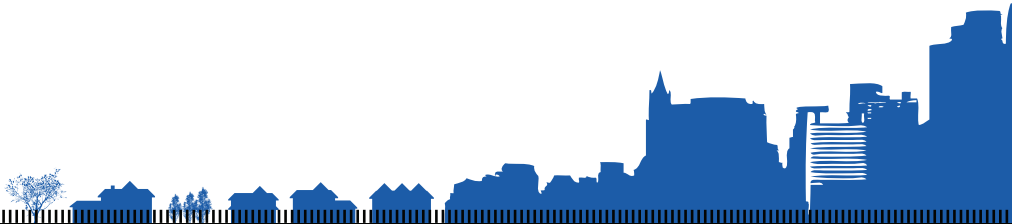


The Stepped and Tiered Rent Demonstration:

Early Implementation Experiences and Household Baseline Characteristics



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The Stepped and Tiered Rent Demonstration: Early Implementation Experiences and Household Baseline Characteristics

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Foreword

The Stepped and Tiered Rent Demonstration tests two innovative rent policies that could incentivize households to increase their incomes and reduce administrative burdens for public housing agencies (PHAs) and assisted households. The demonstration uses the gold standard for scientific evidence—a randomized controlled trial—to determine whether the policies accomplish their intended goals. This report marks the conclusion of the first phase of the demonstration, during which the U.S. Department of Housing and Urban Development, MDRC, and the 10 participating PHAs collaborated to design and implement these new policies and set the stage for a rigorous long-term evaluation. We are very grateful to our partners, particularly the PHA staff on the front lines, whose hard work has made this demonstration possible.

This report describes the launch of the demonstration, with particular emphasis on the foundation for long-term research. The PHAs successfully enrolled 11,749 households in the study, and baseline statistics indicate a valid experimental framework. The report also presents findings related to the early experiences of the PHAs in the demonstration. Interviews with PHA staff reveal several implementation challenges, which should inform other PHAs considering similar policy changes. Despite those challenges, staff express cautious optimism that the new rent policies can benefit tenants and PHAs.

We are currently in the second phase of the demonstration; the PHAs are administering triennial reexaminations, an important milestone under the new rent policies, and the research team is collecting data on early outcomes for participating households and PHAs. The stepped and tiered rent policies will apply for 6 years, so final results are not expected until around 2032, but we look forward to sharing interim findings in the next few years.

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Executive Summary

Federal rental assistance is a critical component of the nation's social safety net, helping approximately 5 million households with low incomes afford their housing costs. The public housing and Housing Choice Voucher (HCV) programs are two of the largest federal rental assistance programs. Together, these programs serve approximately 3 million households across the country. Continuous improvement of these rent subsidy programs has been a longstanding public policy goal and central to the U.S. Department of Housing and Urban Development's (HUD) Moving to Work (MTW) Demonstration. Receiving MTW authorization gives public housing agencies (PHAs) exemptions from many traditional program rules and offers them the flexibility to find new approaches to pursue three statutory objectives of the MTW

Demonstration: reduce costs and achieve greater cost effectiveness; give families incentives to work toward economic self-sufficiency; and increase housing choices for families with low incomes. This report examines one such effort, HUD's Stepped and Tiered Rent Demonstration (STRD). This demonstration is HUD's second large-scale random assignment test of alternative rent policies. The first one, the MDRC-led Rent Reform Demonstration, tested an alternative rent policy at four MTW agencies and was completed in 2024.

STRD tests two alternative rent policies, a tiered rent model and a stepped rent model. The tiered rent model is tied to income, but unlike HUD's standard rent policy, households are grouped by income into tiers, and all families with income within a single tier pay the same total tenant payment (TTP) until their next recertification, which takes place every 3 years rather than annually. Stepped rents, by contrast, are decoupled from income and increase annually, unless eligible hardship circumstances are present. STRD is HUD's second large-scale random assignment test of alternative rent policies.

In 2021, HUD selected a cohort of 10 PHAs that had applied for MTW designation as part of the demonstration: 5 to implement the stepped rent policy and 5 to implement the tiered rent policy. From 2023 to 2024, these 10 PHAs randomly assigned all eligible nonelderly, nondisabled households that came up for their annual recertification or that entered the program to one of two groups: (1) the stepped rent or tiered rent policy group, which would be subject to a new rent policy, or (2) the control group, which would be subject to the standard rent rules. Of the 15,270 eligible households that were randomly assigned, 11,749 households (77 percent) enrolled in the study to evaluate the effects of the two new rent policies.

This is the second report on STRD, and it summarizes the baseline characteristics of the 11,749 households participating in the study, including their demographics, income sources, employment levels, and levels of material hardship at the time they entered the demonstration. It also summarizes the findings from two rounds of interviews with PHA staff members to understand their perspectives on the early implementation of the two new rent policies. The first round was conducted early in the demonstration, 6 months after the demonstration launched, when PHA staff members were beginning to implement the new rent policies; and the second approximately 1 year later, closely following the completion of enrollment and the initial certifications at all 10 PHAs.

Stepped and Tiered Rent Policies

The 10 PHAs participating in STRD are implementing an alternative rent policy: 5 are implementing the stepped rent policy, and 5 are implementing the tiered rent policy. Under the standard rent policy, households typically pay 30 percent of their income toward rent. The

stepped and tiered rent policies share two main objectives: (1) to encourage households to increase their income by removing potential disincentives inherent in the current percentage-of-income rent policy, and (2) to improve the administrative efficiency of operating the HCV and public housing programs by streamlining the processes around recertifications and rent determination. The following section describes the key features of each alternative policy. In addition to these features, both policies have hardship policies that protect households from severe rent burden, and both use retrospective income (that is, income earned in the previous year) to determine a household's TTP, which is the amount the household is expected to contribute to rent and utilities.

The Stepped Rent Policy

Under the stepped rent policy, changes in a household's TTP are decoupled from changes in a household's income. Upon enrolling in the new rent system, a household's initial TTP is still based on its income. After the initial enrollment, the TTP increases annually by a modest fixed amount, even if the household's income does not increase. The amount of the annual increase is tied to the local area's Fair Market Rent based on the household's rental unit size (number of bedrooms). The stepped rent policy creates an earnings incentive in the following way. If a household increases its income in a given year, instead of paying 30 percent of the increase toward its TTP, as would typically be required under the standard rent policy, it will continue paying only the fixed stepped rent amount applicable that year, no matter how much its income increases. In addition, the required TTP will step up in the following year by a fixed amount unrelated to the household's income, unless a hardship exemption applies. Thus, depending on how much it is able to increase its income, a household may pay a TTP that is less than 30 percent of its income, allowing it to retain more of its increased income than it would under the standard rent rules. The stepped rent policy also simplifies the administration of housing subsidies. Households need only to recertify their continued eligibility for rental assistance once every 3 years instead of annually, and they do not need to have their TTP recalculated at that time to reflect changes in their income.

The Tiered Rent Policy

The tiered rent policy takes a different approach to simplifying the administration of public housing and HCV subsidies, reducing administrative burden, making rent calculations more transparent for households, and strengthening the financial incentive for tenants to increase their earnings. The tiered rent policy groups households by income into income tiers, and all households within the same tier pay the same TTP. This may make the rent calculation easier for households to understand. Administrative burden is expected to be reduced because recertifications would be completed once every 3 years instead of every year, eliminating interim certifications to adjust TTPs for income changes between recertifications, and by using gross income (instead of adjusted income) to calculate TTPs. Using gross income eliminates the need to adjust income by applying certain deductions, which can make rent calculations opaque to households and, in the case of childcare deductions, can be administratively burdensome to document and verify. The tiered rent policy reduces the potential earnings disincentive inherent in the standard rent structure by capping TTPs for 3 years at a time, so that a household that increases its earned income will not have to pay more in rent until the triennial recertification. The tiered rent structure itself could also reduce the potential disincentive to increase income. If a household increases its income, but its income still falls within the same tier, its TTP remains the same.

Baseline Characteristics of Study Households

The STRD study sample includes nonelderly, nondisabled households in the HCV and public housing programs in the 10 participating PHAs. Most sample members were already receiving HUD assistance prior to enrolling in STRD (87 percent of the full study sample), but some households were newly admitted during the study enrollment period (13 percent of the full study sample). Eighty-four percent of households in the study were in (or entering) the HCV program at study enrollment, and 16 percent were in (or entering) public housing at study enrollment.

HUD intentionally selected the 10 housing agencies for STRD to reflect a range of geographies; however, the aim was not to select a nationally representative sample. Nevertheless, the households in the STRD generally reflect the eligible population of nonelderly, nondisabled households in the HCV and public housing programs across the country. Data from HUD's Inventory Management System/Public and Indian Housing Information Center (PIC) indicate that more than 90 percent of the heads of households in the STRD study sample are female, the sample's average age is 36 years old, and the sample's ethnic and racial breakdown includes 67 percent Black, 28 percent White, and 9 percent Hispanic or Latino. Approximately one-half the households in the study sample had income from wages at the time of their most recent certification. Households had three members on average, and approximately 80 percent of households had at least one child. The average annual income of study households at the time of study enrollment was approximately \$14,250 in the stepped rent sites and approximately \$14,500 in the tiered rent sites, both of which are less than the average annual household income of approximately \$17,000 across the national eligible population during a comparable timeframe.

Staff Members' Perspectives on the Early Implementation of the Stepped and Tiered Rent Policies

The research team conducted two rounds of interviews to understand housing agency staff members' perspectives on starting to implement the stepped and tiered rent policies at their agencies. The first round was conducted during the start of STRD implementation in late 2023, 6 months after the launch of household enrollment into the alternative rent policies. The second round was conducted approximately 1 year later in late 2024 to early 2025, after PHAs had completed study enrollment and households' initial certifications under the new rent policies.

- Staff members implementing the stepped and tiered rent policies were generally optimistic about the potential for the new policies to improve households' economic outcomes and reduce housing agencies' administrative burden.

Although opinions varied, staff members at the participating PHAs were generally optimistic about the potential for the alternative rent policies to lead to better economic outcomes for participating households. Staff members felt that both the stepped and tiered rent policies could benefit households by allowing them to increase their income without those increases leading to tenant rent share increases (for the 3-year recertification in the tiered rent policy, and for the full 6 years of the demonstration in the stepped rent policy). Many staff members expected that the reduced frequency of regular recertifications, along with households not being required to report income increases between triennial recertifications (in the tiered rent policy) or triennial eligibility checks (in the stepped rent policy), would lead to less administrative burden overall. However, many staff members also expressed that the added administrative burden of using retrospective (prior year) income to calculate tenant rent shares and the uncertainty around how

many and how often households would request and qualify for hardship exemptions might counteract those administrative savings.

- Housing agency staff members observed that households mostly responded positively to the stepped and tiered rent policies.

Staff members working with households observed that households responded positively to key features of the new policies—especially the move away from annual income reviews and rent recalculations—and that some households “see the opportunity” to increase earnings without the typical corresponding increase in TTPs that would otherwise occur under the standard rent rules. Staff members reported that households in the stepped rent PHAs at this early stage appreciated that annual TTP increases would be more predictable. At the tiered rent agencies, staff members suggested that the 3-year period between scheduled rent recertifications generated excitement among households.

- Staff members expressed concerns that many households may not have fully understood the new rent policies at their initial certifications.

Despite households’ generally positive responses to the new rent policies, staff members raised broad concerns about the extent to which they truly understood the policies. Staff members questioned whether the heads of households would remember critical information from their initial briefings during the upfront certification and study enrollment meetings. Staff members also expressed concerns about tenants’ confusion stemming from the research activities being presented in the same briefings, and about the ability of households with limited English proficiency to understand the nuances of the alternative rent policies. Some staff members asserted that most households require and likely will receive further exposure and engagement from the PHAs about the new policies to support their adaptation to the new rent rules. Staff members compared this process with their own efforts to internalize policy details over time.

- Staff members reported that calculating and verifying retrospective income was challenging, especially for households with multiple jobs in the previous year, but that streamlining the income verification process helped ease the administrative burden.

One of the biggest challenges of implementing the stepped and tiered rent policies for housing agency staff members was calculating and verifying retrospective income. The process was especially burdensome for households that had members with multiple jobs during the previous year. However, housing agencies used MTW waivers to streamline their income verification hierarchy processes to varying extents. Staff members at agencies that modified their verification processes to rely heavily on the Enterprise Income Verification system and self-certifications found that the administrative burden associated with determining retrospective income had lessened. Over time, staff members became increasingly comfortable with relying more on households’ self-certifications of income.¹

- Staff members generally felt that the stepped and tiered rent hardship policies protect households from excessive financial hardship, but some also felt the hardship policies caused some administrative burden. Some staff members experienced operational

¹ HUD’s Enterprise Income Verification system gives PHAs access to households’ employment and safety net benefit information from the Social Security Administration and the Department of Health and Human Services for income verification purposes.

challenges with implementing the automatic hardship exemptions, and staff members at some housing agencies reported that a significant proportion of households in the alternative rent policies were requesting hardship exemptions after the initial certification.

Staff members across PHAs generally felt that the hardship policies protect households from excessive financial hardship, and that households generally understand that they can request a reduction in their TTP if their financial circumstances result in a very high rent burden. Early in the implementation period, some confusion existed about how to identify whether households qualified for automatic hardship exemptions. These hardship exemptions are considered “automatic” because at the time of the initial certification and triennial recertifications for the tiered rent policy, staff members can use the information that households provide to determine whether the household qualifies for a hardship exemption, and they grant the exemption regardless of whether the household requests it. Some households that qualified for the hardship exemptions at their initial certification were not granted one, but those instances were remedied over time.

When staff members were interviewed a year later, when some automatic hardship exemptions had begun expiring, they observed that some households had not realized they had been granted the automatic hardship exemption at their initial certification and that the rent share they had been paying was a temporarily reduced amount. When the tenants’ rent shares reverted to the higher amount at the time the hardship exemption expired, it came as a surprise to them. Some staff members also reported at that time that a significant proportion of households were requesting hardship exemptions, whereas others reported fewer hardship requests to date. In the next phase of the demonstration, the research team plans to obtain data on hardship requests from each PHA to analyze the percentage of households requesting and receiving hardship exemptions and the overall volume of hardship requests.

Looking Forward

This report is the second and final report of the first phase of the study. The second phase, which will cover an additional 4 years of policy implementation, will extend through late 2029. In its second phase, the study will seek to understand the implementation of the new rent policies in a steady state through a third round of interviews with PHA staff members. It will also examine the impacts of the stepped and tiered rent policies on households during the first 3 years of the demonstration’s 6-year policy implementation period. The impact analysis will rely on administrative data to examine effects on labor market outcomes and households’ receipt of housing subsidies and other benefits, and a followup survey of heads of households for outcomes that are not measured by administrative data, including job characteristics and material hardship. The survey will also explore households’ understanding and perceptions of the rent policies.

In addition to the impact analysis, the next phase will include an early cost study that will compare the costs of operating the stepped and tiered rent policies with the costs of operating the standard rent policy during the first 3 years of policy implementation, taking into account the amount of time PHA staff members spend on core activities under each of the rent policies. If an additional phase of the demonstration is funded, it will cover implementation experiences and the impacts on households and include a cost analysis for the full 6 years of followup on each household.

Chapter 1. Introduction

Federal rental assistance is a critical component of the nation’s social safety net, helping approximately 5 million low-income households with their housing costs. The public housing and Housing Choice Voucher (HCV) programs are two of the largest federal rental assistance programs, together serving approximately 3 million households (CBPP, 2025). Continuous improvement of these rent subsidy programs has been a longstanding public policy goal and central to the U.S. Department of Housing and Urban Development’s (HUD) Moving to Work (MTW) Demonstration. Receiving MTW authorization gives public housing agencies (PHAs) exemptions from many traditional program rules and offers them the flexibility to find new approaches to pursue three statutory objectives of the MTW demonstration: reduce costs and achieve greater cost effectiveness; give families incentives to work toward economic self-sufficiency; and increase housing choices for families with low incomes. This report examines the implementation of two new alternative rent policies to achieve these statutory goals as part of HUD’s Stepped and Tiered Rent Demonstration (STRD).

Since the passage of the Brooke Amendment in 1969, rents in subsidized housing have been directly tied to income, with the aim of protecting tenants from excessive rent burden.² Households receiving HUD rental assistance are responsible for a portion of their housing costs called a total tenant payment (TTP). In general, the TTP is equal to 30 percent of the household’s adjusted current income and the amount of income it anticipates in the coming year (“current/anticipated” income), after accounting for various deductions. PHAs recertify households for the program annually when they review household income and readjust the household’s TTP. Despite this protective feature, the current rent system has been the target of much criticism. Critics view the standard rent policy as administratively complex and expensive for PHAs to administer. Critics have also charged that subsidies tied to income discourage, rather than support, families’ efforts to increase employment and earnings, because the rules impose a kind of “tax” on earnings gains by requiring that 30 percent of the extra income be paid toward rent and utilities (Abt Associates Inc., Urban Institute, and Applied Real Estate Analysis, Inc., 2010; GAO, 2012; PHADA, 2005).

Exhibit 1 presents a glossary of terms used throughout this report.

Exhibit 1. Glossary of Housing Subsidy Terms

Adjusted income: A household’s gross income minus deductions for the following: dependents, status as an elderly or disabled family, unreimbursed childcare expenses, unreimbursed medical expenses (for elderly and disabled families only), and unreimbursed disability assistance expenses.
Fair Market Rent (FMR): The gross rent for units by number of bedrooms that the household’s housing subsidy is based on. HUD sets FMRs annually at the 40th percentile of gross rents in the area, based on local housing market prices for nonluxury, privately owned rental units that meet minimum standards of safety.
Family share: The household’s total contribution toward the gross rent. For housing choice voucher (HCV) households living in units with contract rents at or below the payment standard, the family share is equal to the household’s total tenant payment (TTP). For households with gross rents that exceed the payment standard, the family share is calculated as TTP plus the amount by which the gross rent exceeds the payment standard.
Gross income: A household’s total income before taxes and other deductions, received by all members of the household. It includes total income from wages, social security payments, retirement

² The standard rent policy, in which a family’s rent contribution is 30 percent of its adjusted income, is also known as the *Brooke rent*.

benefits, military and veterans disability payments, unemployment benefits, welfare benefits, and asset income. It excludes certain forms of income, such as earnings from minors and income from live-in aides.
Gross rent: The total contract rent paid to the landlord plus any utility allowances.
Housing assistance payment (HAP): The amount that the public housing agency (PHA) provides in subsidy to pay for rent and utilities. It is calculated as the lower of (1) the payment standard for the family's unit minus TTP, or (2) the gross rent minus TTP.
Payment standard: The maximum subsidy PHA pays on behalf of a household before deducting the household's TTP that the PHA sets at an amount typically between 90 and 110 percent of the area's FMR.
Total tenant payment (TTP): The minimum amount that the household must contribute toward rent and utilities. Under traditional rent rules, it is calculated as the greatest of: (1) 30 percent of monthly adjusted income, (2) 10 percent of monthly gross income, and (3) the PHA minimum rent.
Utility allowance: The utility allowance is an estimate of the amount needed for a household to cover its reasonable utility costs, based on bedroom size, which utilities the tenant is responsible for outside the contract rent, the type of utilities (e.g., gas versus oil heat), and other unit characteristics, such as structure type.

In 2021, HUD selected 10 newly designated MTW housing agencies to test two new rent policies as part of STRD.³ In their applications to HUD, these 10 agencies indicated the rent policy they preferred to implement as part of this demonstration. Five of the selected PHAs opted to implement a tiered rent policy, and the other five opted to implement a stepped rent policy. The tiered rent model is tied to income, but unlike HUD's standard rent policy, households are grouped by income into tiers, and all families with income within a single tier pay the same TTP until their next recertification, which takes place every 3 years rather than annually. Stepped rents, on the other hand, are decoupled from income and increase annually, unless eligible hardship circumstances are present.

STRD is also the subject of a comprehensive evaluation led by MDRC.⁴ The evaluation uses a randomized controlled trial and includes implementation, impact, and cost-study components. Approximately 15,270 households that were either in public housing or receiving housing vouchers, or entering those programs during the enrollment period, were randomly assigned to one of two study groups within their PHA: the stepped rent or tiered rent policy group, who were subject to the new rent policy, and the control group, who were subject to the standard rent rules. As discussed in chapter 2, approximately 77 percent of these households agreed to participate in the study, for a total study sample of 11,749 households.

MDRC's first STRD report, *Rent Reform in Subsidized Housing: Launching the Stepped and Tiered Rent Demonstration*, describes the demonstration, its origins and goals, the two rent models it assesses, and the key steps in preparing for and launching the new policies (Castells et al., 2024). This is the second and final report for the first phase of the evaluation. It introduces the study sample and describes PHAs' experiences putting the new rent policies into practice. Drawing on PHA administrative records, a baseline survey conducted at study enrollment, and a

³ As part of HUD's recent MTW expansion effort, an additional 100 PHAs received this designation. HUD designated one cohort of newly selected MTW agencies to test new rent policies as part of STRD. A total of 44 housing agencies expressed interest in STRD (or Cohort 2) and submitted formal letters of interest. Of this group, 23 submitted a full application after their eligibility for this demonstration was determined. HUD selected 10 agencies from the pool of 23 eligible applicants and invited them to implement their preferred rent policy.

⁴ The MDRC team for Phase 1 includes Barbara Fink (independent consultant), Professor Ingrid Gould Ellen (New York University), the Bronner Group, LLC, Quadel Consulting, and Decision Information Resources (DIR), Inc.

series of PHA staff member interviews, this report focuses on the following questions about the study sample and the implementation of the new rent policies:

- What are the characteristics of households enrolled in the demonstration, and how do the two study groups compare? Is the study sample representative of a national sample of households that meet the study’s eligibility criteria? Are there any notable cross-site differences in sample characteristics, and, if so, do these differences have implications for the evaluation?
- What are the perspectives of agency leaders and frontline staff members implementing the two new rent policies? What were their experiences implementing key features of the new rent policies early in the operational phase? Are there notable cross-site differences in new rent policy implementation experiences?

This report aims to build a foundation for understanding and tracking longer-term outcomes achieved by the alternative rent policies tested in this demonstration.

The Rent Reform Debate and Evidence⁵

Housing assistance for renters with low incomes is provided through three primary means: HCVs, also referred to as *Section 8*, which are rental subsidies that households can use in privately owned rental housing units; project-based assistance, which provides private building owners with government subsidies to reduce rents; and public housing, owned and operated by local public housing agencies that receive federal operating and capital funds. The HCV program is the largest of the three, providing rental assistance to close to 2.5 million low-income households (HUD, 2024).

Numerous policymakers and stakeholders have advocated for reforming the standard rent system to simplify administration, improve the operational efficiency of housing agencies, and reduce the potential perverse economic incentives for assisted households (Abt Associates Inc., Urban Institute, and Applied Real Estate Analysis, Inc., 2010; GAO, 2012; PHADA, 2005). Although housing agencies have made efforts to reform the rent system, most have been modest, such as simplifying income deductions, changing the process for calculating assets, or reducing the frequency of recertifications for fixed-income households. Around the time that STRD was designed, some MTW agencies had initiated more substantial rent reform efforts, including versions of the policies now being tested as part of this demonstration. For instance, the Keene Housing Authority in New Hampshire implemented a stepped rent policy, the Cambridge Housing Authority in Massachusetts introduced a tiered rent policy, the Housing Authority of Santa Clara eliminated deductions and set TTP at 35 percent of gross income, and other PHAs introduced flat rents for public housing and the HCV program (Castells, 2020; Levy et al., 2019).

