



RAFT DURING THE PANDEMIC:

Rent and mortgage relief program grows dramatically; highlights housing crisis in metro Boston region

OCTOBER 2020



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B O S T O N

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KEY FINDINGS

Since the beginning of the COVID-19 pandemic in March 2020, demand for housing assistance through the Residential Assistance to Families in Transition (RAFT) program has increased significantly in the metro Boston region.

The number of households that received RAFT increased by 62 percent between March and August 2020 compared to the same period in 2019. Average RAFT payments increased by 19 percent, and total payments increased by 94 percent¹

The increase in households that received RAFT over the past six months and the increase in total RAFT payments were driven by a change in the *type* of households seeking RAFT, and corresponding changes in their household incomes.

Between March and August of 2020, the number of RAFT recipient households without any other type of housing assistance (such as Section 8 voucher):

- **Grew by 276 percent** compared to the same period in 2019, accounting for all of the increase in RAFT program participation.
- **The median income of these households plummeted**, from \$24,700 in March through August of 2019 to \$3,084 during the first six months of the pandemic.²
- **The incomes of RAFT participant households with housing subsidies decreased** by only 9 percent during the comparison period.

Metro Housing|Boston believes that these changes are a leading indicator of an impending housing crisis in the region. Unmet need for subsidized housing in Greater Boston has been growing for decades. Several recent studies have sounded the alarm about the critical shortage of available and affordable housing for households with extremely low income (ELI) in the metro Boston area.^{3, 4}

Data on participation in the RAFT program in Greater Boston over the past six months suggests to Metro Housing that the shortage of housing affordable to households with extremely low incomes has reached a tipping point. Thousands of households with extremely low incomes that have somehow managed to pay for housing without assistance during times of high employment are no longer able to do so. Without some form of ongoing income support, the number of these households is likely to increase, and they will need sustained housing assistance at a higher level to avoid eviction and homelessness.

¹ Although the Department of Housing and Community Development permitted the use of its data for this report, the conclusions and recommendations in this paper are those solely of Metro Housing and represent findings for its service area, which includes the City of Boston and 28 surrounding municipalities.

² In accordance with administrative guidelines for the RAFT program, household income does not include pandemic-related federal stimulus payments or the additional unemployment assistance provided to qualifying households in 2020 due to the pandemic. Regular unemployment payments are included in household income calculations.

³ Extremely low income (ELI) is defined by the U.S. Department of Housing and Urban Development as income of less than 30 percent of the area median income. In metropolitan Boston, extremely low income was \$30,600 for a family of three during FY 2020.

⁴ Nicholas Chiumenti, *The Growing Shortage of Affordable Housing for the Extremely Low Income in Massachusetts*, New England Policy Center, Federal Reserve Bank of Boston, April 2019; National Low Income Housing Coalition, *Out of Reach 2020*, Washington, DC, June 2020; and Office of Mayor Marty Walsh, *Housing a Changing City: Boston 2030*, Boston, MA, September 2018; The Greater Boston Housing Report Card 2019: *Supply, Demand and the Challenge of Local Control*, June 2019.

BACKGROUND: THE GROWING AFFORDABLE HOUSING GAP

The gap between the need for subsidized housing in the metro Boston area and its availability has been growing for decades. Affordable rent for a family of three with an extremely low income of \$30,600 a year is \$765 per month.⁵ Fair market rent for an apartment in the region was \$2,311 in 2019,⁶ representing 90 percent of household income for this family. In 2016, there were an estimated 51,652 households with extremely low incomes in the city of Boston alone.⁷

A recent study found that there was less than one affordable rental unit for every two ELI households in the Commonwealth. The majority of these units are either public housing, housing with long-term rent subsidies, or private market apartments occupied by renters with housing vouchers. Metro Housing manages 7,400 federal Section 8 housing vouchers and 2,300 Massachusetts rental vouchers. It has 11,662 and 5,000 households on its waiting list for these housing subsidies respectively. Households that received a federal Section 8 housing voucher from Metro Housing in 2020 had been on the organization's waiting list for more than ten years.

