WASHINGTON COUNTY
OREGON

2022 MTW ACTIVITIES

HOUSING AUTHORITY OF WASHINGTON COUNTY

CONTENTS

Please note: This document provides an overview of the planned activities for this year. To view the full information submitted to HUD for each of these waivers, please view the [50075-MTW here].

WHAT IS MOVING TO WORK (MTW)?

Moving to Work (MTW) is a HUD program that gives housing authorities flexibility around certain federal rules and regulations and allows the agency to implement local solutions. The Housing Authority of Washington County (HAWC) was selected for MTW status in May 2021. Our agreement is for participation for 20 years. This is our first submission of proposed MTW activities.

The MTW program provides the Housing Authority of Washington County with a unique opportunity to design and test innovative, locally designed housing and self-sufficiency strategies for serving low-income families. MTW agencies have greater flexibility to administer their public housing and Housing Choice Voucher programs with policies that can address local needs and that allow the housing authority to utilize restricted funds in creative ways.

What are MTW Activities?
The Housing Authority will use our MTW flexibility by creating locally designed MTW activities. These MTW activities are ways the agency will propose to operate differently than standard federal regulation, in an effort to create strategies that best fit our local needs. MTW activities will be shared with the community, with our Housing Advisory Committee and with our Housing Authority Board of Directors to solicit feedback on changes before plans are submitted to HUD for approval.

The Moving to Work program has three statutory objectives: 1) increase affordable housing choices, 2) increase cost effectiveness, and/or 3) promote self-sufficiency. Each MTW activity will be designed to meet one or more of these statutory objectives.

How will MTW affect program participants and the community?
One of the goals of the MTW program is to increase affordable housing. HAWC will review a variety of options available using its MTW flexibility to provide more affordable housing in the County with creative funding solutions.

Each year, HAWC may adopt new MTW activities that may impact our residents and participants, depending on the policy change and the family's circumstances. Before adopting new activities, HAWC will hold public meetings and community discussions, to solicit feedback on the proposed changes.

Per the terms of our MTW agreement, HAWC will implement a tiered rent program to simplify the way rents are calculated for households. This is part of a rent study and will only apply to a portion of our households. More information about the tiered rent program can be found on page 4.

LONG-TERM MTW GOALS

The Housing Authority of Washington County (HAWC) is framing our MTW strategies to align with the goals stated in our Agency Plan: 1) Increase the availability of decent safe, and affordable housing; 2) improve community quality of life and economic vitality; 3) promote self-sufficiency and asset development of families and individuals; and 4) ensure equal opportunity in housing for all Americans. The flexibility offered by the MTW program enables HAWC to implement and test strategies that move the agency closer to these goals.

Throughout our participation as an MTW agency, HAWC will explore strategies for cost reduction and effectiveness. We will shift focus from paperwork and verifications to improving household outcomes. With the innovation and flexibility offered by MTW participation, we will encourage our staff and community partners to think outside the box and find ways to improve and streamline processes.

HAWC will also build on our efforts to partner and create leverage points for both services and housing development. We will think creatively on how to increase the number of units available to our low-income households, while also entering into partnerships that will help our residents improve their opportunities in education, increasing their earnings and meeting goals for their families.

HAWC is committed to centering equity and inclusion in the work we do, to include policies or processes that are considered or changed within the scope of MTW. We will examine practices with a lens toward equity, and engage our households and community partners, with specific outreach to communities of color and tribal communities that have often been excluded from the decision-making process.

SHORT-TERM MTW GOALS

In our first year as an MTW agency, HAWC is focusing on strategies for cost reduction and administrative effectiveness. Our community has experienced significant instability and change in the last two years, and our focus on simplifying processes for the agency and for households will bring better understanding and transparency to our work.

For example, in Year 1 we are proposing to move seniors and people with disabilities to a triennial review schedule, and to vastly simplify aspects of the rent calculation. These changes will save significant staff time by reducing the number of reexaminations and verifications that need to be performed, allowing HAWC to redirect its staff and resources into activities that hold a higher value for its participants. In a time when many of our households need even more supports than usual, we can take advantage of the administrative savings to connect low-income families to services and to collaborate with public and private partners on local initiatives.

We will also implement the Tiered Rent Program demonstration this year. We are hopeful that families who are selected for this program will see an opportunity to increase earnings and decrease paperwork burdens, through the tiered rent schedule and triennial reviews. We look forward to learning from this six-year demonstration and building a future rent calculation that works well for all of our families.

2022 MTW ACTIVITY DETAILS

1. TIERED RENT PROGRAM

As part of our MTW agreement, HAWC will implement a tiered rent program to simplify the way rents are calculated for households. This is part of a rent study with three other MTW agencies and will only apply to a small portion of our households. The initial program is for six years and will begin enrolling households in FY 2022-2023. After six years, any participating households will transition back to the traditional rent calculation or to a revised calculation that would be introduced to the community in the future.

The goals of the Tiered Rent Program are to create a rent structure that is easier for households to understand (and for staff to administer), and to give households time between rent increases so that they can increase their earned income and savings.