The Housing Opportunity Through Modernization Act of 2016 (HOTMA) is another important step in this direction. HOTMA includes reforms that modify how housing agencies calculate income for rent determination—such as allowing for the use of income determinations from other federal programs and requiring the use of retrospective income in some cases—and reduces the frequency of interim recertifications by creating a 10-percent threshold for income increases and decreases. HUD published the final rule in 2023, and it went into effect on January 1, 2024. By July 1, 2025, PHAs were required to comply with several provisions in the HOTMA

⁵ The discussion and description of the STRD policies outlined in this chapter draw on Castells et al. (2024).

legislation, including using the new income exclusions and the new definitions introduced with HOTMA.⁶ As changes get implemented, they will affect all households in the HCV and public housing programs (when applicable), including households in the STRD control group, and may cause slight shifts in the counterfactual for some duration of the study's followup period.

To date, the strongest evidence about the effects of an alternative rent policy comes from HUD's Rent Reform Demonstration (Riccio et al., 2024). As part of this demonstration, four MTW housing agencies worked closely with HUD and MDRC to implement and test an alternative rent policy. The new rent policy was designed to achieve multiple goals, including simplifying the administration of the voucher, increasing the financial incentive for tenants to work, protecting them from excessive rent burdens with hardship policies, and reducing administrative costs.⁷ Collectively, many of the policy features were designed to reduce burdens for both tenants and administrators. For instance, the extended recertification period, which allowed a family to increase its earnings during the 3-year triennial recertification period and not have to report the increase to the PHA—meaning that its TTP would not be raised—was intended to serve as a work incentive for households. It was also intended to reduce the burden on staff members of processing annual recertifications (for example, by reducing the volume of TTP recalculations and the number of contacts families have with the PHA). This policy also relied on retrospective income (a household's income in the previous 12 months) to set TTP at the initial certification and at subsequent triennial recertifications. The retrospective income feature allowed the policy to address concerns around using a measure of current household income to set TTP for a 3-year period.

As a randomized controlled trial, the Rent Reform Demonstration compared outcomes for the new rent rules and the standard rent rules groups during 6.5 years of followup in three PHAs. The findings showed some encouraging effects on employment and earnings in the early years of followup, but those effects were not sustained during the full followup period (Riccio et al., 2024). In the absence of longer-term positive impacts on earnings, the new policy led the new rules group to stay longer in the voucher program than the control group, which in turn, caused them to receive more in total housing subsidies—an effect that was still evident, although smaller, at the end of the followup period. At the same time, it allowed households with employed members to keep more of their earnings, thus increasing their disposable income, while they were enrolled in the HCV program. Voucher families and housing agency staff members preferred the alternative rent model, and the housing agencies reported a reduction in administrative burden. The one requirement that pushed in a direction opposite to simplification was collecting and verifying retrospective income in setting and revising TTPs.

STRD's tiered rent policy, like the approach tested in the Rent Reform Demonstration, reduces the standard rent policy's work disincentive largely by replacing annual recertifications with triennial recertifications. However, it also includes a number of important modifications that may make it easier for households to understand its potential benefits and easier for PHAs to administer, which may boost the policy's effectiveness relative to the variant tested in the Rent Reform Demonstration. At the same time, STRD's stepped rent policy represents a fundamentally different approach by decoupling changes in a household's TTP from changes in

⁶ See Public and Indian Housing Notice 2024-38 for additional information on HOTMA compliance deadlines (HUD, 2025).

⁷ See Riccio, Deitch, and Verma (2017) for additional details.

its income (except in cases where a loss of income threatens economic hardship). Thus, by testing these two sets of reforms, STRD promises to add significantly to the evidence on whether particular approaches to rent reform can improve tenants’ employment and earnings while protecting them against greater economic hardship, and also reduce the administrative burden on PHAs and the cost of the HCV and public housing programs.

Brief Overview of the Stepped and Tiered Rent Policies

Five PHAs in STRD implemented a stepped rent policy, and five implemented a tiered rent policy. Exhibit 2 contrasts the two new rent policies with the standard rent rules.

Exhibit 2. Comparison of Rent Policies

	Standard Rent Rules	Stepped Rent Policy	Tiered Rent Policy
Total Tenant Payment (TTP) for Initial Certification	30% of current/anticipated adjusted income	30% of retrospective adjusted income	Based on retrospective gross income (TTP is set at 28% of midpoint of tier; tiers are \$2,500 wide)
TTP for Subsequent Certifications	30% of current/anticipated adjusted income	Previous year TTP + fixed step increase (based on unit size)	TTP for corresponding tier based on retrospective gross income (TTP is 28% of midpoint of tier)
Recertification Period	Annual	Triennial eligibility check only (TTP not adjusted for changes to income)	Triennial
Action Taken When Household Income Increases Between Recertifications	Increase TTP based on income increase (some public housing agencies wait until the next annual recertification to increase TTP)	None	None
Action Taken When Household Income Decreases Between Recertifications	Decrease TTP based on income decrease	Household may request temporary hardship exemption to reduce TTP	Household may request temporary hardship exemption to reduce TTP
Hardship Policy	Not applicable (TTP adjustments for income decreases are addressed with interim certifications)	If a household’s TTP exceeds 40% of income, temporarily set TTP to 40% of income	If a household’s current income places them in a lower tier, temporarily set TTP to that lower tier

Notes: Site variations—Asheville’s TTP is 28 percent for initial certification; Houston’s TTP is 28 percent of the bottom of each tier, with \$2,000 increments.

Source: MDRC

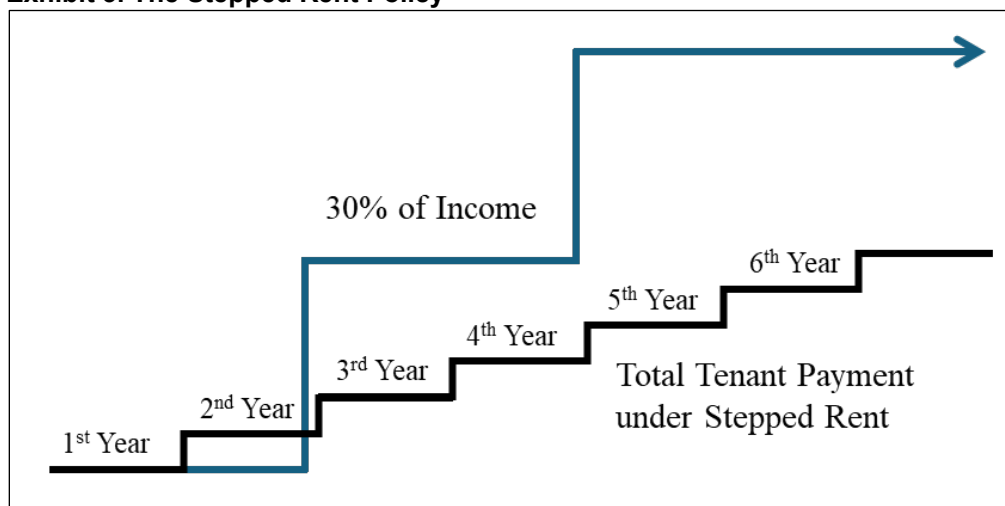
Under the standard rules, households in both the public housing and HCV programs complete an annual recertification. At this recertification, households are required to provide current income information to the PHA, information the PHA uses to calculate the household’s TTP and other subsidy amounts—for example, housing assistance payment in the HCV program. Households are expected to notify the PHA if they experience income changes between annual recertifications, and the PHA either adjusts TTP at that time or at the next annual recertification. PHAs reduce TTPs when a household’s income decreases, provided the income change is reported by the household and the household supplies the required documentation. TTP adjustments for income increases between annual recertifications vary by PHA. Some PHAs do not adjust TTP for income increases until the next annual recertification, and other PHAs adjust TTP only for increases in certain types of income. The stepped and tiered rent policies, among other goals, explicitly attempt to reduce the administrative burdens—and related costs—of the standard rent-setting process.

The Stepped Rent Policy

Under the stepped rent policy, changes in a household’s TTP are decoupled from changes in its income, except in cases of hardship. Upon enrollment into the new rent policy, a household’s *initial* TTP is still based on its income. Then, after the initial rent recertification under the policy, each household’s rent contribution increases annually by a fixed amount, regardless of whether its income increases or (with some exceptions) stays the same or decreases.

Exhibit 3 illustrates how households can benefit from the stepped rent policy. It shows a hypothetical scenario in which a household experiences income increases during the 6-year period. The stepped rent TTP, represented by the black line, increases by a fixed amount each year, regardless of any changes in household income. The blue line with the arrow represents the household’s growing income and increasing TTP under the standard rent rules. In this example, the household’s income increases to levels at which 30 percent of the increased income exceeds the step increases in TTP. Therefore, this hypothetical household keeps more of its increased earnings under the stepped rent policy than it would under the standard rent policy.

Exhibit 3. The Stepped Rent Policy



Source: MDRC

For the duration of the 6-year implementation period, households will not have regular recertifications in which their TTP is adjusted based on a reassessment of their income, and

changes to each household's income will not *automatically* change their TTP.⁸ However, as shown in exhibit 2, the policy includes a temporary income-based hardship provision to protect households that experience significant decreases in income or whose income eventually cannot keep up with the annual step increases. The duration of the hardship exemption ranges from 1 to 12 months, as set by the PHA. When the hardship exemption expires, if the household's income has not improved enough to afford the regular TTP, the household can qualify for a renewal of the hardship exemption. If the nonhardship TTP still exceeds 40 percent of the household's income at the time of the request, the household will be granted a renewal. No limit exists on the number of renewals a household can request and be granted.

Each household's initial stepped rent TTP is set at 30 percent of its retrospective adjusted income (that is, its income during the previous 12 months), rather than the standard 30 percent of current or anticipated adjusted income.⁹ The amount of the annual stepped-rent increase is tied to the local Fair Market Rent (FMR) based on the household's rental unit size (number of bedrooms). Housing subsidies provided by the PHAs are calculated in relation to the FMR for units in a respective metro area. Each stepped rent PHA developed its own step-up schedule for annual increases, with increases of between 2 and 4 percent of the local FMR, depending on the agency. For instance, a household under the stepped rent policy at one of the study PHAs occupying a three-bedroom rental unit would see a step increase of \$50 per month beginning 1 year after their enrollment into the stepped rent policy, and another \$50 increase every subsequent year.

The Tiered Rent Policy

Under the tiered rent policy, all households are assigned, based on their gross retrospective income, into income tiers defined in \$2,500 increments. All households in a given tier pay the same TTP, which is equal to 28 percent of monthly income at the midpoint of the tier. Exhibit 4 illustrates the tiered rent schedule. A household with an annual income of \$6,000 will have a monthly TTP of \$146 under the tiered rent policy. A household with an annual income of \$7,000 will also have a monthly TTP of \$146, because its income falls in the same tier. For both of these households, if their incomes increase during the next 3 years, their monthly TTP will remain at \$146 until the next triennial recertification. If by then they each increased their retrospective annual income to, say, \$12,000, their monthly TTP would jump two tiers, and they would begin paying \$262 a month for the next 3 years. However, if their retrospective incomes fell by that time, their monthly TTP would be set according to whichever tier then applied.

⁸ Although they will not conduct income recertifications under the stepped rent policy for the purposes of recalculating rent, PHAs will reassess continued household program eligibility every 3 years.

⁹ The Housing Authority of the City of Asheville (North Carolina), which is implementing a stepped rent policy, is using 28 percent of retrospective income.

Exhibit 4. Tiered Rent Schedule

Tier	Annual Income Range	Monthly TTP
Tier 5	\$12,499 ... \$10,000	\$262
Tier 4	\$9,999 ... \$7,500	\$204
Tier 3	\$7,499 ... \$5,000	\$146
Tier 2	\$4,999 ... \$2,500	\$87
Tier 1	\$2,499 ... \$0	\$50

TTP = total tenant payment.

Notes: This illustration represents the first five tiers in the tiered rent schedule. Income tiers increase in increments of \$2,500, and the associated TTP is calculated as 28 percent of the midpoint of the tier.

Source: HUD (2023b)

The hardship exemption for the tiered rent policy is that if a household's current income would place it in a lower income tier, the PHA will temporarily set the household's TTP to that lower tier. Like the stepped rent policy, the duration of the hardship exemption ranges from 1 to 12 months, as set by the PHA. Hardship exemptions can be renewed per the household's request if it remains eligible for an exemption. No limits are placed on the number of times a hardship can be renewed, but a hardship TTP is only effective until the next triennial recertification, when the household completes a full income review and a new TTP is set for the next 3 years.

The tiered rent policy attempts to reduce administrative burden by requiring recertifications once every 3 years instead of every year, eliminating interim certifications to adjust TTP for income changes between recertifications, and using gross income instead of adjusted income to calculate TTPs. Capping TTPs for 3 years also reduces the potential earnings disincentive inherent in the standard rent structure—a household that increases its earned income will not have to pay more in rent before its triennial recertification. By using gross income to calculate TTP, this policy also eliminates the need to adjust income by applying certain deductions, which can make rent calculations opaque to households and, in the case of childcare deductions, can be administratively burdensome to document and verify.

Although the stepped rent policy attempts to increase financial work incentives by decoupling TTP increases from earnings increases, the tiered rent policy attempts to do so by eliminating TTP increases when earnings increase for 3-year cycles. In both policies, the respective changes in setting and modifying TTPs are expected to help reduce PHAs' administrative burden in operating the rent subsidy system.

Choosing Between the Stepped and Tiered Rent Policies: PHA Perspectives

In an early round of interviews conducted with PHA staff members in this demonstration, PHA leaders and administrators stated that their motivation to join the MTW expansion's second cohort was largely driven by the various flexibilities and cost savings that MTW status would afford their agencies. For some administrators, their decision to apply for one of the early cohorts

reflected a strategic choice to increase their chances of being selected for *any* of the several planned MTW Expansion cohorts.¹⁰ In contrast, other administrators were attracted to one or both alternative rent policies or were partly motivated by a view that households in HUD subsidized housing programs working to better their financial standing faced perverse incentives under the standard rent rules, with household income increases resulting in TTP increases at the next annual income review by PHAs (and in some PHAs in between annual income reviews).

In choosing between the stepped and tiered rent policies, PHA rationales varied. Staff members at agencies that chose to implement the stepped rent policy cited the perceived administrative benefits of decoupling household income and TTPs after the initial household recertification (except in cases of hardship) as the main reason they pursued that policy. One PHA executive shared that the stepped rent policy might benefit tenants because it “helps mirror the [unsubsidized rental housing] market” insofar as household TTPs would increase regularly and modestly, regardless of a household’s income. This staff member continued, “One of the things we have an obligation to do is help people be successful in housing, and mirroring the market does that.” An executive at another stepped rent PHA, when asked why the PHA applied for the second MTW cohort, referenced consultations with small groups of residents:

We have been having conversations with residents about ... what we could do to help them go to work and encourage them to go to work, facilitate the work process for them for several years, probably ... before 2010. And one of the main things they said to us early on was [to] not increase our rent so much when we go back to work. It’s just a huge burden to go from no significant income, and \$25 to \$50 [increases] up to ... more than \$500 a month for a \$10 an hour job. So that was the primary emphasis for choosing this particular cohort and specifically choosing the step [rent] as well.

When it came time to select between the stepped and tiered rent policies at this agency, PHA staff members presented income scenarios under both policies. The executive at one agency recalled that residents expressed a clear preference for the stepped rent policy, believing that they would benefit more from the stepped rent policy if they were to begin working.

Staff members also shared concerns about the stepped rent policy at both tiered and stepped rent agencies. One administrator recalled fearing that the stepped rent policy might elicit negative public reactions, particularly a belief that annual rent increases were meant to encourage households to leave housing assistance. By comparison, respondents at tiered rent agencies seemed more likely to favor the simplicity of the tiered rent policy. Also, respondents did not convey similar concerns around public reactions.

PHA staff members broadly believed that residents had the *potential* to fare better under both the stepped and tiered rent policies than they might under the standard rent rules, but staff members’ perspectives on whether households *would* fare better varied. One PHA staff member said that whether households would benefit depended on the ability and motivation of households to work. The staff member stated, “The ones that have jobs and that have been really, really struggling, I think they’re going to have a good advantage. Because I think that [the tiered rent policy] will give them room to breathe if they take advantage of [those] 3 years to save money.”

¹⁰ Respondents at some other PHAs also mentioned working at or being familiar with other MTW agencies as a motivation for applying for MTW expansion cohorts at their current agencies.

Sites in the Demonstration

Exhibit 5 lists the 10 PHAs selected by HUD to participate in STRD.¹¹ This group includes five PHAs that opted to implement a tiered rent policy, with one of those five implementing a modified version of the tiered policy, and another five that opted to implement a stepped rent policy. Exhibit 6 presents a few characteristics of the PHAs and the communities in the demonstration. Chapter 2 will describe the characteristics of the households enrolled in STRD. Overall, the 10 agencies selected for this study make up a varied sample from which to evaluate the implementation experiences and effects of stepped and tiered rent policies.

Exhibit 5. Public Housing Agencies in the Demonstration

Stepped Rent Policy		Tiered Rent Policy	
1. Fort Wayne Housing Authority, Indiana		1. Akron Metropolitan Housing Authority, Ohio	
2. Housing Authority of the City of Asheville, North Carolina		2. Charleston-Kanawha Housing Authority, West Virginia	
3. Housing Authority of the County of Kern, California		3. Everett Housing Authority, Washington	
4. Housing Connect (Housing Authority of the County of Salt Lake), Utah		4. Housing Authority of Washington County, Oregon	
5. Portsmouth Redevelopment and Housing Authority, Virginia		5. Houston Housing Authority, Texas (<i>modified tiered rent policy</i>)	

Source: HUD (2021)

Exhibit 6. Stepped and Tiered Rent Demonstration Public Housing Agency Characteristics and Local Context at Baseline

PHA	PHA Characteristics			Local Context			
	Total PH and HCV Units	PH	HCV	Fair Market Rent for Two-Bedroom Unit (\$)	Households in Poverty (%): PH	Households in Poverty (%): HCV	County Unemployment Rate (%)
Tiered Rent							
Akron	9,597	4,307	5,290	890	28	27	3.7
Charleston	4,306	1,135	3,171	833	28	19	3.0
Everett	3,327	N/A	3,327	2,455	N/A	13	3.8
Houston	20,814	2,245	18,569	1,307	30	11	3.9
Washington County	3,438	244	3,194	1,839	11	8	3.1
Stepped Rent							
Asheville	3,379	N/A	3,379	1,466	N/A	20	2.6
Fort Wayne	4,037	656	3,381	822	19	24	2.4
Kern County	4,840	860	3,980	1,013	9	14	7.0
Portsmouth	3,284	563	2,721	1,193	31	26	3.3
Salt Lake County	3,517	231	3,286	1,327	9	12	2.2

HCV = Housing Choice Voucher. N/A = not applicable. PH = public housing. PHA = public housing agency.

Notes: The data in the table reflect PHA characteristics and local context in December 2022, the month before study enrollment started. These data were accessed at <https://www.bls.gov/lau/data.htm> on September 8, 2025, and account for adjustments that the Bureau of Labor Statistics made since these data were presented in Castells et al. (2024).

Sources: HUD (2022a, 2022b); BLS (2025)

¹¹ In March 2019, PHAs were invited to submit letters of interest for this demonstration. On August 28, 2020, HUD published Public and Indian Housing Notice 2020-21 to invite the 36 eligible PHAs that submitted letters of interest to work with their residents and communities to submit full applications by January 8, 2021.

Among the 10 PHAs, 2 (Everett and Asheville) do not administer public housing programs, instead serving families only through the HCV program. As exhibit 6 shows, the housing agencies also differ in terms of the size of the subsidy programs they operate. Houston operates the largest program among the study sites, serving 20,814 public housing and HCV units combined. Portsmouth is the smallest of the 10, with 3,284 total units. This variation in PHA size is related to HUD’s selection criteria for this demonstration. PHAs with 1,000 or more eligible nonelderly, nondisabled households were encouraged to apply. PHAs that were interested in an alternative to the two proposed rent policies (Houston, for example) were required to be large enough to ensure an adequate sample size would be feasible for examining the effects of that policy.

Four of the 10 sites (Akron, Fort Wayne, Houston, and Portsmouth) serve primarily Black households, whereas Everett and Salt Lake and Washington Counties serve primarily White households (not shown). However, other racial and ethnic groups also constitute an important percentage of assisted households for some PHAs. For example, the Asian population is largest in Everett, representing 12 percent of total households, and the Hispanic population is largest in Kern County, Salt Lake County, and Washington County, representing 36, 16, and 16 percent, respectively.

Exhibit 6 shows the range of housing markets and housing costs in the study sites, with Everett having the highest FMR for a two-bedroom unit at \$2,455, and Fort Wayne with the lowest at \$822.

Variation in economic context and opportunity can affect how households respond to the intended financial incentives built into the stepped and tiered rent policies. Across all 10 PHAs, local poverty rates ranged from 9 to 31 percent, and county unemployment rates ranged from 2.1 to 4.1 percent. Residents living in areas with higher unemployment rates might be less able to take advantage of the new rent policies’ potential financial incentives if they do not have access to job opportunities. However, the types of skills in demand, and whether there is a skills mismatch, also influence the extent to which residents can take advantage of the potential earnings incentives in the new rent policies.

Evaluation Plan and Timeline

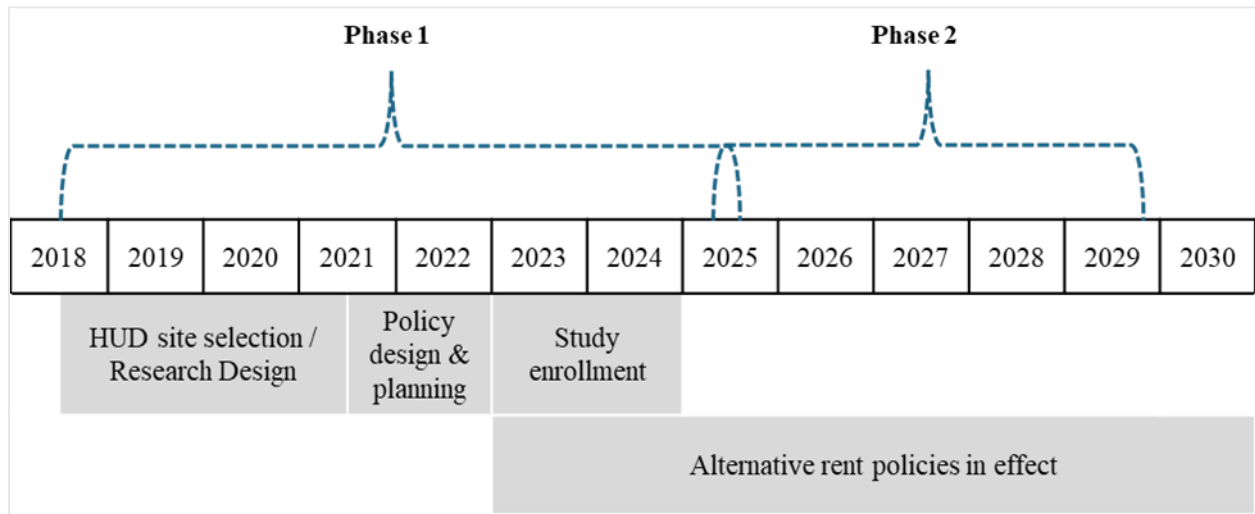
As previously noted, STRD relies on a randomized controlled trial study design, a rigorous method for determining the effectiveness of an intervention. Because households are assigned at random to a “new rent rules group” or to a “standard rent rules group,” the differences in outcomes between the two groups can be confidently attributed to the new rent policy.

The STRD evaluation is expected to last 6 years after PHAs complete enrolling families into the demonstration. In this 6-year implementation period, PHAs will administer both the alternative rent policy and the standard rent policy. Households will remain in their assigned group—stepped, tiered, or standard rent rules—for 6 years (unless they stop receiving housing assistance from the STRD housing agency, move to another jurisdiction, or are exempted from the study for a prespecified reason).¹²

¹² If a participating household leaves a study PHA, then returns to the PHA within the 6-year period, the household will return to the rent rules it was randomly assigned at study enrollment.

