

# CHAPA Housing Briefs

June 4, 2015

## State Updates

### Senate Passes FY2016 Budget Proposal with Important Investments in Affordable Housing and Homelessness Prevention Programs

The Massachusetts Senate passed a \$38.1 billion state budget proposal in May, matching the total spending in the budget proposal passed by the House of Representatives in April.

The Senate budget funds the Department of Housing and Community Development (DHCD) and other housing and homelessness prevention programs at \$432.1 million. The House funds these programs at \$442.2 million. **Click here** for a comparison of the House, Senate, and Governor's budget along with funding levels from prior years.

The Senate budget includes increased investments and important language changes in proven programs that help keep families in their homes and prevent homelessness, including:

- Massachusetts Rental Voucher Program (MRVP): \$85.4 million, an increase of \$20.4 million over FY2015 funding.
- Alternative Voucher Housing Program (AHVP): \$4.75 million, a program that provides housing assistance for disabled persons under the age of 60, an increase of \$1.2 million over FY2015 funding. This represents the first significant increase for AHVP since the program began twenty years ago.
- Residential Assistance for Families in Transition (RAFT): The Senate budget includes \$13 million, an increase of \$2 million over FY2015. RAFT enables families who experience unemployment or other challenges to avoid homelessness through an array of assistance necessary to maintain housing or move into their next home.

## Upcoming Events

June 10 & 11, 2015  
MHP Housing Institute

June 16, 2015  
CHAPA Breakfast Forum:  
Innovative Affordable  
Housing Proposals from  
the Next Generation  
of Community-Based  
Developers

To view all CHAPA events  
please visit [www.chapa.org/  
event](http://www.chapa.org/event).



- The Senate budget includes language in HomeBASE and the newly proposed Homelessness Prevention Reserve Fund (1599-0017) to facilitate coordination between DHCD and EOHHS departments in serving families who are homeless or at risk of homelessness.
- The Senate budget restores forward funding for HomeBASE and RAFT to reduce the strain on non-profit administering agencies who collectively advance over \$2 million per month to help families avoid or exit the shelter system through RAFT and HomeBASE.

The Senate reduced funding for the Housing Consumer Education Centers and Home and Healthy for Good and provided for level funding of other housing programs, including Public Housing and the Tenancy Preservation Program.

The Senate also included a 50% increase to the state Earned Income Tax Credit, which will help working families make ends meet. The EITC will be funded by freezing the income tax at 5.15%. The income tax is otherwise scheduled to drop to 5%. The budget also authorized the expansion of Housing Court to the entire Commonwealth, which protects tenancies, prevents homelessness among the disabled, and helps to enforce building, fire, and sanitary codes.

The budget process now moves to a conference committee whose members will reconcile the differences between the budget proposals. The budget conferees are Representative Brian Dempsey, Representative Stephen Kulik, Representative Todd Smola, Senator Karen Spilka, Senator Sal DiDomenico, and Senator Vinney deMacedo.

CHAPA thanks all the members of the Senate for their strong support of affordable housing and homelessness prevention programs. We would like to particularly thank Senate President Stan Rosenberg, the members of the Senate Committee on Ways and Means, led by Chairwoman Karen Spilka, Chairwoman Linda Dorcena Forry of the Joint Committee on Housing for their leadership and continued dedication to making sure that every person in the Commonwealth has a safe, decent, and affordable place to call home. We would also like to thank Senator William Brownsberger, Senator Sonia Chang-Diaz, Senator Cindy Creem, Senator Ken Donnelly, Senator Benjamin Downing, Senator Jamie Eldridge, Senator Thomas Kennedy, Senator Joan Lovely, Senator Michael Rodrigues, Senator Bruce Tarr, Senator James Welch, and Senator Dan Wolf for their sponsorship of amendments that address concerns for funding needs included in CHAPA's FY2016 budget priorities.

For more information on housing programs in the state budget, please contact Rachel Heller at [rheller@chapa.org](mailto:rheller@chapa.org) or Eric Shupin at [eshupin@chapa.org](mailto:eshupin@chapa.org) or by calling (617) 742-0820.



## DHCD Approves Worcester Housing Authority Pilot Work Requirement

Last month, DHCD approved a request by the Worcester Housing Authority (WHA) to waive state regulations so that it can implement a mandatory work program for residents in its state public housing family developments. (HUD found the WHA in violation of federal rules when it made work a lease condition in federal housing in 2014). Worcester began a voluntary version (Phase I) of its “**A Better Life**” program in 2012. Using open-ended language in the 2014 state welfare reform bill that allowed the WHA to operate the program in state public housing, the WHA began a Phase II, offering a preference for admission to waiting list households that agreed to participate. The new Phase III will apply to existing residents (excluding persons with disabilities or 55+), requiring at least 1,200 hours a year of employment and/or education activities, and allowing eviction for non-compliance. The **Worcester Health Foundation** has provided \$2.4 million to date to support the program and reports that 42 of the approximately 65 households in the Phases I and II remain enrolled. WHA has said that the new program will apply to 393 families.

Despite the lack of public information on program results, and concerns about potential evictions and discrimination against families unable to work, the Senate budget included \$500,000 and an **outside section** (#93) that would allow expansion of the program to 4-6 housing authorities. The budget is now in a conference committee where conferees will determine if this provision will be included in the final FY2016 budget.

