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## Shelter and Housing for Homeless Families: Historical Funding and the Governor's FY 2015 Budget Proposal

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Providing access to stable, safe, affordable housing is an important way the state helps low-income families avoid homelessness.<sup>1</sup> Funding for the state program that provides vouchers to help low-income renters pay for housing has decreased by more than 60 percent over the past 20 years. During that same period, the number of low-income families depending on homeless shelters has increased substantially and state costs for those shelters have more than doubled. While shelters are crucial to preventing homeless children and their parents from living in unsafe and unhealthy conditions, it is unlikely that Massachusetts will reduce homelessness among low-income families without increasing funding for long-term housing supports.<sup>2</sup>

Family homelessness has been rising steadily in Massachusetts, particularly since the onset of the Great Recession. As of December 2013, 4,440 homeless parents and children were living in state-supported shelters, an increase of almost 700 from the previous December.<sup>3</sup> The City of Boston's Annual Homeless Census from December 2013 found that the number of homeless children living in the city increased from 1,971 in 2012 to 2,056 in 2013.<sup>4</sup>

Family homelessness has increased in part because low-income earners' wages have fallen<sup>5</sup> while rents have increased. A single parent earning the minimum wage makes \$16,000 a year or \$1,333 per month while the fair market rent for a 2-bedroom apartment in greater Boston is \$1,454.<sup>6</sup> Many families whose wages have not kept pace with the cost of living are unable to afford housing. While some may double up with family or friends, others become homeless.

Massachusetts is one of the few states that provide shelter to any low-income homeless family who meets certain eligibility criteria. As noted below the state has enacted restrictions which severely limit families' access to shelter even if they are low-income and homeless. While the state adopted a Housing First policy to help homeless families move from shelter into housing or avoid homelessness, the short-term rental assistance program it created to implement this policy quickly closed as demand exceeded funding.

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<sup>1</sup> The state also assists homeless adults. While this brief focuses on housing for homeless families, the same arguments could be applied to helping individuals and childless couples who are homeless.

<sup>2</sup> The state supports affordable housing through the annual and capital budgets. An affordable housing bond bill passed in 2014 allows \$1.4 billion to be raised to preserve existing affordable housing and build new units. This brief focuses on affordable housing in the annual budget.

<sup>3</sup> <http://www.mass.gov/hed/docs/dhcd/hs/ea/homelessnumberchart.pdf>

<sup>4</sup> [http://www.bphc.org/healthdata/other-reports/Documents/2013\\_2014\\_Key\\_Findings\\_ESC.pdf](http://www.bphc.org/healthdata/other-reports/Documents/2013_2014_Key_Findings_ESC.pdf)

<sup>5</sup> MassBudget's State of Working Massachusetts: <http://www.massbudget.org/reports/swma/income.php>

<sup>6</sup> [http://www.huduser.org/portal/datasets/fmr/fmrs/FY2014\\_code/2014summary.odn](http://www.huduser.org/portal/datasets/fmr/fmrs/FY2014_code/2014summary.odn)

This brief looks at programs that help low-income homeless families including shelter, short-term housing assistance and long-term housing supports and examines the Governor's budget proposal for these programs in FY 2015. (For more information, see Housing in MassBudget's Children's Budget: <http://children.massbudget.org/housing-jobs>.)

## Shelter for Low-Income Homeless Families with Children

Historically Massachusetts has provided shelter and services to low-income homeless families, who meet certain income and eligibility criteria, through the [Emergency Assistance](#) (EA) program. In FY 2013 the state severely limited EA to low-income families who lost their homes to fire, natural disaster, loss of income, were living in unhealthy or unsafe conditions or were forced to leave their housing because they were victims of domestic violence. As noted in a brief published last year,<sup>7</sup> since the adoption of these new rules, more than half of the families entering shelter were doing so because they had lived in unsafe or unhealthy conditions such as in a car, a park or a hospital emergency room.

There are 2,023 beds in family shelters; additional homeless families are housed in hotels and motels. Because they do not provide the same services as shelters, are often far from public transportation and children's schools and offer little food storage and cooking facilities, hotels and motels are less appropriate places than shelters for homeless families.<sup>8</sup>

## Short-term housing programs

More recently the state provided low-income homeless families, or those at risk of becoming homeless, with short-term housing assistance. [Residential Assistance for Families in Transition](#) (RAFT) was created in FY 2005 to help low-income families avoid homelessness. It provides one time-assistance of up to \$4,000 during a 12-month period to help families stay housed.