Exhibit 7 displays the demonstration timing. Phase 1 of this evaluation, from 2018 to 2025, focused on essential activities to lay the groundwork for a full-scale evaluation of the effects of these alternative rent policies. These activities covered a policy and implementation design process with HUD and the 10 PHAs, policy and research-focused technical assistance, and monitoring and documenting early implementation experiences. Phase 2, which briefly overlaps with Phase 1, covers the period from 2024 to 2029 and focuses on longer-term monitoring and evaluation activities to assess the ongoing implementation and effects of the new rent policies on households’ labor market outcomes, receipt of housing subsidies and other government benefits, and other well-being outcomes. Phase 2 will also examine the policies’ effects on PHAs’ administrative burden, administrative costs, housing subsidy payments, and other outcomes.

Exhibit 7. Timeline of the Demonstration



Source: MDRC

The agencies in the demonstration began enrolling households in three waves, starting in early 2023. Five PHAs launched enrollment in January 2023, another two agencies launched enrollment in March 2023, and the final three agencies launched enrollment in May 2023. Study enrollment across the 10 sites ended in November 2024. In all 10 sites, study enrollment for new admissions to the public housing and HCV programs started a few months after enrollment started for recertifying households because of software limitations. Because of this lag, enrollment for new admission households ended a few months after the enrollment period for recertifying households.

Focus of this Report

This report describes the baseline characteristics of the households participating in the study, including their demographics, income sources, employment levels, and levels of material hardship at the time they entered the demonstration. It also presents findings from interviews with PHA staff to describe their views on the early implementation of the two new rent policies.

It draws on both qualitative and quantitative data and is structured around seven chapters. Exhibit 8 provides a brief description of the main data sources used in this report; additional details about the data are included in the chapters where these data are used.¹³

Exhibit 8. Brief Overview of the Key Data Sources for this Report

<p>Baseline Survey Data: Participants in the Stepped and Tiered Rent Demonstration completed a brief voluntary survey at the time of study enrollment. The survey provides information on a broad range of demographics and other characteristics, including family composition, income, employment status, perceived barriers to employment, and education level. This information is generally not available in the agencies' administrative records. Chapter 2 of this report uses the baseline survey data to describe the characteristics and circumstances of individuals and households at study entry.</p>
<p>Housing Administrative Records Data: This includes information on the Form HUD-50058 submitted to HUD by the public housing agencies (PHAs). Each household completes or updates a HUD-50058 form as part of its initial certification or recertification. In chapter 2, these data along with the baseline survey data are used to describe the characteristics of families participating in the study, their incomes and income sources, their total tenant payment amounts, their subsidy levels, and their monthly rent payments to landlords.</p>
<p>Staff Member Interviews: The implementation experiences discussed in this report come from two rounds of interviews with PHA staff members. The first, conducted approximately 6 months after each PHA began enrolling families into the alternative rent policies, included 63 individual and group interviews with 95 staff members (PHA leaders, program managers and supervisors, and housing specialists and property managers in the HCV and public housing programs). Interviews were conducted on site at each PHA and (if necessary or preferred) by remote video conference. The first round of interviews focused on staff members' early experiences of transitioning to and learning to operate the alternative rent policy; applying for the second Moving to Work expansion cohort; designing the alternative rent policies and planning for their implementation; developing procedures and informing households about the demonstration; the alternative rent policies and the associated research activities; and beginning to operate the alternative rent policies. Second-round interviews were group interviews with program managers and frontline staff members at each of the 10 sites and were conducted between December 2024 and March 2025, approximately 1.5 years after the start of enrollment and after enrollment was completed. A total of 21 group interviews with 58 staff members were conducted as part of the second round. These interviews focused on staff members' recent experiences implementing the policies, after they had more experience operating them. Both rounds of interviews also had staff members reflect on how households assigned to these policies reacted to the major features of these policies.</p>

Following this introduction, chapter 2 draws on a baseline survey, completed by study participants at study enrollment, and HUD 50058 data to describe the characteristics of the households in the demonstration, how the two study groups compare, and whether the study sample is representative of the larger national voucher population.¹⁴ The next three chapters synthesize observations from two rounds of interviews with PHA staff. Chapter 3 describes staff experiences in the early stages as they prepared to launch the demonstration. Chapter 4 focuses on their operational experiences with using retrospective income to calculate housing subsidies. Chapter 5 turns to their experiences implementing the policies' hardship provisions. Chapter 6 examines staff perspectives on the successes of the alternative policies so far. The final chapter (chapter 7) discusses some key takeaways at the end of Phase 1 and maps out important milestones for Phase 2 of this demonstration.

¹³ For more details on the full evaluation, see Miller et al. (forthcoming).

¹⁴ The HUD-50058 is a form used by HUD to collect information on families participating in certain federal rental assistance programs, including public housing and HCV. Households complete or update a HUD-50058 form as part of their initial certification or recertification.

Chapter 2. Characteristics of Households Enrolled in the Study

Introduction

This chapter examines the baseline characteristics of households that enrolled in the Stepped and Tiered Rent Demonstration (STRD). It begins by discussing the eligibility criteria for random assignment and provides a brief overview of the study enrollment, consent, and random assignment processes. Data from the baseline survey completed by the heads of households enrolling in the study and from HUD administrative records are used to compare households that were randomly assigned to the alternative rent rules group with households that were assigned to the standard rent rules group at both stepped rent and tiered rent sites. Results of this comparison indicate that the characteristics of households in the two alternative rent rules groups are approximately equivalent to those of households in the standard rent rules group at both sets of sites, demonstrating that random assignment was successful.¹⁵

The analysis also reveals that there are some notable differences across the sites in the demonstration. Results from a comparison of the study sample to a national sample of nonelderly and nondisabled households receiving assistance through Housing Choice Voucher (HCV) and public housing programs are also discussed. These results show that the study sample is broadly similar to the national population, suggesting that any findings from the study can reasonably be generalized to the national population of study-eligible households receiving assistance through the HCV and public housing programs. The chapter concludes with a discussion of site-specific factors that emerged during implementation that may have implications for the generalizability and validity of the findings. Although these factors will need to be carefully considered when interpreting the results of impact analyses for the two rent policies, they do not pose a significant threat to the validity of future findings.

Study Eligibility, Enrollment, and Consent

Study enrollment for recertifying households began at all study public housing agencies (PHAs) between January and May 2023.¹⁶ Enrollment for households newly admitted to housing assistance followed on a separate track a few months after the enrollment launch date for recertifying households. With some exceptions, the enrollment period for both recertifying and new admission households occurred for 1 year. To test whether the alternative rent policies promote employment and earnings outcomes, only households meeting the following criteria were randomly assigned:

- The head of household and any spouse or co-head of household had to be aged 18 to 55 at the time of random assignment. Capping the age limit at a maximum of 55 ensured that no households would be classified as elderly households according to HUD criteria during the 6-year program period.¹⁷

¹⁵ See appendix exhibits B1 and B2.

¹⁶ Five PHAs began enrollment in January 2023, with two more starting in March 2023 and the final three launching in May 2023. The start of new admissions enrollment varied by site, but typically began approximately 4 months after enrollment for recertifying households.

¹⁷ HUD classifies households with a head of household, spouse, or co-head of household aged 62 or older as elderly.

- The head of household, spouse, or co-head of household had not been classified as a person with a disability.¹⁸

Additional families were deemed ineligible based on their housing status, including HCV households not receiving a housing subsidy (\$0 HAP), public housing families paying flat rent, households in which one or more family members were not eligible to receive housing assistance based on their immigration status (mixed-eligibility households), pending port-outs, and administered port-ins.¹⁹ Families participating in HUD’s Family Self-Sufficiency (FSS) and homeownership programs, public housing households in Jobs Plus developments, and HCV households receiving a special-purpose voucher were also ineligible.²⁰

Procedures for enrolling households into the study were incorporated into the regular certification processes used by each of the housing agencies, with some adaptations. PHAs invited eligible households to an enrollment meeting, where they were introduced to the study by PHA staff members. During this meeting, PHA staff members provided details about the study to the head of household, confirmed the household’s eligibility, and collected informed consent to participate in the study. PHA staff members also asked heads of household that consented to participate in the study if they would complete a short survey. The baseline survey collected a range of information that is generally not collected in PHA records, including: household composition, employment history, incidence of material hardship, and other data relevant to the evaluation.

PHA staff members conducted random assignment after collecting consent and administering the baseline survey to ensure that the decision to participate in the study and complete the survey would be independent from the results of random assignment. All eligible households were randomly assigned to receive either the alternative rent rules or the standard rent rules, regardless of whether they provided consent to have their data collected for the demonstration. However, only families who consented to have their data collected are included in the study sample.

Exhibit 9 presents the number of families who were randomly assigned and who consented to participate in the study by PHA. The table also shows the percentage of households that were randomly assigned and that agreed to participate in the study (the consent rate) in the right-hand column. Exhibit 9 shows that 15,270 households were randomly assigned, including 5,019 households at stepped rent sites and 10,251 households at tiered rent sites. The number of households randomly assigned varied by PHA, ranging from 492 in Portsmouth to 3,622 in Akron. Of those households randomly assigned, 11,749 consented to participate in the study—a consent rate of 77 percent. Anecdotally, PHA staff members observed that households cited many different reasons for choosing not to participate in the study, including concerns about data breaches, concerns with data being shared with third parties, and a general concern about being

¹⁸ Typically, a household is classified as disabled if the head of household, co-head of household, or spouse receives Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI). However, PHAs are afforded some flexibility in defining what constitutes a disabled household. For STRD, households were also designated as disabled if the head, co-head, or spouse had been approved to receive SSI or SSDI but had not yet received their first payment or if they had a pending SSI or SSDI application and were waiting to learn their approval status.

¹⁹ Families in the HCV program may “port” their housing subsidy to a location served by a PHA other than the agency that initially issued their voucher. When a family leaves a PHA’s jurisdiction, it is recorded by that agency as a port out, and when a family enters a PHA’s jurisdiction, it is recorded as a port in.

²⁰ Examples of special purpose vouchers include Veterans Affairs Supportive Housing, Moderate Rehabilitation Vouchers, and Enhanced Vouchers.

part of a study. Consent rates varied by site from 65 to 87 percent, exceeding 70 percent at 8 of the 10 PHAs. Why the study consent rate was higher at some sites than at others is unclear. However, if the characteristics of households that consented to participate in the study systematically vary from those who did not consent, it raises concerns that results may not be generalizable at sites with lower consent rates.²¹

Exhibit 9. Number of Randomly Assigned and Enrolled Sample Members, by Rent Policy and Public Housing Agency

Public Housing Agency	Households		Consent Rate (%)
	Randomly Assigned	Households Consented	
Stepped rent total	5,019	3,952	79
Housing Authority of the City of Asheville (NC)	1,037	812	78
Fort Wayne Housing Authority (IN)	1,504	1,115	74
Housing Authority of the County of Kern (CA)	1,260	1,040	83
Portsmouth Redevelopment and Housing Authority (VA)	492	422	86
Housing Connect (Housing Authority of the County of Salt Lake) (UT)	726	563	78
Tiered rent total	10,251	7,797	76
Akron Metropolitan Housing Authority (OH)	3,622	2,577	71
Everett Housing Authority (WA)	928	600	65
Charleston-Kanawha Housing Authority (WV)	1,437	1,092	76
Housing Authority of Washington County (OR)	736	475	65
Houston Housing Authority (TX)	3,528	3,053	87
Total	15,270	11,749	77

Source: MDRC calculations using study enrollment data

The proportion of stepped rent households that consented to data collection was approximately equal to the proportion of tiered rent households that consented. However, the tiered rent study sample of 7,797 is nearly double the size of the stepped rent study sample of 3,952. Akron and Houston, the two PHAs with the largest number of study households, each have more than twice as many households enrolled in the study than any of the other eight PHAs. These two sites alone account for nearly 75 percent of the tiered rent sample. It will be important to consider the influence of results from these two sites when evaluating the effects of the tiered rent policy.

Enrollment Characteristics of the Study Sample

STRD includes households receiving assistance through both the HCV and public housing programs. Most of the households in the study sample are in the HCV program—more than 90 percent in stepped rent sites and slightly less than 80 percent in tiered rent sites—and the remaining households are in public housing (exhibit 10). Most HCV households at both stepped rent and tiered rent sites held tenant-based rather than project-based vouchers, and overall, tenant-based voucher holders made up more than 70 percent of the stepped rent and tiered rent samples. Families with tenant-based vouchers made up more than 80 percent of the HCV sample at seven sites, but the proportion was much lower at two of the remaining sites. Two PHAs, Asheville and Everett, do not administer any public housing programs and enrolled only HCV families in the study. All public housing developments at these PHAs had previously been

²¹ Findings from a planned HUD analysis that will examine baseline characteristics by consent status is expected to be included in a future report.

converted to private developments with project-based vouchers through the Rental Assistance Demonstration program, and households living in those units are now part of the HCV program.

Exhibit 10. Enrollment Characteristics of Households in the Study Sample, by Public Housing Agency Rent Policy

Characteristic (%)	Stepped Sites	Tiered Sites
Program ^a		
Public housing	8.0	20.1
Housing Choice Voucher (HCV)	92.0	79.9
Among HCV households, voucher type ^b		
Tenant-based voucher	72.3	92.5
Project-based voucher	27.7	7.5
Certification type ^a		
Recertification	86.0	87.8
New admission	14.0	12.2
Enrollment sample size	3,952	7,797
PIC sample size	3,557	7,117

PIC = Inventory Management System/Public and Indian Housing Information Center.

^a Stepped and Tiered Rent Demonstration (STRD) study enrollment. ^b PIC.

Notes: Sample sizes for specific outcomes may vary because of missing values. Rounding may cause slight discrepancies in calculating sums and differences. Percentages may sum to more than 100 for questions that allow more than one response. PIC data were collected at the most recent recertification before random assignment or the new admission certification. PIC data were reweighted by site to match the proportion of new admission households and recertifying households observed in the study enrollment data.

Sources: PIC data; STRD study enrollment data

PHAs enrolled both recertifying households and households newly admitted to either the HCV or public housing programs.²² Exhibit 10 shows that more than 85 percent of the study sample at stepped rent PHAs and tiered rent PHAs comprised recertifying households, and that more than 10 percent were new admissions. However, exhibits 11 and 12 show that at some sites, the proportion of newly admitted households enrolled in the study was much lower due to some sites issuing fewer vouchers during the enrollment period. Houston, where only 3 percent of the study sample are new admissions, did not issue any new vouchers to households that met the study eligibility criteria during the enrollment period and only enrolled new admissions to the public housing program.²³ Because Houston households account for nearly 40 percent of the tiered rent sample, the lower proportion of new admissions enrolled at that site significantly reduced the proportion of new admissions in the tiered rent sample overall.

²² This contrasts with the Rent Reform Demonstration, which enrolled only recertifying households in the HCV program. Whether newly admitted households were enrolled at voucher issuance or at the Request for Tenancy Approval varied by PHA.

²³ During the enrollment period, Houston granted new vouchers only to families who were elderly, were disabled, or met certain other criteria. No HCV new admissions were eligible for random assignment.

Exhibit 11. Enrollment Characteristics of Households in the Study Sample in Stepped Rent Sites, by Public Housing Agency

Characteristic (%)	Fort Wayne	Asheville	Kern County	Salt Lake County	Portsmouth
Program ^a					
Public housing	14.1	0.0	9.8	5.2	6.9
Housing Choice Voucher (HCV)	85.9	100.0	90.2	94.8	93.1
Among HCV households, voucher type ^b					
Tenant-based voucher	87.8	40.1	83.5	82.3	58.9
Project-based voucher	12.2	59.9	16.5	17.7	41.1
Certification type ^a					
Recertification	80.4	84.6	91.2	80.6	97.2
New admission	19.6	15.4	8.8	19.4	2.8
Enrollment sample size	1,115	812	1,040	563	422
PIC sample size	984	681	977	499	416

PIC = Inventory Management System/Public and Indian Housing Information Center.

^a Stepped and Tiered Rent Demonstration (STRD) study enrollment. ^b PIC.

Notes: Sample sizes for specific outcomes may vary because of missing values. Rounding may cause slight discrepancies in calculating sums and differences. Percentages may sum to more than 100 for questions that allow more than one response. PIC data were collected at the most recent recertification before random assignment or the new admission certification. PIC data were reweighted by site to match the proportion of new admission households and recertifying households observed in the study enrollment data.

Sources: PIC data; STRD study enrollment data

Exhibit 12. Enrollment Characteristics of Households in the Study Sample in Tiered Rent Sites, by Public Housing Agency

Characteristic (%)	Akron	Charleston	Everett	Washington County	Houston
Program ^a					
Public housing	30.5	26.0	0.0	15.2	14.0
Housing Choice Voucher (HCV)	69.5	74.0	100.0	84.8	86.0
Among HCV households, voucher type ^b					
Tenant-based voucher	91.2	85.8	74.6	82.0	99.7
Project-based voucher	8.8	14.2	35.4	18.0	0.3
Certification type ^a					
Recertification	80.4	82.9	81.8	87.6	97.0
New admission	19.6	17.1	18.2	12.4	3.0
Enrollment sample size	2,577	1,092	600	475	3,053
PIC sample size	2,270	978	485	394	2,990

PIC = Inventory Management System/Public and Indian Housing Information Center.

^a Stepped and Tiered Rent Demonstration (STRD) study enrollment. ^b PIC.

Notes: Sample sizes for specific outcomes may vary because of missing values. Rounding may cause slight discrepancies in calculating sums and differences. Percentages may sum to more than 100 for questions that allow more than one response. PIC data were collected at the most recent recertification before random assignment or the new admission certification. PIC data were reweighted by site to match the proportion of new admission households and recertifying households observed in the study enrollment data.

Sources: PIC data; STRD study enrollment data

Data Sources for Baseline Measures

Baseline measures for the study sample draw on data collected from the baseline survey and from housing records from HUD's Inventory Management System/Public and Indian Housing Information Center (PIC). Analyses of these measures offer a detailed picture of the households that enrolled in the study, including the characteristics of heads of households, household composition, income and employment history, incidence of material hardship, benefits receipt, and other important information.

Baseline Survey Data

Baseline survey data were collected from a voluntary survey completed by heads of households at the time of study enrollment. The baseline survey was administered by PHA staff members after the head of household provided consent to data collection for the study but before random assignment. Survey responses provide information that is often not available from administrative data and offer a snapshot of the household at the time of study entry. More than 97 percent of heads of households enrolled in the study completed the survey with nearly equal completion rates between the stepped rent and tiered rent samples as well as for the alternative rent rules group and the standard rent rules group. Completion rates were generally high across all sites, with 8 of 10 PHAs achieving completion rates exceeding 95 percent. However, completion rates at Portsmouth and Washington County were lower, with rates of 83 and 87 percent, respectively.²⁴

PIC Administrative Records Data

PIC administrative data collected for the study contain information about a household's members, income, rent, housing subsidy, and other information PHAs recorded in the HUD-50058 form during a family's certification and submitted to HUD.²⁵ Nearly all (99.1 percent) recertifying households in the study sample have at least one housing record in the PIC data before study enrollment. The record for the most recent certification before random assignment is used to create baseline measures. PIC baseline measures for newly admitted households draw from the household's new admission certification, which typically occurred shortly after random assignment. PIC data do not include records from stepped and tiered rent certifications, and thus these data are not yet available for newly admitted households randomly assigned to the stepped or tiered rent groups.²⁶ The research team applied a weighting method to calculate the summary

²⁴ When pressed for time, a couple of staff members at Portsmouth skipped over a step in the research protocol to save time, which resulted in a precipitous drop in the baseline survey response rate from more than 90 percent to approximately 30 percent for 2 months. The research team worked with PHA staff to address this misunderstanding and clarify that the research protocol needed to be carried out in full, and response rates subsequently rose back to more than 90 percent.

²⁵ PHAs use the HUD-50058 form to collect information on families participating in the HCV and public housing programs. Three types of HUD-50058 forms exist: (1) the standard HUD-50058 form used in non-Moving to Work (MTW) agencies, (2) the MTW 50058 form used in the initial 39 MTW agencies, and (3) the MTW Expansion 50058 that MTW agencies use under the HUD MTW expansion. Currently, the 10 agencies participating in the demonstration continue to use the standard HUD-50058 form for certifications under the standard rent rules and use the MTW Expansion 50058 for stepped rent and tiered rent certifications. All study households will eventually transition to the MTW Expansion 50058 form.

²⁶ The study enrollment period occurred during HUD's transition from PIC to the Housing Information Portal (HIP) system and MTW PHAs' transition from the HUD-50058 form to the new MTW Expansion 50058 form. The MTW

statistics that weighted up data for control group new admissions to match the proportion of newly admitted and recertifying households in the overall study sample.²⁷

Characteristics of the Stepped Rent and Tiered Rent Samples

Baseline measures from both PIC and baseline survey data indicate that the aggregate characteristics of study households are fairly similar between the stepped rent and the tiered rent samples. However, there are notable differences across sites within the pooled samples. Exhibit 13 shows demographic characteristics for the stepped rent and tiered rent samples. In both samples, more than 90 percent of heads of households are female. On average, the heads of households in both stepped rent and tiered rent sites were 36 years old at the time of enrollment. Approximately 75 percent of heads of households were between 25 and 44 years old.

Exhibit 13. Demographic Characteristics of Households in the Study Sample, by Public Housing Agency Rent Policy

Characteristic	Stepped Sites	Tiered Sites
Head of household		
Female (%) ^a	90.9	92.9
Age (%) ^a		
18–24	8.1	6.7
25–34	37.2	35.9
35–44	37.0	38.4
45–56	17.7	19.0
Average age (years) ^a	36.2	36.7
Race (%) ^a		
White	33.1	26.5
Black/African American	60.6	69.6
American Indian/Alaska Native	0.9	0.4
Asian	1.2	0.4
Native Hawaiian/Other Pacific Islander	1.2	0.7
Two or more races	3.0	2.4
Hispanic or Latino (%) ^a	15.0	5.7
Education (%) ^b		
Less than high school diploma	25.7	20.8
High school diploma or GED certificate	39.3	36.9
Some college or more	35.1	42.3
Household composition		
Number of family members ^a	3.2	3.2
Adults	1.3	1.4
Children	1.9	1.9
More than one adult (%) ^a	25.1	27.7
Single parent (%) ^a	59.4	59.1
Number of children (%) ^a		
None	21.3	20.2

Expansion 50058 form is used to record stepped and tiered rent certifications, but this form cannot be submitted to PIC and must be submitted to HIP. PHAs will not submit stepped and tiered rent certifications to HUD until the HIP transition is complete.

²⁷ The baseline characteristics of control group households are reasonable proxies for baseline characteristics of stepped or tiered rent group households at a given site, because random assignment design ensures that observable and non-observable characteristics do not systematically differ between the two groups. The PIC data contained new admissions records for 7 of the 10 sites participating in the study. Unweighted PIC baseline characteristics are presented in appendix C of this report.

Characteristic	Stepped Sites	Tiered Sites
1	23.2	25.3
2	23.4	24.8
3 or more	32.0	29.7
Among households with children, age of the youngest child (%) ^a		
0–5	49.2	42.5
6–12	35.6	40.9
13–17	15.2	16.6
Housing assistance		
Length of time receiving Section 8 voucher or living in public housing (%) ^b		
Less than 1 year	21.2	19.3
1–3 years	26.1	21.1
4–6 years	20.1	18.6
7–9 years	11.7	13.5
10 years or more	20.9	27.5
Household was homeless at program entry (%) ^a	19.1	5.5
BIF sample size	3,848	7,591
PIC sample size	3,557	7,117

BIF = Stepped and Tiered Rent Demonstration (STRD) Baseline Information Form. PIC = Inventory Management System/Public and Indian Housing Information Center.

