

**Massachusetts Department of Housing & Community Development  
COVID-19 Emergency Rental and Mortgage Assistance (ERMA)  
Administrative Plan 7-1-20**

**I. Introduction**

In April 2020, DHCD received notice that it would be receiving special funding from HUD as part of the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). This special funding included both Community Development Block Grant (CDBG) funds and Tenant-Based Rental Assistance (TBRA) Administrative funds. DHCD decided to use up to \$10 million of these special CDBG funds and up to \$10 million of a combination of TBRA funds and Moving to Work (MTW) reserves to assist families who are facing a housing crisis related to the coronavirus pandemic (COVID-19).

Since the RAFT Administering Agencies (“RAAs”) are already set up to distribute emergency housing assistance at the regional level through the RAFT program, DHCD has procured the RAAs under an emergency procurement to distribute the new Emergency Rental and Mortgage Assistance (ERMA) program funds to families in need.

**II. Target Population**

The ERMA funds will be initially targeted at households with incomes between 50% and 80% Area Median Income (AMI), who would be ineligible for RAFT assistance. Should there be demand as RAFT funds become depleted, DHCD may revise this criterion at a later date to serve all households under 80% AMI.

**III. Household Eligibility**

In order to qualify for this funding, a household must meet all of the following criteria at the time of application:

- Currently rent or own housing as a primary residence in Massachusetts;
- Have gross household income that is between 50-80% AMI; and
- Have a housing emergency due to a financial hardship related to or exacerbated by the COVID-19 crisis (as verified through documentation or a written self-certification consistent with this Administrative Plan).

Households living in subsidized units where tenant rent is calculated and adjusted based on income are not eligible for rent stipends but are eligible for assistance with arrears when able to demonstrate sufficient justification for non-payment of past due rent.

Because this is a preservation program, funding will only support payments for the household’s primary residence at the time of application. Funding cannot be applied to second homes or investment properties.

**IV. Eligible Uses of Funds**

Up to \$4,000 per household over a 12-month period can be utilized to assist with the following expenses for the household’s primary residence:

- Rental and mortgage arrears for payments due no earlier than April 1, 2020; and
- Rental and mortgage stipends for payments due after the date of application.

However, the MTW/TBRA funding source restricts uses as follows:

- MTW/TBRA funds can only support households with at least one member with an eligible immigration status.
- MTW/TBRA funds cannot be used for rental/mortgage stipends.

|  | <b>CDBG Funds</b> | <b>MTW/TBRA Funds</b> |
|--|-------------------|-----------------------|
| <b>Use of Funds</b>  |                   |                       |
| Rent or mortgage arrears   | ✓                 | ✓                     |
| Rent or mortgage stipends  | ✓                 | X                     |
| <b>Immigration Status</b>  |                   |                       |
| Households with at least 1 member with eligible immigration status | ✓                 | ✓                     |
| Households without any members with eligible immigration status    | ✓                 | X                     |

**V. Application Process**

There will be a single application process for ERMA and RAFT. Households seeking assistance will first be asked about their household income. If their gross income exceeds 80% AMI, they will be deemed ineligible and referred elsewhere. If their income appears to be below 80% AMI, they will begin the RAFT/ERMA application.

**VI. Required Documentation**

***Proof of Income***

Income documentation must account for the gross income of all household members who are at least 18 years of age at the time of application.

In determining eligibility, applicants will be asked to verify one month’s gross household income with documentation that is dated within 60 days of the application. However, if the household is unable to produce income verifications, RAAs will accept a self-certification of gross household income in the application.

RAAs should use the RAFT/ERMA Income Definitions document when calculating income. This document explains what sources of income are included and excluded for purposes of determining income eligibility. It also explains what expenses may be deducted from an applicant’s gross income. Please note that the extra \$600 weekly unemployment benefits that are currently being paid to eligible recipients as part of the CARES Act should be excluded from the calculation of gross income.

