



Include Key Funding and Language in the FY22 Supplemental Budget to Promote Housing Stability

Recommendations from Homes for All Massachusetts, Massachusetts Coalition for the Homeless, Massachusetts Law Reform Institute, and the National Consumer Law Center.

There are urgent housing needs that must be addressed in the pending FY22 supplemental budget. Our requests are listed here and explained in further detail below.

1. \$200 million to continue the Emergency Rental Assistance Program (ERAP) and the Residential Assistance for Families in Transition (RAFT) homelessness prevention programs through the end of FY22, restore program benefits to December 2021 levels, and ensure access for vulnerable groups who have largely been excluded, including many sub-tenants
2. Extend Chapter 257 protections to June 30, 2023, expand it to include all instances where landlords are seeking to recover rental arrears, and move protections upstream by requiring that landlords participate in rental assistance applications in good faith before being allowed to file an eviction case
3. Temporarily restrict no-fault evictions
4. \$50 million to ensure the federal Homeowner Assistance Fund (HAF) is successful, by covering mortgage, tax, insurance, condo, and other fees not covered by HAF but put homeowners at risk of foreclosure; also require servicers to provide notice to homeowners in default, and pause foreclosure activity for 90 days for all homeowners who apply for HAF

Eviction prevention needs

Federal ERAP and state RAFT funds are projected to run out in the coming months. The Department of Housing and Community Development (DHCD) has already curtailed access to these programs and plans to stop accepting applications on April 15, 2022. Chapter 257, a law that protects tenants in eviction cases who have applied for rental assistance, is set to expire April 1, and contains significant loopholes.

These programs have been a lifeline to tens of thousands of people facing eviction and homelessness during the COVID-19 pandemic. The economic and health effects of the pandemic continue to rage, threatening vulnerable households across Massachusetts and disproportionately harming communities of color. Both programs must continue accepting application without interruption to avoid further catastrophe.

Provisions within the Governor's FY22 supplemental budget proposal from February 18, 2022 are a start, but they would not do enough to protect tenants and homeowners during the ongoing pandemic and recovery period.

1. Additional rental assistance

As of October 2021, both ERAP and RAFT programs can be accessed through a single, centralized application, and are both commonly referred to as “RAFT.” However, ERAP guidelines allow for a higher income eligibility threshold to include working class tenants who have been hit hard by the pandemic but would be excluded from assistance programs under the RAFT guidelines. ERAP also differs from RAFT in that it does not have a dollar amount cap on benefits, ensuring flexibility for people to receive the assistance they need to truly preserve housing during this moment of unprecedented social disruption.

DHCD estimates that \$700 million dollars in emergency rental assistance is required to continue existing programs through the end of FY23. Through the pending supplemental budget, **we are seeking an allocation of \$200 million dollars to continue these programs without interruption through FY22, as a downpayment on the larger request of \$700 million. In addition, we request the reversal of negative rental assistance program restrictions implemented by DHCD on January 1, 2022.** Specifically, we are asking the Legislature to:

- Restore the \$10,000/year cap on RAFT assistance, up from the current cap of \$7,000
- Reinstate a swift ERAP recertification process for households needing further assistance, instead of requiring families and individuals to begin a new application
- Allow households to apply for future rent assistance from ERAP or RAFT, even if they have not already fallen behind on rent
- Allow tenants to access RAFT after exhausting ERAP benefits
- Instruct DHCD to adjust program regulations so that vulnerable groups, such as subtenants, are no longer de-facto excluded from receiving assistance

2. Protection from eviction

Chapter 257, which protects some tenants seeking rental assistance, must be strengthened to ensure the rental assistance funds are most effective. While we support the Governor’s proposed extension of Chapter 257 from April 1, 2022 to January 1, 2023, we believe the Legislature should extend it further and close major loopholes. **Chapter 257 should extend to all cases where landlords are seeking to recover arrears, regardless of the reason for eviction. Critically, it should be adjusted to require landlords to participate with the rental assistance process in good faith before being permitted to file an eviction case in court. It also should include a temporary ban on no-fault evictions.** Moving the protections upstream will prevent the long-term damage caused by the permanent eviction records and trauma that result from court filings. It will also provide crucial protections for homeowners who are being evicted following a foreclosure, as well as for the increasing number of tenants who are threatened with eviction despite having received rental assistance funds.

3. Foreclosure prevention

There are nearly 30,000 homeowners in Massachusetts at serious risk of foreclosure, and federal mortgage protections have expired. Although the federally-funded Homeowner Assistance Fund (HAF), administered by the Massachusetts Housing Partnership (MHP), has begun accepting applications, there are critical gaps that will leave many homeowners vulnerable. Specifically, servicer participation in the program is inconsistent, does not cover any mortgage arrears prior to January 2020, does not cover property taxes for those owners without a mortgage payment, does not cover homeowners insurance, and does not cover many utility costs. The HAF program must be strengthened if it is to more meaningfully prevent the coming wave of avoidable foreclosures.

We are seeking at least \$50 million and language changes to ensure the HAF program is successful for at-risk homeowners in Massachusetts:

1. Funds would be directed to **cover mortgage arrears arising before January 2020** for homeowners who are otherwise eligible for HAF.
2. Regardless of the existence of a mortgage on the home or the number of months a homeowner is delinquent on a mortgage, for homeowners who would otherwise be eligible for HAF, **cover non-mortgage arrearages** including:
 - i. Property taxes;
 - ii. Homeowners insurance payments;
 - iii. Homeowners Association fees; and
 - iv. Utility costs, including electric, gas, propane, home energy (including firewood) and home heating oil, water, and wastewater.
3. **Require servicers to deliver to all Massachusetts homeowners in default** on their mortgage together with the Servicemembers Civil Relief Act pleading or with any certified letter sent by the servicer or law firm representing the servicer or lender before taking any new action on an already accelerated mortgage loan, **a notice about the HAF program**, including a description of the Massachusetts HAF program, the website address and phone number where homeowners can find information about and apply for HAF assistance, and the name and phone number of the HAF administrator.
4. Upon receipt of notification that the homeowner has applied for HAF benefits, **no servicer shall initiate or proceed with foreclosure activity for 90 days.**

This is a critical moment. Tenant and homeowner protections must be strengthened to ensure emergency funds are effective and to build a foundation for an equitable recovery.

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