Eligible Households
Only households who are work-able are considered eligible for the Tiered Rent Program. Households where the head, co-head or spouse is age 56 or older or a person with disabilities are not eligible. The following households may also be excluded from the Tiered Rent Program:

- Current FSS Participants
- Flat rent households
- $0 HAP households
- Mainstream vouchers
- Homeownership vouchers
- FYI vouchers
- Mixed eligibility families
- Jobs Plus properties
- Pending SSI/SSDI applications
- Households receiving EID
- VASH, EHV, TPV vouchers
- Port-outs

Households that are not eligible for the Tiered Rent Program will continue to have their rents calculated using 30% of adjusted income.

Current households and newly admitted households will be selected randomly for participation by the research firm's website. Of the households that are eligible, half will be selected for the Tiered Rent calculation and half will be selected as comparison households. Comparison households will continue to have their rents calculated using the standard calculation.

Tiered Rent Calculation
In using the tiered rent calculation, the tenant's portion of the rent will be determined using a tiered rent schedule, based on the household's gross retrospective (prior year) income (without deductions or expenses). The tiered rent schedule is based on income sets of $2,500, with rents set at 28% of the midpoint of each tier. Your total rent payment will be based on the household's income tier. If you pay utility allowances directly to the utility provider, the utility allowance will be deducted from your rent payment. In the voucher program, as long as the contract rent is less than the payment standard, this will be your portion of the rent. See page 14 for the tiered rent table and an example of how rent is calculated.

- Childcare Expenses – Affordable childcare enables adults in the household to work and pursue education. If your household childcare expenses are more than $2,500 a year, HAWC will continue to deduct that expense from your income, before finding your rent tier. Under the Tiered Rent Program policy, this is considered a "hardship", renewable on an annual basis.
- Larger Households – Removing the dependent deduction from the rent calculation has a bigger effect on households with more children. To protect the stability of these households, HAWC is implementing a hardship policy that caps the rent increase due to program change, for households with 5 or more dependents. More information about this can be found on page 20.

Triennial Recertifications

Households that are selected for the Tiered Rent Program will move to a triennial recertification schedule. This means that these households will only complete a full review of retrospective income and rent adjustment once every three years. Households on the Tiered Rent Program who have an increase in income will <u>not</u> need to report that increase in income between their triennial reviews, and will stay on the same rent payment amount until their next full review. In the case where a household has a loss of income, they may apply for a hardship consideration to adjust their rent to a lower tier.

How will this affect my rent?

The majority (70%) of eligible households will see their rent decrease or no change at all. The remaining households will see rent increases ranging from $5 to $62 per month, with most people falling in the range of $5 to $30. Households may see an initial increase in rent when transitioning to the Tiered Rent Program, but will have the opportunity to increase earnings over the next three years without a corresponding increase in rent before their next review.

Page 16 presents more detailed information about the projected impacts on households. We cannot calculate a household's exact rent change before the program begins, but a hardship policy has been established to help households remain stably housed (page 20).

What if I'm not selected or not eligible?

Households that are not selected or eligible for the Tiered Rent Program will continue to have their rents calculated at 30% of adjusted income with regular annual reviews. However, we are proposing additional MTW activities to simplify rent calculation and to reduce intrusiveness for all households. For seniors and people with disabilities, we are proposing to hold reviews every three years, instead of annually (see page 8). For all households, we are simplifying the rent calculation as it relates to assets, medical expenses, the Earned Income Disallowance, and the mixed-eligibility proration (see page 6).

As we implement the Tiered Rent Program, HAWC will be able to learn what works well and propose additional changes for all households in the future.

2. SIMPLIFIED RENT CALCULATION

HAWC is using our MTW flexibility to simplify a number of aspects used to calculate rent for our residents and participants. The standard rent calculation is complicated to understand, and also time consuming for staff to administer. HAWC believes these steps will help clarify the rent calculation and bring efficiencies to staff:

Income Verification: HAWC is proposing a slight change to the steps of income verification for current households. HAWC will continue to use Enterprise Income Verification (EIV) and other Upfront Income Verification (UIV) tools as the first, preferred verification technique. Use of EIV is mandatory. The next level will be tenant-provided documents (including pay stubs) and tenant self-certification. The lowest ranking verification techniques will be third-party verification (written or oral).

This waiver will help reduce cost and streamline processes in verifying income during the reexamination process. In HAWC's experience, tenant-provided documents and tenant self-certification has been an efficient method of verifying income, when partnered with EIV and UIV.

Impact Analysis
This activity will primarily result in administrative efficiency, and should not have any monetary impact on households.

Calculation of Asset Income: The calculation of asset income and how it affects a household's rent is often arduous and confusing. Across 2,256 households currently reporting assets, the average annual impact on household rent is $3.56 per household, per year. The staff time required to collect, verify and calculate asset information is of significant more cost than this.

HAWC is requesting an Agency Specific Waiver to change the way assets are used to calculate rent. Asset information will still be collected and verified at initial eligibility. However, HAWC will disregard all assets when total assets for the household are less than $100,000. HAWC will not include asset or asset income in the rent calculation, or enter the information into Yardi, if total assets are less than $100,000 as indicated in the personal declaration packet. If assets are $100,000 or more, HAWC will continue to process assets and calculate the impact on rent as usual.

Out of 2,256 households currently reporting assets, only 21 households (or 1%) have assets of $100,000 or more. The total impact of those assets represents 65% of the difference in final rent calculations across the agency. Continuing to include assets of $100,000 or more will ensure that households with significant asset income use a portion of that income toward their rent.