Private market apartments without any type of government subsidy represented only 2.6 percent of units that were affordable to ELI households in Boston in 2016. In other words, there were fewer than three unsubsidized apartments that were affordable for every 100 renters that needed them desperately in the metro area four years ago.⁸

The Commonwealth has addressed the growing affordable housing gap for ELI households with important but incremental and short term solutions, including preservation of affordable units, creation of a modest number of new subsidized units, increased funding for the Massachusetts Rental Voucher Program, and significant increases in funding for homelessness prevention programs. These solutions were moderately successful in preventing large increases in homelessness in the strong economy prior to the pandemic. Data from participation in the RAFT program over the past six months suggests that a different approach will be needed to avoid mass evictions and homelessness if pandemic-related unemployment persists.

⁵ The U.S. Department of Housing and Urban Development (HUD) benchmark for housing affordability is that households should not pay more than 30 percent of their income toward housing costs. Residents of public housing and households with federal rental vouchers pay 30 percent of their income toward rent and utilities, households with state rental vouchers typically pay 40 percent of their income toward housing costs.

⁶ Fair Market Rent (FMR) is typically the 40th percentile of gross rents for standard rental units. FMRs are determined by HUD

on an annual basis, and reflect the cost of shelter and utilities. FMRs are used to determine payment standards for federal rental vouchers.

⁷ Nicholas Chiumenti, *The Growing Shortage of Affordable Housing for the Extremely Low Income in Massachusetts*, New England Policy Center, Federal Reserve Bank of Boston, April 2019

⁸ Ibid.

THE CHANGING NEED FOR RAFT DURING THE PANDEMIC

RAFT is a homelessness prevention program for households with very low incomes experiencing a housing crisis.⁹ Eligible households may receive up to \$4,000 in flexible emergency assistance to retain existing housing, obtain new housing, or otherwise avoid becoming homeless. RAFT is funded through the Massachusetts Department of Housing and Community Development (DHCD) and is distributed by 11 regional administering agencies. Metro Housing administers RAFT in Boston and 28 surrounding communities.

Over the past seven years, Metro Housing has documented the effectiveness of RAFT in preventing homelessness through a series of annual reports on program participation. These reports have consistently found that RAFT allows households with extremely low incomes to maintain stable housing at a small fraction of the cost of emergency shelter. One of the best indicators of the program's effectiveness is the low percentage of eligible households that seek assistance more than once – just 22 percent of the households that received RAFT from Metro Housing in fiscal year 2019 had accessed support from the program in any of the previous four fiscal years.

In the past several years preceding the pandemic, most of the households that received assistance from RAFT in the metro Boston area lived in subsidized housing. Households with public housing and rental vouchers accounted for more than three quarters of RAFT recipients in the region in fiscal year 2019. Metro Housing has three explanations for why this was the case: first, these households had extremely low incomes. Any increase in expenses (for example, a medical emergency) can result in a family running short of funds to pay for rent and utilities. Second, the way that income is calculated for housing subsidy programs often overstates available income for households with a working adult. Finally, Metro Housing believes that households that already have subsidized housing are more likely to be familiar with the RAFT program, or to be referred to the program by their landlords or social service providers.

The households with private market housing that received RAFT from Metro Housing in fiscal year 2019 had much higher incomes, although still extremely low, than the households with subsidized housing.

Metro Housing's analysis of participation in the RAFT program since the beginning of the pandemic in March 2020 reveals dramatic changes in the number and type of households seeking assistance to avoid homelessness.¹⁰ First, demand for assistance

9 Very low income is defined by the U.S. Department of Housing and Urban Development as income of less than 50 percent of the area median income. In metropolitan Boston, very low income was defined as \$51,000 for a family of three during FY 2020. Fifty-one percent of RAFT funds are reserved for households with extremely low incomes.

