ Childcare costs are $2,500 or more annually

→ The household has 6 or more dependents

→ An adult in the household has income from a job *and* becomes a full-time student (not head, co-head, or spouse)

AMHA will consider hardship requests for other reasons, such as a death in the family or a sudden increase in expenses.

- The main reason for a hardship rent will probably be due to your income going down. You lose your job, or your hours are cut back. If your income goes down enough to be in a lower tier, you can get a rent reduction.
- You can also get a hardship rent reduction if you have more than $2,500 in eligible childcare costs. We will subtract your childcare expenses from your income and give you a new temporary tiered rent.
- If you have 6 or more dependents in your household, you may also qualify for a hardship rent.
- Finally, we will consider hardship rent reductions for other circumstances, such as a death in the family. If you’re struggling under the tiered rent, you should contact AMHA to discuss your options.

Requesting a Hardship

To request a hardship, you must submit a hardship request form:

→ Go to www.akronhousing.org

→Resources

→Income Change/Hardship Form

Once AMHA receives a valid hardship request, we will review it and send you a letter with your new rent or reason why your request was denied.

- All hardship requests can be made through our website by clicking on Resources and then picking the Income Change/Hardship Form.
- You must attach proof of your hardship and proof of all current income in your household.
- When we receive a hardship request, we will review it and then send you a letter with your new tiered rent portion or explaining why you were not eligible for a hardship.

Temporary Hardship Rent Reductions

- Hardship rent will be set based on current income (minus qualifying deductions)
- The temporary hardship rent will last for 6-12 months
- When the hardship ends, you will automatically go back to the normal (non-hardship) Tiered Rent
- Hardships can be extended if you still qualify

- If you are eligible for a hardship, your rent will go down to the new lower tier where your income falls.
- Hardship rents are temporary and will last only 6-12 months.
- When the hardship ends, your rent will automatically go back to the normal tiered rent until your next triennial reexamination.
- **However, hardships can be extended, if needed, by completing a new hardship request form.**
- If you are approved for a hardship rent, and then your income increases during that time, **your hardship** will not end early.
- We hope that the hardship gives you a chance to get your income back up to where it was, so you can resume the tiered rent. But if that doesn't work—if you lose your job and can't get another one—you can ask to have the hardship rent extended.

Hardship Rent Example #1

January 2023

Household Income = $8,000

Tiered Rent Monthly Payment = $204

Tier	Tier Minimum	Tier Maximum	Tiered Rent
1	$0	$2,499	$50
2	$2,500	$4,999	$87
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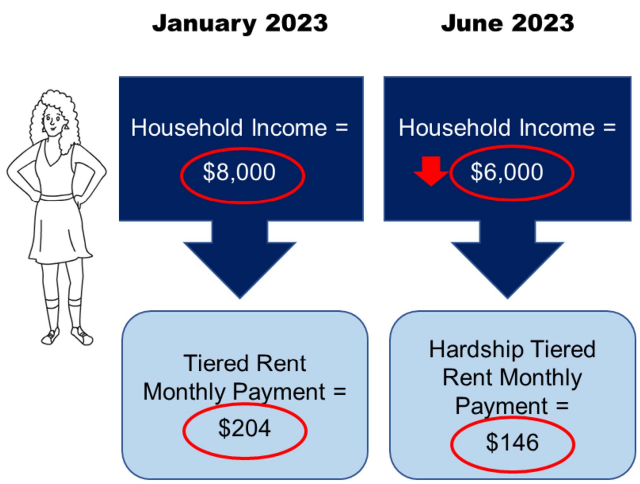
- Here is an example of a hardship situation
- Carla starts the tiered rent in January 2023.
- Her income is **$8,000** and her tiered rent is **$204**.

