

Building Blocks Coalition Meeting
Federal Budget Advocacy to Support Massachusetts COVID-19 Response
Wednesday, April 15, 2020
1:00–2:00 p.m.

Welcome

Eric Shupin, Director of Public Policy, CHAPA

COVID-19 Financial Impact on Massachusetts

Mary Tittmann, Vice-President, MassBudget

Tittmann described the projected impact of COVID-19 on revenue collection in Massachusetts. On April 14, the Legislature and Baker-Polito Administration hosted a Roundtable on Impacts of COVID-19. MassBudget [presented testimony](#) that estimates the COVID-19 emergency could cause FY2020 revenue collections to fall **\$4.2–4.9 billion** below FY2019 collections and would limit revenue growth in FY2021. The testimony notes that such sharp and persistent declines in tax collections have occurred in each of the last two recessions and very well could again.

Tittmann said that the economic recovery could follow several patterns. These include a V-shaped recovery – one that includes quick growth after the crisis. If the re-opening of the economy is delayed because new virus cases don't peak until summer and don't recede until fall, or if a second wave of the virus forces another round of shutdowns, the recovery will follow something more like a U- or W-shape.

MassBudget published an overview of fiscal relief already approved by the federal government in response to COVID-19 and how those funds may support the state budget, "[That's a Relief: A Federal Fiscal Relief to Massachusetts in Recently-Passed Legislation](#)." For all of MassBudget's articles and research related to COVID-19, visit: <https://medium.com/massbudget>.

Tittmann also described how other actions at the federal related may help to offset the impact of COVID-19 on the state budget. For example, as part of the American Recovery and Reinvestment Act (ARRA) passed following the 2008 financial crisis, Congress increased federal medical assistance percentages (FMAPs). State governments use FMAPs to determine the federal government's contribution to state administered programs, including Medicaid. The FY2019 [FMAP rate for Massachusetts was 50%](#) - therefore, for every dollar that Massachusetts contributed to an eligible social or medical program, the federal government also contributed one dollar. By raising FMAPs as part of ARRA, the federal government saved Massachusetts a significant amounts of money in the state budget. We could advocate for FMAP rate increases as part of later federal COVID-19 recovery packages.

Status of the State Budget

Mary Ann Mulligan, Governmental Strategies Inc.

Mulligan provided information on the status of any supplemental budget and the FY2021 state budget. Mulligan suggested that a COVID-19 related supplemental budget could emerge in a few weeks and that lawmakers and Administration officials continue to gather information. The state has been working to understand what federal relief is coming to Massachusetts and where these funds will be directed to. This will help legislators understand the gaps in resources in the state.

Mulligan reported that Ways and Means and Administration and Finance have been in constant communication as they work on the state budget. Although it's unclear when a budget will move forward, lawmakers are gathering information on programs and budget requests to have ready. Mulligan suggested having budget requests ready to share with legislators and Administration officials so they have them when a budget emerges.

Federal Relief Update

Ryan Dominguez, Senior Policy Analyst, CHAPA

A table at the end of this document has more information on federal funds that can be used for housing.

Dominguez shared information on key housing resources included in the federal CARES Act. The \$2 trillion Coronavirus Aid, Relief and Economic Security Act (CARES ACT) allocates \$12.4 billion in funding for housing and homelessness. A complete summary of the bill by the National Low Income Housing Coalition can be found by [clicking here](#). Highlights of housing related funding include:

Housing Programs in CARES Act	Funding
Tenant Based Rental Assistance	\$ 1.25 billion
Public Housing Operating	\$ 685 million
Tribal Housing Programs	\$ 300 million
Housing Opp. for Persons with AIDs (HOPWA)	\$ 65 million
Community Development Block Grant	\$ 5 billion
Homeless Assistance Grants / Emergency Solutions Grants (ESG)	\$ 4 billion
Project-Based Rental Assistance	\$ 1 billion
Housing for the Elderly (202)	\$ 50 million
Housing for Persons with Disabilities (811)	\$ 15 million
Fair Housing and Equal Opportunity	\$ 2.5 million

\$1.25 billion for Tenant Based Rental Assistance. The funds will help administering agencies maintain normal operations and take other necessary actions to respond to coronavirus. Of this amount, \$850 million can be used for a combination of administrative costs and other expenses for activities including those to “support and maintain the health and safety of assisted households” and to retain and support participating landlords. The remaining \$400 million is to adjust renewal funding for administering agencies that experience a significant increase in voucher per-unit costs and would otherwise need to terminate rental assistance for families due to the lack of funds.

