



President
Amy Schectman

January 14, 2020

The Honorable Kevin Honan
State House, Room 38
Boston, MA 02133

The Honorable Brendan Crighton
State House, Room 520
Boston, MA 02133

Vice President
Felicia Jacques

RE: Testimony Supporting Rent Arrearage Program & Transfer Fees

Vice President
Charleen Regan

Dear Chair Honan, Chair Crighton, and Distinguished Members of the Joint Committee on Housing,

Treasurer
Ken Willis

On behalf of Citizens' Housing and Planning Association (CHAPA), thank you for the opportunity to testify in support of legislation that would allow municipalities to create transfer fees to fund affordable housing and that would create a rent arrearage program to prevent homelessness.

Clerk
Naomi Sweitzer

Chief Executive Officer
Rachel Heller

CHAPA's mission is to encourage the production and preservation of housing that is affordable to low- and moderate-income families and individuals and to foster diverse and sustainable communities through planning and community development. Allowing transfer fees and creating a rent arrearage program will mean new tools and resources that will help everyone in the Commonwealth have a safe, healthy, and affordable place to call home.

H.1264: Creating a Rent Arrearage Program

CHAPA supports legislation to create a rent arrearage program, H.1264, sponsored by Representative Marjorie Decker.

H.1264 would help low-income households facing evictions or foreclosures avoid losing their homes. Specifically, low-income households, including families, individuals, renters, and homeowners, that are at or below 50 percent Area Median Income (AMI), and that are behind on their rent or mortgage payments, would be eligible for cash assistance in the amount of up to four times their monthly rent or mortgage payment. At least 50 percent of the program's funding would need to be provided to extremely low-income households, or those with incomes at or below 30% AMI.

A household would become eligible for this resource once they can document that they are in arrears on rent or mortgage liabilities. The household would not have to wait until it has received a formal eviction notice, allowing an earlier intervention to help stabilize housing before that household is evicted or put out on the street.

Unfortunately, soaring housing costs, an inadequate supply of affordable homes, and stagnant wages often leads to housing instability, which is felt most deeply in households with the fewest resources. Among individuals and families with the lowest incomes across the Commonwealth, housing costs routinely consume an outsized portion of household income. Many pay far more in monthly housing costs than the 30 percent of household income that is typically considered to be affordable, meaning that they experience a cost burden. This leaves these burdened household just one emergency, such as a job loss or an unexpected medical expense, away from falling behind on rent or mortgage payments, leaving that family at risk of becoming homeless.

Creating a rent and mortgage arrearage assistance program is a cost-efficient policy solution, when considered as an alternative to a household potentially losing its home due to an eviction or foreclosure and needing to turn to the emergency shelter system for housing.

Recognizing this, the Department of Housing and Community Development (DHCD) worked with stakeholders, advocates, and administering agencies to begin implementing an upstream rent and mortgage arrearage pilot program within the Residential Assistance for Families in Transition (RAFT) program in July 2019. The program has already proven successful as many households have achieved housing stability by receiving assistance to pay back rent or mortgage payments.

In December 2019, the FY2019 Supplemental Budget codified this pilot program into the state budget and provided additional funds to support the rent and mortgage arrear program, with language based largely on H.1264.

CHAPA thanks the Legislature and Administration for their leadership on creating a pilot rent and mortgage arrearage program. We respectfully request for this successful program to be codified by favorably reporting out H.1264.

Allowing Transfer Fees to Raise Funding for Affordable Housing

CHAPA also supports allowing municipalities to create transfer fees to raise funding for affordable housing.

Across the Commonwealth, cities and towns are grappling with the adverse effects of rapidly rising home prices on their communities' residents, economy, and quality of life. In many cities and towns, longtime residents are being displaced because they can no longer afford the homes in their communities. Housing demand in many communities across Massachusetts far outstrips supply.

In 2018, the median home price in Greater Boston was more than five times the median household income, making Boston the fourth least affordable of the 25 largest metropolitan areas across the nation.¹

¹ The Boston Foundation, *The Greater Boston Housing Report Card 2019*.

These high housing costs leave too many households unable to find affordable housing and makes them at-risk of becoming homeless. There are approximately 313,053 extremely low-income renter households, but only 143,244 affordable and available rental homes.² With this housing shortage in Massachusetts, a minimum-wage worker is required to work 113 hours per week, or have 2.8 full-time jobs, in order to afford a modest 2-bedroom apartment.³

Nearly all the severely rent-burdened households are low-income, putting them at greater risk of becoming homeless.⁴ These households, with incomes at or below 30 percent of the AMI, often have trouble paying rent. In Massachusetts, more than half spent over 50 percent of their total income on gross rent (contract rent plus utilities) in 2016. Almost all these households were housing cost burdened.⁵

The state continues to take meaningful action to address these challenges through increased support for affordable housing programs. CHAPA thanks the Legislature for its leadership in increasing funding for programs like the Massachusetts Rental Voucher Program, the Alternative Housing Voucher Program, and Public Housing. Thanks also for passing the \$1.8 billion Housing Bond Bill last session, the largest in the state's history. The Legislature has also provided increased support for communities looking to fund more affordable housing through the Community Preservation Act (CPA) by increasing the state-provided match to CPA communities.

However, additional resources are still needed for cities and towns that are working to address the affordable housing shortage at the local level. CHAPA supports empowering cities and towns to address this crisis locally by allowing municipalities to enact transfer fees.

Massachusetts needs a range of policies and resources in order to solve our affordable housing crisis. These solutions include reforming our state's zoning laws to allow for more housing to be built to address our housing shortage. In addition to building more housing, we also need resources and funding available to assist our lowest-income households find homes they can afford. Allowing municipalities to enact transfer fees will help provide these resources.

Thank you for your consideration.

Sincerely,



Eric Shupin
Director of Public Policy

² National Low Income Housing Coalition, *Gap Report* (2018) <https://reports.nlihc.org/gap/2017/ma>.

³ National Low Income Housing Coalition, *Out of Reach Report* (2019) <http://nlihc.org/oor>.

⁴ Center for Budget and Policy Priorities, (2016) *MA Fact Sheet: Federal Rental Assistance*.

⁵ New England Public Policy Center, *Growing Shortage of Affordable Housing for the ELI in MA* (April 2019).