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May 15, 2020

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RE: COVID-19 Emergency Budget Recommendation for Expanding Residential Assistance for Families in Transition (RAFT)

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Dear Speaker DeLeo, Senate President Spilka, Chairman Michlewitz, and Chairman Rodrigues,

Clerk

Naomi Sweitzer

On behalf of Citizens' Housing and Planning Association (CHAPA), I am writing to request your support for expanding the Residential Assistance for Families in Transition (RAFT) program in order to respond to the COVID-19 crisis by ensuring housing stability for vulnerable residents and preventing the further spread of the virus.

Howard Cohen

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Housing stability is critical to positive health outcomes and to protect public health. CHAPA's approach to ensuring housing stability during the COVID-19 crisis is to ensure equitable policies and programs for Massachusetts residents. We advocate for the resources and policies needed to support renters, homeowners, and landlords and to preserve and expand the state's affordable housing stock to make sure everyone in the Commonwealth has a safe, healthy, and affordable place to call home.

Specifically, CHAPA respectfully asks the Legislature to:

- Provide an emergency appropriation of \$50 million in new funding for RAFT, either as part of an FY2020 supplemental budget or as part of the FY2021 budget;
- Increase allowable assistance from \$4,000 to \$10,000 per household;
- Allow households to apply for RAFT, even if they have receive RAFT payments in the past 12 months; and
- Temporarily expand access to the program across a wider range of incomes, allowing households at or below 30% of the Area Median Income (AMI) and up to 80% AMI to receive assistance to pay rent, mortgages, and other housing-related expenses.

Chief Executive Officer

Rachel Heller

This will help residents facing financial hardship avoid displacement, prevent landlords from being unable to pay their mortgages or other expenses, stabilize the housing ecosystem, and support our communities.

Residents Will Need Assistance to Pay Rent and Mortgages after the Eviction and Foreclosure Moratorium Ends

COVID-19 is an unprecedented emergency that threatens the housing stability of residents across Massachusetts. Enacting a statewide eviction and foreclosure moratorium was a necessary step to immediately prevent residents from losing their homes during the crisis. CHAPA thanks the Legislature for passing the legislation with comprehensive protections for renters and homeowners. However, the moratorium does not cancel the missed rent or mortgage payments. Residents, especially those at the lowest incomes, will need both time and assistance in making these housing payments when the moratorium is lifted. RAFT and its existing delivery system will be a critical tool for helping people stay stable in their homes when the state of emergency ends.

COVID-19 Exacerbates Existing Inequalities in Our Housing, Economic, and Public Health Systems

The virus is leaving many Massachusetts residents unable to pay their rent or mortgages. These impacts disproportionately affect lower-income workers who have lost their jobs and communities of color who face higher COVID-19 infection rates.

In the first two weeks after the crisis began in March, 571,000 Massachusetts residents filed initial unemployment claims.¹ With job losses and reduced incomes, these households will struggle to pay their housing costs. According to the Federal Reserve Bank of Boston, 35% of renters and 17% of homeowners in Massachusetts will be unable to pay their monthly rent or mortgage payment because of the COVID-19.² Unfortunately, lower-income renters are those most likely to be negatively impacted because these residents are more likely to work in industries most vulnerable to COVID-19 related business closures.³

Even with Federal Assistance Payments, Residents Will Need Longer-Term Supports to Ensure Housing Stability

Federal assistance payments will not be enough to stabilize housing for all families in Massachusetts. One-time payments through the federal CARES Act will provide some assistance to help people pay their rent and mortgage payments. Unfortunately, many

¹ Sarah Philbrick, Tim Reardon, and Seleeke Flingai, *The COVID-19 Layoff Housing Gap Report*, Metropolitan Area Planning Council (April 22, 2020) <https://www.mapc.org/covid19-layoffs/>.

² Larry Bean, *New Boston Fed analyses outline grim economic consequences of COVID-19 pandemic in New England*. Federal Reserve Bank of Boston (April 22, 2020) <https://www.bostonfed.org/news-and-events/news/2020/04/neppc-covid-analysis.aspx>.

³ Solomon Greene, Martha Galvez, Corianne Payton Scally, Monique King-Viehland, Maya Brennan, and Samantha Batko, *What Can State and Local Governments Do to Stabilize Renters during the Pandemic?*, Housing Matters (April 22, 2020) https://housingmatters.urban.org/articles/what-can-state-and-local-governments-do-stabilize-renters-during-pandemic?cm_ven=ExactTarget&cm_cat=HM+Send+April+23%2c+2020&cm_pla=All+Subscribers&cm_ite=Read+more+on+Housing+Matters&cm_ainfo=&&utm_source=%20urban_newsletters&&utm_medium=news-HHM&&utm_term=HHM&&.

residents will not be able to access this federal relief, including undocumented immigrants and workers receiving unreported income. Also, many of the households that receive expanded unemployment benefits provided by the CARES Act will experience a fiscal cliff when benefits expire at the end of July. The Metropolitan Area Planning Council estimates that if all current laid off workers were still out of work when the expanded federal unemployment assistance expires, 133,300 households would need housing assistance totaling \$144.3 million per month.⁴

Housing Payments Sustain the Housing Ecosystem

Widespread missed housing payments threaten the entire housing ecosystem in Massachusetts. In addition to potential widespread displacement and increases in homelessness, these missed payments could decrease the amount of safe, affordable, and available homes while also straining the ability of cities and towns to provide essential municipal services.