Hardship Rent Example #1



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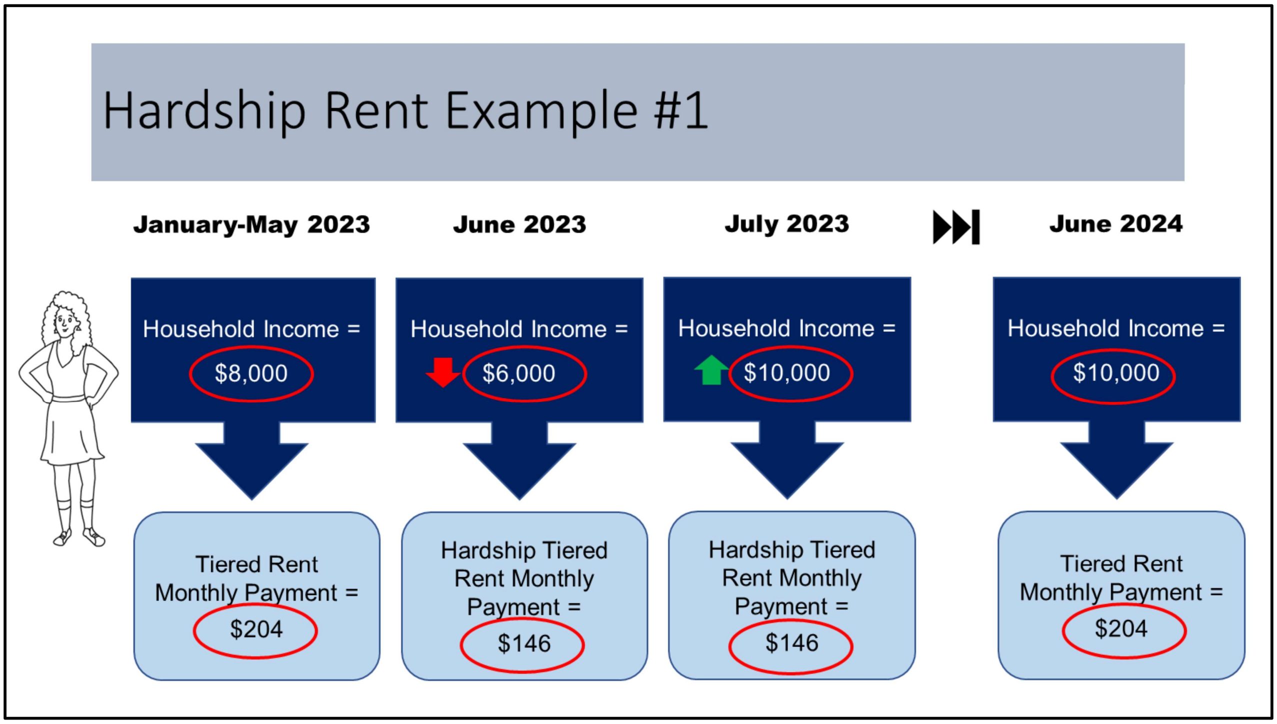
- In June 2023, her hours get cut back at work.
- She requests a hardship and AMHA determines that her **current income** is $6,000.
- This places her in a lower tier, tier 3. AMHA sets her hardship rent at **$146 for 12 months**.



- Carla gets her hardship rent, but then a month later she gets a new job and her income goes up to $10,000.
- Her hardship will continue as planned and her rent will not go up until the hardship is over.
- But when the hardship expires, her rent will go back to the $204 of tiered rent she was paying before the hardship even though her income is now higher.
- The rent then stays at $204 until her next triennial reexamination.

Hardship Rent Example #2

May 2023

Household Income = $9,500

Tiered Rent Monthly Payment = $204

Tier	Tier Minimum	Tier Maximum	Tiered Rent
1	$0	$2,499	$50
2	$2,500	$4,999	$87
3	$5,000	$7,499	$146
4	$7,500	$9,999	$204
5	$10,000	$12,499	$262
6	$12,500	$14,999	$321
7	$15,000	$17,499	$379
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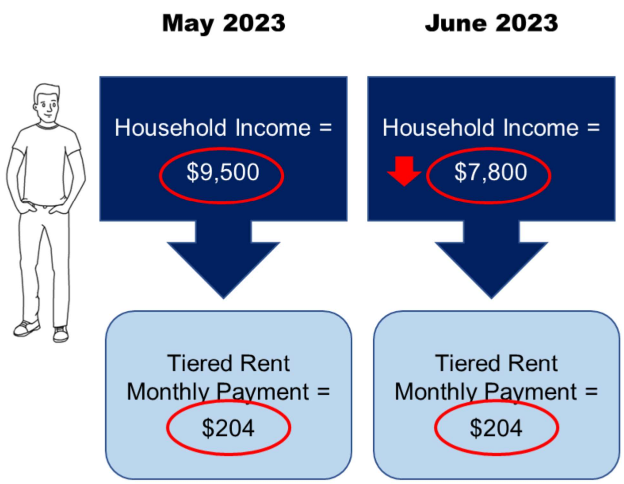
- Here's an example of someone requesting a hardship but **not** getting it approved.
- James has $9,500 in annual income when he starts the tiered rent. He is in the same tier as Carla and pays a tiered rent of $204.