Impact Analysis
This activity has no impact or a very small impact for the majority of households with assets of less than $100,000. (Current process remains in place for households with assets totaling $100,000 or more.)

2,235 Households with assets $1 - $99,999

		Rent Decrease	
Rent Increase	No change	$1-$10	More than $10
0 households	2,073 households	158 households	4 households

Medical/Disability Expense Deduction: HAWC is requesting MTW flexibility to simplify the calculation of the medical or disability expense deduction, the process of verifying expenses, and how those expenses will impact a household's rent.

HAWC will use a simplified table (below) to calculate allowances related to a household's medical or disability expenses. We will no longer use a varying medical or disability expense threshold for households. In essence, we will take the full amount of the household's expense and round down to the nearest $1,000 to calculate their deduction. Only medical or disability expenses totaling $1,500 or more per year are eligible.

Medical / Disability expense	**Deduction**		**Medical / Disability expense**	**Deduction**
$0 - $1,500	$0		$5,000 - $5,999	$5,000
$1,500 - $1,999	$1,000		$6,000 - $6,999	$6,000
$2,000 - $2,999	$2,000		$7,000 - $7,999	$7,000
$3,000 - $3,999	$3,000		$8,000 - $8,999	$8,000
$4,000 - $4,999	$4,000		$9,000 - $9,999	$9,000

Medical /disability expense information can only be submitted once every 12 months. Interim reviews will not recalculate medical expenses. Households will submit medical expense information via a form. For expenses totaling less than $5,000, HAWC will use tenant self-certification. Receipts will be required for expenses totaling $5,000 or more.

Impact Analysis

Of the 492 households who currently report medical/disability expenses, the majority will see no change or very little change in their monthly rent due to this activity.

492 Households with reported medical/disability expenses

Rent Increase				Rent Decrease		
$21+	$11-20	$1-10	No change	$1-$10	$11-$20	$21+
6	51	172	177	52	29	5

The largest increase in monthly rent is $28. The largest decrease in monthly rent is $44.

Earned Income Disallowance (EID): HUD has published proposed rules indicating that the Earned Income Disregard (EID) program will be discontinued. In anticipation, HAWC is proposing an end to our program and to stop enrolling new households into EID as of August 1, 2022. In accordance with the proposed HUD rules, HAWC will allow current EID participants to continue to receive the benefit until the end of their benefit timeframe, or on July 31, 2023 (whichever is sooner).

The current EID program allows some households to disregard income when calculating rent. However, the program is complicated to administer, with a number of different rules related to the calculation and the timeline. Because HUD has indicated the intention to end the program, HAWC is seeking a waiver to discontinue enrollment at this time, providing more time for phasing out the program and exploring other options for supporting households that are increasing their income.

Impact Analysis
Because current households will be allowed to finish out the majority of their planned benefit, HAWC expects minimal impact to households.

Proration of Assistance for Mixed-Eligibility Households:
HAWC is proposing a simplified calculation for rent reduction for households that include a member who does not have eligible citizenship status, called "mixed-eligibility households". The current proration method for reducing assistance to mixed-eligibility households is very complicated, and impacts smaller households and lower income households on a greater scope. The current impact on households varies between $0 and more than $500 in increased monthly rent.

HAWC is proposing a standard subsidy reduction of $100 to any mixed-eligibility household, regardless of the number of non-eligible citizens in the household. There are currently 46 mixed-eligibility households in our programs – of those, 42 have one non-eligible member and 2 have two non-eligible members. Applying a standard subsidy reduction of $100 to all households is a more equitable method and will be easier for staff to calculate and for households to understand.

Impact Analysis
HAWC anticipates approximately $110,000 in decreased public housing rent and/or increased voucher HAP costs per year. After careful consideration, HAWC feels that this cost is worth the value of reduced staff time spent on the calculation, reduced errors, an increase in client understanding, and equitable impact across mixed-eligibility households.

Of the 46 mixed-eligibility households, the majority will see a reduction in rent costs due to this activity. Only 5 households will see a rent increase.

Rent Increase		Rent Decrease				
$1-$100	No Change	$1-$100	$101-$200	$201-$300	$301-400	$401+
5	2	9	7	10	10	3

The largest increase in monthly rent is $100. The largest decrease in monthly rent is $887.

3. TRIENNIAL REVIEWS
HAWC is implementing a triennial review schedule for seniors and people with disabilities. The triennial review schedule will be applied to households with at least one fixed income source, and where all

adults in the households are seniors or people with disabilities. (At this time, both factors must apply for households to qualify for triennial reviews.)

Because this subset of our community is frequently on fixed incomes, they do not see significant rent changes from year to year. Annual reviews can be burdensome for these households. Instead, HAWC will only do a full review for these households once every three years. In 2022, households will be assigned their next review in either 2022, 2023 or 2024, and will not have another regular review for three years after. Households do not need to report changes in income between triennial reviews, unless they have a loss of income and are seeking rent reduction.

HAWC will still update COLA, payment standards, utility allowances and run EIV every year, send rent notice and informational letters to the household reminding them that they're on a triennial review, as well as a reminder to update medical expenses within 30 days if applicable.

If a household where all adults in the household are seniors or people with disabilities is zero income, they will be on a six-month review cycle. The goal of these six-month reviews will be to connect households with services or organizations who can help the household through the process of confirming SSI or SSDI income.