As tenants fall behind on rent, owners and landlords will have difficulty maintaining their buildings or making repairs, paying for increased costs due to COVID-19, and covering expenses like mortgage payments, incomes, and property taxes. If these properties cannot be maintained, they may not remain available for any residents.

As homeowners fall behind on mortgage payments, families risk losing their home to foreclosure after the moratorium is lifted. Homeowners may also not be able to pay their property taxes. These owners may have to leave their home, potentially leaving the property vacant. These properties will place an increased strain on the municipality due to the loss of tax revenue and can threaten the public safety of the community if left abandoned.

With decreased property tax collections, it will put additional strain on cities and towns to continue offering essential municipal services. In Massachusetts, property tax is the largest source of revenue for cities and towns, representing 58.3% of total municipal revenues in FY2019.⁵ Nonpayment of rent can cause a domino effect especially in communities that rely heavily on property taxes for their source of revenue. Communities will lose resources needed to support services such as education, police, and fire-fighting.

⁴ *The COVID-19 Layoff Housing Gap Report.*

⁵ Greater Boston Chamber of Commerce, *How much of your local budget do property taxes fund?* (Accessed April 30, 2020) <https://www.bostonchamber.com/public-policy/issues-impact/property-tax-dashboard/>.

RAFT Can Help Pay Housing Expenses to Support Residents, Owners, and Communities

RAFT is an established and well-regarded program with an efficient delivery system that provides emergency housing assistance to those most in need. Although significant federal resources are needed, RAFT can provide an immediate and flexible state strategy to help ensure the stability of residents, owners, and communities while the Commonwealth recovers from the COVID-19 crisis.

RAFT is a proven effective homelessness prevention program for very low-income families and individuals experiencing a housing crisis. RAFT currently allows households earning at or below 50% AMI, regardless of immigration status, to apply for up to \$4,000 in assistance that can be used flexibly to meet expenses that include: rent, mortgage, utility, or condo fee arrears; security deposits; first and last months' rent; childcare; transportation; or moving expenses.

An effective statewide network of Housing Consumer Education Centers (HCECs) administer RAFT to residents in every city and town in the Commonwealth.

Additional funding for RAFT, along with an expansion of the program to allow up to \$10,000 in assistance for each household and a temporary allowance for a percentage of funds to be allocated to households who earn up to 80% AMI, while keeping the program focused on households with extremely low-incomes, will provide a critical tool to help people pay rent and mortgages during the ongoing crisis. This will help stop widespread displacement and a potential foreclosure crisis, prevent homelessness, stabilize communities, and benefit public health by keeping people stably housed.

Applications for RAFT Have Increased Dramatically Because of COVID-19

Alarmingly, COVID-19 has dramatically increased demand for RAFT across the Commonwealth. The Regional Housing Network of Massachusetts reports that HCECs have already seen a 200–400% spike in calls for housing assistance. Rental assistance inquiries have doubled, and foreclosure prevention inquiries have tripled or even quadrupled in some regions.

For Metro Housing|Boston, the HCEC serving the Boston region, the number of RAFT pre-applications it received the 46 days before and 46 days after the state of emergency declaration increased from 586 to 1,885, a more than three-fold increase.

NeighborWorks Housing Solutions, the HCEC serving Plymouth and Bristol Counties, averages nearly 60 calls per day about RAFT and more than 1,000 households have begun NeighborWorks Housing Solutions' online pre-application for the program in the past six weeks. Based on the number of applications, NeighborWorks Housing Solutions estimates that it will use all its RAFT funds by mid-June.

In Springfield, the HCEC at WayFinders has received 776 applications for RAFT in the few weeks following the COVID-19 emergency. Comparatively, WayFinders assisted 841 households with RAFT during the entire 2019 fiscal year.

The Baker-Polito Administration recognized the increased need for RAFT by designating \$5 million in additional resources for the program through a contribution from MassHousing. Remaining FY2020 RAFT funds are being expended, and these new funds are being committed. However, even with this additional allocation, we anticipate that demand for RAFT assistance will far outpace available existing funding. Planning needs to begin now so that resources are available and staff capacity is maintained once the moratorium ends.

