

Rent Reform and Services

September 2020

Helping families become more self-sufficient is one of the statutory objectives of the Moving to Work (MTW) demonstration program. To help achieve this goal, MTW agencies have implemented various rent reform activities. Innovative rent calculation policies, often coupled with supportive services, can encourage self-sufficiency.

In the traditional public housing or voucher program a family's rent payment is a percentage of household income. Assisted families may feel that earning more money is not beneficial because increased income means increased rent. This can create a barrier to self-sufficiency. MTW agencies can remove this barrier by implementing a rent reform policy that decouples household income from rent calculations, or one that alters rent increases in some way.

Tiered Rent is a rent reform policy based on income bands. This activity groups households into income tiers with accompanying income bands. The amount households pay in rent is fixed within these income bands. For example, families with incomes between \$2,500 and \$4,999 contribute \$94 in rent. While this activity bases household rent contributions on income, income increases within a tier does not affect the household's rent contribution.

A Stepped Rent policy separates household income from the rent calculation. This policy starts rents at a relatively low level. Rents increase annually by a percentage determined by the agency (e.g. 3 percent). Agencies may set rent steps as a percentage of the FMR adjusted by number of bedrooms. In addition to removing the "rent tax" on increased household income, implementation of this rent policy may cause families to be motivated to increase household earnings in anticipation of the annual rent increase.

Many agencies couple rent reform activities with services. These services may include case management, credit counseling, job skills training, and life coaching. These services are especially important for families in a Stepped Rent program because the activity could be structured to have families eventually pay market rents.

Authorizations

MTW Agencies Operating under the MTW Operations Notice:

1.a-1.b – Tiered Rent

17.b – Local, Non-Traditional Service Provision

Legacy Agencies under Attachment C of the Standard Agreement

C.11 – Rent Policies and Term Limits

D.2.a – Operational Policies and Procedures

MTW Agreement and PIH Notice 2011-45