In FY 2010, as part of its Housing First policy, the state created HomeBASE to help low-income homeless families, who were eligible for shelter, move into and pay for housing. When it was first created, HomeBASE provided both housing and rental assistance. Families living in shelter receive one year of assistance of \$4,000 to move into housing. Families at risk of becoming homeless could receive up to 3 years of rental assistance at \$4,000 each year. The multi-year rental assistance program closed to new families soon after it was created because demand exceeded funding. The state also cut assistance for current families from 3 to 2 years. It is unclear whether this short-term assistance has been sufficient to help many of these families continue to pay their rent once their subsidies run out. Over 5,000 parents and children served by this program will exhaust their benefits during the current fiscal year and could lose their housing and become homeless without further support from the state.

## Long-term housing supports

It appears that HomeBASE's short-term housing and rental assistance programs will not by themselves reduce homelessness among low-income families. To succeed in moving families from shelter and into housing over the long term, Massachusetts would likely need to increase funding for long-term

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<sup>7</sup> Shelter, Housing and Homelessness Policy in Massachusetts: [http://www.massbudget.org/report\\_window.php?loc=homelessness\\_policy.html](http://www.massbudget.org/report_window.php?loc=homelessness_policy.html)

<sup>8</sup> Mass. Scrambling to find housing for its homeless, Boston Globe, December 2, 2013 available at: <http://www.bostonglobe.com/business/2013/12/02/record-homelessness-overwhelming-shelters/OtrsdYgUdGDFxwlbms3qzH/story.html>

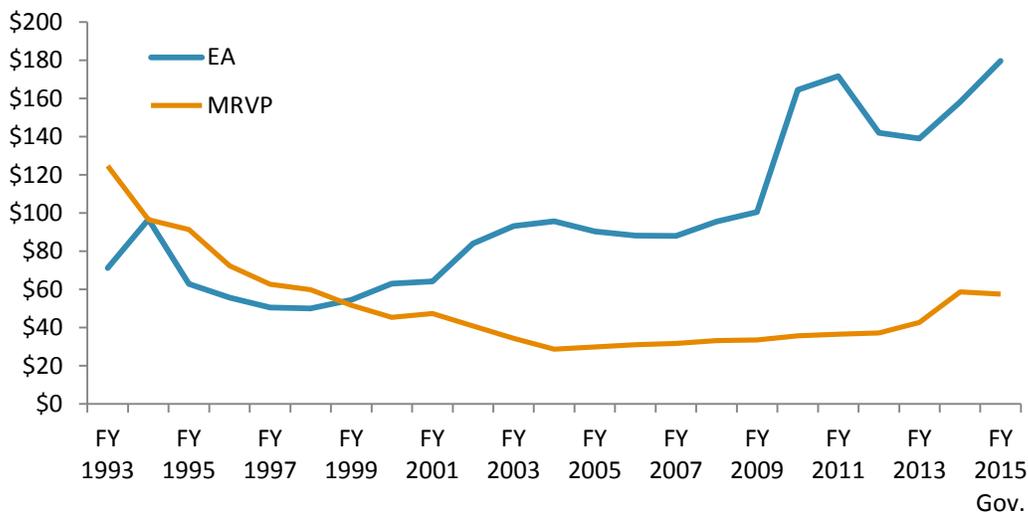
housing supports. The state budget funds two key programs that provide long-term housing assistance to low-income renters, including homeless families: the [Massachusetts Rental Voucher Program](#) (MRVP) and subsidies to public housing authorities.

MRVP provides vouchers to low-income renters including families and people with disabilities. When it was created in FY 1993 MRVP supported almost 15,000 vouchers.<sup>9</sup> Prior to FY 1993 funding for state housing voucher programs supported almost 20,000 vouchers. By FY 2013 the state budget supported 5,600 vouchers -- 63 percent fewer than in FY 1993. The current level of vouchers is one quarter the size it was when state funding supported almost 20,000 vouchers.