These funds will be distributed based on need, as determined by the HUD Secretary. In Massachusetts, Housing Choice Vouchers are administered by public housing authorities and DHCD, which distributes its vouchers through Regional Housing Agencies.

\$1 billion for Project Based Rental Assistance to maintain normal operations and to take any other necessary actions during the period that the program is impacted by coronavirus. It provides broad authority to the Secretary to waive or set alternative requirements for any statute or regulation, if necessary, to expedite these funds in responding to coronavirus.

\$685 million for Public Housing Authority’s operating costs. These funds are to fund to help maintain normal operations and to take any other necessary actions to support coronavirus-related expenses, including health and safety activities for residents, and education and child care needs of impacted families. The bill allows – through the end of the 2020 calendar year – for public housing agencies to combine its capital and operating funds, including some funds from past fiscal years, to respond to coronavirus. It allows the HUD Secretary to extend this flexibility in additional 12-month increments if needed. Funds will be allocated to PHAs as additional FY2020 funding based on the operating funding formula.

Congress provided a **\$150 billion Coronavirus Relief Fund** for state, tribal, and local governments to help broadly cover any “necessary expenditures incurred due to the public health emergency” created by COVID-19. The bill specifies that within 30 days of passage the funds will be released to states based on their relative populations, receiving at least \$1.25 billion. These state funds can also be separated out to provide funding directly to local governments. The funding cannot be used to replace already-allocated state funds.

Because of the broad nature of these funds, state and local governments could use these dollars to help address the needs of people experiencing homelessness and low-income renters impacted by the pandemic.

Community Development Block Grants (CDBG)

The CARES Act provided \$5 billion for CDBG. The program can fund a number of different activities:

- Provide housing for people experiencing homelessness
- Provide direct payments to landlords on behalf of low-income renters
- Offer continuity grants and loans to small businesses

For more information on CDBG, [click here](#).

CARES Act funding for CDBG will come in three allocations:

- **Initial Distribution:** \$2 billion direct allocation to states & local governments through its regular formula – 70% to entitlement communities and 30% directly to states. HUD must allocate the funds within 30 days of enactment of the bill.

Massachusetts received \$60 million from this initial distribution. \$40 million went directly to entitlement communities. Massachusetts received \$20 million to be distributed by DHCD. It plans to use this first CDBG award to respond to immediate economic and housing crisis needs of individuals, households and businesses. DHCD is also exploring the use of a portion of its CDBG CARES Act award to complement RAFT and ESG rental assistance, particularly for those with incomes between 50-80% AMI.

- **New Formula:** \$1 billion to states based on new formula (public health needs, risk of transmission of coronavirus, number of coronavirus cases compared to the national average, economic and housing market disruptions, and other factors determined by HUD). States will allocate the funds to entitlement/non entitlement communities. HUD must allocate the funds within 30 days of enactment of the bill.
- **Rolling Allocations:** \$2 billion to be allocated directly to states & local governments via another new formula to be developed by HUD (prioritizing risk of transmission of coronavirus, number of coronavirus cases compared to the national average, and economic and housing market disruption resulting from coronavirus). The funds will be used to cover or reimburse allowable costs incurred by a state or locality regardless of the date on which the costs were incurred. Allocations will be made on a rolling basis.