^a PIC. ^b STRD BIF.

Notes: Sample sizes for specific outcomes may vary because of missing values. Rounding may cause slight discrepancies in calculating sums and differences. Percentages may sum to more than 100 for questions that allow more than one response. PIC data were collected at the most recent recertification before random assignment or the new admission certification. PIC data were reweighted by site to match the proportion of new admission households and recertifying households observed in the study enrollment data.

Sources: PIC data; STRD BIF data

Approximately two-thirds of STRD heads of households are Black, just under one-third are White, and approximately one-tenth are Hispanic or Latino. Some differences exist in demographics between the stepped rent sample and the tiered rent sample, driven by variation across the individual sites within those samples. For example, the tiered rent sample has a higher proportion of Black heads of households (70 percent) than the stepped rent sample (61 percent). The mean for the tiered rent sample is higher primarily because of Akron and Houston, which are each more than twice as large as the other tiered rent sites and which have a substantial proportion of Black heads of households (73 and 95 percent, respectively).²⁸ The stepped rent sample has a higher proportion of Hispanic or Latino households compared with the tiered rent sample (15 percent compared with 5.7 percent) due to larger Hispanic or Latino populations at two stepped rent sites, Kern County and Salt Lake County (36 and 22 percent, respectively). By contrast, only one tiered rent site, Washington County, has a sample in which more than 10 percent are Hispanic or Latino. See appendix exhibits A5 and A6 for site-specific demographic characteristics. In terms of education levels, approximately 75 percent of heads of households in both the stepped rent sample and the tiered rent sample have at least a high school diploma or equivalent, with a slightly higher percentage at tiered rent sites.

The average household size across both the stepped rent and tiered rent samples was slightly more than three people, with an average of just under two children per household.

²⁸ See appendix exhibit A6.

Approximately 25 percent of households had more than one adult, whereas slightly less than 60 percent had a single parent. The data suggest that most of the other adults in the household are likely adult children of the heads of households. Among the adults who are not heads of households, 88 percent are not spouses or co-heads. Of those, 85 percent are 24 years old or younger. Approximately 80 percent of both stepped rent and tiered rent households have at least one child under 18 years old, and in households with one or more children, close to one-half had at least one child who was 5 years old or younger.

The stepped rent and tiered rent samples are relatively evenly distributed in the length of time that households have received housing assistance, with roughly one-fifth of the sample in the categories of less than 1 year, 1 to 3 years, 4 to 6 years, 7 to 9 years, and 10 or more years. However, a higher proportion of households in tiered rent sites had longer stays, with a higher concentration of households that have received assistance for 10 years or more—28 percent across the tiered rent sites compared with 21 percent across the stepped rent sites. This difference is due to the sample in Houston, where nearly 40 percent of households fell into this category. Conversely, households that had been receiving assistance for 3 years or less accounted for more than one-half of the sample in both Fort Wayne and Salt Lake County, both stepped rent sites (see appendix exhibits A1–A2).

More than one-half of the heads of households participating in the study reported being employed at the time of study enrollment in the baseline survey. Fifty-four percent of the households in the stepped rent sites and 57 percent of the households in tiered rent sites reported being employed, with 90 percent of employed participants working in regular jobs (not temporary or seasonal, and not self-employed) in both samples (exhibit 14).²⁹ In the PIC data, 50 percent of households had wages as a non-excluded income source on the housing certification effective at the time of study enrollment. Approximately 75 percent of heads of households reported working in the past year, according to the baseline survey. On average, these individuals worked 9 months during the previous year. Less than 40 percent of the heads of households reported working all 12 months in the past year.

Exhibit 14. Employment and Income Characteristics of Households in the Study Sample, by Public Housing Agency Rent Policy

Characteristic	Stepped Sites	Tiered Sites
Currently employed (%) ^a	53.9	57.4
Regular job	90.3	90.2
Self-employed	6.4	7.4
Temporary or seasonal job	3.8	3.8
Currently working 35 hours or more per week (%) ^a	24.6	28.7
Worked in the past 12 months (%) ^a	74.7	78.4
Among those who worked in the past 12 months, average number of months employed ^a	8.5	8.8
Has any problem that limits work (%) ^a	61.1	58.9
Childcare cost	28.0	26.3

²⁹ Survey respondents were asked which situation best described their current employment and to select one or more of the following options: “I work for pay at a regular job,” “I am self-employed,” and “I work at a temporary or seasonal job.” Ninety percent of employed respondents selected “I work for pay at a regular job” and did *not* indicate that they were self-employed or that they worked in a temporary or seasonal job.

Characteristic	Stepped Sites	Tiered Sites
Need to care for sick or disabled family member	12.4	14.1
Physical or mental health	22.2	18.1
Transportation challenges	32.5	32.1
Income sources (%) ^b		
Wages	48.4	51.2
Welfare	14.1	3.8
Social Security/SSI/pensions	8.5	14.5
Child support	17.5	19.0
Other	9.1	14.7
Receives food stamps/SNAP (%) ^a	71.8	72.3
Annual household income (%) ^b		
\$0	24.2	17.8
\$1–\$9,999	21.7	29.5
\$10,000–\$19,999	22.5	21.7
\$20,000–\$29,999	15.8	15.7
\$30,000 or more	15.8	15.3
Annual household income from wages (%) ^b		
\$0	51.6	48.8
\$1–\$9,999	9.1	9.9
\$10,000–\$19,999	13.1	15.2
\$20,000–\$29,999	13.0	13.6
\$30,000 or more	13.2	12.5
Average annual household income from wages, among households with wage income (\$) ^b	22,335	21,906
BIF sample size	3,848	7,591
PIC sample size	3,557	7,117

BIF = Stepped and Tiered Rent Demonstration (STRD) Baseline Information Form. PIC = Inventory Management System/Public and Indian Housing Information Center. SNAP = Supplemental Nutrition Assistance Program. SSI = Supplemental Security Income.

^a STRD BIF. ^b PIC.

* Income-source categories are as defined on the HUD-50058 form. Wages includes one's own business, federal wages, public housing agency wages, military pay, and other wages. Welfare includes general assistance, annual imputed welfare income, and Temporary Assistance for Needy Families. Other income sources include medical reimbursement, Indian trust/per capita, unemployment benefits, and other nonwage sources.

Notes: Sample sizes for specific outcomes may vary because of missing values. Rounding may cause slight discrepancies in calculating sums and differences. Percentages may sum to more than 100 for questions that allow more than one response. PIC data were collected at the most recent recertification before random assignment or the new admission certification. PIC data were reweighted by site to match the proportion of new admission households and recertifying households observed in the study enrollment data.

Sources: PIC data; STRD BIF data

Differences exist in baseline employment levels between the sites that may cause effects of the new policies to vary by site. For example, 44 percent of households in Asheville had no income on the housing certification effective at the time of study enrollment (see appendix exhibit A3). If households with no income who are subject to stepped rent rules are unable to gain employment, they may have significant difficulty in meeting their rent obligations, as their rent will increase further beyond the minimum rent every year unless they request a hardship

exemption. However, households with no income (or the lowest incomes) may also stand to benefit the most from the stepped rent policy because they may have the potential to experience more substantial increases in income (for example, if they transition from no household members working to a member gaining employment). Conversely, less than 10 percent of households in Portsmouth had no income at the time of their baseline housing certification. Sixty-eight percent of heads of households in Portsmouth reported that they were working at the time of study enrollment. If these heads of households that are working are able to add additional hours or otherwise increase their earnings, then a higher share of households in Portsmouth may be able to keep up with their increasing rent obligations. However, if they are unable to increase their income because they are already employed, the increase in their rent obligations may lead to additional financial difficulties despite their employment.

Another factor that may influence how the alternative rent policies affect households' outcomes is participants' ability to work. Approximately 60 percent of heads of households reported at least one barrier to employment—a circumstance that makes it difficult for them to get a job, work more hours, or get a better job. The most common barriers are transportation and childcare costs (approximately one-third and one-fourth of the samples, respectively). A sizeable proportion (approximately one-fifth) of heads of households also reported having physical or mental health issues that made it difficult for them to improve their employment situation, and more than one-tenth reported needing to care for a sick or disabled family member. Although the stepped and tiered rent policies both incentivize households to increase their earnings, this incentive may be less effective for households whose circumstances limit their opportunities to find employment or increase their hours.

Households also have income from nonwage sources. In the stepped rent sample, 14 percent of households received welfare income, and 4 percent of households in the tiered rent sample had welfare income. Welfare receipt varies widely across the ten housing agencies, generally reflecting differences in state Temporary Assistance for Needy Families policies and program sizes. (For example, as appendix exhibits A5 and A6 show, less than 1 percent of study households received welfare in Houston, TX, and Asheville, NC, whereas 43 percent received welfare income in Kern County, CA.) Nine percent of the stepped rent sample and 15 percent of the tiered rent sample received income from Social Security, Supplemental Security Income, or pensions. Approximately 20 percent of households in both samples have income from child support, and approximately 10 percent report income from other sources.

Exhibit 14 shows that the samples are economically disadvantaged as a group. In both samples, more than 70 percent of households were receiving benefits from the Supplemental Nutrition Assistance Program (SNAP), and approximately 70 percent of households had an annual income below \$20,000. Exhibit 15 confirms this pattern, with measures of material hardship and information on households' financial situation based on responses to the baseline survey. Approximately 5 percent of households in both samples reported having some money left over at the end of the month. Approximately one-half of the households in both samples reported they did not have enough money to make ends meet at the end of the month. Roughly two-thirds of households reported experiencing at least one financial hardship in the past 12 months, with the most common hardship being an inability to buy food. More than 70 percent of households reported having no savings, and only 5 percent reported having more than \$500 in savings. However, 38 percent of households in stepped rent sites reported having no debt, and 19 percent

reported having debt of \$20,000 or more. In contrast, approximately one-third of households in tiered rent sites reported having no debt, with one-fourth reporting \$20,000 or more in debt.

Exhibit 15. Material Hardship and Finances in the Study Sample, by Public Housing Agency Rent Policy

Characteristic (%)	Stepped Sites	Tiered Sites
End-of-month finances		
Some money left over	4.9	5.5
Just enough money to make ends meet	49.0	43.5
Not enough money to make ends meet	46.1	51.1
During the past 12 months, household experienced at least one financial hardship	65.4	68.2
Not able to buy food	40.8	44.3
Not able to pay telephone bill	34.3	33.8
Not able to pay rent	34.6	33.2
Not able to pay utility bill	15.0	20.9
Savings amount		
\$0	73.2	70.9
\$1–\$500	22.1	23.7
\$501–\$1,000	2.5	2.7
\$1,001–\$3,000	1.5	1.7
More than \$3,000	0.6	1.0
Debt amount		
\$0	38.0	33.4
\$1–\$1,999	13.4	11.8
\$2,000–\$4,999	8.5	7.5
\$5,000–\$9,999	8.7	8.4
\$10,000–\$19,999	12.5	13.7
\$20,000 or more	18.9	25.1
BIF sample size	3,848	7,591

BIF = Stepped and Tiered Rent Demonstration (STRD) Baseline Information Form.

Note: Sample sizes for specific outcomes may vary because of missing values. Rounding may cause slight discrepancies in calculating sums and differences. Percentages may sum to more than 100 for questions that allow more than one response.

Source: STRD BIF data

Rent and subsidy characteristics, including housing subsidy and total tenant payment (TTP), are presented in exhibit 16. The average TTP at baseline was approximately \$350 for both the stepped rent and tiered rent samples, with similar distributions. The average family share was also very similar between the stepped and tiered rent samples (\$422 and \$432, respectively).³⁰ Despite the similarities in TTP and family share, large differences exist between the two samples in housing subsidy levels. Households in stepped rent sites had an average subsidy of \$911, whereas households in tiered rent sites had an average subsidy of \$1,128. The share of households in the tiered rent sample with a subsidy more than \$1,200 was more than 10 percentage points higher than the share in stepped rent sites. Between-sample differences in average housing subsidy are largely driven by certain high-subsidy sites. Among stepped rent sites, only Salt Lake County had an average subsidy higher than \$1,000, at \$1,120 (see appendix

³⁰ Family share is TTP plus the difference between the household's gross rent and the payment standard, if the contract rent is higher than the payment standard.

exhibit A3). Among tiered rent sites, Everett, Houston, and Washington County all had average subsidy amounts more than \$1,000, at \$1,493, \$1,354, and \$1,285, respectively (see appendix exhibit A4). These differences may be caused by differences in the local housing and labor markets at each site.³¹

Exhibit 16. Rent and Subsidy Characteristics of Households in the Study Sample, by Public Housing Agency Rent Policy

Characteristic	Stepped Sites	Tiered Sites
Average total tenant payment (\$) ^a	346	349
Total tenant payment (%) ^a		
\$0–\$50	32.3	28.8
\$51–\$300	22.7	27.9
\$301–\$700	28.5	27.1
\$701 or more	16.4	16.2
Average family share (\$) ^b	422	432
Family share (%) ^b		
\$0–\$50	22.3	18.8
\$51–\$300	23.8	28.6
\$301–\$700	30.9	30.1
\$701 or more	23.0	22.5
Average housing subsidy (\$) ^c	911	1,128
Housing subsidy (%) ^c		
\$0	0.7	0.3
\$1–\$599	20.5	17.6
\$600–\$899	31.4	23.1
\$900–\$1,199	26.4	23.7
\$1,200 or more	20.9	35.3
Gross rent is greater than payment standard (%) ^d	29.0	35.7
PIC sample size	3,557	7,117

PIC = Inventory Management System/Public and Indian Housing Information Center.

^a *Total tenant payment* is the minimum amount a household must contribute toward rent and utilities, regardless of the unit selected. ^b *Family share* is the household's contribution toward the gross rent. It may be the total tenant payment or higher, depending on the unit the family selected. Only for tenant-based voucher households. ^c Only for housing choice voucher households. ^d Only for tenant-based households.

Notes: Sample sizes for specific outcomes may vary because of missing values. Rounding may cause slight discrepancies in calculating sums and differences. Percentages may sum to more than 100 for questions that allow more than one response. PIC data were collected at the most recent recertification before random assignment or the new admission certification. PIC data were reweighted by site to match

³¹ Everett and Washington County, the two samples with the highest average subsidy payments, are also the two samples with the highest average wages (among those with wages) and with the highest concentration of households with an income of \$30,000 or more. However, the Fair Market Rent (FMR) in these sites is notably higher, at \$2,455 and \$1,839 for a two-bedroom unit in 2022, respectively, whereas the FMRs for a two-bedroom unit averaged \$1,388 across all sites (see exhibit 6). On the other hand, Salt Lake County has an FMR that is slightly above the average but has the highest average family size. This scenario leads to larger unit sizes on households' vouchers, increasing the subsidy amount at an equivalent income level to a smaller household.

the proportion of new admission households and recertifying households observed in the study enrollment data.

Source: PIC data

Approximately one-third of households with tenant-based vouchers had a gross rent, including contract rent and estimated utilities, higher than the payment standard. These households pay the amount that exceeds the payment standard in full, in addition to their TTP. This percentage was higher in the tiered rent sites than in the stepped rent sites: more than 35 percent of tenant-based voucher households in tiered rent sites had a gross rent higher than the payment standard, and less than 30 percent of tenant-based voucher households in stepped rent sites fell into this group. Substantial variation occurred in the share of households whose gross rent was higher than the payment standard across the sites. In Asheville and Salt Lake County, only 14 percent had a gross rent that exceeded the payment standard, whereas nearly 45 percent of households in Akron lived in a unit where gross rent exceeded the payment standard.³²

Generalizability to the National Population of Eligible Households

Although HUD considered factors such as geographical variation during the site selection process for the demonstration, the 10 sites were not chosen to be a nationally representative sample. However, understanding the extent to which the STRD study sample reflects the national population can help contextualize findings and provide insights about the generalizability of findings and their ability to inform the national policy discussion. The research team compared characteristics of the study sample with the national population of nonelderly, nondisabled households receiving housing assistance in the HCV and public housing programs.³³

Exhibit 17 presents a comparison of PIC baseline characteristics for households and heads of households between the stepped rent and tiered rent samples and the national sample. The national sample consists of slightly under 1 million nonelderly and nondisabled households receiving housing assistance through HCV or public housing programs.³⁴ The comparison shows that the stepped and tiered rent samples are broadly similar to the national population.

Approximately 90 percent of heads of households in the stepped and tiered rent samples and the national population are female, and the mean age of the head of household in each sample is between 36 and 38 years old. Approximately one-half of the households in both study samples and the national sample reported income from earnings; the average number of family members per household and the proportion of households with children under the age of 18 is also similar.

³² Although there are rules that govern how PHAs set payment standards, they have some discretion in the percentage of the applicable FMR to set as the payment standard, as well as the opportunity to set different payment standards in different areas or to request to use a higher percentage of the applicable FMR. In Asheville, the payment standard is set at 120 percent of the applicable FMR, exceeding the normal limit of 110 percent (HUD, 2023a). This was to account for high rents in Asheville in recent years.

³³ HUD provided aggregated quarterly snapshot data from PIC for the fourth quarter of 2023, the approximate midpoint of the study enrollment period, for this comparison. HUD further narrowed down the comparison population to more closely mirror the eligibility criteria for STRD with the following exclusions: mixed eligibility households, households with home ownership vouchers, FSS participants, HCV households receiving \$0 housing assistance payment, and public housing households paying flat rent.

³⁴ The national sample includes all 3,507 PHAs in the United States except for the 39 original MTW PHAs.

Exhibit 17. Characteristics of Households in the Study Sample and the National Housing Choice Voucher and Public Housing Program Population

Characteristic	Stepped	Tiered	National
Female (%)	90.9	92.9	88.6
Average age (years)	36.2	36.7	37.6
Race (%)			
White	33.1	26.5	39.1
Black/African-American	60.6	69.6	57.7
American Indian/Alaska Native	0.9	0.4	1.1
Asian	1.2	0.4	1.0
Native Hawaiian/Other Pacific Islander	1.2	0.7	1.0
Two or more races	3.0	2.4	0.1
Hispanic or Latino (%)	15.0	5.7	21.8
Average household income (\$)	14,285	14,503	17,135
Income sources (%) ^a			
Wages	48.4	51.2	53.5
Welfare	14.1	3.8	10.1
Social Security/SSI/pensions	8.5	14.5	14.7
Other	25.5	32.6	31.9
Number of family members	3.2	3.2	3.1
Any children in household (%)	78.7	79.8	75.0
Average total tenant payment (\$) ^b	346	349	413
Sample size	3,557	7,117	990,823

SSI = Supplemental Security Income.

^a *Income sources* categories are as defined on the HUD-50058 form. Wages includes one's own business, federal wages, public housing agency wages, military pay, and other wages. Welfare includes general assistance, annual imputed welfare income, and Temporary Assistance for Needy Families. Other income sources include child support, medical reimbursement, Indian trust/per capita, unemployment benefits, and other nonwage sources. ^b *Total tenant payment* is the minimum amount a family must contribute toward rent and utilities, regardless of the unit selected.

Notes: Sample sizes for specific outcomes may vary because of missing values. Rounding may cause slight discrepancies in calculating sums and differences. Percentages may sum to more than 100 for questions that allow more than one response. Inventory Management System/Public and Indian Housing Information Center (PIC) data were collected at the most recent recertification before random assignment or the new admission certification. PIC data were reweighted by site to match the proportion of new admission households and recertifying households observed in the study enrollment data.

Source: MDRC and HUD calculations using PIC data

Racial and ethnic composition between the tiered and stepped rent samples and the national sample is generally similar, but some differences are notable. The percentage of household heads that are Black in the national population is very similar to the stepped rent sample (58 and 61 percent, respectively), but a larger difference exists in the tiered rent sample, in which the proportion of Black heads of households in the tiered rent sample (70 percent) exceeds that of the national sample by more than 10 percentage points. Both the stepped rent and tiered rent samples had lower proportions of Hispanic or Latino heads of households compared with the national population. Only 15 percent of heads of households in the stepped rent sample and 6 percent of

heads of households in the tiered rent sample are Hispanic or Latino compared with 22 percent of the national sample.

The proportion of households with income from wages in the stepped rent sample and the tiered rent sample was roughly equal to that of the national population. Households in stepped rent sites were more likely to have income from welfare than the national population, but less likely to have income from Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI). Nearly one-half of the households in the study sample at Kern County reported receiving welfare income on the certification effective at the time of enrollment (not shown). This figure is more than two times larger than any other site in the study, and no other stepped rent sites had a proportion above the national sample average. By contrast, in tiered rent sites, the proportion of households that had earnings from welfare was less than that of the national sample, whereas the proportion of families receiving income from SSI or SSDI approximated the national average.

The most notable difference between the national eligible population and the stepped and tiered rent samples is that households in both study samples have less income (\$14,285 for stepped rent sites and \$14,503 for tiered rent sites) than their counterparts in the national sample (\$17,135) on average. This difference may be partly due to the slightly higher employment rates among the eligible national population compared with the stepped and tiered rent samples, and could also be due to local contextual factors, such as local average wage rates. As expected, this difference is reflected in the average TTPs because TTP is calculated as a percentage of household income. Average TTP of stepped rent households and tiered rent households before study entry was \$346 and \$349, respectively, compared with \$413 for the national population.

Additional Considerations Related to Generalizability

During Phase 1 of the study, site-specific factors emerged that affected the context in which the alternative rent policies were implemented. These factors may influence outcomes and must be considered when evaluating the effects of the intervention. This will be especially true when assessing site-level outcomes and cross-site differences in outcomes in future reports.

Implementation of Alternative FSS Programs at Stepped Rent Public Housing Agencies

Households enrolled in HUD's FSS program were not eligible to enroll in the study, but households randomly assigned as part of the demonstration could later enter the FSS program. The primary rent-based employment incentive of the FSS program is the escrow account, for which families can accrue credits in an interest-bearing account when their rent increases due to an increase in earnings. Families can later receive a disbursement of their full escrow balance if they meet the graduation criteria of the program.³⁵ However, under the stepped rent policy, rent increases annually by a fixed amount regardless of any change in earnings. This removes the employment incentive of the FSS escrow account by decoupling rent increases from earnings.

Stepped rent PHAs have sought to develop modified FSS programs that offer alternative incentives that are more compatible with the stepped rent policy. These modified FSS programs incorporate work incentives such as cash rewards for meeting certain self-sufficiency milestones while still providing the service coordination offered by the traditional FSS program. Currently, Asheville is the only stepped rent site to launch an alternative FSS program. However, the other

³⁵ See Freedman, Verma, and Vermette (2024) for a more detailed examination of the FSS program and the escrow account.

four stepped rent PHAs will likely introduce their own programs during the remaining years of the demonstration. The timing of when these alternative programs are implemented and their individual incentive structures may influence study outcomes and will be tracked as part of the ongoing evaluation.

Delayed Recertifications for Housing Choice Voucher Households at Houston

According to staff members at the Houston housing agency, more than one-half of HCV households in that agency had their recertification delayed during the COVID-19 pandemic and had not yet been recertified when study enrollment began in May 2023. Because study eligibility for recertifying households was based on their expected next recertification date in the PHA's internal software, these households with outstanding recertification dates were not flagged by the software to have a recertification meeting during the enrollment period and were initially omitted from the enrollment sample. The PHA began processing delayed recertifications in early 2024, but only households that had their recertification meeting during the remaining enrollment period were randomly assigned.

A preliminary analysis comparing the baseline characteristics of households with on-schedule recertifications with those of households with delayed recertifications suggests that study households with delayed recertifications were more disadvantaged on average than study households that had their recertification on schedule.³⁶ Because all eligible households that had their recertification on schedule were randomly assigned, but only a portion of households with delayed recertifications were randomly assigned, the full study sample in Houston is likely not fully representative of the total eligible population in that site. This can compromise the generalizability of the findings to the site's population of study-eligible households. Future exploratory analyses of site-level program effects will need to be interpreted with this caveat in mind.

