

# Subsidized Housing Emergency Rental Assistance (SHERA) Program

## **MassHousing**

Special Achievement: COVID-19 Response

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***Subsidized Housing Emergency Rental Assistance (SHERA)***  
**Special Achievement – COVID-19 Response**

The pandemic has presented more challenges than we can count – most recently the challenge to move federal resources quickly and efficiently to help families who need it most. Learning at the beginning of this calendar year that \$457 million would be coming to Massachusetts to assist households that are unable to pay their rent due to the pandemic – was simultaneously wonderful and daunting news.

MassHousing has collaborated with two sister agencies in Massachusetts, the Department of Housing and Community Development (DHCD) and the Massachusetts Housing Partnership (MHP) to help develop a new infrastructure for assistance distribution. The Subsidized Housing Emergency Rental Assistance (SHERA) program takes a fundamentally different approach to distributing federal assistance than we have ever done before in Massachusetts. But of course – during COVID-19 – nothing is the way we have ever done before.

With a pool of funds this large, it became clear very quickly that a one applicant to one landlord distribution mechanism wouldn't work quickly enough. And the reality is that if relief is distributed to the families two years from now – it's not really relief. The state has an exceptional existing program to help families who are experiencing challenges paying their rent, known as RAFT (Rental Assistance for Tenants), which worked to distribute \$12 million in state rental assistance for more than half of calendar year 2020. The Commonwealth funded RAFT in 2020 at \$100 million to address what some predicted as a tsunami of evictions once the state's eviction moratorium expired. Unfortunately, we learned quickly that the agencies delivering RAFT did not have the capacity to handle the volume of applications that resulted because of COVID-19. Moreover, it wasn't designed to process the volume of funds that became available.

As an alternative, MassHousing worked cooperatively with DHCD and MHP ("the Team") to develop a plan to distribute assistance funds to its multi-family business partners directly – for a wholesale rather than a retail approach. In this way, if an owner is in the Team's portfolio, they are eligible to submit an application for their property, as a landlord, with consent from their tenants who have a rent arrearage.

This decision made sense because these rental property owners have an existing infrastructure which they use for income and rent determinations. Now, with SHERA, they can quickly incorporate the tenant eligibility guidelines put forth by Treasury and access the existing information they have in their systems to compile their applications efficiently and effectively.

Specifically, SHERA provides owners with the ability to submit a single application for multiple residents of a property through an online portal to address all eligible rental arrearages accrued from April 2020 through March 31, 2021. Owners (or their property managers) inform residents with rental arrearages about this program and work with eligible residents to apply for assistance on their behalf.

Again, because affordable housing property owners are well-positioned to provide tenant verification of eligibility within the course of their normal business activities, including documentation and eligibility protocols, it was possible to create an expedited application and review process. Rental arrearage payments are then paid directly to public and subsidized housing owners or their designated management agents.

SHERA offers bulk processing of assistance requests as long as:

- Owners can readily document tenant arrearages and certify that tenants are eligible based on the requirements put forth by Treasury.
- Owners can document tenant income eligibility through 2020 or 2021 annual tenant income verifications already required to comply with public housing requirements and with federal programs, such as the Low-Income Housing Tax Credit (LIHTC) program, HOME and CDBG, and various state subsidy programs, including (state programs) 40B and 40R. In cases where annual income certification has not yet been completed, owners have the relationships with the tenants, and the necessary expertise, to fulfill this task.

SHERA reduces the volume of applications that are being processed by individual renters through alternative assistance programs – freeing up those programs to help tenants who live in smaller properties statewide. For example, a large owner can submit an application for each property they own through SHERA that will help 500 tenants – instead of having 500 tenants submit 500 individual applications through alternative programs. Owners and management companies also believe that this allows them to help tenants by simply receiving their permission to be included in the application – instead of having the tenants try to navigate an online application for alternative programs when many tenants may have limited computer access or difficulty accessing relevant documentation. Additionally, management companies believe it will help to have them explain the process to get tenant buy-in for the process.

This is a dual win – because it not only helps owners receive the funds needed to clear their tenants' rent arrearages but also carves out a pathway for tenants in small buildings (SHERA has a 20 unit minimum) who need to access alternative assistance programs. While larger owners of subsidized properties are obviously motivated to participate because they will receive the rent payments that they hadn't received – in some cases for many months – their participation in SHERA also reinforces their strong, working relationships with the housing agencies in the Commonwealth.

This will allow the Team to use these federal resources to address rental arrearages in over 100,000 units which represent approximately 50% of the state's subsidized housing inventory.

This is a positive outcome for many of the same owners that MassHousing turned to in the fall of 2020 as the Governor's very strong eviction moratorium (put in place in April of 2020) was set to expire in October of 2020. Working with the Baker-Polito Administration, the Citizens Housing and Planning Association and the Massachusetts Association of Community Development Organizations, MassHousing helped to build support among owners at that time, for a five-point Eviction Diversion Pledge. This was a commitment from Massachusetts property owners and operators to work with tenants facing financial difficulties because of the pandemic and support housing stability during the ongoing fight against COVID-19. By November of 2020, over 53 property owners committed to the Pledge, representing over 57,654 homes across the Commonwealth.

The signers of the Massachusetts' Eviction Diversion Pledge promised to:

1. Abide by and support the current CDC Eviction Moratorium
2. Proactively engage with residents and create payment plans
3. Support and accept rental assistance payments
4. Promote rent adjustments for Section 8 and the state's Mobile Rental Voucher Program (MRVP) families
5. Encourage structured and interactive mediation

This pledge meant that thousands of renters in Massachusetts were able to stay in their homes – and now that federal assistance is available they are able to benefit from this assistance and clear their rent arrearages.

The SHERA program is a collaborative effort among housing agencies in Massachusetts to create a solution for an unanticipated challenge of COVID-19 – experienced by many states throughout the country. Working cooperatively with these other agencies and our business partners, we helped develop a funding mechanism that provides an efficient and expedited flow of funds to rental property owners – and which in turn provides enormous relief to worried and anxious families all across the state.