10 Due to seasonal variations in distribution of RAFT assistance, the following analysis of RAFT data generally compares participation in the program over the first six months of the pandemic to the same six months in 2019, spanning three separate fiscal years – FY 2019, FY 2020 and FY 2021. The exception is for income source data.

from the program has increased significantly. Between March and August of 2020, 1,462 households in 29 communities in the metro Boston region received RAFT, compared to 904 households during the same period in 2019 (Chart 1).

The 62 percent increase in RAFT participation is accounted for entirely by households that did not have any other form of housing subsidy. There were 813 households without subsidized housing that received RAFT in March through August of 2020, compared to 216 of these households during the same period in 2019 (Chart 2). The number of households with subsidized housing that received RAFT actually decreased slightly over the comparison period, from 688 households in 2019 to 649 households in 2020.

Analysis of the income of households that have received RAFT since March 2020 reveals a stark difference in how the pandemic has impacted households with and without subsidized housing. Households without subsidized housing that received RAFT in March through August of 2019 had a median annual income of \$24,700 – 81 percent higher than the \$13,612 median annual income of households with other housing subsidies that received RAFT (Chart 3). Between March and August of 2020, however, the median income for the unsubsidized households was \$3,084 – 75 percent lower than the \$12,432 in median annual income for households with subsidized housing that received RAFT during the same period. In other words, although the income for the RAFT households with subsidized housing decreased slightly during the pandemic, the income for the households without subsidized housing fell off a cliff.

CHART 1: HOUSEHOLDS THAT RECEIVED RAFT, MARCH-AUGUST 2019 VS. MARCH-AUGUST 2020

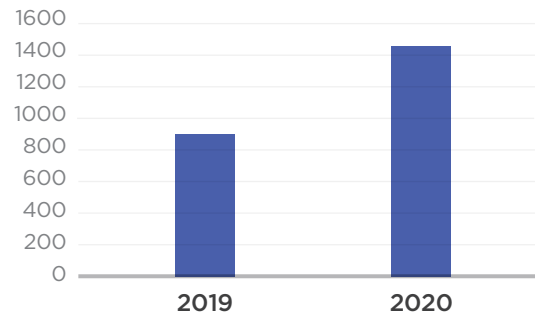


CHART 2: NUMBER OF HOUSEHOLDS THAT RECEIVED RAFT, MARCH-AUGUST 2019 VS. MARCH-AUGUST 2020

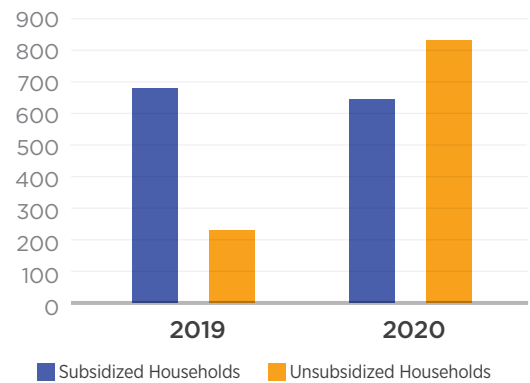
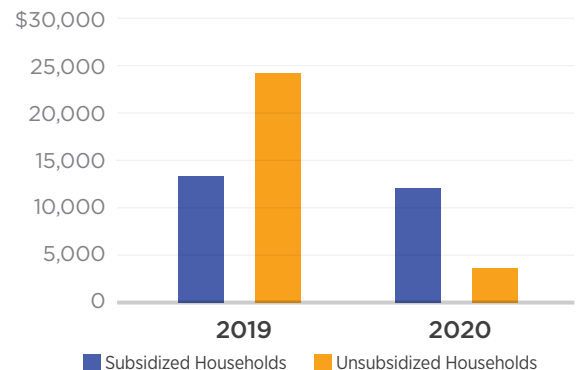


CHART 3: MEDIAN INCOME OF HOUSEHOLDS THAT RECEIVED RAFT, MARCH-AUGUST 2019 VS. MARCH-AUGUST 2020



During the six months of the pandemic, the number of RAFT participant households with zero income increased significantly. (Chart 4). Almost all of the increase was accounted for by households that did not have subsidized housing.