Extended Housing Choice Voucher Grace Period at Akron

Akron used its Moving to Work authority to extend the 6-month grace period during which HCV households receiving \$0 HAP may remain in the HCV program to 12 months. This change was applied PHA-wide to HCV households, including study families. Under the tiered rent policy, HAP cannot decrease because of a change in income between triennial certifications. However, an HCV family who has increased their income to a level where they no longer qualify to receive the subsidy will enter the grace period at the effective date of their triennial recertification. Lengthening the grace period to 12 months before a family loses their voucher may mitigate some of the perceived risk of increasing earnings and make households more responsive to the earnings incentive of the tiered rent policy.

Policy Response to Hurricane Helene at Asheville

In September 2024, Hurricane Helene inflicted substantial damage on the city of Asheville, leading to loss of infrastructure, displacement, service disruptions, and a limitation on the capacity of the housing authority to contact and assist families. The PHA implemented several

³⁶ The analysis, which was conducted by examining baseline survey and PIC baseline data for recertifying HCV households before and after the point where households with delayed recertifications began study enrollment, suggests that households with delayed certifications were less likely to receive income from wages, were more likely to report no income, were more likely to have young children in the household, and received a larger housing subsidy on average.

policy responses, including reducing the monthly minimum rent for HCV households from \$50 to \$0 for a period of at least 4 months.³⁷ At the time of the hurricane, study enrollment was complete, and therefore, enrollment activities were not affected. However, it could have caused disruption for ongoing operations, including hardship request review and implementation of hardship exemptions for households under the stepped rent policy and interim certifications and annual reexaminations for households under the standard rent rules. The long-term implications of the storm and its aftermath for the PHA and families receiving housing assistance are unclear but should be considered during future exploratory site-level impact analyses.

Conclusion

The characteristics of households enrolled in the alternative rent rules group are similar to those in the standard rent rules group at both stepped rent and tiered rent sites. The high response rate of the baseline survey, combined with the high match rate of the sample to PIC administrative records, provides valuable insights into the study households' labor market participation, education, incidence of material hardship, household composition, and other characteristics during the period leading up to study enrollment. The data paint a picture of an economically disadvantaged sample in which only about one-half of the heads of households have income from earnings, and most families have reported experiencing at least one hardship in the past year. Some sites have a significant proportion of households that were homeless at the time of admission or who do not have any income. It will be important for the research team to keep these characteristics in mind as they assess the new policies' effects.

Although the study was able to obtain baseline household survey data and baseline administrative data from HUD for close to the complete study sample, it should also be kept in mind that only 77 percent of households eligible for the demonstration agreed to participate in the study. This consent rate is not low, but it does leave open the possibility that households that agreed to participate in the study differed systematically from households that did not, thereby compromising the generalizability of the findings from the analysis of data for the study households to the full eligible population of households in the 10 participating housing agencies. The research team expects to include results from a planned HUD analysis that will compare the characteristics of study households with households participating in the demonstration but not in the research study, using PIC data to assess the comparability of these two groups.

The research team also found that the study sample is broadly similar to the national population of nonelderly and nondisabled households that would be eligible for the demonstration. Although some differences were identified between the alternative rent samples and the national population of eligible households in terms of characteristics such as race, ethnicity, and income, the magnitude of these differences raises few concerns about the external validity of the study findings. Site-specific factors that emerged during program implementation may have some bearing on results, particularly the planned exploratory analysis of effects at the site level. If and

³⁷ Other measures the PHA took included allowing families to self-certify for birth dates and disability status at the time of admission for up to 12 months; allowing families to self-certify income, assets, and expenses to determine eligibility for voucher issuance; and extending the period for which the payment standard for HCV households is set to 120 percent of FMR, among others. See HACA (2024) for more details. However, because enrollment was complete in Asheville by the time Hurricane Helene occurred, these additional policy changes do not directly affect the households participating in the STRD study.

to what degree these factors will influence outcomes is not immediately clear, but the factors will be carefully considered by the research team as it conducts its analysis.

Chapter 3. Staff Reflections on Getting Started

The journey that each public housing agency (PHA) in the Stepped and Tiered Rent Demonstration (STRD) took to get from the general vision of the two alternative rent policies HUD crafted to launching two fully specified policies was a long and complex one. It entailed collaborating with HUD and MDRC to refine the rent models and develop procedural guidelines; working with vendors to modify software systems to calculate and track tenant rent contributions and housing assistance payments according to the new rent rules; training staff members on the new procedures and systems; explaining the new policies and the STRD evaluation goals to households; enrolling households in a randomized controlled trial; and completing the initial certification or recertification meetings for those households.

This chapter describes PHA staff members' reflections on this early phase of the demonstration as they worked through planning challenges and began enrolling families into the study. It offers insights into the efforts required to get the stepped and tiered rent policies up and running—and to do so in the face of high staff member turnover and staffing shortages. These early experiences are important because, in time, they may influence the PHAs' experiences with and households' responses to the new rent policies. By illustrating important issues that cropped up during this early stage and the ways that they were addressed, these findings may inform other PHAs considering implementing similar types of rent reform policies in the future.

Planning for Implementation

Before PHA staff members could begin applying the alternative rent policies and enrolling households into the study, certain elements of the policies needed to be specified more fully. This step was important to accommodate on-the-ground operational realities and to address how the policies might affect particular subsets of families with special circumstances. PHA data systems also had to be modified to reflect the new rent rules, and frontline staff members had to be trained on the new policies and the data system modifications. Staff members also had to be trained on special research procedures for enrolling families into a randomized controlled trial—an entirely new set of activities for most staff members.³⁸

HUD originally assumed that this planning and training process involving PHAs would last from 6 to 12 months. In reality, it took more than 18 months. It kicked off in all PHAs in July 2021 and ended with the launch of household enrollment in January 2023 for five of the PHAs, in March 2023 for two of the PHAs, and in May 2023 for the final three.³⁹

Staff Reflections on the Planning Process

Roughly 6 months after each agency had launched its enrollment process, many PHA staff members expressed gratitude and relief that their agency was able to make it to the point of meeting with families. These sentiments reflected both frustrations with the challenges the PHAs faced during a longer-and-busier-than-expected planning period, but also some excitement that

³⁸ As previewed in the HUD notice announcing the opportunity to apply for the second Moving to Work expansion cohort, the PHAs selected for STRD were expected to help “finalize the rent policies, train staff, update data and software systems, and complete any other tasks required before the rent policies can be implemented” (HUD, 2020).

³⁹ The timing of the start of the enrollment period at each PHA depended largely on which software vendor served the PHAs. Three such vendors provided software systems among the 10 PHAs, and each worked at a different pace to modify the software systems to operate the alternative rent policies. See Castells et al. (2024) for more on the demonstration timeline.

the journey to implementation marked progress toward realizing the types of goals that originally motivated the PHAs to seek Moving to Work (MTW) designation. In the words of one PHA leader, “I think we learned a lot. I think it’s forced us to look into policy and really understand these things and be thoughtful.”

Although the HUD notice on the MTW cohort expansion previewed a planning phase that would require PHA involvement and input on the design of the alternative rent policies, some PHA administrators recalled feeling confused and frustrated in the early months of planning upon realizing that the details of the tiered and stepped rent policies were not fully predetermined at the time of PHA selection. However, HUD’s intent was to offer the PHAs some degree of input on policies and protocols, which some PHA leaders appreciated in retrospect. PHA staff members also generally appreciated the support from HUD and the research team in thinking through the nuances of the alternative rent policies.

Still, PHA leaders believed that the process of discussing and achieving alignment on policy designs was not straightforward or easy. “Because it was so new, it felt a little chaotic in the beginning,” one administrator observed about policy design coordination generally. This respondent continued:

There were moments where [discussion on alternative rent policy design] felt [like a] dead end, and it’s like, “well, how do we move forward? We don’t even know if our software is capable of doing this [...]. This is a great idea, but does it make sense?” Things like that, but as we met and talked through things, it definitely got easier to move forward.

Some PHA leaders spoke with pride about some of the policy design choices they made during this period. One example of the PHAs’ influence was their lead role in customizing aspects of the hardship policies. Several PHAs conducted their own analyses showing that by dropping certain deductions when determining total tenant payments (TTPs), as called for by the new policies, some households, particularly larger households and those with high childcare costs, would have much higher TTPs than they would under the standard policy. With HUD’s concurrence, the PHAs tailored their hardship policies to address those problems.

PHA staff members also invested considerable time and effort to help plan the procedures for enrolling households into the alternative rent policies and the evaluation, and in putting the new policies (which they had to operate alongside standard policy) into place. To advance this work, PHA planning staff members engaged in discussions with various combinations of stakeholders (depending on the topic), including other colleagues within the PHAs, HUD, research team representatives, and software vendors. Some PHAs also formed regular, internal working groups, supplementing interagency planning meetings organized by HUD and MDRC with standing internal meetings for key stakeholders within each PHA. In addition, the tiered and stepped rent PHAs began to meet periodically among themselves, without other STRD stakeholders present, to discuss policy and operational issues that were being addressed during planning. One administrator remarked,

We had so many meetings. I can’t imagine meeting more or planning more. It was very thorough, very comprehensive. I felt very prepared, very well trained. I felt that we were giving that to [the housing specialists and property managers] when it came time to start that process as well. And we have Wednesday mornings

blocked off still, where we meet with staff [members] where the main agenda is to talk about MTW.

Many PHA leaders involved in planning the implementation of STRD activities generally described the planning process as “long” and shared frustrations at the unpredictable timeline—which featured multiple delays—for launching the first household income recertification meetings and study enrollment. “The fact that we were able to launch, period, is the biggest achievement because I didn’t really know if it was ever going to happen,” one PHA administrator said.

Software Modifications

Most PHA leaders were frustrated by the amount of time it took the PHA software vendors to modify the software systems to enable the implementation of the stepped and tiered rent policies. This process was seen as “the biggest hiccup” in the planning stage, according to one PHA leader. Software modification seemed to be the major determinant of the planning-to-launch timeline for the PHAs, and the extent of the delays varied by vendor. Although MDRC spearheaded coordination with each of the three vendors on the system functionality that would be required for alternative rent policy implementation, PHA staff members expressed dissatisfaction with some software functionality. One vendor’s difficulties delivering the required modifications resulted in lengthy delays in the launch of enrollment meetings at three PHAs. At the time of the research interviews, PHA leaders at two of these agencies were considering switching vendors or had already taken some steps in that direction. The process of modifying software systems was not fully completed by the time the PHAs launched the new rent policies. One PHA administrator remarked, “[We are] still struggling with the software, and we kind of had to launch when we did to fit into everybody else’s timelines, and I don’t know that that was necessarily the proper timeline because our software still wasn’t up to speed.”

Training Frontline Staff

Preparing frontline PHA staff members to implement the new rent policies as part of a randomized controlled trial required training them on the overall goals and features of the alternative rent policies, the detailed provisions of those policies, the procedures for conducting voluntary study enrollment and random assignment, and the modifications to the PHA software systems to record required information on households and calculate their TTPs and housing subsidy payments, and so on. Castells et al. (2024) described in detail the types of training offered to PHA staff members before and after launch, including talking points and templates of materials to be used with households. MDRC provided the training on the policies and study procedures, and the software system vendors conducted training on the modifications of their systems.⁴⁰ All training sessions were held remotely via video conferencing platforms.

Implementing the alternative rent policies in the context of a research demonstration added considerably to the burden placed on frontline staff members. The procedures for enrolling households into the study were incorporated into each PHA’s regular recertification process. Households identified as potentially eligible for the demonstration were invited to an enrollment meeting with a housing choice voucher specialist or public housing property manager

⁴⁰ In addition, HUD subcontracted with another technical assistance provider, ICF International, to offer change management training to STRD PHAs.

(sometimes the same staff member who processes their recertifications, and sometimes a different designated staff member).

At the enrollment meeting, which could be in person or remote, the frontline staff person explained to the head of household what it meant to participate in the study (for example, which data would be collected about the household) and asked if the head of household consented to participate in the study. If the head of household consented, the PHA staff person administered a short, baseline questionnaire that asked about household characteristics, such as household composition, work history, material hardship, and other descriptive information. After the head of household completed the questionnaire, the PHA staff person conducted random assignment using MDRC's online random assignment system. The PHA staff person then informed the head of household whether the household was randomly assigned to the stepped or tiered rent rules group or the standard rent rules group. Households that did not agree to participate in MDRC's evaluation skipped over the baseline questionnaire and went straight to random assignment. If a household was randomly assigned to the stepped or tiered rent rules group, the PHA staff person then conducted an orientation session on the alternative policy with the head of household.

The study enrollment procedures (described in chapter 2) added significant time for each household during the recertification process; one specialist noted it took her roughly 30 minutes per household, but at the start, it took closer to an hour. This extra time does not include the added time spent calculating TTPs.

PHA staff members generally felt the *content* of training sessions was very beneficial to those staff members who attended. "I think we had all the tools; it was just a matter of learning and getting used to it," said one administrator. However, many PHA stakeholders were dissatisfied with the *timing* and *sequencing* of training sessions, feeling that some of the sessions were "preemptive" and held too far in advance of the procedure's first use. Staff members felt that more refresher training sessions would have been useful in the very early days of implementation. One staff member said:

We started being trained before things were decided, and so we got just a lot of "maybe it will be like this," and then when we ask[ed] questions [the response was] "we'll write that down and get back to you" [...] we didn't get any clear direction. And there was never [a response] like, "Here [are] the final rules. Here's what you do. Here's who to go to with questions. Here's the final authority on questions." I never felt like I got that.

Some staff members said they were overwhelmed at first by the complexity and volume of the materials provided. One specialist said:

It was a lot. I'm not even going to lie. We got pamphlets and pamphlets. I got a folder this big. It was a lot, and when we first got it, I could tell for everyone it was like "no, let's not do this." It was so scary [...] After learning more, I was like "oh wait, okay no, we need this."

Other staff members observed that the sequence of training sessions was too segmented, with no sessions offering comprehensive run-throughs that integrated policy and procedures. "We got the training in bits and pieces...we are all still trying to figure it out," one frontline staff member said. The remote nature of the training sessions—chosen largely due to the still-present COVID-

19 pandemic—meant that these sessions were less effective than in-person training might have been, according to some program managers.⁴¹

Chronic Staffing Shortages and Staff Burnout

Many PHAs have experienced increased turnover since the onset of the COVID-19 pandemic, which created extra demands on the remaining staff members, including the frontline staff members involved in the demonstration. The ongoing demands of their positions, coupled with the extra workload associated with study enrollment and continued staff member turnover, created an environment in which many frontline staff members felt overwhelmed. Moreover, some software modifications were still being developed and refined even after study enrollment began, further exacerbating the burden placed on staff members.

A few PHA leaders described the increased staff turnover, growing staff member shortages, and extra responsibilities associated with the demonstration as contributing to staff member burnout. This made getting the STRD policies and research-related procedures in place all the more difficult. As one leader explained:

This job can be difficult. We deal with the public, and the public is challenging. It's an administrative position [where] you can easily get burned out [...] because we can't help everyone. All we can do is process the paperwork, but we take on a lot of secondary trauma from our tenants. And we don't have the resources to support them. Historically, our agency has been one where people started working here and stayed until they retired, but ever since COVID, the turnover has been [high] and we lost a lot of institutional knowledge that we had as an agency. I did the math once, and before COVID, the average amount of time a specialist had been on the team was 6 or 7 years. After COVID we are averaging 1 year. So, that's been a struggle.

A few respondents also observed some initial resistance to change among frontline PHA staff members, as they were first exposed to the work that STRD enrollment and rent policy orientation would entail. One housing specialist said, “Some people don't like change. I'm the same way, but once you get over the hump, I think we'll be good.” Other respondents shared that staff member turnover in the early implementation period contributed to an extended, consistent state of training, with new staff members requiring training, and other staff members still struggling to master all the policy details.

Taken together, these factors could affect the early implementation of the alternative policies because some staff members felt rushed, inadequately trained, and resistant to the added workload. A few senior staff members acknowledged that not all their managers and frontline staff members had bought into the study or the alternative policies. One executive attributed the lack of buy-in not to the policy itself, but to the additional workload the study imposed on staff members at the start of the implementation period. This executive lamented that if the agency had been fully staffed, getting buy-in would have been easier. One manager noted that staff members were getting “burnt out.” One frontline staff member described the burden of study

⁴¹ Although training and coordination between the STRD partners was mostly conducted via video conference platforms, research team members were present during the first few days of household enrollment at each site to provide in-person support for staff members and monitor new enrollment processes. Research team members also made in-person visits to certain agencies to provide refresher training sessions.

enrollment on top of their regular workload as “too much to handle.” One frontline staff member who had recently left his job at the housing agency just before the interview cited the additional burden of study enrollment as the primary reason for leaving his job.

Resistance to change or feeling unprepared was far from universal, however. Other frontline staff members indicated that they felt adequately prepared for the work of implementation. What helped, according to some respondents, was a decision by their agencies to begin staff member orientation for the new policies at an early stage—even before MDRC training—and holding multiple training sessions in the lead-up to and after enrollment.

Conclusion

Although HUD had already decided on the main components of the two rent policies before selecting PHAs for STRD, staff members of the selected agencies were expected to refine some of those policies and adapt them to suit their local circumstances and concerns. They also had to work with their software vendors and MDRC to modify the agencies’ software systems to accommodate the new rent rules and test those modifications for accuracy—a complex process that encountered substantial delays. PHA frontline staff members then had to learn new policies and procedures while also administering the standard rent policy. The burden of this intensive planning and training period was exacerbated considerably by the ongoing staff turnover and shortages the PHAs faced during this time—a lingering effect of the COVID-19 pandemic—which contributed to a feeling of burnout among many staff members. Multiple rounds of training were necessary to prepare existing and new staff members to implement the new rent rules and use the modified software systems, and refresher sessions were offered after delays in the planning process pushed out the start dates for sample enrollment. When the time came to begin serving households, some staff did not feel that they were fully ready to take on that task, but others felt well prepared. All in all, it took more than 1.5 years for the PHAs, with assistance from HUD and the MDRC team, to complete the planning process and launch the demonstration. Staff members acknowledged the extra burden it placed on them, but they generally felt a sense of relief and accomplishment in finally getting the new policies in place, along with the special data collection and randomization processes required for the evaluation.

Chapter 4. Using Retrospective Income to Estimate Housing Subsidies

The rent reform policies being tested in the Stepped and Tiered Rent Demonstration (STRD) require public housing agencies (PHAs) to collect households' income from the previous year (their "retrospective income") and use it as the base for calculating total tenant payments (TTPs). TTPs are the amount that households are usually required to contribute toward their rent and utilities in the Housing Choice Voucher (HCV) and public housing programs.⁴² This provision is an important departure from the standard rent policy that primarily bases TTP calculations on the income a household is anticipated to have in the coming year, which is generally estimated from its current income.⁴³ Unless they have a waiver as part of the Moving to Work Demonstration, PHAs nationwide will soon be required to consider prior-year income under the Housing Opportunity Through Modernization Act of 2016 (HOTMA), although they will continue to give primacy to current income in setting TTPs.

The alternative rent policy tested in HUD's earlier Rent Reform Demonstration similarly included a retrospective income component. The findings from that demonstration highlight administrative challenges associated with this feature. Although the rationale for the retrospective income component was strong, it was the single most complained-about feature of the alternative rent policy. The retrospective income component could be especially complex to administer when households had multiple members who worked, and when working members held multiple jobs, although these circumstances were not typical. With HUD's approval, the PHAs made adjustments during the course of the demonstration to streamline the process of administering this component (Riccio et al., 2024). With those lessons in mind, efforts were made during the design phase of STRD to streamline the implementation of the retrospective income component of the stepped and tiered rent policies.

This chapter explores the early experiences and reflections of staff members in the STRD PHAs as they implemented this new income feature during the study's enrollment period. These observations are relevant to understanding some of the ways in which STRD reforms may reduce or increase the PHAs' administrative burden and may also offer insights that will be helpful to implementing the retrospective income component of HOTMA.

The chapter describes the views of staff members in different positions in the PHAs, but it draws most heavily on the experiences of the frontline staff members who directly interacted with families. These staff members were responsible for determining households' eligibility for STRD, enrolling eligible residents into the study, explaining and describing the alternative rules to the families assigned to the alternative policies, calculating the TTP, and, for voucher holders, calculating the housing assistance payments that were to be paid to landlords.

The Rationale

When setting a household's TTP under the standard rent policy, PHA frontline staff members need to predict what a household's income will be during the next year. They do this primarily by examining a household's current income and verifying the accuracy of that information

⁴² Voucher recipients are allowed to pay somewhat more out of their own pockets to secure a unit renting for an amount somewhat above the PHA's payment standard—up to 40 percent of their adjusted income.

⁴³ The alternative rent policies use both current/anticipated income as well as retrospective income. Current income is used for calculating TTP for new admissions, determining if the household qualifies for a hardship, calculating the hardship TTP, and determining unit affordability for new leases and moves.

through various procedures. (Verification procedures are discussed later in this chapter.) From that estimate, staff members compute the household's adjusted monthly income amount after applying certain deductions. The household's TTP is then set for the next 12 months. Predicting future income accurately is difficult because family members' employment and other circumstances are likely to change over time. The standard rent policy addresses that problem by scheduling income reviews annually to adjust for any changes and by allowing interim recertifications when necessary. Under HOTMA, if a household's income falls by 10 percent or more before the next annual review, the PHA must conduct an interim recertification. If a household's income from earnings increases during that year, the PHA is not required to conduct another review until the next annual recertification.⁴⁴

Using the point-in-time current income as the basis for TTP calculations would be problematic in a few ways for the stepped and tiered rent policies.⁴⁵ For the stepped rent policy, the starting TTP is calculated as a percentage of income, and it sets the foundation from which the household's future monthly TTPs will be automatically increased ("stepped up") at a fixed rate annually for the full 6 years of the demonstration (and potentially for longer if the policy continues beyond the demonstration period). The tiered rent policy, as in the policy tested in the earlier Rent Reform Demonstration, uses triennial rather than annual recertifications. Consequently, the initial TTP caps the household's required contribution to its gross rent for the next 3 years, until the next triennial recertification. However, because households' income levels often fluctuate, using their income at the time of the recertification for either new rent policy carries risks for households and for PHAs. If the initial TTP is set too high in the beginning, it may be unsustainable for many households over a long period of time, and they may need to request hardship exemptions if their income drops. Conversely, setting the initial TTP too low could result in the PHA paying more in subsidies than is necessary over the longer term for households that will likely achieve higher levels of income soon after recertification.

One example to consider is a household in which the household head takes on several short-term jobs throughout the year. If the household comes up for recertification at a time when that person happens to be working, a TTP based on current or anticipated income may be set too high (and the subsidy may be set too low) from a longer-term perspective, because the calculations would be based on the earnings from the person's current short-term job. These earnings may not reflect the person's actual annual earnings during the coming year. Once that job ends, the household may no longer be able to pay its share of the rent. However, if the household comes up for recertification at a time when that person happens to be between jobs, the household's TTP may be set at a low level (and its subsidy at a high level) for a full 3 years for the tiered rent policy, and even longer under the stepped rent policy (which increases TTPs annually at a gradual rate). This could possibly lead the PHA to subsidize the household more than is necessary, given its likely income during the longer period. Basing TTP on retrospective income, which may reflect a household's more typical income than a point-in-time measure, may thus provide a better basis for predicting future income if it follows a similar pattern, allowing initial TTPs to be set at more

⁴⁴ These requirements reflect some modifications in HUD's traditional rent policy enacted by HOTMA. For current guidelines, see [HOTMA Interim Income Reexaminations Resource Sheet](#).