Any household member age 18 and older with zero income must complete a Statement of Zero Income.

***Proof of Housing Crisis***

In order to be eligible for ERMA, households must be experiencing a current housing emergency due to a financial hardship related to or exacerbated by the COVID-19 crisis. The applicant will be asked to supply any supporting documentation of the financial hardship. If the household is unable to produce supporting documentation as to financial hardship, RAAs will accept the self-certification of financial hardship as written in the application. However, the amount owed in arrears must be verified through documentation.

Examples of supporting documentation of financial hardship include, but are not limited to:

- A letter/email from employer stating household member has been laid off or hours reduced,
- Documentation of loss of childcare or need to resign from employment or reduce hours in order to stay home due to school or camp closures,
- Application for unemployment insurance,
- Documentation of loss of employer-sponsored health insurance, or
- Documentation of death of household member and loss of their income.

***Proof of Housing Assistance Need (\$)***

The amount of housing assistance granted must be supported by the following documentation:

| <b>Use of Funds</b>      | <b>Required Documentation</b>   |
|--------------------------|---|
| Rental arrears           | Notice of rent arrears issued by landlord with verification of amount overdue.  |
| Mortgage arrears         | Notice of mortgage arrears or account statement issued by lender with verification of amount overdue.   |
| Rental/Mortgage stipends | Copy of lease or other third-party documentation verifying rent amount, frequency of payment, and due date (e.g., letter from the landlord) or most recent mortgage statement and a detailed written explanation within the application explaining how the current financial hardship will prevent the household from being able to afford upcoming rent or mortgage payments for at least 1 month. |

### ***Vendor Documentation***

All payments made on behalf of a household must be paid directly to the vendor (either the property owner or the lender) after the following applicable conditions for payment are met.

#### **Rental Assistance Vendor Documentation**

In order for an RAA to make a rental assistance payment to a property owner on behalf of a participant household:

1. The property owner or his/her agent must provide a completed W-9 tax form; and
2. Landlord's proof of property ownership must be documented by either:
  - a. The property owner or agent providing a copy of the deed, most recent real estate tax bill, or current property insurance policy; or
  - b. The RAA verifying property ownership with the municipal Assessor's Office or with the Registry of Deeds. If this option is used, the agency must maintain a physical copy of such verification in the applicant file; and
3. The property owner or agent must sign an agreement to halt any current eviction proceedings and not start eviction proceedings for the arrears that are covered by ERMA funds.

#### **Mortgage Assistance Vendor Documentation**

In order to make a mortgage assistance payment to a lender:

1. Applicant's proof of property ownership must be documented by either:
  - a. The applicant providing a copy of the deed, most recent real estate tax bill, or current property insurance policy; or
  - b. The RAA verifying property ownership with the municipal Assessor's Office or with the Registry of Deeds. If this option is used, the agency must maintain a physical copy of such verification in the applicant file; and
2. The applicant must submit a copy of a current mortgage statement that verifies the lender and where to send a payment.

### **VII. Benefit Limits**

No household may receive more than \$4,000 of RAFT or ERMA combined assistance within a 12-month period. HomeBASE benefits will not be considered in eligibility or assistance level of ERMA benefits and vice versa.

In addition, ERMA funding cannot be used for eligible expenses already being paid for by another state or federal source (e.g., Local CDBG, HOME, ESG, Community Preservation Act or Local Affordable Housing Trusts). In the application, households will certify that they will not accept any ERMA funds for mortgage/rent payments or mortgage/rent arrears, as applicable, that have already been mitigated by another funding source.

ERMA funds could be combined with other locally funded assistance if the housing emergency exceeds the maximum ERMA benefit (e.g., ERMA funds are used to pay for April, May, and June arrears and CPA funds are used to pay for the July rent).