The discrepancies in income by housing type require some explanation. First, in accordance with administrative guidelines for the RAFT program, household income does not include pandemic-related federal stimulus payments, or the additional temporary \$600 in weekly unemployment assistance provided to eligible households prior to August 2020 due to the pandemic. The figures for median household income are therefore somewhat understated for 2020. More significantly, however, Metro Housing believes that income for the RAFT households with and without housing subsidies changed so dramatically during the pandemic because these households rely on different sources of income.

Prior to the pandemic between July 2019 and February 2020, 53 percent of the RAFT households without housing subsidies had earned income, compared to 36 percent of the RAFT households with subsidized housing.¹¹ (Chart 5). In other words, a majority of the unsubsidized households had income from a job prior to the pandemic. During the pandemic between March and August 2020, the percentage of RAFT households without subsidized housing that have income from a job has fallen by more than half, while the smaller percentage of RAFT households with subsidized housing have not experienced such dramatic losses in income from employment.

CHART 4: : RAFT HOUSEHOLDS WITH ZERO INCOME, MARCH-AUGUST 2019 VS. MARCH-AUGUST 2020

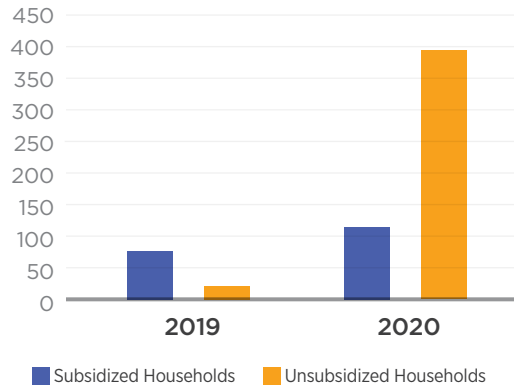
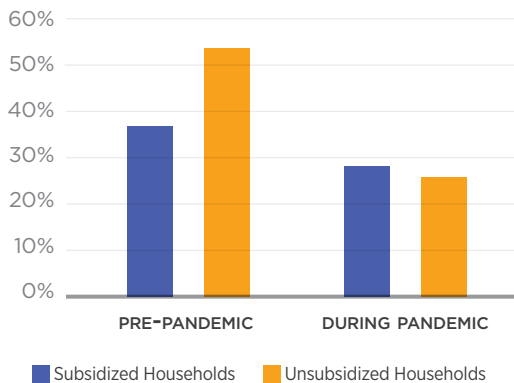


CHART 5: PERCENT OF RAFT HOUSEHOLDS WITH EARNED INCOME



¹¹ Due to challenges in obtaining income source data for March through August of 2019, the figures for income source prior to the pandemic are from July through February of 2020.

Conversely, 46 percent of the RAFT households with subsidized housing had fixed income from transfer payments – social security, disability, TANF, etc. – prior to the pandemic, compared to only 22 percent of RAFT households without subsidized housing (Chart 6). During the pandemic, the percentage of unsubsidized RAFT households with fixed income has fallen to only 15 percent.

Households without subsidized housing typically require more RAFT funding to avoid homelessness. From March through August of 2019, the average RAFT payment for households without other housing subsidies was \$3,422, compared to \$2,301 for households with subsidized housing. Average RAFT payments increased by three percent for unsubsidized households and seven percent for subsidized households in March through August of 2020 compared to the same period in 2019. The difference in average payments, combined with the very large increase in need for RAFT from unsubsidized households during the pandemic, resulted in a 94 percent increase in total RAFT payments in the metropolitan Boston region in March through August of 2020 compared to the same period in 2019. (Chart 7).