Impact Analysis
Analysis shows that this activity will be relatively cost neutral in impact on rents, as most of the eligible households do not see significant rent changes year to year. This will be a cost savings to the agency, as staff will have a reduced number of annual reviews to complete each year. After review of the time spent on a typical annual recertification, HAWC projects approximately 900 hours in time savings per year, due to shifting these households to a triennial recertification schedule.

4. HQS INSPECTION PROCESSES

<u>Moving On Program</u>
Moving On enables individuals and families who are able and want to move from permanent supportive housing (PSH) to do so by providing mainstream housing options, like public housing units or rent assistance vouchers. HAWC is utilizing our MTW authority to waive the requirement for an additional HQS inspection if the household is going to use mainstream housing options (such as a voucher) to continue to lease the same unit.

<u>HQS Third-Party Requirement</u>
HAWC is proposing to eliminate the requirement for a third party to conduct HQS inspections on units our agency owns or controls, when assisted with tenant-based or project-based vouchers. HAWC currently engages a third-party contractor to conduct HQS inspections in these cases, and it is time consuming and costly. Using HAWC staff to conduct these HQS inspections will streamline processes and create cost effectiveness. HAWC will continue to have a sampling of inspections done by our auditor to ensure quality control and transparency in the process.

5. LOCAL PROJECT-BASED VOUCHER PROGRAM

HAWC is utilizing MTW to create a local Project-Based Voucher program, designed to efficiently meet the needs of our local community. This activity includes the following:

- HAWC is proposing to eliminate the requirement for a third party to conduct rent reasonableness on units our agency owns or controls, assisted with project-based vouchers. HAWC currently engages a third-party contractor to conduct rent reasonableness in these cases, and it is time consuming and costly. Conducting rent reasonableness calculations internally will streamline processes and create cost effectiveness.

- HAWC is proposing the option to allow pre-qualifying unit inspections, within 90 days of the participant occupying the unit. Allowing pre-qualifying inspections will streamline the process and allow households to move through occupancy more quickly.

- HAWC is proposing that in lieu of initial staff inspections of PBV units before occupancy or at turnover (per 24 CFR 983.103(b)-(c)), properties in good standing will self-certify adherence to HQS inspection standards. This policy will allow for the landlord and tenant to complete and sign a self-certification of inspection at the time of lease up, with documentation submitted at the same time as the other leasing paperwork. Once received, staff will review and if approved, place the PBV unit on an annual inspection cycle.

  This policy will only apply to properties in good standing, and HAWC may require initial inspections at any PBV unit if there are concerns with failed inspections in the property. Additionally, the participant can request an interim inspection at any time. All initial inspections on a contract will be conducted by an HQS inspection, including but not limited to new construction, rehabilitation and unit transfers. The unit must pass at least one full HQS inspection before it will be eligible for an initial self-certification.

- HAWC is proposing to increase the program cap to 50% and the project cap to 100%. Project-based vouchers (PBVs) are an important resource in our community, allowing the agency to coordinate with local property owners, developers, service coordinators and jurisdictional partners to provide targeted housing for different populations.

- HAWC is proposing to waive the current requirement to provide a tenant-based voucher at 12 months when requested by a PBV household. Because of the limited availability of tenant-based vouchers in our community, we currently have a list of approximately 1,800 households waiting to access a tenant-based voucher – with many more in our community who are eligible, but not yet on any waitlist.

  HAWC will limit the preference for a tenant-based voucher at 12 months to PBV households who are requesting transfer because of a VAWA or another similar accommodation. Requests must be submitted in writing and will be reviewed by the Program Manager. If a request is denied, the household would have the right to an informal review through the hearing process.

- HAWC is proposing to eliminate the selection process in the award of PBVs to properties owned by the agency that are not public housing without engaging in an initiative to improve, develop, or replace a public housing property or site. HAWC will continue to abide by the additional HUD selection requirements and will maintain transparency with our community.

6. VOUCHER SET-ASIDE PROGRAM

HAWC regularly partners with local service providers to create housing programs that provide supports to ensure stability and success for participating families. The partnerships frequently center around Project-Based Vouchers (PBVs). HAWC is proposing an activity that allows the agency to set aside an agreed-upon number of tenant-based vouchers, when partnering with a service provider to serve a vulnerable target population.

At this time, HAWC is working with a local school district to create a program aimed to house homeless students and their families. Washington County includes several school districts with notably high populations of homeless students, including Beaverton School District with the highest number of homeless students in the State of Oregon. The program will partner services provided by the school district's McKinney Vento program with a tenant-based voucher for the family, and possibly additional supports provided by local services providers through our coordinated entry system. In FY2022-2023, HAWC is planning to set aside 50 tenant-based vouchers to serve these homeless families and provide housing stability to families with children enrolled in the school district.

7. STRATEGIC WAITLISTS

HAWC's Project-Based Voucher (PBV) program serves a variety of household types, often in specific settings or with linked services that increase the likelihood of success and stability for the voucher holder. Similarly, the proposed Voucher Set-Aside program will provide assistance to targeted households, coupled with services and supports for those families.

