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Barney S. Heath
Director

MEMORANDUM

DATE: September 1, 2020

TO: Members of the Community Preservation Commission

FROM: Barney S. Heath, Director of Planning and Development
Amanda Berman, Director of Housing & Community Development

RE: **City of Newton COVID-19 Emergency Housing Relief Program**

CC: Jonathan Yeo, Chief Operating Officer
Lara Kritzer, Community Preservation Program Manager
Planning & Development Board

The Planning Department respectfully requests a modification to the Emergency Housing Relief Program to extend the maximum amount of assistance per household from three months to six months. While the program will fully expend its CDBG budget of \$500,000 by the end of September, CPA funds remain to provide direct financial assistance to eligible households.

As detailed in the following pages, the program has successfully assisted 182 households to-date. Under the program guidelines, these households are eligible to receive three months of emergency housing assistance; however, it is highly likely that the need for financial support will extend beyond three months for these participating households.

Planning Department staff and Metro West Collaborative Development, who is administering the program on behalf of the city, believe that between July and September, the program will have served a large portion of the most vulnerable households in Newton who would qualify under the program guidelines. While there are surely some households that will enter the program for the first time later in the fall as they are let go from their employment, exhaust their savings, or realize that their ability to financially ride out the crisis is becoming more challenging, we feel strongly that this initial cohort of approximately 200 extremely low and low-income households first served in July, August, and September will continue to need the greatest financial support throughout the coronavirus pandemic.

At this time, we know that approximately 56% of the first 106 households served by the program have an annual income at or below 30% of the area median income (AMI), with an additional 28% between 31% and 50% AMI. Many of these households have experienced a loss of at least half of their income, as a large number of program participants were employed in the restaurant industry and gig economy pre-COVID. While some of these individuals have begun working again, many are not back to their normal work schedules and earning levels. Other forces working against these vulnerable households include the upcoming October 17th expiration of Governor Baker's eviction moratorium, as well as the July 27th expiration of the additional \$600 of federal unemployment benefits provided to Americans out of work because of the virus.

Given the continued challenges facing Newton's most-affected low-income households, staff strongly recommends extending the maximum amount of program assistance per household from three months to six months. Not only do we see this program as an emergency rental and mortgage assistance program, we see this critical relief program as a housing stability effort. More so than ever, our lowest income households are at great risk of being forced to leave Newton. The extension of these benefits to those low- to moderate-income households most impacted by COVID will play a crucial role in keeping them housed in Newton during this very trying time.

Program Launch and Lottery:

Marketing for the program began on May 13th, with an announcement in Mayor Fuller's email newsletter. The application deadline for inclusion in the lottery was Wednesday, June 3rd. By the close of the application deadline at midnight, Metro West Collaborative Development had received the following:

- 240 applications
- 597 email inquiries and 219 phone inquiries (includes duplication)

All 240 applicants were entered into the lottery, which took place via Zoom at noon on Wednesday, June 10th. The lottery generated a wait list, identifying the order in which Metro West would process applications, determine eligibility, and award assistance. Priority was given to households at or below 65% AMI. While the application deadline for inclusion in the lottery has passed, Metro West is still accepting applications for the program. These applications are placed at the bottom of the wait list and are processed on an on-going basis.

Since the lottery took place, Metro West has been diligently processing applications, reviewing income and program eligibility, collecting outstanding documents from applicants to complete their application files, and reaching out to landlords to execute the program participation agreement. To-date, Metro West has reviewed all submitted applications and processed them accordingly, including the issuance of non-eligibility letters to those households who do not qualify for program assistance.

Households Served and Funding Awarded To-Date:

154 households received emergency housing assistance for the month of July, totaling \$192,649.11. We will identify these 154 households as the “July cases”, as these households first received assistance from the program in the month of July, but are eligible to receive assistance in the months of August and September as well (for a total of 3 months of program assistance). In August, 28 “new” households received emergency housing assistance for the month of August, totaling \$39,894.90. These “August cases” are eligible to receive assistance for the months of September and October as well.

Between the July and August cases, the program has served **182 households** to-date (5 of which have received mortgage assistance), for a total of **\$425,193.12** of direct financial assistance (two months of assistance for the July cases and one month for the August cases). This number represents 18.4% of the program’s total direct financial assistance budget of \$2,312,500. However, because each household is eligible for up to three months of assistance, we should assume that each household that receives assistance will seek the max amount. In that case, we will assume that these 182 households will receive a total of **\$697,632.03** of direct financial assistance (3 months of assistance per household) from the program, which represents 30% of the total direct financial assistance budget.