Hardship Rent Example #2



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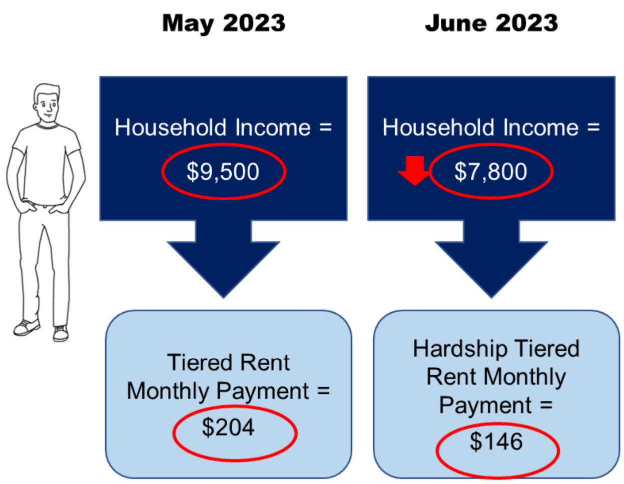
- Then, he loses some shifts at work, and his income drops to $7,800 per year.
- He requests a hardship, but AMHA determines that the loss of income doesn't change his tier. $9,500 and $7,800 are both in Tier 4. So, his hardship request is not approved.

Hardship Rent Example #3



$2,520 Childcare costs

Tier	Tier Minimum	Tier Maximum	Tiered Rent
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- Now let's look at one final example with James again. But this time, let's say that he also had to start paying for childcare.
- So in addition to having lower income, he is also paying $210 per month for childcare, which is $2,520 for the year.
- Since James has at least $2,500 in qualifying childcare costs, AMHA deducts that from his household income.
- Current income ($7,800) minus the childcare expenses of $2,520 puts him at $5,280 of income, which is in tier 3, one tier lower.
- Therefore James qualifies for a temporary hardship rent of $146 for 12 months.
- Near the end of the 12 month hardship, AMHA notifies James that his monthly rent payment will return to $204.
- But his financial situation has not changed and James requests an extension.
- He provides proof that his income and childcare expenses are the same. AMHA then approves the hardship rent for another 12 months.

Six Year Pilot Period

- The Tiered Rent policy is being tested for **six years**
- Tiered Rent households will have at least two Triennial Reexaminations—one now and another one three years from now

This tiered rent policy is new. For now, it's only available to some households, so we can see how well it works. Our plan is to test the policy for six years. After the six years are over, we may expand tiered rent to more households if it has worked well or we may go back to how your rent was calculated before. Your housing assistance will continue either way and we will notify you if the way we calculate your rent changes.

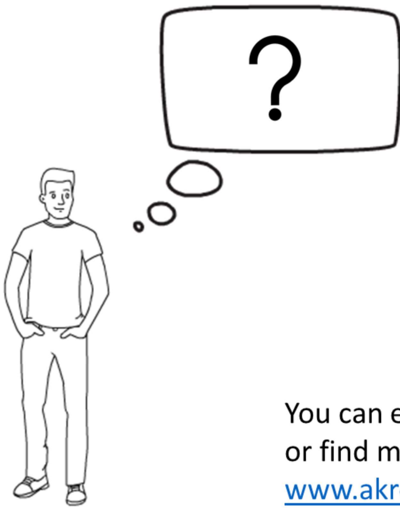
HUD's research office is working with us on this project and they will be keeping a close eye on this program.

Summary of Tiered Rent

- We will use your prior year income
- Your income will determine your rent based on the tiered rent table
- Your rent will not increase for the next three years, even if your income increases
- You should request a hardship rent reduction if your income goes down by a lot or you have other financial challenges

We have covered a lot of information, so, to recap:

- We will measure your income over the prior year, and use that to determine your tiered rent.
- Your rent will not increase for the next three years, even if your income increases.
- If your income goes down or you have other financial challenges, you can request a hardship rent reduction.



Questions

You can email questions to MTW@akronhousing.org
or find more information on our website at
www.akronhousing.org/pages/Moving-To-Work-MTW.html

- If you have a question about tiered rent, please explore our website, contact your specialist, or email us at MTW@akronhousing.org.