To maximize efficiency for our PBV and Voucher Set-Aside programs, HAWC is proposing use of strategic waitlist options. This activity will allow HAWC to utilize deliberate waitlist strategies for each PBV or Voucher Set-Aside program, to create a waitlist process that is the best fit for the individual scenarios. Strategic waitlist options include:

1) Referral-based placement: In situations where HAWC is working with a specific provider or a very targeted household type, HAWC may forego use of a waitlist and instead use a referral and selection process. HAWC will accept referrals from the specified partners and award those households the dedicated vouchers. Written documentation of the referral will be maintained by HAWC, but HAWC will not add the household to a waiting list, just to be immediately selected. This process will be modeled after the same procedure currently used for the existing VASH program.

For example, HAWC has dedicated PBV units for chronically homeless individuals, with supportive services linked to the assistance to ensure the household has the highest likelihood of housing stability. Our community has successfully established a Coordinated Entry System, through which people experiencing homelessness or at imminent risk of homelessness can find housing resources and be connected with qualified service providers. When HAWC has available PBV units dedicated to this specific population, it makes the most sense to accept referrals directly from the coordinated entry system using a network of referrals, instead of establishing a wait list with information that will quickly become obsolete.

When using a referral-based placement option, HAWC will establish an MOU with the referring partner, and will institute quality control metrics to ensure that households are being referred in an equitable manner.

2) Site-based waitlists: HAWC may allow individual PBV or Voucher Set-Aside programs to maintain their own site-based waiting lists with individual preferences. Site-based waitlists are often more practical to manage than the alternative of HAWC individually managing multiple different lists. In addition, it sometimes creates a better connection between the applicant and the property or program they've applied to.

HAWC is likely to use site-based waitlists when the project has the capacity to administer the waitlist for all units identified in the PBV HAP contract. The community provider and leasing agents must demonstrate the ability to adhere to the site-based waitlist policies and would be subject to contract monitoring to ensure the waitlist is being managed correctly by each contract. HAWC may still choose to administer select waitlists internally, per the current standard PBV waitlist processes.

When using a site-based waitlist option, HAWC will establish an MOU with the waitlist manager and will institute quality control metrics to ensure that households are being selected in an equitable manner.

3) Centralized PBV waitlist: For PBV units that are not dedicated to specific populations or services, HAWC may create a centralized waitlist similar to our centralized public housing waitlist. Households placed on this centralized waitlist will be eligible for the multiple PBV units and properties included in the waitlist. This will maximize efficiencies in administering the waitlist and remove the necessity for households to register on each PBV waitlist that comes online.

As households are selected from the centralized waitlist, they will be given the option to refuse up to three available PBV units before they are removed from the list. The centralized waitlist will be administered internally, with the same quality control processes as our current public housing and tenant-based voucher waitlists.

For PBV units that are dedicated to specific populations or services, HAWC will continue to administer individualized waitlists or one of the other strategic waitlist options specified here.

4) Local waitlist preferences: HAWC may choose to implement specific preferences for individual PBV or Voucher Set-Aside waitlists, when there is not an appropriate partner to refer applicants or to administer a site- or program-based waitlist. Creating local preferences allows HAWC to ensure that the waitlist process is selecting applicants who are best served by the associated services and supports.

HAWC will ensure the preference is clear in the waitlist information at the time of application. Applicants will self-certify the preference and will be pulled based on preference time and date, then general time and date.

When any of these strategic waitlist processes are applied, the housing authority and/or the partner managing the process must comply with all applicable federal, state or local Fair Housing and civil rights laws and requirements. These laws and requirements are in place to promote equal housing choice for all prospective tenants regardless of race, color, religion, sex, sexual orientation, disability, familial status, or national origin. In cases where specific preferences are established, the housing authority and/or partner must apply criteria uniformly to all applicants in compliance with all Fair Housing and civil rights laws and requirements.

NEXT STEPS

The Housing Authority of Washington County shared its proposed 2022 PHA Plan and MTW Activity plan for public review and comment from February 14, 2022 through March 30, 2022. In addition, meetings were held to discuss these proposals with our Housing Advisory Committee, our Resident Advisory Board, our Housing Authority Board of Directors, community stakeholders and our residents and participants.

The Housing Authority Board of Directors held a public hearing on the proposed PHA Annual Plan on Tuesday, April 5th and approved the Plan, including MTW proposals, for submission. Documents were submitted to HUD on April 8, 2022 and are currently awaiting approval.

We will share more information about the implementation timeline for individual activities with the community as those plans are finalized. We expect most activities will be implemented between July and December 2022, and will continue to communicate with our households and communities about how these changes may affect them.

ATTACHMENTS

A. TIERED RENT PROGRAM – RENT SCHEDULE

(Please see page 4 for more detailed information about the Tiered Rent Program.)

Tier	Income Minimum	Income Maximum	Monthly 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
9	$20,000	$22,499	$496
10	$22,500	$24,999	$554
11	$25,000	$27,499	$612
12	$27,500	$29,999	$671
13	$30,000	$32,499	$729
14	$32,500	$34,999	$787
15	$35,000	$37,499	$846
16	$37,500	$39,999	$904
17	$40,000	$42,499	$962
18	$42,500	$44,999	$1,021
19	$45,000	$47,499	$1,079
20	$47,500	$49,999	$1,137
21	$50,000	$52,499	$1,196
22	$52,500	$54,999	$1,254
23	$55,000	$57,499	$1,312
24	$57,500	$59,999	$1,371
25	$60,000	$62,499	$1,429
26	$62,500	$64,999	$1,487
27	$65,000	$67,499	$1,546
28	$67,500	$69,999	$1,604
29	$70,000	$72,499	$1,662
30	$72,500	$74,999	$1,721
31	$75,000	$77,499	$1,779
32	$77,500	$79,999	$1,837
33	$80,000	$82,499	$1,896

*Please note: this is only a snapshot of the tiers, through Area Median Income. Tiers continue in increments of $2,500 of income, with the rent calculated at 28% of the midpoint of each tier. Visual tables with higher tiers are available upon request.