Characteristics of program participants:

Of the first 106 households assisted by the program, five received mortgage assistance (the mortgage assistance is limited to only those Newton households that reside in deed-restricted affordable housing units). The average amount of financial assistance provided to the 106 households during this time was approximately \$1,200 (which represents 70% of a household’s monthly rent or mortgage payment) and the average total monthly rent or mortgage payment per household was approximately \$1,700.

The majority of households served to date have an annual income at or below 65% AMI (post-COVID). As the following table shows, of these first 106 households, 56% had an annual income at or below 30% of the area median income at the time of application to the program, while only 9% of households had an annual income between 65% and 80% AMI.

Income Eligibility	# of Successful Cases Processed (June 1-30, 2020)	% of Total
30% AMI and Under	59	56%
31-50% AMI	30	28%
51-65% AMI	7	7%
66%-80% AMI	10	9%
Total Cases Processed	106	100%

The following table shows the racial and ethnic breakdown of these 106 households. While 68% of households identified as white, 20 of those 72 households identified as Hispanic / Latino. Approximately 17% identified as Black / African American and 11% identified as Asian.

RACE/ETHNICITY	Number Served	% of Total	Number Served who are Hispanic/Latino	% of Total
White:	72	68%		
Hispanic/Latino			20	19%
Black/African American:	18	17%		
Black/African American & White:	0	0%		
Asian:	11	10%		
Asian & White:	1	1%		
Other Multi-Racial:	4	4%		
TOTAL Households Served	106	100%	20	19%

Proposed Change to Program Guidelines – Extend Max Assistance from 3 to 6 Months:

Currently, the program guidelines state that an eligible household may receive up to three months of emergency housing assistance.

When we first conceived of the program back in April, at the beginning of the coronavirus crisis, we assumed a worst-case scenario in terms of the number of households that would qualify for and seek assistance. In addition, when we estimated that the program would serve at least 300 households, we utilized the max amount of assistance that a household could receive through the program - \$7,500 for three months (\$2,500 per month).

Since May, we have learned a lot about the program and the households that are receiving assistance. Not only are the incomes of those served much lower than we originally expected, with approximately 80% of participants at or below 65% AMI, but the average monthly rent or mortgage

per assisted household is significantly lower than expected (\$1,700 versus the estimated \$2,250). Therefore, the average amount of financial assistance provided per month per household has been approximately \$1,200. This reduction in funds required to-date offers an opportunity to both lengthen the safety net for those vulnerable households currently enrolled in the program and at the same time allow for new eligible households to be assisted for this longer stability period of six months.

Given the actual data we have on-hand from the months of July and August, staff, in consultation with Metro West Collaborative Development, estimates that an additional 25 new households will come into the program each month for the foreseeable future, at an average amount of assistance per household per month of approximately \$1,300. If we were to extend the maximum amount of assistance per household to six months, we estimate that the program could serve **approximately 299 households** between July 2020 and June 2021. Under these assumptions, the program would be able to accept new eligible households into January 2021.

The attached spreadsheet shows the detailed breakdown for this six-month max assistance scenario.

Recertification of program participants:

If the program were to be extended to six months, Metro West will conduct a recertification process for every household prior to awarding a three-month extension of assistance. To be eligible for the additional three months of assistance, participating households would need to provide proof of the following to Metro West:

- **Continued evidence of reduced income due to COVID-19**, including:
 - written statement from employer detailing reduced income, or
 - notices from Unemployment Assistance, and
 - Income Affidavit certifying this continued reduced income, as well as the household's current gross household income (must be at or below 80% AMI); and
- **Renewal of Landlord Participation Agreement**, affirming rent, occupancy, and arrearages, if any

As discussed above, staff feels strongly that the program should be extended to allow for six months of emergency housing assistance. This change provides a much-needed support to some of Newton's most vulnerable households during a continued period of economic hardship. We respectfully request that the Community Preservation Commission approve this modification to the Emergency Housing Relief Program to support this important housing stability effort.