CHART 6: PERCENT OF RAFT HOUSEHOLDS WITH FIXED INCOME

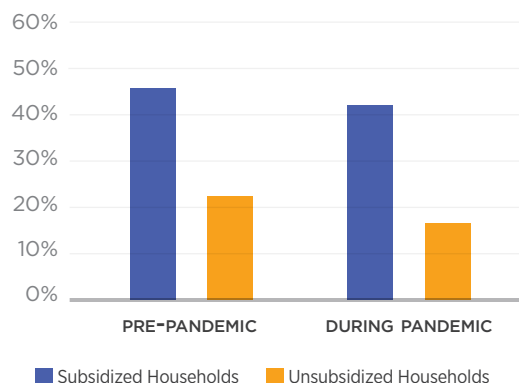
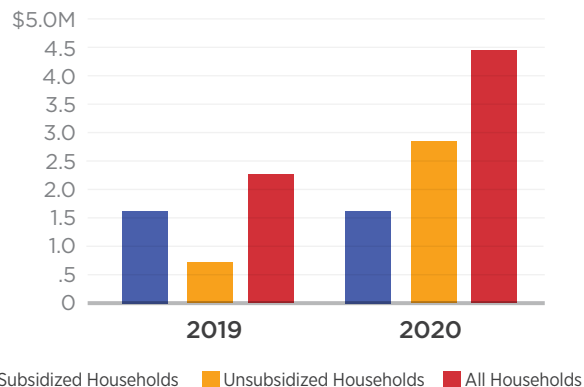


CHART 7: TOTAL RAFT PAYMENTS, MARCH-AUGUST 2019 VS. MARCH-AUGUST 2020



Metro Housing believes that the changes in the number and type of households that have received RAFT during the first six months of the pandemic are a leading indicator of an impending housing crisis in the region. There are tens of thousands of renters with extremely low incomes in the metro Boston region that do not have subsidized housing, or any realistic chance of securing permanent housing subsidies in the near future. These households were somehow able to avoid homelessness in the strong economy prior to the pandemic, likely by working multiple jobs, living in overcrowded and dilapidated housing, and spending more than 50 percent of their limited incomes on rent.

A 2015 study found that ELI households with high rent burdens spent 38 percent less on food and 55 percent less on healthcare than ELI households with affordable rent.¹² With pre-pandemic median income in the range of \$25,000, these households do not have savings to rely on. If pandemic-related unemployment continues, many more of these ELI households with unsubsidized housing will need far more than \$4,000 in RAFT assistance over 12 months to avoid homelessness.

The data from RAFT participation in the Greater Boston region prior to and during the pandemic also contain good news. The pandemic had little to no impact on the need for RAFT among residents of the region with subsidized housing. This is strong evidence that income supports and subsidized housing, combined with modest emergency housing assistance through RAFT, are highly effective in ensuring housing stability for households with extremely low incomes. This finding reinforces our recent reports documenting the effectiveness of the RAFT program.

12 Joint Center for Housing Studies of Harvard University (JCHS). 2015. *America's Rental Housing: Expanding Options for Diverse and Growing Demand*. Joint Center for Housing Studies of Harvard University. Cambridge, MA.



RECOMMENDATIONS

Based on the findings documented in this report, Metro Housing makes the following policy recommendations:

In the short term, the Commonwealth needs to either increase the availability of income supports for extremely low income households, or significantly increase the \$4,000 limit on RAFT assistance over a 12-month period for income-eligible households that do not have subsidized housing.

In the longer term, ELI households need long-term housing subsidies for housing stability, as well as for public health. The Commonwealth should increase funding for the Massachusetts Rental Voucher program and step up its efforts to add to the supply of rental units affordable to ELI households.

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