Calculation Example – Voucher Household

Carla is a single mom with two children in grade school. She currently works and makes $20,500 per year. She has a Housing Choice Voucher and lives in a 2-bedroom apartment where the contract rent (what the landlord charges) is $1,250. The payment standard for this size of apartment is $1,536 and the utility allowance is $247.

CURRENT METHOD

Carla gets a deduction of $480 for each child - $480 x 2 = $960.
Carla's adjusted income is $20,500 - $960 = $19,540 per year, or $1,628 per month.

30% of Carla's adjusted monthly income is $489. This number is called the total tenant payment, or TTP.

Because the contract rent plus utility allowance ($1,250 + $247 = $1,497) is less than the payment standard, we subtract the TTP from the gross rent to figure out Carla's assistance.
$1,497 gross rent - $489 TTP = $1,008 in monthly rent assistance

$1,250 contract rent - $1,008 assistance = $242 monthly rent paid by Carla

TIERED RENT PROGRAM

Carla's income of $20,500 falls within Tier 9 of the rent schedule (see previous page). The corresponding rent for Tier 9 is $496.

Because the gross rent is less than the payment standard, we subtract the full utility allowance from Carla's rent tier.
$496 - $247 = $249 monthly rent paid by Carla. Carla will see a rent increase of $7/month.

Calculation Example – Public Housing Household

David & Ana have four children and live in a public housing home. Their combined annual income is $36,200. Because they are responsible for paying utilities at their home, their utility allowance is $315.

CURRENT METHOD

David & Ana get a deduction of $480 for each child - $480 x 4 = $1,920.
David & Ana's adjusted income is $36,200 - $1,920 = $34,280 per year, or $2,857 per month.

30% of their adjusted monthly income is $857. This number is called the total tenant payment, or TTP.

$857 TTP - $315 utility allowance = $542 monthly rent paid by David & Ana

TIERED RENT PROGRAM

David & Ana's income of $36,200 falls within Tier 15 of the rent schedule (see previous page). The corresponding rent for Tier 15 is $846.

$846 - $315 utility allowance = $531 monthly rent paid by David & Ana. David & Ana will see a rent decrease of $9/month.

B. TIERED RENT PROGRAM – IMPACT ANALYSIS

1. Impact on agency's finances

HAWC anticipates approximately $39,000 in decreased public housing rent and/or increased voucher HAP costs per year under the Tiered Rent Program.

Annual Agency Impact

Public Housing Rents (decreased income)	Housing Assistance Payments (increased expense)	Total Agency Impact
-$5,000	$34,000	$39,000

2. Impact on affordability of housing costs for affected families

The following analysis uses the current information of households that would be considered eligible for the program. We have approximately 600 households that would likely be eligible – half will be randomly selected and half will be assigned to the control group. 70% of eligible households will see a rent decrease or no change if they are selected for the Tiered Rent Program.

This impact analysis takes into account established hardship policies to mitigate the impact of the policy for families who have childcare expenses of $2,500 and/or families who have five or more dependents. Because of the policy's removal of deductions, these households saw significant rent increases when moving to the Tiered Rent Program. HAWC has established hardship policies to moderate these rent increases. Please see page 20 for more details about the hardship policy.

The average rent change across all eligible households is a **decrease** in rent of $10.81.
For those households that see a rent increase, the average increase is $24. The largest projected increase is $61 in monthly rent.

	Households	Percentage
Rent Decrease	311	52%
No change*	108	18%
Rent Increase	181	30%
Rent Increase Increments		
$5-$10	29	5%
$11-$25	65	11%
$26-$50	79	13%
$51 or more	8	1%

	Amer Ind/ Alaska Nat	Asian	Black/ African Amer	Hispanic	Native HI/ Pac Island	White
No. of Households	6	15	136	135	14	429
Avg Rent Change	$18.00	($27.33)	($9.32)	($6.40)	($27.21)	($10.57)
Rent Decrease	-	10	67	62	9	225
No change	-	2	20	25	2	84
Rent Increase	6	3	49	48	3	120
Rent Increase Increments						
$5-$10	2	2	5	11	1	19
$11-$25	3	1	18	13	1	42
$26-$50	1	-	26	20	-	52
$51 or more	-	-	-	4	1	7

Table Notes:

- Due to rounding calculations, "No Change" is defined as a projected rent increase or decrease of less than $5.
- Race and ethnicity terms are per the HUD required reporting fields.
- Households counted in the "Hispanic" column may also be counted in other race/ethnicity columns.
- Because of statistically small counts of American Indian/Alaskan Native, Asian, and Native Hawaiian/Pacific Islander households, the average rent impact numbers are easily skewed by outlying households.

3. Impact on agency's waitlist(s)
No anticipated impact

4. Impact on agency's termination rate of families
No anticipated impact

5. Impact on the agency's current occupancy and utilization rate
No anticipated impact

6. Impact on meeting the MTW statutory goals of cost effectiveness, self-sufficiency, and/or housing choice
HAWC anticipates a positive impact on the statutory goals of cost effectiveness and self-sufficiency. Triennial reviews and the elimination of deductions are expected to result in administrative efficiencies and reduction in staff time for annual reviews.