Attachment:

- Direct Financial Assistance Budget Scenario: Increase max assistance to 6-months

Newton COVID-19 Emergency Housing Relief Program

Direct Financial Assistance Budget Scenario: increase max assistance to 6-months

Jan. 2021 cases (Estimate): Jan. - June 2021								
Estimated Number of Jan. 2021 cases	Estimated Avg. Amt. of Assistance Per Case to be Paid Out this Period	Total Amount to Be Paid Out for Jan. (Estimate)	Total Amount to Be Paid Out for Feb. (Estimate)	Total Amount to Be Paid Out for March (Estimate)	Total Amount to Be Paid Out for April (Estimate)	Total Amount to Be Paid Out for May (Estimate)	Total Amount to Be Paid Out for June (Estimate)	Total for Jan. 2021 cases
17	\$1,300.00	\$22,100.00	\$22,100.00	\$22,100.00	\$22,100.00	\$22,100.00	\$22,100.00	\$132,600.00
Dec. cases (Estimate): Dec. - May								
Estimated Number of Dec. cases	Estimated Avg. Amt. of Assistance Per Case to be Paid Out this Period	Total Amount to Be Paid Out for Dec. (Estimate)	Total Amount to Be Paid Out for Jan. (Estimate)	Total Amount to Be Paid Out for Feb. (Estimate)	Total Amount to Be Paid Out for March (Estimate)	Total Amount to Be Paid Out for April (Estimate)	Total Amount to Be Paid Out for May (Estimate)	Total for Dec. cases
25	\$1,300.00	\$32,500.00	\$32,500.00	\$32,500.00	\$32,500.00	\$32,500.00	\$32,500.00	\$195,000.00
November cases (Estimate): November - April								
Estimated Number of November cases	Estimated Avg. Amt. of Assistance Per Case to be Paid Out this Period	Total Amount to Be Paid Out for Nov. (Estimate)	Total Amount to Be Paid Out for Dec. (Estimate)	Total Amount to Be Paid Out for Jan. (Estimate)	Total Amount to Be Paid Out for Feb. (Estimate)	Total Amount to Be Paid Out for March (Estimate)	Total Amount to Be Paid Out for April (Estimate)	Total for November cases
25	\$1,300.00	\$32,500.00	\$32,500.00	\$32,500.00	\$32,500.00	\$32,500.00	\$32,500.00	\$195,000.00
October cases (Estimate): October - March								
Estimated Number of October cases	Estimated Avg. Amt. of Assistance Per Case to be Paid Out this Period	Total Amount to Be Paid Out for Oct. (Estimate)	Total Amount to Be Paid Out for Nov. (Estimate)	Total Amount to Be Paid Out for Dec. (Estimate)	Total Amount to Be Paid Out for Jan. (Estimate)	Total Amount to Be Paid Out for Feb. (Estimate)	Total Amount to Be Paid Out for March. (Estimate)	Total for October cases
25	\$1,300.00	\$32,500.00	\$32,500.00	\$32,500.00	\$32,500.00	\$32,500.00	\$32,500.00	\$195,000.00
September cases (Estimate): September - February								
Estimated Number of September cases	Estimated Avg. Amt. of Assistance Per Case to be Paid Out this Period	Total Amount to Be Paid Out for September (Estimate)	Total Amount to Be Paid Out for October (Estimate)	Total Amount to Be Paid Out for November (Estimate)	Total Amount to Be Paid Out for Dec. (Estimate)	Total Amount to Be Paid Out for Jan. (Estimate)	Total Amount to Be Paid Out for Feb. (Estimate)	Total for September cases
25	\$1,300.00	\$32,500.00	\$32,500.00	\$32,500.00	\$32,500.00	\$32,500.00	\$32,500.00	\$195,000.00
August cases (Actual): August - January								
Actual Number of August cases		Total Amount Paid Out for Aug. (Actual)	Total Amount Paid Out for Sept. (Actual)	Total Amount Paid Out for Oct. (Actual)	Total Amount Paid Out for Nov. (Actual)	Total Amount Paid Out for Dec. (Actual)	Total Amount Paid Out for Jan. (Actual)	Total for August cases
28	n/a	\$39,894.90	\$39,894.90	\$39,894.90	\$39,894.90	\$39,894.90	\$39,894.90	\$239,369.40
July cases (those first processed in June and July for July rent and mortgage payments): July - Dec.								
Actual Number of July cases		Total Amount Paid Out for July (Actual)	Total Amount Paid Out for Aug. (Actual)	Total Amount Paid Out for Sept. (Estimated)	Total Amount Paid Out for Oct. (Estimated)	Total Amount Paid Out for Nov. (Estimated)	Total Amount Paid Out for Dec. (Estimated)	Total for July cases
154	n/a	\$192,649.11	\$192,649.11	\$192,649.11	\$192,649.11	\$192,649.11	\$192,649.11	\$1,155,894.66
Total amount projected to be paid out (under 6-month max assistance model)								\$2,307,864.06

Remaining Direct Financial Assistance Budget

\$4,635.94

Direct Financial Assistance Budget (not to exceed)	
CDBG	\$462,500
CPA	\$1,850,000
Total	\$2,312,500

Estimated # of Total HH's Served:

299