

MTW Research Advisory Committee meeting – January 25, 2018

Examples of tiered and stepped rents.

Tiered Rents

Cambridge Housing Authority (CHA) has established income bands of \$2,500 and sets rents at the low end of each range (minus a utility allowance).

The Housing Authority of San Mateo County has a similar structure, under which income bands are based on specific dollar amounts. The lowest tier goes from \$0 to \$1,999 and all subsequent tiers increase in increments of \$3,000. Within each tier, rents vary by bedroom size.

The Housing Authority of Champaign County uses area median income to set the tiers, using an increment of 5% of AMI. Within each tier, the rent is set to be affordable at the mid-point of the tier and utility allowances are eliminated. Champaign County has an FY 2017 AMI of \$69,500 for a family of four, so the 5% AMI increments are approximately \$3,500.

It appears to be uncommon among existing MTW PHAs to create tiers wider than \$5,000 or 5% of AMI.

Stepped Rents

Keene Housing has established a three step subsidy structure for all work-able households and interested elderly or disabled adults. In the first two years of participation, households pay a rent of 20% of gross income. In the third year, they receive a subsidy of 65% of the voucher payment standard (with their rent equaling the remainder). In the fourth year the subsidy decreases further to 45% of the payment standard. If a household experiences a rent burden greater than 45%, it can apply for a hardship (known as the “safety net”); on a month-to-month basis their rent would be reduced to the amount they could afford (at 30% of income).

The Alaska Housing Finance Corporation has implemented a stepped rent for all work-able public housing and HCV households. In year 1, rent is based on 28.5% of gross income (or a \$100 minimum rent). Beginning in year 2, the rent steps up (or subsidy steps down) in increments of 10%. For public housing the households rent contribution goes up (40%, 50%, 60%, 70% of contract rent). On the voucher side HAP decreases per year (60%, 50%, 40%, 30% of local payment standard). Upon implementing this program, the FSS program was made available to all participating in the stepped rent program.