Because households do not have to report income increases between triennial recertifications, HAWC anticipates increased incentive (or decreased disincentive) for families to increase earnings and move toward self-sufficiency. Households will be able to use increase income in the time between triennial reviews to build financial and housing stability.

7. Impact on the agency's ability to meet the MTW statutory requirements
No anticipated impact

8. Impact on rate of hardship requests and the number granted/denied as a result of this activity
HAWC anticipates that a higher number of households in the Tiered Rent Program will request a hardship than under the current policy. Families who have unreimbursed childcare expenses and those that have a significant number of dependents will see a higher impact through the Tiered Rent Program, due to the loss of deductions.

HAWC has established a hardship policy for households with annual childcare expenses of $2,500 or more, and for those with 5 or more dependents to mitigate the impacts of the change to the Tiered Rent Program. Of the 600 anticipated households eligible for the Tiered Rent Program, approximately 40 households (about 7%) would qualify for these hardships.

HAWC has also established a hardship policy for households whose current income is lower than their retrospective income and for those who have an unexpected loss in income or significant unexpected expense. HAWC will track hardship requests, approvals or denials, and the impact on staff time.

9. Impact on protected classes (and any associated disparate impact)
As previously stated, this program has the largest impact for families with unreimbursed childcare expenses and/or a significant number of dependents. Among eligible families, our households with five or more dependents more often have heads of household who are Black/African American or Hispanic. HAWC recognized disparate impact by race/ethnicity in the Tiered Rent Program and has taken significant steps to mitigate that impact.

The original Tiered Rent Program as described in the Final MTW Operations Notice designed a tiered rent structure based on 30% of income at the middle of each tier. Because the calculation no longer included deductions for dependents or unreimbursed childcare expenses, we saw significant rent increases for many of our families. After reviewing the analysis, HUD agreed to change the rent structure to tiers based on 28% of income.

The change to 28% improved impacts for our households and decreased the number of families who would see a rent increase, but HAWC still saw disparate rent increases for families with 5 or more children, who were more often led by heads of household who are Black/African American or Hispanic. Although it is not a part of the policy as defined by HUD, HAWC is implementing an agency-specific hardship policy for families with 5 or more dependents. This hardship policy will lower rent increases for large families and significantly reduce the disparate impact between households by race/ethnicity.

The table on the next page shows the different impacts as HAWC has developed policy. Hardship policies have reduced the disparate impact between households by race/ethnicity, but on average our Black/African American and Hispanic households see a smaller rent reduction that the total population.

Original Policy
Rents based on 30% of income

Rent Increases	72%	Highest Increase: $415
No change ($4 to -$4)	16%	
Rent Decreases	12%	

	All Households	Amer Ind/ AK Native*	Asian*	Black/ AA	Hispanic	Native HI/ Pac Isl*	White
Avg Impact	$29.75	$48.67	$16.60	$36.63	$32.45	$23.07	$26.11
Average Impact for Households with 5+ dependents: $70.47							

Revised Policy
Rents based on 28% of income

Rent Increases	30%	Highest Increase: $98
No change ($4 to -$4)	18%	
Rent Decreases	52%	

	All Households	Amer Ind/ AK Native*	Asian*	Black/ AA	Hispanic	Native HI/ Pac Isl*	White
Avg Impact	($9.56)	$18.00	($27.33)	($5.87)	($6.57)	($27.21)	($11.33)
Avg Impact for Households with 5+ dependents: $29.47							

HAWC Hardship Policy
Rents based on 28% of income
$30 rent increase cap for large households

Rent Increases	30%	Highest Increase: $61
No change ($4 to -$4)	18%	
Rent Decreases	52%	

	All Households	Amer Ind/ AK Native*	Asian*	Black/ AA	Hispanic	Native HI/ Pac Isl*	White
Avg Impact	($10.81)	$18.00	($27.33)	($9.32)	($6.40)	($27.21)	($10.57)
Avg Impact for Households with 5+ dependents: $12.53							

Table Notes:

- Less than 20 eligible households in the American Indian/Alaskan Native, Asian, and Native Hawaiian/Pacific Islander categories. Outliers may skew averages.
- Numbers in parentheses represent decreases in anticipated monthly rent.

C. TIERED RENT PROGRAM - HARDSHIP POLICY

Participating in the Tiered Rent Program should not threaten an individual or family's housing stability. HAWC offers an affordability hardship to address childcare expenses, unexpected decreases in income, or exceptional household expenses, such as a large medical bill. HAWC also offers a Transition Discount for Large Families, for families with 5 or more dependents who would see a significant increase in rent when moving to the Tiered Rent Program (see page 22).

Affordability Hardship

This hardship application may be initiated by staff at enrollment or recertification, or may be requested by any household at any time. An approved rent adjustment may be enacted for 3 months, 6 months, or 12 months dependent on the circumstance. Renewal of hardship will require request from the household and approval from the agency.

