

Piecemeal Progress: An Exploration of Massachusetts Housing Investments

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There is a housing crisis in Massachusetts — pre-dating the pandemic and worsened by it. This paper explores the role the state budget plays in addressing the current housing crisis, and considers how the budget itself exacerbates the impacts of racist housing policies leaving thousands — particularly Black, Latinx and low-income households — with inadequate or unstable housing.

The state budget lays out the Commonwealth's values. A look at how the budget funds housing programs and initiatives can demonstrate the state's priorities and help identify gaps to address the affordable housing crisis.

In Massachusetts, the statewide approach to the current housing crisis is disjointed, uncoordinated and inefficient at best, and inadequate and inequitable at worst. The state's fragmented approach results in insufficient and preferential funding, particularly for communities of color, those with disabilities, and the adult homeless population.

Massachusetts Housing Crisis in Context

The housing affordability crisis is particularly acute in Massachusetts compared to other states, leaving many families precariously or unstably housed and leaving others to experience homelessness. Massachusetts has the third highest housing wage in the country (the income necessary to afford a fairly priced rental unit), following only Hawaii and California. In 2021, a person would need to earn an hourly wage of \$36.24 to afford a 2-bedroom apartment at the average Fair Market Rent (FMR) of \$1,885 a month, or work 107 hours per week at the current minimum wage of \$13.50 in Massachusetts.¹

Key Takeaways

- The Commonwealth must create a data-driven, cohesive vision and strategy to address the compounding housing crises facing our neighbors to achieve long-lasting systemic change.
- The legacy of federal racist housing policies and the inadequate investments via our state budget exacerbate negative impacts.
- Thousands of MA households — particularly Black, Latinx and low-income communities — face inadequate or unstable housing conditions.
- Affording a 2-bedroom apartment at average Fair Market Rent (FMR) — \$1,885/month — requires a person earning the minimum wage to work 107 hours/week.
- Housing investments made through the state operating budget focus heavily on providing rental subsidies and addressing homelessness.
- Failure to use the state budget to invest in reducing disparities in home ownership by income and race is a critical missed opportunity.

Massachusetts Requires the Highest Rental Wage in New England	
State	Rental Wage
Massachusetts	\$36.24
Connecticut	\$27.37
New Hampshire	\$24.73
Vermont	\$23.68
Rhode Island	\$22.54
Maine	\$21.39

Housing costs take up a significant portion of people’s incomes. According to 2013-2017 housing data, more than 513,000 renters in Massachusetts were cost burdened by housing expenses, spending more than 30% of their income on housing.²

Share of Cost-Burdened Massachusetts Renters	
Race/Ethnicity	
Latinx	53%
Black	52%
White	42%
Asian	40%

Source: Office of Policy Development and Research. Comprehensive Housing Affordability Strategy Data, 2013-2017. Cost burdened > 30% of income.

The Responsibility of the State

The federal government holds a central role in creating the longstanding racial inequities in our housing system today. Racially exclusionary policies, such as redlining and under-investment in communities of color, have resulted in vast racial wealth disparities and geographical segregation. Even so, the state holds an immense amount of power to make investments that could ensure safe, healthy, and affordable housing for all community members. The need for thoughtful, equitably-minded, state-level intervention is only made greater by the need to undo the impacts of historically racist and unjust policy decisions made by the federal government.

Key Note:

To learn more about the role the federal government has played in instituting and endorsing racist housing policies, please check out MassBudget’s [History of Racist Federal Housing Policies](#).

Additionally, for many people, housing insecurity is a direct result of income instability or inadequate wages, so there must be other economic justice policies to address the need for the economic supports that families and individuals need to live and thrive in the state.

Housing Investments in the State Operating Budget

Unfortunately, the system created to address housing challenges in the Commonwealth is fragmented and inadequate. Housing investments made through the state operational budget can be categorized into these 3 funding buckets:

- **Subsidized Rental Funding** – to reduce the cost of renting for people with low incomes;
- **Homelessness Funding** – to provide services for people experiencing homelessness;
- **Institutional Funding** – to fund the services required to support housing initiatives.



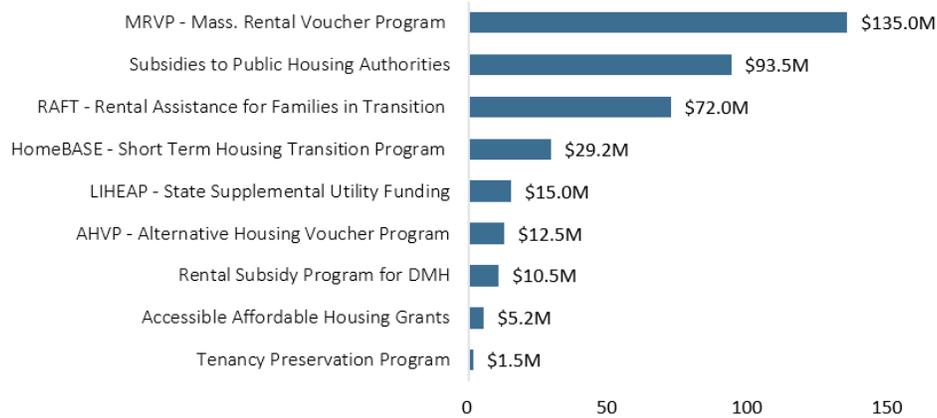
Housing Funding in the Commonwealth

Subsidized Rental Funding

A significant portion of funding for housing supports in the Commonwealth in the Fiscal Year (FY) 2021 budget are directed toward housing subsidies and other forms of rental stabilization programs (\$374 million).