RAAs should administer state emergency housing assistance programs as follows:

| Household Situation | Priority Funding Sources  |
|---------------------|---|
| 50% AMI or lower    | <ul style="list-style-type: none"> <li>• RAFT or Upstream RAFT</li> <li>• CR-RAFT (MassHousing)</li> <li>• Local program, if available</li> </ul> |
| 50 to 80% AMI       | <ul style="list-style-type: none"> <li>• MTW/TBRA or CDBG-CV depending on situation</li> <li>• Local program, if available</li> </ul>             |
| Above 80% AMI       | <ul style="list-style-type: none"> <li>• Local program, if available</li> </ul>   |

**VIII. Denials and Administrative Reviews**

***Denials***

A household may be found ineligible for ERMA at the time of the RAFT-ERMA screen, during the RAFT-ERMA application process, or after their application is complete. Households who are ineligible or who become ineligible for ERMA will receive a Notice of Ineligibility. The appropriate ineligibility reason should be marked.

***Administrative Reviews***

Households who are found ineligible for ERMA and who disagree with the ineligibility decision may request an administrative review of their denial. The applicant’s right to a review is described in the RAFT-ERMA Notice of Ineligibility. Each Administering Agency must fill in the appropriate address on page 2 of the Notice before sending it to any ineligible applicant. The applicant has 10 days from the date of the notice to request a review. Reviews will be performed, within 15 days from the request for a review, at the Administering Agency level by a supervisor who is familiar with the program but unfamiliar with the particular case being reviewed. The decision should be sent to the client and a copy of the written finding should be placed in the applicant’s file. There is no appeal to DHCD of this finding.

**IX. Accounting and Fiscal Management**

***Allocation of Funds***

DHCD will execute a separate contract with each RAA for each source of funding. Initial funding allocations for each RAA will be determined by DHCD based on recent RAFT spending. DHCD may hold back initial funds so that allocations can be adjusted at a later time once regional demand can be analyzed.

### ***Payment and Reimbursement***

Upon contract execution and subject to the availability of funding, DHCD will grant each RAA an estimated one month of start-up funds based upon recent RAFT spending. At the end of each month RAAs will submit actual cost invoices to DHCD, within 10 business days following completion of the service period.

### ***Administrative Fee***

The RAAs will be paid an administrative fee equal to 18.95% of all service dollars paid for each billing period.

#### **X. Data Tracking and Reporting**

Household information and payments will be entered into the HAPPY software, pursuant to any instructions that may be issued by DHCD. For tracking, invoicing, and reporting purposes, staff must select whether the household was served by the MTW or CDBG funding source.

DHCD will periodically pull reports from HAPPY on the following items:

- Applicants denied and reason for denial (income, documentation, or other)
- Amount of assistance requested/needed
- Amount granted and source of funding
- Applicants served, broken down by Mortgage vs. Rental Assistance
- Demographics, such as but not limited to: household size and income and head of household race, gender, and ethnicity

A majority of these funds are federal CARES Act funds. HUD has not yet issued detailed guidance around the reporting requirements for CARES Act funds. However, RAAs will be required to comply with future reporting requirements related to this funding and this Administrative Plan will be amended or supplemented in accordance.

#### **XI. General Administration of Funds**

MTW, CDBG and CARES Act funding is subject to 2 CFR 200 (the Super Circular) unless they are otherwise waived, alternative requirements are specified or they are rendered inapplicable by the CARES Act. All RAAs must comply with the requirements of 2 CFR 200 in the administration of this funding.

#### **XII. Financial Reporting**

In addition to regular invoices, the RAAs are required to keep all RAFT, MTW and CDBG funds and accounting records separate for reporting and auditing purposes. The agency's auditors must prepare supplemental financial statements that breakout each funding source for this program on a separate Balance Sheet and Income Statement. DHCD will reconcile with all agencies and will recapture any unused funds.

**XIII. Amendments to this Plan**

DHCD may revise this program administration plan as needed throughout the term of the contract. Any immaterial change to this plan does not constitute a contract amendment.