## DHCD Proposes Revisions to its Section 8 Program

The Department of Housing and Community Development (DHCD) posted its **draft FY2016 Moving to Work (MTW) Annual Plan** in May, and will accept written comments through June 5, according to their **public notice**. The plan applies to almost of all DHCD’s Housing Choice Vouchers. DHCD expects to assist up to 20,043 households in FY2016 (starting July 1, 2015) and currently has a waiting list of 100,709. The FY2016 plan proposes a new “rent simplification” activity to be implemented one year after HUD approves this draft plan. Under it, DHCD proposes to set the tenant share of rent based on income bands (30% of the low end of \$3,000 income bands). It also proposes changes to the deductions and exclusions from income calculations. It would eliminate the earned income disregard and create a new “working family deduction” of \$750, eliminate the child care deduction unless costs are at least \$5,000, and change the medical expense deduction for the elderly and disabled from all unreimbursed costs in excess of 3% of income to all unreimbursed costs of at least \$2,000 (without a 3% of gross income threshold). It also proposes increasing the elderly/disabled household deduction from \$400 to \$800.

It also proposes charging families with mixed immigration status higher rent (110% of the table rent), and would set the payment standard based on **small area FMRs** (by zip code). If the small area FMR (SAFMR) is less than the large area FMR, the payment standard would be 110% of the SAFMR and DHCD can adjust the standard in response to market conditions or to support leasing in lower poverty areas.

According to the impact analysis in the plan, 23% of voucher households would see an increase in their rent under the new system; about 2,800 (16%) would see an increase of up to \$100 a month and 7% (1,265 households) would see a larger increase. DHCD would phase in the increase over two years for the latter group and may limit rent increases due to the change in child care and medical deductions. Other new activities proposed in the draft Plan include offering an afterschool STEM program for teen members of voucher households, using up to \$225,000 to provide supportive services to formerly homeless households IN PBV units and providing funds to temporarily support higher leasing or HAP costs for veterans using VASH.



# Federal Updates

## FY2016 Budget Picture Remains Bleak for HUD Programs

The Senate Appropriations Committee announced 302(b) allocations on May 22, providing a \$55.646 billion allocation to the Subcommittee on Transportation, Housing and Urban Development (THUD). While \$376 million higher than the amount provided in the House FY2016 appropriations bill, the increase is far short of the \$3 billion in additional funds needed to maintain existing HUD programs. The National Low Income Housing Coalition (NLIHC) **reports** that the full House may vote on their THUD appropriations bill this week, which includes provisions to eliminate revenues for the National Housing Trust Fund (NHTF). The Senate THUD subcommittee is expected to consider a bill in late June.

## HUD Issues Notice in Advance of Rulemaking on Small Area Fair Market Rents (FMRs)

On June 2, HUD published a **notice** in the Federal Register seeking public comment on the potential expansion of the use of Small Area FMRs (SAFMRs). It is considering using SAFMRs, rather than 50th percentile FMRs, in areas that currently qualify based on concentrated voucher use and is also interested in comments on how broadly SAFMRs should be allowed (e.g. should PHAs with less concentrated voucher use also be allowed to use them). Comments are due by July 2.



# Recent Research & Reports

## Out of Reach 2015

The National Low Income Housing Coalition (NLIHC) issued its annual report on rental housing affordability (***Out of Reach 2015***) in May, including state and metro area data. It finds that renter households in Massachusetts have an average annual income equal to \$18.20 an hour but need to earn \$24.64 an hour, forty hours a week year-round in order to afford the average modest two-bedroom apartment (\$1,281) as measured by HUD's Fair Market Rent. This makes **Massachusetts** the sixth most expensive state in the nation for renters. In the Boston-Cambridge-Quincy metro area, the income needed for affordability is even higher (\$28.73).

## High Public Cost of Low Wages

A research brief from the UC Berkeley Center for Labor Research and Education, ***The High Public Cost of Low Wages***, examines the link between low wages, reduced employer provision of health insurance and the use of public benefit programs. It provides state-by-state data on the use of public assistance between 2009 and 2011 by poor working families and the cost to the federal and state governments. It looks at food stamps, Medicaid/CHIP, TANF and EITC costs. In Massachusetts, assistance to working families (households with at least one member working at least 27 weeks a year or at least 10 hours a week) accounted for 49% of program costs.

## Fewer Hypersegregated Metros, but less reduction in Hypersegregation

A recent **CityLab** article describes new research by Douglas Massey and Jonathan Tannen (***A Research Note on Trends in Black Hypersegregation***) that found while the number of hypersegregated large metropolitan areas has declined over the past four decades (1970-2010) by about one-half, from 40 to 21, the degree of segregation within current hypersegregated areas fell by only 8%. The Boston MSA is one of the 21 MSAs that remains hypersegregated.

## CBPP Issues Updated Fact Sheets on Federal Rental Assistance Use by State

The Center on Budget and Policy Priorities (CBPP) issued updated fact sheets on federal rental assistance use by state. They show that over 185,000 Massachusetts households receive federal rental assistance, though the number receiving housing choice vouchers (about 77,600) is down by almost 2,300 fewer compared to two years ago. Click **here** and **here** for the Massachusetts fact sheets.

## Cornerstone Partnership Offers Webinar on Inclusionary Zoning Design

The Cornerstone Partnership is offering a **webinar** on June 17 at 2 pm on Inclusionary Housing Feasibility Analysis, including use of a calculator tool to examine the relationship between affordability levels and development costs.



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