Rental Subsidy Funding in Massachusetts

\$ in millions - FY 2021



The most substantial rental subsidy programs are the [Massachusetts Rental Voucher Program \(MRVP\)](#), [public housing subsidies](#), [Rental Assistance for Families in Transition \(RAFT\)](#), and [HomeBASE](#). In different programmatic ways, each of these programs provides a subsidy for rent – either by providing a cash-equivalent rental voucher to the tenant or by providing a cash-equivalent rent subsidy directly to the landlord. These 4 investments comprise 88% of the funds spent on stabilizing people in rental units.

Key Note:

While these 4 types of programs serve similar communities, they are not redundant. The Massachusetts Rental Voucher Program (MRVP) and subsidies for public housing provide long-term, deep subsidies for low-income households. Rental Assistance for Families in Transition (RAFT) and HomeBASE primarily provide short-term support.

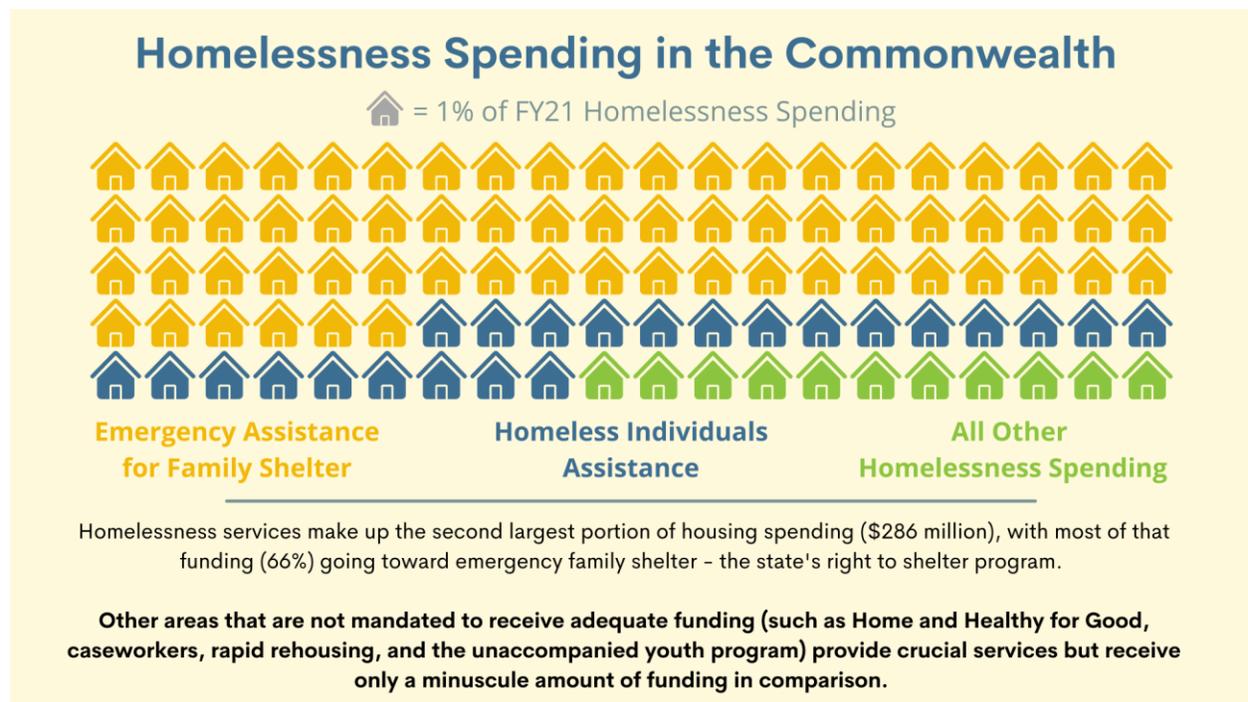
While rental voucher programs are vital tools for ensuring that people across the Commonwealth can gain access to safe and affordable housing, the smallest portion of rental subsidy funding is allocated toward the tenancy preservation program. In contrast, tenancy preservation or helping people remain in their rental homes and avoid eviction have been primary goals of many grassroots and community law groups in Massachusetts. Since the onset of COVID-19, many federal funding initiatives and policies have been designated toward ensuring that people do not lose their housing and are not forced to search for new accommodations in an increasingly expensive market. Policymakers should consider whether more state dollars should also be allocated toward tenancy preservation programs as part of a long-term strategy.