⁴⁵ The remainder of this section is adapted from the STRD and Rent Reform Demonstration baseline reports. See Castells et al. (2024) and Riccio, Deitch, and Verma (2017).

reasonable levels in the context of rent policies with income reviews conducted at longer intervals.

An additional rationale for the switch to retrospective income is that it may help avoid creating an unintended incentive for a household to purposely lower its income just before its scheduled recertification. In theory, some family members who are working or capable of working might be tempted to quit their jobs, reduce their hours of work, or delay looking for jobs if they had been recently laid off, so that the family's base income used to calculate its TTP is as low as they could manage it to be. The result could be unnecessarily low household contributions to their rent and unnecessarily high public subsidies. The extent to which voucher holders would actually resort to such practices is unknown, but using retrospective income to calculate TTPs may help reduce the incentive to do so.

Although there were good reasons for adopting retrospective income for setting TTPs for the stepped and tiered rent policies, retrospective income is far from a perfect predictor of future income, and it does not obviate the need for interim adjustments. The rent policies thus include provisions to accommodate those households that experience a decline in income due to job losses or other changes in their financial circumstances. For these reasons, the alternative rent policies in STRD, as in the Rent Reform Demonstration, include a number of hardship remedies to protect families when their incomes fall. These hardship remedies are discussed more fully in chapter 5.

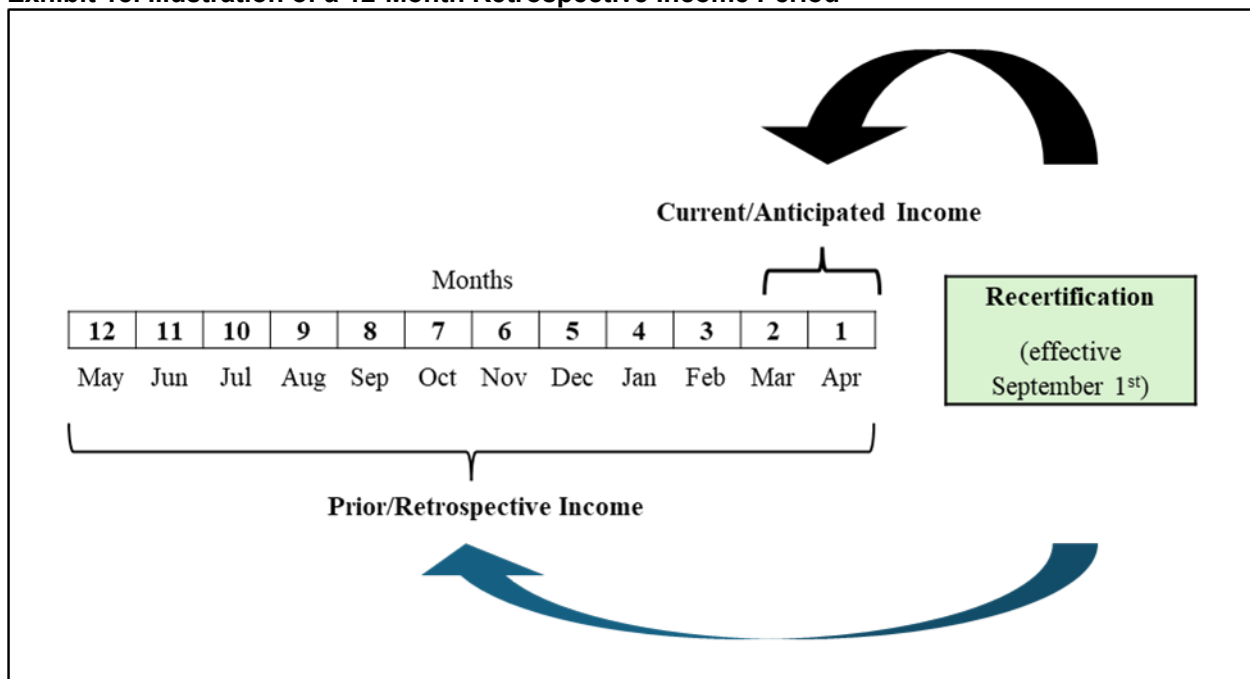
Collecting and Verifying Retrospective Income

The first step in implementing a TTP calculation based on retrospective income is defining the “look-back” period for which a household's income would be collected.⁴⁶ Each PHA was required to adopt a similar approach to defining that period, pegging it to each household's scheduled “rent-effective” month, when its new TTP would go into effect. Specifically, the retrospective period covers the 12 calendar months before the month during which the PHA sends a letter to a household notifying it of its scheduled recertification date.⁴⁷ Exhibit 18 illustrates this process.

⁴⁶ Note that HUD and the other STRD partners determined that retrospective income should not be used to calculate the *initial* TTP for households newly admitted into public housing or HCV programs and enrolled into STRD. See Castells et al. (2024) for this rationale.

⁴⁷ See Castells et al. (2024) for details about the rationale for using retrospective income.

Exhibit 18. Illustration of a 12-Month Retrospective Income Period



Source: MDRC

The STRD PHAs generally sent a notification letter or email to each household 120 to 150 days before its rent effective month. For example, if the PHA mailed a letter to a household 120 days (approximately 4 months) before its rent-effective month, a household with a September 1, 2023, rent-effective date would receive that advance letter in May 2023. The retrospective period would be defined as the 12 calendar months before May 2023. Thus, it would extend from May 2022 through April 2023.

Once the 12-month look-back period is determined for a household, the household needs to document its income for that period. This process means collecting income information for all family members who worked or had other sources of income and verifying that income according to PHA guidelines.

Staff members implementing the stepped and tiered rent policies found that collecting and verifying retrospective income can take longer than collecting and verifying current income under the standard policy. This was especially true when multiple people in the household worked at some point during the 12-month period. Staff members often struggled to piece together information from employers to make sure that they had all 12 months accounted for from all income sources. Reflecting a common sentiment, one PHA leader said, “I think the retrospective part is the most challenging.” This observation aligns with the previous Rent Reform Demonstration finding that calculating retrospective income was most complicated and time-consuming for families with multiple earners and those with multiple jobs during the 12-month retrospective period.⁴⁸

Documentation for some types of income in some circumstances was especially difficult to collect—for example, when a household member stopped working earlier in the period, worked

⁴⁸ See Riccio, Verma, and Deitch (2019) for more details.

multiple jobs, worked for a third-party employer (for example, a staffing agency), or was self-employed (in gig work like Uber or DoorDash). This situation was made even more complicated if multiple household members had these experiences. One PHA leader observed, “[Households] can barely tell you what they were making a month ago. A lot of them are not [salaried], so they don’t know what they make every month.”

According to staff members, it was difficult for the households to understand why they had to bring 12 months of income documentation. Tenants who had not worked for a long time also did not understand why they needed any documentation for past income. Although the documentation request may be larger in STRD, a few staff members acknowledged that issues with missing documentation were not more prevalent in STRD than for the standard rent policy.

To an important extent, the difficulty of implementing the retrospective income component depended on how income had to be verified. In STRD, PHAs were able to rely more heavily on HUD’s Enterprise Income Verification (EIV) system, to which all PHAs had access, and on household self-certification, and less on third-party verification (such as documentation from employers). EIV is considered the most useful resource for documenting and verifying income because it includes employment and safety net benefit information obtained from the Social Security Administration and the Department of Health and Human Services. EIV is particularly useful for verifying retrospective income because it provides historical income information that covers a good portion of the retrospective income period. Because there is a lag of approximately 6 months before income is available in EIV, this resource cannot be used for the initial documentation in the standard rent policy that relies on current income, because income data are not available in EIV for the period used to document current income (typically the month or 2 months preceding reporting for the recertification).

Across the board, staff members believed that EIV lessened the burden on households to provide the necessary documentation. One staff person commented, “[...] if we didn’t have the EIV that we use, it would be worse, I think. Fortunately, by the time we’re doing [recertifications], the EIV picks up for the past quarters.”

At the same time, relying on EIV had important limitations—some of which also make documenting current income difficult under the standard rent policy. For example, it takes several months for data to appear in EIV, leaving gaps for the most recent months and requiring more than one data source to cover the entire 12-month retrospective period. Some jobs (for example, gig jobs) are not included in EIV. Another challenge is that EIV data are reported by quarters, and the retrospective start and end dates do not always line up with the quarterly data.⁴⁹ Depending on the software system used by the PHA, it can be difficult for staff members to figure out what income to include when part of the quarter falls outside the retrospective period. In one software system, staff members could enter the quarterly income information from EIV, and the software calculated the retrospective income for the date range (for example, the system prorated retrospective income for partial quarters). For the other software systems, staff members had to line up the retrospective dates and the quarters and calculate the income for partial quarters to determine how much of the income should be included. A “cheat sheet” that outlined

⁴⁹ One specialist had a suggestion that would make retrospective calculations much easier—start with the quarter ending 120 days before and work only with full quarters so that all cases would either be January to December or April to March, for example.

the retrospective period (start and end dates) for each recertification date and noted which months fell into the EIV quarters helped the specialists to calculate retrospective income.

Several PHAs had access to online systems managed by their state’s labor or workforce department and to the Work Number, an employment verification database that reports earnings with a shorter lag. These systems further eased the pressures associated with verifying retrospective income.

The EIV and state systems are not helpful for those months during the lag period, or for gig jobs and other employment not reported to those systems. Employment during lag periods and uncovered jobs thus require staff members to use other verification methods, such as third-party verification, including paystubs from employers or even oral verification. Tenants can also provide their declaration or “self-certification” of income. This is the lowest priority option for verifying income under the standard rent rules and is expected to be used only as a last resort. For STRD, however, PHAs have the flexibility to use self-certifications in place of some or all forms of third-party verification. Modifications to the income verification hierarchy are described further later in this chapter.

Piecing together information from these different sources to verify employment during a 12-month period was understandably complicated, especially when household employment circumstances were complicated. If no one worked during the look-back period, or if only one person worked and for only one employer, collecting retrospective income was not especially difficult, however.

Experiences collecting child support income were mixed—some staff members found it easy to access, whereas others mentioned it as one of the more difficult sources of income to verify. Staff members at one site said they used to have access to child support data, but now the household needed to go in person to the child support office for the data, which added delays. Staff members at another PHA said child support data were only available for the past 13 months, which was not quite far enough if a recertification was processed late. One staff member noted that income sources that were consistent were easier under retrospective income than those that were not. For example, when child support payments were inconsistent, staff members had to ask questions to piece together the timing of payments to get the total amount received during the 12-month period.

Streamlining the Process

Drawing on the lessons from the previous Rent Reform Demonstration, the STRD PHAs were encouraged to apply for waivers from HUD to streamline the income verification process and lessen the challenges associated with implementing the retrospective income component. PHAs could streamline the standard verification process (presented in exhibit 19) by increasing the priority ranking of easier and less time-intensive methods, such as household declarations, and decreasing the priority of more burdensome approaches, such as written, third-party verification.

Exhibit 19. HUD’s Standard Verification Hierarchy

Level	Verification Technique	Ranking
6	Upfront Income Verification (UIV), using HUD’s Enterprise Income Verification (EIV) system and the Income Validation Tool (not available for income verifications of new applications)	Highest (Mandatory)
5	UIV using a non-HUD system	Highest (Optional)

Level	Verification Technique	Ranking
4	Written Third-Party Verification	High (Mandatory to supplement EIV-reported income sources and when EIV has no data; mandatory for non-EIV reported income sources; and mandatory when tenant disputes EIV-reported employment and income information and is unable to provide acceptable documentation to support dispute.)
3	Written Third-Party Verification Form	Medium-Low (Mandatory if written third-party verification documents are not available or public housing agencies reject them; and when the applicant or tenant is unable to provide acceptable documentation.)
2	Oral Third-Party Verification	Low (Mandatory if written third-party verification is not available.)
1	Tenant Declaration	Low (Last resort when unable to obtain any type of third-party verification.)

Source: HUD (2018)

The extent to which the 10 agencies made changes to the standard verification hierarchy varied (exhibit 19). One PHA significantly streamlined the verification process by relying primarily on HUD’s EIV system and then, when necessary, going straight to tenant self-declaration of income, skipping any third-party documentation. At the other end of the verification spectrum, one PHA chose to preserve the standard verification hierarchy. The other PHAs fell somewhere in between, with some variation in which levels in the hierarchy were skipped or combined.

Exhibit 19. Public Housing Agencies’ Alternative Verification Hierarchies

Fort Wayne	Akron, Kern County, Houston, Portsmouth, and Salt Lake	Asheville and Everett	Washington County	Charleston
Preserves existing HUD verification hierarchy	Puts all types of third-party verifications on the same level (oral, written, written form)	Tenant declaration follows written third-party verification	Puts tenant declaration and tenant-provided documentation ahead of other third-party verification	Puts tenant declaration ahead of third-party verification

less streamlined more streamlined

Source: HUD (2023b)

The PHAs’ experiences in STRD illustrate how streamlining the verification hierarchy can ease the burden associated with calculating retrospective income. In the PHA that significantly streamlined the hierarchy, incomes were verified using HUD’s EIV system and self-certified

income reports for all households assigned to the tiered rent policy. This PHA obtained self-certifications for 100 percent of those assigned to the tiered rent policy to fill in the most recent income information that was not available in the EIV system. Staff members no longer asked households to provide paystubs or verify income information with employers. Staff members found that income verification took less time for tiered rent cases under this new verification process than for cases under the standard rent rules.

Generally speaking, in PHAs that adopted revised verification hierarchies that emphasized self-certifications, some staff members increased their use of self-certifications, whereas other staff members said they never or only rarely used them. In PHAs that kept tenants' declarations of income at the "bottom" (lowest priority) of the verification hierarchy, only when all efforts to obtain the documentation from the employer had been exhausted (such as if the business closed) would a staff member ask for the tenant's self-certification. Using self-certifications required a change in mindset because PHA staff members were used to requiring that all sources of income be verified by a third party. One staff member said, "It's really hard to trust tenants after you have been told for the last 3 years 'don't trust tenants,' and frankly, tenants have been giving us good reason not to trust what they say."

Frontline staff members in the one PHA that relied heavily on self-certifications were getting used to using them, but they still worried about fraud and inadvertent errors. For instance, staff members commented that when residents self-certified their income, they often did not know their gross income (only net). At the same time, as one staff person explained, residents liked using self-certification because it created the feeling that staff members trusted them, and perhaps it would make residents more honest.⁵⁰

Early on in other PHAs, not all staff members understood what the changes to the verification hierarchy entailed, or when or under what circumstances they could use self-certifications. The biggest issue, however, was staff members' unease with relying on self-reported income, which meant they generally avoided using self-certifications. As one respondent said, "I use it as a last resort, and I hate using it. I'd rather hound the employer or hound the resident to get the information. I still have not had to use it."

Some staff members worried that if they relied on self-certifications, they would find errors in that information later—for example, when processing a hardship request and checking the EIV system for past income.

Implications for Accurate Subsidy Calculations

When the alternative rent policies and procedures were introduced, some aspects of the policy were confusing to staff members. In particular, at least during the initial implementation period, some did not understand why retrospective income was being used. As one respondent said:

I just don't understand why we have to look back at the income that they made previously. To me, it makes sense to only want to use what they're currently

⁵⁰ PHAs that are implementing the stepped and tiered rent policies that rely more heavily on self-certifications can go back and verify their accuracy a few months after the recertification, as they do under the standard rent rules. However, this process relies on HUD's PIC system (to which 50058 data are submitted) automatically checking income entered into 50058s against new EIV data as those data become available. At the time of these interviews, HUD's new data system for receiving 50058 data (Housing Information Portal) was not yet ready, so that mechanism for checking discrepancies was not yet available to PHAs.

making. A lot of them were working overtime, so they feel they're not getting that benefit because now they're not working overtime. And they probably had a really good year, and bonuses were good then. But now they're not, and they don't get any of those bonuses anymore. So [...] for some of my clients [...] they were like "man, I made more last time and now I'm not making that, so why are you [basing] the rent off that [amount]?"

Some staff members did not understand why they were collecting both retrospective and current income—not recalling that current income was needed for assessing a household's qualification for a hardship exemption and to calculate a hardship TTP.⁵¹ Some staff members at one site did not realize until quality control checks were done by MDRC that they were still supposed to collect current income at the time of the initial income determination for households assigned to the alternative rent policy. Some staff members struggled with understanding when to use retrospective versus current income. These observations suggest that staff members might have benefited from clearer guidance not only on the mechanics of these features of the alternative rent policies but also on their rationale.

MDRC and the PHAs took steps in the early stages of the demonstration to ensure that the alternative rules were being correctly implemented and that TTPs and housing assistance payments that would go to landlords were being correctly calculated.⁵² PHAs created checklists and spreadsheets to help calculate retrospective income and tiered-rent TTP calculations. In some PHAs, staff members manually calculated TTP and then compared the result with the software's calculations to make sure they matched. One PHA had quality control analysts look over the retrospective income estimates (as well as other aspects of calculating TTP) for 100 percent of the tiered rent recertifications to make sure the policy was being implemented correctly. When they observed large numbers of mistakes (for example, staff members selecting the wrong category of income, either retrospective or current) they retrained staff members until it was understood. In other sites, however, no one was checking the recertifications (outside of MDRC and ICF International's quality control efforts).⁵³ At least one staff member expressed worry about future audits.

Conclusion

The lessons on implementing retrospective income are important not only for the STRD sites but also for all non-Moving to Work sites nationally, which, in accordance with HOTMA regulations, will eventually need to adopt this feature. As this chapter has shown, implementing this feature imposed important challenges for staff members, and it took them some time to fully understand and execute these procedures properly—just as it did in the earlier Rent Reform Demonstration. Many staff members complained about complications entailed in collecting and

⁵¹ See chapter 5 for a discussion of the use of current income in determining household eligibility for hardship waivers and the amount of hardship TTPs.

⁵² PHAs shared data files from their software systems with MDRC researchers, who performed quality checks of certifications entered for study households in the months immediately following enrollment. The researchers provided comments to PHA staff members on whether the TTP, income, and other values recorded in certifications were correct under the new rent policies.

⁵³ HUD contracted ICF International to provide selected technical assistance to STRD PHAs, including supplemental quality control support and reviews. ICF conducted multiple rounds of review for each PHA to ensure that all STRD income verification and rent calculations were completed accurately. ICF then provided each PHA with a customized tool as well as STRD job aids to use for future quality control efforts.

verifying past income in addition to current income, and the extra burden the new requirements imposed on them. At the same time, PHAs' experiences show that by streamlining HUD's verification hierarchy and relying on EIV and self-certifications, PHAs can lessen the administrative burden associated with this feature of rent reform. Initially, staff members were resistant to using self-certifications. However, over time, staff members in PHAs that based retrospective income on only EIV and self-certifications found that certifications under the alternative policy could take *less* time than under the standard rules. In PHAs that did not streamline the verification hierarchy, staff members experienced more difficulty determining retrospective income, especially in cases where residents had multiple jobs during the previous year or multiple working adults in the household.

Chapter 5. Implementing Hardship Protections

Rent reform policies that rely not only on retrospective income in setting a household's total tenant payment (TTP) but that also lengthen the period between recertifications, such as in the tiered rent policy, or that decouple changes in a household's TTP from changes in its income, such as in the stepped rent policy, come with a potential risk. A household whose income drops sharply just before its TTP is set, or drops afterward in the period before its next scheduled recertification, may not be able to afford a TTP based on retrospective income, causing it serious financial hardship. In addition, under the stepped rent policy, households able to manage the first rent step may have difficulty managing subsequent steps if their earnings do not keep up with the annual TTP step increases. To safeguard against such scenarios, both alternative rent policies in the Stepped and Tiered Rent Demonstration include hardship provisions through which TTPs can be lowered when certain conditions are met.

This chapter explores staff members' experiences in implementing these hardship provisions during the early years of the demonstration, and how they viewed those provisions at that time. Future reports will examine how staff perspectives and experiences evolved as they gained more experience with those provisions.

The Hardship Provisions: Temporarily Lower Total Tenant Payments

Under the tiered and stepped rent policies, households may qualify at any time for a temporary hardship exemption from a TTP based on their retrospective income if their *current* income is less than their retrospective income by a certain amount. This scenario is one of the reasons for having staff members collect current and retrospective income at the time of recertification.⁵⁴

Under both policies, households may be eligible for a hardship TTP immediately at the time of enrollment. They may also qualify at the time of the triennial recertification under the tiered rent policy. Because the public housing agencies' (PHAs) software systems allow staff members to identify qualifying households at the time of initial and triennial recertifications, hardship exemptions are granted automatically when merited at those stages. They are considered "automatic" hardships because the household does not have to request the hardship. If a household's income drops at a later time, the household may apply for a TTP reduction at that point. In addition, each PHA may—at its discretion—offer temporarily lower TTPs to households facing extenuating circumstances not directly related to their income, such as unexpected medical expenses or life events that might hinder the household's ability to pay its set share of rent. (However, hardship exemptions based on extenuating circumstances would apply equally to households in both the stepped or tiered rent rules group and the standard rent rules group.)

PHAs have discretion over the duration of the temporary hardship TTPs, which can be set for up to 12 months. Households are notified that their share of rent will increase to the amount originally calculated by PHA staff members based on their retrospective income once those temporary TTPs expire. Households may then apply for another review of their hardship eligibility, and if they still qualify, their hardship waiver will be renewed. The number of times a hardship waiver can be renewed is unlimited, as long as a household continues to qualify for one.

⁵⁴ See Castells et al. (2024) for more detail on the hardship policies and the considerations that went into designing them. The remainder of this section is adapted from that account.

Under the tiered rent policy, a household will generally qualify for a hardship TTP if its current income places it in a lower income tier than the tier based on its retrospective income.⁵⁵ For example, a household with an annualized retrospective income of \$12,000 pays a monthly TTP of \$262—the amount associated with the fifth income tier. If its *current* income drops to \$8,000 (pushing it into the fourth income tier), its monthly TTP will be temporarily reduced to \$204—a \$58 reduction. Once the hardship period ends, however, the household’s TTP will automatically revert to its prehardship level (\$262), unless it seeks and is granted a renewal of the hardship exemption.

Under the stepped rent policy, a household qualifies for a hardship exemption if its TTP exceeds 40 percent of its current adjusted income. The household’s TTP is then temporarily set at 40 percent of that current income. Once the hardship period ends, the household can seek another hardship TTP if it still qualifies for one.

The stepped rent hardship provision also allows PHAs to grant a “step reset” after 12 months if a household requests to renew the hardship exemption and continues to qualify. A step reset restarts the household’s stepped rent trajectory. A new “initial” TTP is calculated using 30 percent (or 28 percent in Asheville) of adjusted retrospective income, and the household’s TTP steps up annually from this new starting point, following the TTP’s regular stepped rent schedule. A step reset is especially appropriate for situations in which a household’s reduced income level is likely to represent an income shift that is expected to endure, such as when a household member with income permanently leaves the household, or if a previously employed household member experiences long-term unemployment.

Across the 10 PHAs, the standard hardship duration ranges from 3 to 12 months. Eight PHAs set one standard duration regardless of the reason for the hardship. Two PHAs set longer durations for households where the loss of childcare and dependent deductions under the new rent policy (which bases TTPs on gross rather than adjusted income) would be especially problematic: those families who need to pay high childcare costs in order to work or participate in skills training courses and those who have larger families. Exhibit 20 shows the variation in hardship duration across the PHAs.

Exhibit 20. Hardship Duration by Public Housing Agency

Standard Hardship Duration	Public Housing Agency
3 months	Asheville
6 months	Charleston-Kanawha Kern County
6 months for income loss and 12 months for deduction loss	Fort Wayne
12 months	Akron ^a Houston Portsmouth Salt Lake County Washington County
12 months for deduction loss (Otherwise, case by case for 6, 9, or 12 months)	Everett

⁵⁵ Castells et al. (2024) details how three of the five tiered rent PHAs also implement locally designed hardship provisions to protect households with large numbers of children (for example, four or more) from the transition from the standard rent policy’s childcare deduction to a tiered rent policy that does not feature deductions.

