

## HOUSING MATTERS

# Immediate Federal Aid Needed to Halt Brewing Housing Emergency

Pandemic Has Turned Affordable Housing Challenge into a Crisis

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SPECIAL TO BANKER & TRADESMAN



**C**reating enough affordable housing to meet the need in Massachusetts has been a challenge for decades, one we have failed to meet. Now the shutdown associated with the coronavirus pandemic has escalated this challenge to a critical level and puts at risk the successes that we have achieved in providing high quality affordable housing.

The financial impact has been broad, but apartment renters have been particularly hard hit. Almost 30 percent of people who rent in the commonwealth have missed some rent since April, according to a survey by The MassINC Polling Group. Most of the distress is concentrated among those who make less than \$50,000 annually, those with a high-school education or less, Hispanic and Black residents, and people under 30.

Nationally, a Pew Research Center report found that the impact of the pandemic falls most heavily on low-income adults, 52 percent saying they or someone in the family have lost a job or had pay cut. Only about a fourth said they had enough funds to cover expenses for three months if they were out of work.

MassLandlords said that the cumulative April-May default rate on rent payments reported by its member landlords was 19.2 percent; that means that 180,000 households are currently in arrears.

“This is a compound crisis,” said Steve Koczela, president of the MassINC Polling Group. “It started with a public health emergency, but economic challenges and housing issues are piling up and deepening longstanding socioeconomic divides.”

### Federal Aid Crucial So Far

Thus far, federal assistance has helped many families weather the storm. Under the federal CARES act, direct payments were made to individuals, and in addition, for those who file for state unemployment benefits, the federal government provided an enhanced \$600-a-week benefit and expanded who would be entitled to it. These are scheduled to end on July 31.

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– Aaron Gornstein, president and CEO, Preservation of Affordable Housing

While low-income families continue to struggle, affordable-housing experts say emergency funds approved by Congress have helped a lot. In addition, there has been some state and – in many cases – local aid available to needy renters, including from Community Preservation Act funds.

However, if aid such as unemployment benefits are not extended beyond next month, many residents may not recover, and more of them will be unable to pay rent. This will undermine the stability of the housing that they depend on.

The reason is that, as more tenants are unable to pay rent, owners of multifamily housing may lack the resources to responsibly operate the housing they provide. If they are unable to pay mortgages and operating costs, the financial health of the properties and their ability to serve residents is at risk.

### Two Obvious Fixes

In order to maintain this housing, there are two obvious solutions – both of which require additional resources.

In Massachusetts, the legislature placed a moratorium on evictions through mid-August. Once the moratorium is lifted and temporary assistance ends, “there’s a concern about a wave

of potential evictions,” said Aaron Gornstein, president and CEO of Preservation of Affordable Housing Inc., a nonprofit with more than 11,000 homes in 11 states.

The primary way to address this issue is to provide state and federal short-term rental assistance to those in need, Gornstein said. Utilizing the owners of affordable housing across the state to help deliver a portion of this rental assistance could speed help to needy renters while also sta-

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bilizing property operations, he said.

“A ripple effect of this crisis is that affordable housing properties could be at-risk of default or foreclosure. We can’t afford to lose a single affordable apartment in the commonwealth,” Gornstein said.

A recent shutdown assistance bill in the U.S. House called the Heroes Act included \$100 billion in short-term rental assistance, but it is unclear if the Senate will support such a program. Many housing advocates are pushing for increas-

ing the state’s RAFT Program, a highly successful short-term rental assistance program.

Clark Ziegler, executive director of the Massachusetts Housing Partnership, said that with state revenues falling because business is shut down, the focus should be on federal support.

“Putting money in people’s pockets is probably the best solution,” he said, “because it helps pay not only rent but basic needs. The rent gap is likely to be many times larger than the state has the resources for.”

Advocates, policymakers and owners are working intensely to create solutions, as the risks could be catastrophic to both the housing system as well as the seniors, families and individuals it serves. With early August just around the corner, there is no time to lose. ◀

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