As funding for MRVP has been cut by more than half over the past two decades, state spending on family shelters has risen considerably. Between FYs 1993 and 2014, as greater numbers of low-income families have become homeless, state spending on shelters has more than doubled.

### Funding for housing vouchers has fallen-- costs for shelter has increased

(inflation adjusted to 2014 dollars)



Funding for Shelter (EA) and MRVP has moved around since FY 1993. This chart includes funding from the following line items for MRVP: 3222-9024, 3722-9024 & 7004-9024. Line items for EA include: 4403-2100, 4403-2120, 4403-2130, 7004-0101 & 7004-0103.

To increase the availability of rental vouchers for families living in shelter or timing out of the HomeBASE rental assistance program, the FY 2014 budget increased funding for MRVP by \$15.5 million or 37 percent. With this funding the state will create 1,300 new vouchers of which 500 will be provided to families living in shelter, 500 to families who are losing their HomeBASE rental assistance and have a family member with a disability and 300 to chronically homeless families or individuals. While this increase helps it is not sufficient to meet the needs of all of the families living in shelter or losing their HomeBASE subsidies.

<sup>9</sup> [http://massbudget.org/reports/pdf/mrvp\\_budget\\_costs\\_since\\_1992.pdf](http://massbudget.org/reports/pdf/mrvp_budget_costs_since_1992.pdf).

The state budget also provides [subsidies](#) to local housing authorities (LHAs). These authorities manage 45,600 units that house low-income families, seniors and persons with disabilities. Public Housing is also supported through the state's capital budget to modernize current units and acquire additional housing. A 2005 study for the Citizen's Housing and Planning Association found that the state level of support for LHAs was well below the amount needed to maintain habitable housing for tenants. The state budget has increased funding for public housing but the level is still well below the amount recommended in the study.<sup>10</sup>

## Governor's FY 2015 budget recommendations

The Governor's budget proposes spending \$405.6 million on housing in FY 2015; \$21.1 million less than the state expects to spend in FY 2014.<sup>11</sup> (This analysis does not include \$20 million provided in FY 2014 for low-income energy assistance.) The Governor proposes:

- \$44.2 million increase for EA above FY 2014 to \$167.3 million to expand the capacity of family shelters so that fewer homeless families are living in hotels and motels.
- \$19.7 million decrease below FY 2014 for hotels and motels to \$12.3 million.
- \$34.6 million decrease below FY 2014 for HomeBASE to \$24.3 million. This reduction reflects the fact that families receiving short-term rental assistance through HomeBASE will exhaust their benefits in FY 2014.
- Cutting funding for RAFT by \$500,000 to \$9.5 million. The FY 2014 budget included \$500,000 to provide temporary accommodations to homeless families who don't yet qualify for shelter; the Governor's FY 2015 budget proposal does not include this funding.
- Level funding long-term housing supports: MRVP will receive \$57.5 million and public housing subsidies will receive \$64.3 million.

The Governor's FY 2015 budget, by targeting resources to shelter, will help homeless families move out of hotels and motels into family shelters. But by level funding long-term housing programs like MRVP and public housing, his budget proposal is unlikely to reduce family homelessness. A Housing First policy that permanently reduces homelessness requires the state to fund more long-term housing options for low-income families while making sure there is adequate shelter for these families as they transition to new housing. By increasing funding for and access to affordable housing, Massachusetts could improve the lives of low-income homeless children and their parents.

<sup>10</sup> *A Study of the Appropriate Operating Costs for State-Funded Public Housing in Massachusetts*, Harvard University Graduate School of Design, September 1 2005, pages 4-5: [http://www.chapa.org/sites/default/files/f\\_1220549540StatePHOCSFinalReport.pdf](http://www.chapa.org/sites/default/files/f_1220549540StatePHOCSFinalReport.pdf)

<sup>11</sup> The FY 2014 budget created and provided a one-time appropriation of \$10 million for the Housing Preservation and Stabilization Trust. The Governor's budget does not include funding for this account. However, any surpluses from housing programs in FY 2014 will be transferred into this fund rather than reverting to the general fund. Funds from the trust will provide housing supports to low-income families and individuals who are homeless or at risk of becoming homeless.