Funding provided for CDBG through the CARES Act to respond to the coronavirus (CDBG-CV) has certain flexibilities. These flexibilities apply to CDBG-CV awards, FY2019 awards, and FY2020 awards. For HUD's Memo on CDBG flexibility, [click here](#). This flexibilities include:

- Eliminates the 15 percent cap on the amount of grant funds that can be used for public services activities

- Funds can cover or reimburse costs to prevent, prepare for, and respond to coronavirus incurred by a State or locality, regardless of the date on which such costs were incurred, when those costs comply with CDBG requirements

The National Low Income Housing Coalition (NLIHC) is advocating for HUD to waive the State CDBG Program's limitation of awarding CDBG funds only to non-entitlement jurisdictions if an entitlement jurisdiction can demonstrate that it has coronavirus-related housing needs that cannot be adequately addressed with the amount of CARES Act funds awarded to the entitlement jurisdiction.

NLIHC is also advocating for HUD to waive the three-month limitation on the use of CDBG funds for the provision of temporary rental and mortgage assistance and utility assistance in recognition of the fact that after the coronavirus crisis subsides, employers will be slow to come back online and able to re-engage employees. NLIHC also asks for HUD to explicitly add "eviction prevention activities" to the current list that includes rental and mortgage assistance and utility assistance. HUD should also be prepared to rapidly waive the three-month limitation in the event the coronavirus crisis continues. Such waivers should be implemented if a more permanent source of rental and utility assistance is not made available by Congress.

Emergency Solutions Grants (ESG)

The CARES Act provided \$4 billion for ESG Grants. These grants can be use prevent, prepare for, and respond to the coronavirus among individuals and families who are homeless or receiving homeless assistance and homelessness prevention activities. For more information on ESG, [click here](#).

ESG funding will be distributed in two allocations:

- \$2 billion will be allocated through the regular program formula to all grantees that received funding in FY2020. HUD must allocate the funds within 30 days of enactment of the bill.

Massachusetts received \$30 million from this initial distribution.

\$16 million went to the state and \$14 million went to entitlement communities. DHCD will be issuing a NOFA in the next few weeks for its first round of ESG COVID-19 funds which will be targeted to individual and family shelters.

- \$2 billion will be allocated to states and local governments to areas with the greatest need via a formula to be developed by HUD. This formula will be based on risk of transmission of coronavirus, high numbers or rates of sheltered homeless, and economic and market conditions. Very low-income individuals and families (50% or less of AMI) at risk of homelessness are eligible for homelessness prevention assistance. HUD must allocate the funds within 90 days.

HUD outlined the ESG uses in their award letters, including:

- Funds may be used to cover or reimburse costs incurred by a State or municipality to prevent, prepare, and respond to COVID-19;
- Up to 10% of funds may be used for administrative costs;
- Funds can be used to offer treatment and supportive services to assist vulnerable homeless populations; and
- Funds may be used to provide homelessness prevention assistance.

New England Housing Network

Dominguez reported that the New England Housing Network submitted a letter to the New England delegation supporting increased resources for housing programs in any future federal stimulus package. These asks include:

- \$48 billion for HOME
- \$100 billion for Housing Choice Vouchers
- \$45 billion for National Housing Trust Fund
- USDA Rural Programs:
 - \$500 million for Rental Assistance;
 - \$200 million for Section 515 Rural Rental Housing;
 - \$100 million for MFH Preservation and Revitalization Demonstration Program
 - \$1 billion for Section 502 Direct Loans
 - \$50 million for Section 523 Rural Housing Site Loans
 - \$10 million each for Rural Community Development Initiative Grants at USDA and Rural Capacity Building at HUD