^a Akron grants 12-month hardship exemptions for decreases in income; however, the public housing agency grants 6-month hardship exemptions in instances of temporary income decreases—such as unpaid leave or seasonal employment—lasting 1 to 6 months.

Source: HUD (2023b)

Implementing the Hardship Provisions

Households were first told about the availability of hardship exemptions when they were assigned to the alternative rent policy and watched the orientation video (or briefing) and read the written materials.

PHAs informed households that qualified for the automatic hardship about their reduced TTP. Several PHAs sent two letters at the start of the period (both letters were sent together): one provided the TTP during the hardship exemption period, and the second explained what the TTP would be when the hardship exemption ended. PHAs also mailed letters toward the end of the period, as a reminder that the hardship TTP will revert to the nonhardship TTP.

Some early glitches occurred when implementing these safeguards. Under both rent reform policies, at the time of enrollment, staff members checked whether the household qualified for a hardship exemption based on the family's current income compared with its retrospective income. However, in some PHAs, some households that should have qualified for an automatic hardship exemption were initially missed. Most software systems flagged cases that qualified for an automatic hardship exemption. However, in one PHA, staff members were initially not entering current income into the PHA software system, and some staff members did not understand the rules for automatic hardship exemptions. At another PHA, the software vendor initially told staff members (erroneously) to ignore the box that pops up to flag the need for an automatic hardship exemption. In other cases, staff members either did not notice the flag or forgot to apply the hardship exemption.

Not all software systems flagged automatic hardships. According to MDRC's quality control checks, at PHAs where that was the case, staff members correctly identified automatic hardships as well as or better than at PHAs using the other software systems that did flag these cases.

After enrollment into the stepped rent policy, and in between recertifications for the tiered rent policy, households must request a hardship assessment when their income drops to determine whether they qualify for a reduced TTP. Households may lose income due to loss of job, reduced employment hours, illness or inability to work, change in household composition (for example, a partner moved out), loss of child support payments, or other reasons. PHAs assess a household's eligibility for hardship exemptions based on current TTP and income alone, regardless of reasons for the income loss.

In the research interviews, staff members described situations in which requests were denied. One family was anticipating a medical hardship but did not yet have supporting documentation. Some families applied for a hardship waiver because they made other expenses a priority and then had difficulty affording their rent—for example, one case in which a mother overspent on her son's birthday.

PHAs' policies allowed for shorter hardships in cases of extenuating circumstances. Staff members were sometimes unclear about what counted as extenuating circumstances, and, at the time of MDRC's second round of research interviews, only a few households had been granted a hardship waiver for this reason.

Staff members at some PHAs estimated that a nontrivial minority of households were requesting and qualifying for hardships that put them in a continuous hardship exemption, with a few staff members explaining that some families might miss the window for applying for subsequent hardships before an existing hardship period expired. When interviewers asked PHA staff members to estimate the volume of households in the new rent policies that requested hardships following the initial certification, staff members most commonly reported estimates in the 20-to-25-percent range, with some reporting higher levels and others reporting lower levels. In practice, staff members at most PHAs reported that they received a small but steady number of hardship requests each month (for example, fewer than 10) and that their agencies approved most of these applications. Housing specialists at one tiered rent agency described occasionally finding that a household's current income did not fall into a lower income tier, resulting in the household being denied a TTP reduction. (In the next phase of the demonstration, the research team plans to obtain data on hardship requests from each PHA to analyze the percentage of households requesting and receiving hardship exemptions and the overall volume of hardship requests.)

First Annual Total Tenant Payment Step Increases and Hardship Requests

As mentioned previously, it was expected that some households subject to the stepped rent policy would not be able to afford the annual step increases in their TTPs if those increases exceeded their increases in income. Such families may then qualify for a hardship exemption. An important policy question for the evaluation is how often this scenario occurs. Because the hardship waivers put stepped rent households back on an income-based rent, and because hardship renewals are unlimited (when households qualify), a high use of hardship exemptions due to the step increases (or any other reason) would substantially lessen the extent to which the stepped rent policy truly decouples TTPs from income. A high usage rate would also work against the rent reform goal of reducing the PHAs' administrative burden.

The period of time covered by this report is not long enough to adequately assess the frequency of granting hardship exemptions in general or following annual TTP step increases in particular. However, households' initial responses to those step increases do not yet point to widespread difficulties, although some were confused about the policy and taken aback by the increases.

Roughly 4 to 8 months after the stepped rent PHAs began implementing annual TTP increases, no major administrative issues were reported in interviews with staff members. Staff members described sending at least one letter (and in some cases multiple letters) in advance of the increases, and some reported that approximately one-third of households reached out to inquire why their rents were increasing.

PHA staff members were prepared for inquiries from households at the time of the increases. Echoing the reaction of households to automatic hardship expiration letters, staff members said that many households did reach out, and many did not recall that they were subject to the stepped rent policy or thought their rents were not going to change.

Households' reactions varied somewhat across PHAs. Staff members at some agencies observed that households usually did not react to the first step increase. "We haven't had anybody come in and say, you know, that's too much," said one specialist. However, staff members at another agency said a significant share of households expressed concerns about their ability to pay their new rent share, which resulted in referrals to organizations that could provide other rental assistance. One specialist described a household head objecting strongly to the TTP increase, but

when the specialist asked her questions about her income, they reached the mutual conclusion that if her household were subject to an annual rent recertification, its TTP would increase by a greater amount than under the stepped rent policy.

Few staff members reported implementing stepped rent resets, and some suggested that their agencies had not yet established defined criteria for triggering a reset. Only one PHA reported establishing such a policy. It decided that after two consecutive hardship periods of 6 months, it would grant a household a reset of its TTP in lieu of a third hardship TTP. One staff member at this agency suggested that this reset would accommodate households whose current income was substantially below their retrospective income at recertification; they may find it difficult to restore their income to a level that would allow them to afford their previous TTP. The staff member said, “With these households, [they] don’t have an incentive [to increase earned income]. You can request a hardship, and after 6 months, you can do it again, and then you get a stepped reset. It’s kind of like, how far are we going to go?”⁵⁶

Staff Members’ Overall Perspectives on the Hardship Provisions

Most respondents to the research interviews believed that the implementation of hardship safeguards for households was proceeding according to the design of the alternative rent policies. Staff members generally agreed that the families knew they could seek downward adjustments to their TTP, if needed. They did not identify any common household circumstances that the hardship provisions as originally designed would not adequately cover. One staff member said, “[Families] know from the standard rent rules to report a decrease in income. So, they might not know it’s a hardship they are requesting, but they will report a decrease in income.”

In some cases, staff members described the need to create new processes to track hardship periods and coordinate staff actions around the expiration of those periods.⁵⁷ This step was deemed necessary because PHA software systems did not provide adequate tracking services.⁵⁸ Program managers generally described a short learning and adaptation period to support households once they began requesting hardship applications. One agency described adopting a process that referred households to an online form to apply for hardships, an approach they favored to streamline the process for both households and staff members.

Staff members were unsure what information households remembered from the upfront sessions in which families first learned about hardship criteria and exemptions. A few staff members thought more emphasis on hardship exemptions was needed at the point of study enrollment. Others thought that the hardship policy was not too different from the standard income change process to which households were accustomed. Even if participants did not use the word “hardship,” these staff members believed residents would know to reach out to the PHA. Staff members in one PHA operating the tiered rent policy thought the word “hardship” had a more

⁵⁶ It is possible that just continuing to offer temporary renewals without limit might discourage a household from trying to rebuild its income if its previous TTP seems out of reach. In contrast, being placed on a lower step that will be followed by gradual annual increases may offer a better incentive by not implicitly “taxing” any new earnings as much as would be the case if the previous TTP took effect again.

⁵⁷ Staff members at one agency shared that in the early period of implementation, some households received longer hardships than planned because the agency did not have the procedures in place to track when automatic hardships expired.

⁵⁸ A few staff members reported minor issues processing hardships—such as the button for processing hardships having disappeared inexplicably—that they were resolving with their software vendor.

extreme connotation, and they preferred to use the term “change of income” when talking to residents about the hardship provisions.

Some staff members characterized hardship requests as “more onerous” to process than interim recertifications that households could request under the regular Housing Choice Voucher program rules because of the temporary nature of hardship exemptions. Indeed, most of the PHAs reported that administering the hardships was the most burdensome aspect of continuing tiered and stepped rent implementation in the period after enrollment (after initial certifications were completed). Some staff members reflected on this fact with apparent disappointment that the alternative rent policies had not meaningfully lessened the work required to administer the policies. One staff member said that whenever a hardship expires, and a household applies for another hardship remedy, “You really are just doing another recertification [for that household].” However, one program manager reported that there had been slightly fewer *requests* for hardships than for income decreases among households in the regular rent rules group, so far.

As described in Castells et al. (2024), some PHAs carved out special hardship policies for households with large numbers of children, and a few staff members of these agencies suggested that the process of assessing continued eligibility for this type of hardship could be awkward because it involved confirming with parents that children were still members of their household. One staff member said, “I don’t think they should have to request another hardship for having four dependents or more every year. It just seems silly.”

Many housing specialists reported that the expiration of the *automatic* hardship could be a difficult milestone for the PHAs and households to cross because many households were generally unaware that they were receiving hardship TTPs at the start of their enrollment into the alternative rent policies. Many households reached out to PHA staff members when notified of impending increases in their rent shares to express surprise or confusion. One housing specialist said, “That’s the hardest part...people didn’t understand that they were given an automatic hardship, and they get these hardship expiration letters. They don’t understand. They’re like, ‘What do you mean I had a hardship? I didn’t know I had a hardship.’” Another housing specialist reported, “A lot of them request an extension to the hardship because they are still not working.” One PHA staff member suggested that a takeaway from this experience was that more communication should be shared with households that were on automatic hardships: “I think just giving them a better understanding of what automatic hardship is...and getting more outreach to the tiered clients to let them know what tiered is [would help].”

Staff member interviews suggested that a key driver of the administrative effort required to process hardships—and, thus, the overall administrative burden after enrollment and the initial recertification concluded—was how long the temporary hardship TTPs lasted. Most staff members at PHAs with hardship periods of 6 or 12 months reported satisfaction with those timeframes, suggesting that they offered families a chance to regain earned income and that the PHAs would not have to review household income too often. One PHA staff member said that it opted for a 12-month hardship duration out of concern that any savings from housing assistance payments that might result from a shorter hardship duration would be smaller than the cost in staff time to process the hardship.

Some staff members also believed that 1 year was an appropriate period to expect households to recover lost earned income. Said one respondent, “It cuts down on the requests for extensions. It’s a good amount of time for them to get through that hardship, back on their feet and where

they need to be. So, it keeps us from having to...keep extending.” Another said it would allow families who experienced income or job losses enough time “to get their stuff together.”

Other staff members questioned the length of the hardship policy. Most who expressed reservations were frontline staff members who had not been involved in the design of their PHA’s policies and thought the hardship policy was too lenient (that is, the duration was too long), either because it allowed the tenants to pay the lower rent long after they found new employment, or because they thought it did not provide an incentive for the residents to go back to work.⁵⁹ A few wanted more flexibility in the policies to account for different situations. For instance, a staff member in a PHA with a set hardship duration thought some conditions, such as childcare expenses, would be likely to continue, whereas the loss of a job might warrant a shorter duration.

A few staff members reported that they might prefer a shorter hardship period than 12 months to ensure that households were properly incentivized to participate in the labor market. However, respondents at one PHA with 6-month hardship periods suggested that 12 months would be preferable. “There are no real consequences for requesting hardships over and over again. But if we don’t allow it, they are going to be out of housing,” emphasized one specialist at that agency.

Staff members at the sole agency implementing 3-month hardship durations thought their hardships were too short, given that households were repeatedly requesting extensions. “It’s more difficult just because we’re doing the same things [as under the standard rent rules], but at a higher frequency,” reported one staff member. Moreover, some staff members shared that the requirement that households reapply for hardship exemptions meant some households missed reapplication deadlines and experienced interruptions in their hardship waivers despite qualifying for continued exemptions. “It fell on the tenant to hear when the agency was trying to communicate, ‘OK, your rent is going up.’ I can think of quite a few cases where tenants didn’t apply for a hardship extension in time,” said one housing specialist.

Staff members at one stepped rent site expressed their views that the hardship TTP (which was calculated at 40 percent of current income) might not adequately protect families from hardship. It might not be enough of a reduction in TTP to protect some families who experienced a loss in income.

A few families in the alternative rent group and the standard rent rules group were given hardship TTPs because of extenuating circumstances. Most households in need of TTP adjustments qualified based on decreased income. However, staff described a small number of hardship waivers granted for short-term extenuating circumstances for reasons such as medical leave, high household medical expenses, and, in one case, domestic partner abuse. One program manager noted that, by definition, hardships for extenuating circumstances created a gray area for the PHA. “Sometimes there’s just such a fine line that it’s hard [to make the decision].”

Conclusion

Hardship waivers are an essential element of both the stepped and tiered rent policies to help protect families from extreme rent burden. In some cases, difficulties emerged early on in implementing hardship-related TTP reductions that some households should have gotten

⁵⁹ The stepped and tiered rent hardship policies do not require households to report income increases while receiving a hardship TTP.

automatically at the time of enrollment into the alternative rent policies, partly because of glitches in using the new software systems. In addition, staff members reported that some households did not realize, or did not remember, that they had been given an automatic temporary hardship TTP, and that their TTPs would revert to the higher original amounts after the hardship term ended, unless they applied and qualified for a renewal of the hardship waiver. Because renewal requests were not automatic, some households missed their chance to renew their hardship waivers, which required staff to spend time reexplaining the hardship provisions to households that were surprised by the sudden increase in their TTPs and led to some disgruntlement among tenants.

PHA staff members were more confident in the second year of implementation that households eligible for hardship exemptions were applying for and receiving them. In addition, staff members at the stepped rent PHAs reported that households' initial responses to the first annual step increase were not pointing to widespread difficulties, although some households were confused about the policy and taken aback by the stepped increases when they took effect.

At most PHAs, staff members reported that they received a small but steady number of hardship requests each month, and that their agencies approved most of these applications. Staff members had different opinions about the appropriate duration of the hardships, which varied across PHAs. Some believed that 6 or 12 months was the right amount of time for households that had experienced a loss of employment, for example, to get back on their feet, whereas other staff felt that these amounts were either too long or too short. However, in the PHA with a 3-month duration, some staff expressed concern that such a short period may be encouraging a nontrivial share of households to make so many repeated requests for renewals that it was akin to repeated interim recertifications for income losses under the standard rent policy, which worked against the simplification goals of the new rent policies.

Staff members across the PHAs reported that administering hardship waivers was the most burdensome aspect of continuing tiered and stepped rent implementation in the period after enrollment, given the temporary nature of those waivers. Overall, however, they recognized the importance of the hardship provisions and generally believed that the implementation of these safeguards for households was proceeding according to the design of the alternative rent policies. Future analyses by MDRC will describe hardship-related activity in more detail and assess staff members' perspectives as they gain more experience in implementing these important provisions.

Chapter 6. Staff Perspectives on the Alternative Rent Policies

This chapter explores the overall pros and cons of the alternative rent policies in the opinions of the staff members at the Stepped and Tiered Rent Demonstration (STRD) public housing agencies (PHAs) during early implementation of the rent policies. Whereas earlier chapters examined staff experiences with and views on the enrollment process, use of retrospective income, and application of hardship provisions, this chapter considers staff perspectives on the likelihood that the new rent policies will achieve their ambitious goals of supporting tenants' progress toward self-sufficiency, protecting households from financial hardship, and reducing the administrative burden on PHAs. The chapter focuses on the views of the frontline staff members (such as housing specialists and property managers and their supervisors) who administer the alternative rent policies as part of their work with the Housing Choice Voucher (HCV) and public housing programs. It shows a range of views, with some staff members seeing great promise in the new policies, and others expressing uncertainty, or even skepticism, about their value.

The observations shared here reflect staff members' perspectives and their observations of households' reactions during an early period of the implementation of the alternative rent policies, at two points in time—several months after the start of participant enrollment into the alternative rent policies and midway through the second year of operations in a demonstration project that will give families access to the new rent policies for up to 6 years. Their views may change during the course of the demonstration as they gain more experience with the new policies and the PHAs reach a steady state of operations.⁶⁰

Staff Perspectives on the Alternative Rent Policies

During this early period of policy implementation, many PHA staff members reflected positively on the progress their agencies made toward getting the new rent regimes up and running. Even though most respondents said it was too early to know whether the new policies would improve household circumstances, they remained hopeful that their efforts would better support households striving to increase their incomes and achieve their goals. One housing specialist said:

I'm kind of looking forward to this changing the way all housing authorities work and giving people more chances [to work toward] self-sufficiency. Because, [under the standard rent rules, when households] get a raise or an increase at work, it's more of a penalty than a reward, because then all that money just goes back into rent.

⁶⁰ One early requirement of STRD participation was that PHAs seek public comment on the alternative rent policies, and PHA administrators generally described the comments they received as optimistic. Although PHA administrators mostly described receiving broad support, and even excitement, for both the stepped and tiered rent policies, a few staff members came away from the public comment process feeling that it would take time for households to understand the implications of the policies for tenants. "From the community perspective they are still wrapping their [minds around it]," one respondent said. A few PHA respondents noted that tenants belonging to elderly or disabled populations—who were ineligible for enrollment into the alternative rent policies by design—weighed in during public comment periods. The comments reflected a desire that their groups be made subject to triennial recertification policies or fears that "Moving to Work" meant that they would be subjected to work requirements, which is not the specific aim of STRD and was not being independently proposed by any of the participating PHAs at the time this report was authored.

Many staff members expressed their belief that the stepped and tiered rent policies were designed in ways that improved on the standard rent rules for the benefit of households. By moving away from annual recertifications and the requirement that interim income increases be reported, both alternative rent policies would allow residents with increased earnings to keep more of the extra income that they would otherwise have to pay in increased total tenant payment (TTP) under the standard rent policy. “Their income is not going to make the [TTP] go up, and our clients really, really love that part of it,” said one tiered rent specialist. Some staff members saw benefits accruing to the PHAs as well. One tiered rent agency leader said, “I really like the triennial aspect of it. That’s been easy to understand for clients and then really for us administratively.”

Still, for many PHA staff members, the day-to-day realities facing the households they served tempered optimism, as did the extra responsibilities that participating in the demonstration imposed on staff members. Some expressed concern that the change to retrospective income, coupled with new hardship policies and procedures, could be more time-consuming for PHA staff members (and for households) because of the erratic nature of residents’ employment patterns and income streams. Some called out the uncertainty around households’ future use of hardship policies under the stepped and tiered rent policies as an operational risk to the PHAs. One frontline PHA specialist at a tiered rent agency said that hardship policies were “a more involved process.” Some staff members worried that frequent hardship requests, income reviews, and approvals could lead to increased workloads. Other staff members were more optimistic that, taken as a whole, the new rent policies would lead to an overall reduction in administrative burden. They speculated that because households were not required to report changes in income as frequently between scheduled income reviews as they would under the standard rent policy, the total burden on PHAs over time could be lessened.

Some staff members believed that the new rent policies might promote longer-run economic self-sufficiency among households and could even increase the proportion leaving the subsidy programs due to higher incomes, thus freeing up housing subsidies for new households. Other staff members were skeptical that most residents would be able to take advantage of the policy to a great (or any) extent, especially if they had caregiving responsibilities. One tiered rent housing specialist did not see an improvement over the standard rent policy, observing that the triennial recertification period would allow residents unable or unwilling to increase their earnings to lock in a low rent for 3 years: “For people who have not started in the workforce, it’s not going to be helpful at all.” Another respondent said:

I don’t know if it’s really motivational [for] some people. There [are] people who are not working. I don’t know if it’s enough motivation for them to even get a job. There [are] people who are like, “OK, that’s fine I guess.” Because I have people who tell me that they have not worked for 5 years. And one of the questions that I ask is, “Are you looking?” and they say, “no.” So where’s the motivation? I don’t even see how some people would be motivated because of the change [in the rent rules].

Some respondents observed that the alternative rent policies do not address the serious barriers to employment that their residents face, such as transportation and childcare access, and so changing the rent policy alone may not be enough to support the efforts of tenants who would like to work more or increase their earnings. One PHA leader suggested that the stepped rent policy would not be enough to incentivize households to increase their incomes without an accompanying mandatory work requirement. The PHA leader said, “I think having the carrot

there and explaining it to people and encouraging them is one thing, but having a culture where work is expected might require a little bit more. It would help to have a little more weight behind it.” (Work requirements are not a feature of the stepped or tiered rent policies or the STRD design because HUD sought to test the effects of the policies in isolation from other policy changes that might confound the effects on households’ labor market outcomes.) Indeed, many staff members were concerned about how some households would fare a few years after enrollment. At the stepped rent agencies, much of this concern centered on how annual step increases—and especially the accumulated TTP increases after a few years under the stepped rent policy—would affect residents who do not increase their incomes. Conversely, some staff members at tiered rent PHAs were worried about whether residents with increased incomes would experience shocks when their TTPs jumped after the next recertification in 3 years.

Despite these concerns, most respondents felt that the stepped and tiered rent policies offered clear advantages over the standard policy to both residents and agencies. Although staff members considered the process of educating residents about the new policies, conducting research procedures, and collecting and verifying retrospective income significantly time consuming, most also believed that there would be a payoff in time and administrative work saved once *both* staff members and residents became more comfortable with the new policies. This comfort was expected to come well after initial household enrollment into STRD was completed. Some respondents expected that having fewer *required* interactions with the PHAs might benefit the agencies by allowing staff members to have more manageable workloads and more time for other tasks during the years between scheduled recertifications. One manager at a tiered rent PHA suggested that staff members’ time might be used to augment other efforts, such as providing additional support to households in the HCV program that were searching for housing.

Many staff members acknowledged that the beginning of triennial recertification meetings (for tiered rent PHAs) and 3-year program eligibility screenings (for stepped rent PHAs) would require a renewed, collective effort to engage with households. One challenge that some program managers anticipated was the continuing effects of turnover and staffing shortages that had occurred since the initial enrollment period. Although some managers described their staffing levels as having “stabilized” following a period of turnover, others described turnover—and efforts to train and build up the PHAs’ staffing levels—as either a recurring or onboarding need (an issue that chapter 3 discusses in further detail).

Staff Members’ Observations of Households’ Initial Responses to the Alternative Rent Policies

Many staff members engaging with households described situations in which households going through STRD enrollment expressed enthusiasm for the stepped or tiered rent policies. In fact, some even asked to be assigned to the alternative rent policy or expressed disappointment if they were randomly assigned to the standard rent rules.

Although households mostly reacted positively as the alternative rent rules were introduced, staff members said that many households were initially apprehensive in STRD briefings with PHA staff members. Households at many PHAs were not required to appear in person or interact with PHA staff members in the years before STRD enrollment briefings—either because of an existing policy or COVID-19 pandemic-era restrictions. In some cases, households were asked to submit recertification applications and interim requests online or via mail. Some staff members

suggested that households were understandably anxious about being required to attend a briefing in person. For example, one housing special said:

Their guard goes up [...] the moment they [hear] my spiel. It's like, "this year's recert is going to be a little different [...]" When I give them that, they brace themselves: "What's going to be different?" I think it's simply just change, they're used to a certain way. And they know how to work the system, a lot of them know it a lot better than we do.