RAFT Request of \$50 million Emergency Appropriation & Program Changes

A \$50 million emergency appropriation for RAFT, either in an FY2020 supplemental budget or in the FY2021 budget, and expanding eligibility for the program can help meet the growing need for emergency housing assistance. Specifically, RAFT should be changed to:

- **Temporarily increase eligibility to 80% AMI, while directing at least a third of available funding to extremely low-income households⁶** to ensure that RAFT continues to serve the most vulnerable households. Unfortunately, all low-income workers are being disproportionately impacted by the virus, including higher rates of job losses and COVID-19 infections. A temporary income eligibility increase from 50% to 80% AMI will allow the program to serve more households experiencing a loss of income due to the public health crisis.
- **Increase the maximum benefit amount to \$10,000.** Increasing the maximum benefit that a household can receive from \$4,000 to \$10,000 will more accurately represent the rent levels across the state and help provide more assistance for missed rent or mortgage payments during the prolonged crisis.
- **Temporarily remove the 12-month time limit on families being able to access the program again.** Currently, a household can only access \$4,000 in RAFT benefits once in a 12-month period. Temporarily allowing a household to access RAFT more than once in a year will help maintain housing stability for those who may have used RAFT for a housing emergency in the year before the COVID-19 crisis and are now facing another unexpected virus-related housing emergency.
- **Separate the shared benefit limit between RAFT and HomeBASE.** The program requires that any financial assistance that a household receives from RAFT counts against the \$10,000 maximum benefit amount for HomeBASE, an emergency housing program for families with children who are in shelter or at

⁶ Extremely low-income households are those with incomes at or below 30% AMI.

imminent risk of becoming homeless. This shared benefit limit between RAFT and HomeBASE should be removed so that those households with children who are in shelter or at imminent risk of becoming homeless can access all the resources available to help get them out of shelter and into a stable home.

A \$50 million emergency appropriation for RAFT could assist thousands of households in Massachusetts. According to the Regional Housing Network of Massachusetts, on average, households accessing RAFT before COVID-19 used two-thirds of the maximum \$4,000 benefit—this equals an average payment of \$2,600 per household. If the maximum RAFT benefit is raised to \$10,000 and assuming that, on average, households access two-thirds of the maximum benefit post-COVID-19, the average RAFT payment will be \$6,600. With a \$50 million appropriation, and assuming administrative costs of 19% to run the program, RAFT could serve over 6,100 households.

Using State & Local Resources for Emergency Rental Assistance

To respond to the COVID-19 crisis, Massachusetts should use all available resources to provide emergency rental assistance. In addition to state funds provided through RAFT, federal and local resources should be used to support renters and homeowners. For example, federal CARES Act funding that Massachusetts will receive for the Community Development Block Grant and Emergency Solutions Grants programs should be used for emergency rental assistance. The Department of Housing and Community Development (DHCD) has already indicated that it will use some of these federal funding sources for emergency rental assistance. While we thank DHCD for prioritizing federal funds for this reason, unfortunately, we will still need additional funds from the state to help meet the demand for these resources.

Locally, cities and towns can use Community Preservation Act funds or municipal affordable housing trust funds to support short-term rental assistance. These resources should be coordinated through HCECs and used together to provide as strong a safety net as possible for households in Massachusetts facing housing emergencies, ensure that services are not being duplicated, and to use public resources as effectively and efficiently.

Ensuring Housing Stability is a Public Health Necessity

The COVID-19 pandemic reinforces the critical role that housing plays in protecting our health, safety, and well-being. Expanding RAFT to provide emergency housing assistance during these unprecedented times will help maintain the housing stability of impacted households, sustain our housing ecosystem, and protect the health and well-being of our communities. CHAPA urges the Legislature to appropriate \$50 million in emergency funding for RAFT with program changes to improve its access and service.

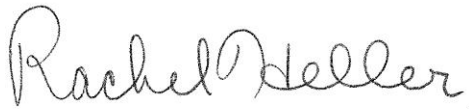
CHAPA sincerely thanks the House and Senate for its leadership on passing the eviction and foreclosure moratorium legislation. This law ensures that Massachusetts residents will not have to worry that they will be evicted, lose their home to foreclosure, or end up homeless if they have lost income during this unprecedented state of emergency. To help people stay stable in their homes after the state of emergency, financial assistance is

needed. By providing \$50 million for RAFT, Massachusetts can help thousands of households avoid evictions and foreclosures as they recover from this public health and economic crisis.

As always, thank you for your leadership and continued support for providing a safe, healthy, and affordable homes for everyone in the Commonwealth.

Please do not hesitate to contact me with any questions.

Sincerely,

A handwritten signature in cursive script that reads "Rachel Heller".

Rachel Heller
Chief Executive Officer
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cc: Rep. Kevin Honan, Chair, Joint Committee on Housing
Sen. Brendan Crighton, Chair, Joint Committee on Housing
Rep. John Mahoney, Chair, House COVID-19 Workgroup
Sen. Jo Comerford, Chair, Senate COVID-19 Workgroup