HOUSING RELATED COVID-19 FEDERAL RELIEF FUNDS FOR MASSACHUSETTS

Federal Relief Funding Program	Description	Federal Funding Approved	Distribution Process	Funding Coming to Massachusetts
Community Development Block Grants (CDBG)	Funding for communities & states to provide a wide range of resources to address COVID-19, including housing, homelessness, and community & economic development issues	\$ 5 billion	<p>Initial Distribution: \$2B direct allocation to states & local gov'ts thru regular formula, to be distributed within 30 days.</p> <p>New Formula: \$1B to states based on new HUD formula (public health needs, risk of transmission, number of COVID-19 cases compared to national average, economic & housing market disruptions, & other factors). States will allocate the funds to entitlement/non-entitlement communities. HUD must allocate the funds within 30 days.</p> <p>Rolling Allocations: \$2B to be allocated directly to states & local gov'ts via new HUD formula (prioritizing risk of transmission, number of COVID-19 cases compared to the national average, & economic & housing market disruption). Funds will be used to cover/reimburse allowable costs incurred by a state/locality regardless. Allocations will be made on a rolling basis.</p>	<p>Initial Distribution: \$60.7 million (\$20.4M to state; \$40.3M to entitlement communities)</p> <p>New Formula: TBD</p> <p>Rolling Allocations: TBD</p>

Federal Relief Funding Program	Description	Federal Funding Approved	Distribution Process	Funding Coming to Massachusetts
Homeless Assistance / Emergency Solutions Grants (ESG)	Funds for state & local governments to address coronavirus response for individuals & families experiencing homelessness	\$ 4 billion	<p>Initial Distribution: \$2B allocated thru regular formula to all grantees that received funding in FY20. HUD must allocate the funds within 30 days of enactment of the bill.</p> <p>New Formula: \$2B allocated to states & local gov'ts with greatest need via new HUD formula (based on risk of transmission, high numbers or rates of sheltered homeless, & economic market conditions). Very low-income individuals & families (50% or less of AMI) at risk of homelessness are eligible for homelessness prevention assistance. HUD must allocate the funds within 90 days.</p>	<p>Initial Distribution: \$30.4 million (\$16.4 to state; \$14M to municipalities)</p> <p>New Formula: TBD</p>
Tenant Based Rental Assistance	Funds to preserve Housing Choice Voucher rental program as voucher holders experience income loss	\$ 1.25 billion	Distributed based on need, as determined by the HUD	
Public Housing Operating	Funds for Public Housing Agencies to make up for reduced tenant rent payments, as well as to help contain the spread of coronavirus in public housing properties	\$ 685 million	Allocated to PHAs as additional FY2020 funding based on the operating funding formula	

Federal Relief Funding Program	Description	Federal Funding Approved	Distribution Process	Funding Coming to Massachusetts
Tribal Housing Programs	Funding to support Native American housing assistance programs	\$ 300 million		
Housing Opportunities for Persons with AIDs (HOPWA)	Support housing needs of low-income people living with HIV/AIDS thru grants to local communities, states, & nonprofits	\$ 65 million	Allocated via FY20 formula. Up to \$10 million to be used for one-time grants to permanent supportive housing providers, made proportionally to their existing grants	
Project-Based Rental Assistance	Funding will help support affordable housing developments to make up for reduced tenant payments as a result of coronavirus.	\$ 1 billion	Distributed to owners or sponsors of properties receiving project-based assistance	
Housing for the Elderly (202)	Funds will help maintain housing stability & services for low-income seniors in 202 developments	\$ 50 million	Distributed to owners or sponsors of Section 202 properties	

Federal Relief Funding Program	Description	Federal Funding Approved	Distribution Process	Funding Coming to Massachusetts
Housing for Persons with Disabilities (811)	Funds will help maintain housing for low-income persons w/ disabilities to make up for reduced tenant payments as a result of coronavirus	\$ 15 million	Distributed owners or sponsors of Section 811 properties	
Fair Housing and Equal Opportunity	Funding for additional fair housing enforcement	\$ 2.5 million		
Coronavirus Relief Fund	Funding for State, Local, and Tribal governments navigating the impact of the COVID-19 outbreak	\$ 150 billion	Distributed to each state w/ amount based on population; allocates direct assistance to local governments w/ 500,000+ population	\$ 2.673 billion (\$ 1.66B directly to state; \$ 1.07B local gov'ts w/ 500,000+ population)
FEMA Disaster Relief Fund	Emergency recovery funds to help states respond to COVID-19	\$ 45 billion	In addition to support for states and municipalities, provides \$200 million to the Emergency Food and Shelter Program which provides shelter, food, and supportive services through local service organizations.	