If a household has…	Rent will be adjusted by…	Additional details…
Childcare expenses above $2,500 per year	The household's childcare expenses will be deducted from **current** annual income. This adjusted annual income will be used to determine tiered rent.	This hardship can be approved at the OS level. This hardship has 12-month duration, or until the household's next regularly scheduled review, whichever is sooner.
A decrease in household income that drops the rent determination into a lower tier	The household's annual income will be calculated using their **current** income, instead of their past income. Current income will be used to determine tiered rent.	This hardship can be approved at the OS level. This hardship has 12-month duration, or until the household's next regularly scheduled review, whichever is sooner.
A significant unexpected event, such as a large medical expense, requiring temporary rent relief to avoid eviction	The expense will be deducted from annual income. This adjusted annual income will be used to determine tiered rent. OR To ensure housing stability, the household's rent may be reduced as appropriate for a shorter amount of time.	• This hardship will be reviewed by and require approval from a supervisor. • The household will be asked to provide documentation demonstrating the expense. • The hardship may last for 3 months, 6 months, or 12 months depending on remedy. • The household may request that the hardship be renewed.

How do I request a hardship?

To qualify for a hardship, you must be following all program rules and regulations, and not owe HAWC money, or if you do owe money, be current in your repayment agreement. HAWC staff will remind households of the hardship policy during intake and regular reexamination meetings, and will initiate hardship requests if the household reports circumstances that qualify (such as childcare expenses or lower current income).

Households can also request hardships between triennial recertifications. This can be done by submitting a request in writing using the agency form, with review from a supervisor. The process will be similar to the current process for requesting an interim review. The MTW activity will be suspended the next month following change reported by the 20th of the month. If the request is made after the 20th, the change will be effective the first of the following month.

If your hardship request is approved, you are not required to report subsequent income increases during the period of your hardship. Once a hardship is approved, it will not end early.

If your hardship request is not approved, you will be able to appeal the decision for further review. If your appeal is denied, you will be able to request an informal hearing to review the determination of your monthly rent. Informal hearings are conducted by HAWC's Hearing Officer.

When your hardship expires, you can request a renewal if your circumstances have continued. There is no limit to the number of hardships that a household may receive. If you do not request a renewal or the renewal is denied, your rent will return to the tiered rent assigned at your most recent triennial review. Triennial review schedules will not change due to hardship requests, approvals or denials.

Translation Services

To request a translation of this document into another language (Spanish, Vietnamese, Arabic, Somali, Japanese, Micronesian, etc), please call 503-846-4814 or email voucherteam@co.washington.or.us.

Tiered Rent Transition Discount for Larger Families

Because the Tiered Rent Program no longer includes dependent deductions, households with five or more dependents sometimes see a significant increase in rent when they transition to the tiered rent program. To help these families retain housing stability, HAWC offers a transition hardship policy that caps the rent increase due to program change.

1) Does the household have annual childcare expenses above $2,500? If yes, apply the affordability hardship to their tiered rent calculation.

2) Does the household have a decrease in income? If yes, apply the affordability hardship to their tiered rent calculation.

3) After #1 and #2, does the household still have a projected increase in monthly rent of more than $30? AND does the household have 5 or more dependents? If yes, apply the discount to cap their rent increase at $30 (see example below).

Please note that this policy only applies to programmatic rent increases as a result of a change in the calculation. If a household has an increase in income that moves them to a different tier on the rent schedule, the corresponding rent increase will still apply.

The occupancy specialist will use the steps above to calculate the discount that caps the programmatic rent increase at $30. If there is an increase in income that moves the household to a different tier on the rent schedule, the occupancy specialist will determine that rent and then apply the discount.

Similarly, if the household moves to a different unit, the occupancy specialist will use the tiered schedule to determine rent, and then apply the discount.

- The transition discount is applicable only through the tiered rent study, ending in 2028-2029.
- The policy has a 12-month duration. At the expiration, the family has the option to confirm that they still meet the criteria for the policy and request a renewal.
- At the first triennial review, the enrollment discount will continue to be applied if the household still has 5 or more dependents.
    - If the household has new childcare expenses about $2,500 or has experienced a decrease in income, authorization to continue to apply the enrollment discount will be determined by a supervisor.

See the example household on the next page for more information.

Tiered Rent Transition Discount for Larger Families

Example household:

Household A is a single-adult household with 5 dependents, $17,631 in annual income and no childcare expenses. The transition to the Tiered Rent Program would result in an increase of $56 in monthly rent – from current rent of $128 to future rent of $184.

Tier 8: $437
Less utility allowance: $253
Year 1 Rent (no discount): $184

Current rent: $128
Difference: $56

Tier	Income Minimum	Income Maximum	Monthly 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
9	$20,000	$22,499	$496
10	$22,500	$24,999	$554
11	$25,000	$27,499	$612
12	$27,500	$29,999	$671
13	$30,000	$32,499	$729
14	$32,500	$34,999	$787
15	$35,000	$37,499	$846

The occupancy specialist will verify criteria and apply a discount of $26 to cap the rent increase at $30 – from a current rent of $128 to a future rent of $158.

Tier 8: $437
Less utility allowance: $253
Less transition discount: $26
Year 1 Rent: $158

Current rent: $128
Difference: $30

In Year 3, Household A reports an increase in earned income to $28,000. This moves the household to Tier 12 on the schedule. Because the household still has 5 or more dependents and no childcare expenses, the occupancy specialist calculates the household's rent and applies the transition discount.

Tier 12: $671
Less utility allowance: $253
Less transition discount: $26
Year 3 Rent: $392