Staff members generally had the impression that households likely achieved only a basic understanding of the rent policies by the end of the enrollment meeting, and that many did not understand the details of the policies. Respondents' characterizations of households' understanding of the alternative rent policies ranged from "not well" to grasping only *some* elements of the policies. "I think they get the triennial part; we're still waiting to see if they get the hardship side of things," offered one tiered rent housing specialist. At the stepped rent PHAs, questions about household comprehension seemed motivated by concerns about the scheduled TTP increases. One stepped rent PHA staff member said:

Maybe [households] aren't taking it in? Do they clearly understand [that their] rent is going to keep going up every year and it'll continue that way, until, what? They hit contract rent? Do they truly understand that it's going to be like this every year? I don't think it's going to hit until they become responsible for those increased amounts.

"In theory, I think it's wonderful," reflected one PHA leader, noting that:

For some of our clients, it's working out really well. Like, a lot of them are very hands-off. We haven't had any issues with them. They haven't asked for hardships. They're just smooth sailing. For others, it's very confusing for them. It's very frustrating for them. They can't really wrap their heads around [it] no matter how much information we send out to them, or links to different videos to watch, or whatever. They just don't understand how it's supposed to help them, and you're trying to explain, 'Well, in theory, you're supposed to be making more this year than you were last year, so we're going to base your rent off of last year's income.' But it makes no sense to them. They don't know where we're getting our numbers. It's an easy concept to understand when *you* understand it, but when you're trying to explain it to somebody who doesn't understand how we make our regular calculations, they think we're trying to pull one over on them or something like that. But overall, I like it [...] we've worked out a lot of those kinks. I think, moving forward, it's going to be a lot easier.

Several PHA staff members reiterated that once they explained the policies more fully, the shift away from annual income recertifications was a strong selling point. Households "see the opportunity between those 3 years," said one housing specialist at a tiered rent agency.

Staff members raised three main concerns related to educating households on the alternative rent policies:

- Heads of households with limited English proficiency may experience more difficulty understanding what is being conveyed, be wary of a new program that is unfamiliar, or both.⁶¹
- Some heads of households experienced confusion about their choice of whether or not to take part in the study and the *requirement* to go through random assignment to either the standard rent rules or the alternative rent policies.⁶²
- Most households that were randomly assigned to the alternative rent policies achieved only a basic or partial understanding of the alternative rent policy by the end of their enrollment briefing.

At the stepped rent PHAs, some staff members had not heard much from households about the prospect of stepped rent increases. However, other staff members reported that some household heads expressed appreciation for the fact that TTP increases would be predictable. One housing specialist said, “They love the small increases, because they aren’t hit with the big, ‘oh now it’s \$250’ increases” that might occur when household income increases significantly under the standard rent policy.

However, in reflecting on whether different types of households were more or less likely to respond in certain ways to the alternative rent policies, staff members at stepped and tiered rent agencies suggested that *working* households were the most likely to express excitement, whereas *nonworking* households that do not report much income from earnings were more likely to be “stressed out.” These concerns may have been more acute among nonworking households facing future stepped rent increases. A stepped rent housing specialist described this viewpoint:

They’re like, “I’m not paying it right now. How am I going to pay the stepped rent?” They don’t understand the hardship part of it. They automatically assume, “OK, just put me in a hardship because I know I’m not going to be able to pay anything, ever.”

Many staff members said that residents did not usually ask a lot of questions during enrollment meetings, but some said this could have been a result of their questions being answered by the short video about the alternative rent policies shown in the enrollment briefings. “You can see their heads turning when they get to the video, and then after the hardship portion, you can see them kind of relax,” said one housing specialist.

Other staff members suggested that the alternative rent policies were inherently complicated and that households should not be expected to understand all facets of the policies after one PHA briefing. One staff member said, “It just needed to be more examples, scenarios, doing different group assignments, breaking into groups or stuff like that to allow people to understand, like a workshop.” Others echoed this view, believing that the process of learning the policies would occur through experience and on an as-needed basis. Another staff member said, “I think they understand it, but not in depth. Same thing with us. I guess it takes time for people to ask more

⁶¹ PHAs made available some translated materials describing the alternative rent policies and leveraged in-house language resources, such as staff members with language proficiency, live translation by phone, or both, to supplement materials.

⁶² For instance, a household head might be inclined to opt into or out of study activities under the mistaken impression that they are opting into or out of the alternative rent policy, when in fact, study consent did not change the requirement to go through random assignment to either the standard rent policy or an alternative rent policy.

questions. Experience also brings more questions.” Staff members reported that many households said they were more eager to learn what their new TTP would be than they were focused on how they might fare during the long run, perhaps reflecting a short-term focus.

The Importance of Ongoing Communication With Households

The potential for the stepped and tiered rent policies to improve households’ labor market outcomes—while also protecting households from excessive rent burdens that the policies might lead to—rests heavily on households understanding the new rent policies that they are subject to and understanding how responding to the incentives built into those policies can benefit them. This level of understanding cannot be taken for granted. The Rent Reform Demonstration, which also had triennial recertifications (like the STRD rent policy), found in a 42-month followup survey of household heads that most of the alternative rent rules group (approximately 81 percent) reported being aware of the triennial recertification schedule. Most heads of household also reported that they were aware they did not have to report earnings increases between triennial recertifications, but the proportion was lower (66 percent). These findings suggest the importance of making creative and continuous efforts to improve tenants’ understanding of this important aspect of the new rent policy (Riccio et al., 2024).

Recognizing this importance, HUD and the research team developed a robust household communication strategy for STRD that included flyers, letters, and emails designed to remind households of their participation in the alternative rent policies, with the goal of informing them about two key features of the policies—that they can earn more without it raising their rent, and that they can request a hardship waiver if they are facing a financial hardship. MDRC also encouraged PHAs to take advantage of any communication with households to remind them of the key aspects of the alternative rent policy. MDRC supported the PHAs with these communication efforts by assisting in their planning efforts, sharing communication strategies that worked well in the Rent Reform Demonstration, developing templates of communication materials, reviewing drafts of communications and providing input, and participating in ongoing technical assistance discussions around the rollout of these communications. ICF International—a technical assistance provider for HUD—also supported this communications effort by creating short videos introducing the new rent policies that PHA staff shared with households at study enrollment meetings and by helping develop templates for some communications materials.⁶³

Exhibit 21 lists the different communications that PHAs used to communicate with households about the new rent policies. This list reflects strategies used through the first 2 years of the demonstration. (Further communications will be developed leading up to the triennial recertifications and eligibility checks and will be presented in future reports.) Items with an asterisk (*) indicate that all PHAs employed that form of communication, whereas variation occurred across PHAs in other forms of communication. For example, all 10 PHAs distributed a policy fact sheet at the time of enrollment. In addition, all 10 PHAs (to MDRC’s knowledge) distributed a flyer halfway through the first year with the two key policy reminders: (1) they can increase their income without increasing their tenant rent share and (2) hardship protections are available. Around that same time, some PHAs also distributed a benefit and safeguard postcard with that (condensed) information, at least one PHA hung doorhangers for households living in

⁶³ The introductory video for the stepped rent policy can be found at <https://www.youtube.com/watch?v=G3s8seSwPeo>, and for the tiered rent policy at <https://www.youtube.com/watch?v=A15wqONsJuY>.

public housing or project-based voucher developments, and at least one tiered rent PHA made phone calls to households to deliver a similar message. All 10 PHAs also sent a letter to stepped and tiered rent households as they approached their 1-year mark—for the stepped rent households to remind them of their upcoming annual step increase and for the tiered rent households to remind them that their recertification will be in 2 years instead of coming up shortly (plus reminders about the key aspects of the alternative rent policies). Appendix E contains examples of four household communications that all housing agencies used: (1) a stepped rent fact sheet (appendix exhibit E1); (2) a tiered rent fact sheet (appendix exhibit E2); (3) a stepped rent benefit and safeguard flyer (appendix exhibit E3); and (4) a tiered rent benefit and safeguard flyer (appendix exhibit E4). Appendix exhibit E5 shows an example communications timeline for each rent policy.⁶⁴ In interviews, some of the PHAs—but not all—described using these resources, either as standalone mailings or as supplements to official letters.

Exhibit 21. List of Public Housing Agency Communications to Households in the First 2 Years

Stepped Rent Policy	Tiered Rent Policy
At study enrollment: <ul style="list-style-type: none"> • Orientation slide presentation* • Understanding Stepped Rent video* • Stepped rent fact sheet* • Stepped rent FAQ* • Hardship fact sheet* 	At study enrollment: <ul style="list-style-type: none"> • Orientation slide presentation* • Understanding Tiered Rent video* • Tiered rent fact sheet* • Tiered rent FAQ* • Hardship fact sheet*
About 6 months after study enrollment and about 6 months after annual step increases: <ul style="list-style-type: none"> • Benefit and safeguard flyer* • Benefit and safeguard postcard • Benefit and safeguard doorhanger 	About 6 months after study enrollment and about 6 months after annual reexamination anniversaries: <ul style="list-style-type: none"> • Benefit and safeguard flyer* • Benefit and safeguard postcard • Benefit and safeguard doorhanger • Benefit and safeguard phone calls
Prior to annual step increases: <ul style="list-style-type: none"> • Annual step increase reminder letter* 	At annual reexamination anniversaries: <ul style="list-style-type: none"> • Tiered rent first annual reminder letter*
Other: <ul style="list-style-type: none"> • Table with policy reminders included with rent change notices 	1–2 years after enrollment: <ul style="list-style-type: none"> • Policy refresher webinars Other: <ul style="list-style-type: none"> • Table with policy reminders included with rent change notices

* Communication forms marked with an asterisk were used by all PHAs.

Source: MDRC

Staff members reported that, after the initial orientation sessions that described the new rent policies, households typically did not remember many of the details of those sessions. That is not surprising, given the amount of information shared upfront and some of the complexity of the rent rules (which is also an issue for the standard rent policy). Gaps in tenants’ recollection of some features of the alternative rent policies after enrollment were similarly observed in the earlier Rent Reform Demonstration (Riccio, Verma, and Deitch, 2019; Riccio et al., 2021).

⁶⁴ MDRC also recommended using text messages to communicate these key aspects of the policies to households, but none of the 10 PHAs did so, mostly because of a lack of technology or capacity to send mass texts. MDRC also recommended a formal communication effort at least once every 6 months. Although the frequency and forms of communications varied across PHAs, none of the 10 PHAs adopted a formal biannual communication strategy, also because of limitations in resources and capacity.

Indeed, some staff members said they were still learning the rent rules themselves at the time they enrolled some of the earliest households assigned to the alternative rent policies.

Although a few staff members believe face-to-face communication is the best way to engage and develop rapport, most interview respondents shared that communicating with households by mail is the most effective form of communication. “They come to expect and look for [the letters],” shared one housing specialist. Even so, many staff members noted that some households did not read communications. “Even though we sent all this out, they still had a lot of questions,” said one PHA manager. Staff members at one tiered rent PHA, which sent reminder communications by mail at the time when households’ annual recertifications would occur under the regular program, noted that they were considering conducting additional outreach, such as a Zoom information session, partly in response to concerns from the households that were at risk of losing their rental assistance because they were not recertifying. “Even if you email reminders that it’s every 3 years, it’s better to learn that in person, and we saw that with the orientation,” asserted one program manager. Another reflected, “I’m not sure what else to do besides make sure they are getting consistent and continuous information about it.”

Developing Staff Capacity to Implement the New Rent Policies

When implementation of the alternative policies began, staff members were not necessarily prepared for what their PHAs’ involvement in this study would require of them. Many frontline staff members had not been part of the conversations about the alternative policies, so learning what the policies entailed, understanding the new rules and procedures, and mastering changes involved with the software added a lot to their (in many cases already overloaded) workload. The MDRC study team documented the policy and design considerations in training manuals customized for each PHA, detailing each PHA’s specific policy.

As they looked back on the launch period, staff members made the following suggestions for improving the implementation of the policy:

- Create short reference materials (such as cheat sheets and flowcharts with workflows) in addition to the detailed policy manuals.
- Conduct more role-playing sessions to help with the study enrollment interviews.
- Offer hands-on training sessions with the software systems and using data from actual cases to practice recertification calculations.
- Offer refresher training sessions to address questions.

Another recommendation was that housing agencies should make sure all staff members who interact with families are familiar with the alternative rent policies, even those staff members who do not have any direct responsibility to administer those policies. This issue came up in MDRC’s research interviews with public housing property managers who did not handle recertifications and had only vague knowledge of the alternative rent rules. These property managers thought it would be beneficial when talking to residents if they knew even a little about the new policy, and found watching the same introductory orientation video shown to residents to be quite helpful.

Conclusion

Several months into the study, staff members said they better understood how to calculate retrospective income and were more familiar with how to use the software when processing cases. At this early juncture, how the alternative policies will affect administrative burdens is unclear. In the early months of implementation, software issues and resulting workarounds added to the burden placed on staff members. For many housing specialists and property managers, recertifications were taking longer to process under the stepped and tiered rent rules than under the standard rent rules. Still, staff members were hopeful that the alternative rent rules would be less administratively burdensome over time because they would only have to recertify or review income for participating households every 3 years, and many were cautiously optimistic that the new policies would benefit households in the long run.

Chapter 7. Conclusion

The 10 participating public housing agencies (PHAs) in the Stepped and Tiered Rent Demonstration (STRD) have completed study enrollment and initial certifications for the 11,749 households participating in the study. The baseline characteristics of participating households are similar to the national population of eligible nonelderly, nondisabled households in the Housing Choice Voucher (HCV) and public housing programs, suggesting that findings from this study can be applicable to that broader population. Statistical tests of baseline equivalence between the alternative rent rules groups and the standard rent rules groups demonstrate that random assignment was successful, providing confidence that the estimates of the effects of the new rent policies on household outcomes that are planned for the next phase of the demonstration will be unbiased.

Staff members at the participating housing agencies indicated that they were generally optimistic about the potential for the new policies to improve households' economic outcomes and reduce the administrative burden of operating the HCV and public housing programs. They also observed that households reacted positively to both the stepped and tiered rent policies, although staff members expressed concern that households did not fully understand all the aspects of the new rent policies when staff provided households with an orientation during study enrollment meetings. The stepped and tiered rent policies are very similar during the early stages of implementation, so staff members' perspectives on their implementation experiences did not diverge greatly by policy at this stage. This result is likely because staff members were focused on the operationalization of the initial income reviews and recertification meetings that occur under those policies during this initial stage. Frontline staff members at tiered and stepped rent PHAs faced similar issues and challenges with estimating retrospective income, granting automatic hardships, and navigating software issues.

Suggestions for Future Practice

The early perspectives shared by staff members involved in STRD activities offer some relevant lessons for continued implementation at STRD sites and other PHAs considering similar policy reforms:

- **Use Moving to Work flexibility to streamline income verification policies.** STRD agencies that adopted verification hierarchies that combined income verification via third-party administrative data sources—such as the Enterprise Income Verification (EIV) system HUD provides for PHA use in verifying past income, or the Work Number, a privately owned database of employer payroll data that some PHAs pay for to use for verifying earnings information—with self-certification, and that deemphasized more time-intensive third-party verification approaches, were able to mitigate the added burden of verifying retrospective income covering a look-back period of 1 year. STRD experience also suggests that housing specialists and property managers may require clear guidance and training on changes to verification hierarchies, especially if they are transitioning away from the standard HUD approach for the first time. Moreover, staff members at PHAs with access to additional government or proprietary databases with household income information (in addition to HUD's EIV system) reported an easier time verifying income.
- **Consider tradeoffs related to hardship duration.** Although more will be learned during MDRC's ongoing evaluation about the implementation of hardship exemptions, PHA

staff members have already identified clear tradeoffs inherent in their agency’s decision to set the length of household hardship remedies. Longer hardship periods of 12 months were perceived as offering households more time to regain income before hardship exemptions expired (or were requested again) and may result in fewer requests (and less administrative work) overall. However, staff members at some agencies expressed a view that shorter hardship periods might further motivate households to increase incomes, even if more work may be generated for PHA staff members due to repeated household requests for hardship exemptions.

- **Build staff buy-in early in the planning phase.** Consider involving frontline staff members early in the process of planning for rent reform implementation and engaging them often. Agencies that coordinated broadly and deeply among their ranks, including property managers and housing specialists, and that did so early in the process, may have been better prepared for STRD implementation than those that deferred communication and onboarding until training courses were specifically offered by MDRC and software vendors. PHAs that invested in the early involvement of frontline staff members likely also benefited from identifying team members who would centrally coordinate needed planning efforts across units, in addition to liaising with HUD and the research team.
- **Anticipate the effect of staff turnover on implementation.** Many of the PHAs experienced turnover in positions tasked with implementing agency processes altered by the alternative rent policies, although the extent of this turnover varied. Many respondents observed that the pandemic increased turnover at their PHAs overall. In fact, many agencies saw staff turnover not only in the frontline roles responsible for day-to-day functions but also in managerial roles. This trend further points to opportunities for promoting cross-training and building sustained knowledge management to support new team members as they learn about the alternative rent policy processes.
- **Build a robust communication strategy.** Households may not understand the details of the alternative rent policies by the end of the initial orientation briefing. Although many households reacted positively to the alternative rent policies according to staff members—and especially to the news that they would not be subject to annual rent recertifications—some respondents suggested that most households likely achieved only a basic understanding by the end of their enrollment briefings. A few staff members pointed to their own journeys toward mastering the basics of the alternative rent policies as an indication that households might accumulate more knowledge through experience and as-needed interactions with the PHAs after enrollment. These findings suggest that robust communications from the PHAs to the households should be considered, especially to convey hardship protections and the opportunity to increase incomes without incurring changes to tenant total payments (TTPs).⁶⁵ Infrequent contact with households may further the aim of reducing the administrative burden inherent in the alternative rent policies, but it may also hinder households’ understanding of the policies and how households may benefit from them.
- **Invest in robust initial and ongoing training.** Anticipate that many, if not most, frontline staff members may face a long learning curve as they master the nuances of

⁶⁵ Such communications were a feature of the HUD Rent Reform Demonstration and are a part of STRD.

alternative rent policies and procedures, pointing to the benefits of involving more staff in planning coordination and making training courses more robust. Many PHA staff members said that they would have benefited from earlier, more intensive, and different approaches to training on the alternative rent policies and the procedures necessary to implement them. Staff members also said that shorter reference guides, in addition to the comprehensive policy manuals MDRC created, would have been useful. They recommended adding in-person role-playing exercises and suggested that hands-on training on software systems using real household cases would have improved their onboarding experience. They also recommended more refresher training courses after launch and on a recurring basis. Taken together—and putting aside the limitations of remote training faced by the STRD partners during the pandemic—the need for more training and onboarding investments described by many staff members points to the importance of additional coordinated external training supports, alongside expanded in-house training resources that PHAs developed for their own staff members.

- **Anticipate challenges from software development and implementation.** Despite STRD’s centralized efforts to enact software modifications enabling key stepped and tiered rent functionality with the three vendors serving participating PHAs, the software modification process was a driver of delays and frustration. This challenge echoed a similar experience in the earlier HUD Rent Reform Demonstration.
- **Monitor implementation fidelity.** Due to the magnitude of the change to business as usual that the alternative rent policies required, quality control and implementation monitoring may help to ensure that the policies are implemented with fidelity (as intended). Some staff members described initial confusion over the need to determine each household’s current or anticipated income (in addition to retrospective income) in order to determine eligibility for automatic hardships, and some eligible households were not initially given hardship remedies. Conducting quality control on *all* files for households newly assigned to the alternative rent policies may be necessary for at least the first few months of implementation.

Looking Ahead

The present report, which describes the baseline characteristics of the study sample and PHAs’ early experiences with implementing the two rent policies, is the second report of the STRD study. The first report, published in 2024, describes the stepped and tiered rent policies in detail, the rationales for the policies and the considerations taken in designing the policies, and the research and operations that led up to the launch of the demonstration (Castells et al., 2024). A third report is also expected to be released in 2026 that summarizes the findings of a supplemental qualitative analysis, conducted by Abt Global, that includes indepth interviews with households on their early experiences with the new rent policies. These three reports cover elements of the first phase of the demonstration, which focused on policy and research design, launch of the demonstration, early implementation of the stepped and tiered rent policies, and the collection and analysis of baseline survey and administrative housing subsidy data.

At the time of publication, the first phase of the study was nearing completion, and the second phase of the demonstration was starting up. This second phase, which is expected to last through late 2029, covers an additional 4 years of policy implementation. It aims to understand the implementation of the new rent policies in a steady state and examine the effects of the stepped

and tiered rent policies for households during the first 3 years of the 6-year policy implementation period.

During these first 3 years, households under the stepped rent policy will continue to experience annual step increases (at least two annual increases for all households in the study), and households under the tiered rent policy will continue their first triennial period without annual recertifications and TTP adjustments. The research team will collect administrative data to understand the effects of the rent policy through the first 3 years that households experience the new rent policies—including employment and earnings data from the National Directory of New Hires, housing subsidy data from HUD, hardship request data from the 10 participating PHAs, data on Temporary Assistance for Needy Families and Supplemental Nutrition Assistance Program subsidy receipt from state agencies, and data on the use of homeless services from local Continuums of Care.⁶⁶ The research team will also administer a survey to participating heads of households approximately 2.5 years after their initial certification to explore their understanding and perceptions of the rent policies and to assess the impacts of the policies on outcomes that are not measured by administrative data, including job characteristics and material hardship.

The second phase will also cover the period when PHAs will conduct the first triennial recertifications for the tiered rent policy and the first triennial eligibility checks for the stepped rent policy. Notably, these triennial activities will occur without the demonstration and research activities that the PHA staff members participated in at the same time as implementing the initial certifications—such as household orientation to the new rent policies and the study, collecting informed consent, administering the baseline survey, and conducting random assignment. The absence of research activities and the fact that this will be the second time the PHA will be implementing features of the policies that were new to them in the initial certifications—such as using retrospective income and implementing automatic hardships—means that this period will represent a steady state of operations for the alternative rent policies. The research team plans to conduct a third round of interviews with PHA staff members to learn their perspectives on implementing the new policies during this phase. It will also conduct interviews on the administrative costs of operating the stepped and tiered rent policies. The team will combine this information with administrative housing subsidy data from HUD and the PHAs to analyze the administrative burden and costs of operating the alternative rent policies compared with the standard rent policy.

The second phase of the study is expected to produce two additional research reports. The first report is expected to be released in 2028 and will examine the early effects of the stepped and tiered rent policies on households' labor market outcomes and housing subsidy receipt through the 18-month period following their initial certification. The second report is to be released in 2029 and will include a comprehensive examination of the effects of the stepped and tiered rent policies on households' outcomes through 3 years of the 6-year policy implementation period. It will also compare the costs of operating the stepped and tiered rent policies with the costs of operating the standard rent policy.

Important research questions will remain after Phase 2 of the study is complete. For the stepped rent policy, households in the demonstration will continue to experience step increases beyond the first two annual increases. Will their incomes keep up with the increasing rents during the

⁶⁶ Continuums of Care are local or regional organizations that coordinate homeless services and funding within the community.

longer period? Will households increase their income at faster rates than their annual step increases? For those whose incomes remain steady or go down, does the hardship policy adequately protect them from excessive rent burden? For the tiered rent policy, the households in the demonstration will continue to be exposed to this rent policy beyond the first triennial recertification for another 3 years. If households increase their earnings in the first 3-year period in response to the policy's earnings incentive, will they continue to do so after their TTPs are readjusted at the triennial recertification? For both the stepped and tiered rent policies, does the administrative efficiency of operating the alternative rent policies increase later in the demonstration after PHA operations have reached a steady state and PHA staff members are accustomed to administering the alternative rent policies? A longer-term evaluation covering the later years of this demonstration would provide insight into these questions. Along with findings from the Rent Reform Demonstration, it would yield a more complete picture of how a range of approaches to reforming rent policies for subsidized households affects their progress toward economic self-sufficiency to inform HUD's and PHAs' efforts to develop and implement rent policies that are effective and efficient.

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