Homelessness Funding

Since the passage of Chapter 450 of the Acts of 1983³, Massachusetts is a right to shelter state for families. This means that every eligible family or pregnant woman must receive temporary emergency shelter every night. In this way, Massachusetts was a leader in using state policy solutions to create housing and largely due to those policy choices, homelessness services make up the second largest portion of housing spending (\$286 million) through the budget. By far, the largest homelessness program funded through the state budget is [emergency family shelter](#) – the program through which the state’s right to shelter mandate is implemented. Because it is an

entitlement, it is likely that the emergency family shelter assistance line item is more indicative of statewide need for homelessness services than other programs which can turn those in need away. Though it may cost more to provide shelter services to families, there are substantial discrepancies between individual and family shelter spending, as well as all other homelessness spending.

The second largest amount of homelessness funding goes to [Homeless Individuals Assistance](#). As opposed to the family shelter assistance line item, this program for individuals does not fall within the right to shelter mandate, is not an entitlement, and is consequently at risk for underfunding. The disparity in funding between individual and family-oriented services may be indicative of negative perceptions of the adult homeless population and may perpetuate the marginalization of individuals without a place to live.



By prioritizing family programs, the state budget reflects an attitude of less concern toward adults experiencing homelessness, which may be rooted in and likely perpetuates the stigma toward the overall homeless population. While the emergency family shelter system is not an ideal system, policymakers need to consider the state’s role in adequately funding different homeless populations, so as not to perpetuate housing inequity through funding choices.

While critical and necessary, temporary shelter alone will not sufficiently address the housing crisis in the Commonwealth. Massachusetts’ right to shelter law guarantees only temporary, unstable housing for eligible families, and does not even provide that for homeless individuals. The state can play a critical role – through ongoing investments – in ensuring that every member of our shared community has access to healthy and affordable housing accommodations.

What Is Missing?

The starkest and most concerning element missing from the state investment strategy for housing is a funding commitment that acknowledges the role of home ownership. One line item, the [MHFA Down Payment Assistance Program](#) - which is intended to help people get over the hurdle of a down payment in order to move toward home ownership - receives relatively little funding (only \$5.0 million in FY 2021).

This relatively minimal amount of funding is surprising, given the central significance of homeownership as a source of wealth acquisition across the country, and the persistent patterns of wealth inequality. Moreover, it was racist housing policies that denied homeownership opportunities to communities of color and have directly contributed to a pernicious pattern of disparities in wealth by race today.

Down payment assistance programs notably only address the challenge of overcoming the initial cost of obtaining a home. Other policy considerations might include ongoing mortgage payment support, affordable housing production, and mortgage assistance regulation. The state should consider ways to aid families in obtaining and maintaining home ownership in an affordable and sustainable manner to address systemic housing ownership inequities.

Many initiatives around Massachusetts, led by community-based organizations, have sought to emphasize the need for homeownership and the ability for individuals and families to remain in their homes. For example, the revenue-neutral proposal for the Tenant Opportunity to Purchase Act (TOPA) would give tenants in multi-family properties the opportunity to purchase their homes when offered for sale, at a fair market rate, to reduce instability and help people remain in the buildings and communities they call home.

As stated in a May 2021 Urban Institute report on homeownership, people tend to “cling to the idea that homeownership is reserved for people who achieve some arbitrary level of financial success and that homeownership is not ‘appropriate’ for people who are still on their path to financial security, which may explain why most federal, state, and local efforts to create more affordable housing narrowly focus on the rental market” and further argued that “when it comes to long-term housing affordability, rental strategies can be short sighted.”⁴

A Need for Accurate Data

State policymakers must ensure that the housing crisis is adequately measured and provide clear data to build a comprehensive approach to resolving it through the state budget. The lack of data accurately measuring the extent of the housing crisis effectively allows the state to neglect larger systemic issues shaping the current moment. This lack of information makes it difficult for advocates and community members to push for adequate funding.

Breaking that data down by race, ethnicity, and other key demographic factors would help policymakers track both the need for and the impact of current programs. Without accurate data

documenting need it is unlikely that policymakers will be able to ensure that the state is distributing funding where it is needed most.

Key Note:

This document explores the state operating budget. As a result, long-term investments such as affordable housing production and other projects funded over multiple years through the capital budget are not included in this analysis.

Endnotes

¹ National Low Income Housing Coalition. [Out of Reach: The High Cost of Housing](#). 2021.

² Office of Policy Development and Research. Comprehensive Housing Affordability Strategy (CHAS) Data. 2013-2017.

³ Massachusetts State Library. Archives. [Chapter 450](#).

⁴ Urban Institute. [Home Ownership is Affordable Housing](#). May 2021.