



## Emergency Rental Assistance Programs

In these unprecedented times, your community may be exploring the idea of creating an emergency rental assistance program.

The following information provides guidance as you consider developing a short-term program to support lower income people negatively impacted by the spread of COVID-19.

### CONSIDER YOUR FUNDING SOURCE

If the funds you are considering using are Community Preservation Act (CPA) resources, allocations still need to be confirmed by your legislative body. In towns with Town Meeting, this means that CPA funds are not an immediate resource.

Additionally, your funding source may set a household income limit to receiving funds. For example, the CPA statute sets a household income ceiling of 100 percent of the area median income (AMI).

### WE ARE ALL IN THIS TOGETHER

Municipalities that undertake emergency rental assistance to support individuals and families adversely affected by this pandemic are also helping their landlords. In order to maximize limited public resources, consider asking local landlords to contribute as well. Rent reductions, combined with emergency rental assistance, could allow us to reach more households in need.

For example, if a household's rent must be reduced by \$300 per month to make it feasible with its reduced income, can the landlord reduce the rent by a portion of that amount and the rental assistance program make up the difference?

### CREATE CLEAR GUIDELINES, ADVERTISE THEM WELL

1. **Purpose** – Clearly state the intent of the short-term program: that it is for individuals and families whose incomes have been adversely affected by the COVID-19 pandemic, who it serves (e.g., income limits) and how long you expect to run the program.
2. **Parameters** – How much assistance will you provide a household each month, for how many months and what is the total assistance allowed per household? Revisit eligibility periodically, perhaps every 90 or 120 days. Or is the assistance for a set number of months or when the client is back to full employment? Do applicants need to be paying over 35 percent of their gross income on housing costs to qualify?

The benefit should generally be consistent across clients, unless, for example, you are offering to pay the difference between the monthly rent and 35 percent of the client's gross monthly income. In this situation, the constant is that clients are paying 35 percent of their gross income on housing.

3. **Application** – An existing application for another program could be adapted, but be mindful to request only the information you truly need for an emergency rental assistance program. Make the application an online document or a fillable Word or PDF document that can be completed online and submitted electronically, with a paper option for those who cannot file electronically.

4. Income eligibility – Long-term rental assistance programs generally require significant proof of total household income. Given the unique circumstances today triggered by significant loss of work income in our communities, you may consider a less onerous burden of proof. However, given that you are distributing public resources, you must still be prudent. The following are possible recommendations:
  - a. Copy of current lease or documentation from landlord of rental rate
  - b. Termination letter from employer, if applicable
  - c. Paystubs or print-out from employer to verify decreased income
  - d. If unemployed or furloughed, acknowledgement from the Department of Unemployment Insurance.
  - e. One to three months of bank statements
  - f. Total household income (self-certified)
5. Documents – Clearly state the documents you require for a complete application. Provide guidance for submitting the application electronically, with a paper option.
6. Selection process – Will you have a monthly deadline for applying or a “rolling” deadline? “First come-first served” structures often impede equal opportunity for some applicants, including some applicants with disabilities. If demand exceeds supply, a random selection may promote the most fairness.

When necessary, some communities have qualified applicants and then run a lottery to allocate “rental vouchers” worth up to a certain amount.

7. Accommodations – Even in these extraordinary times, we need to make sure that all of our low income residents can access our housing programs. Reasonable accommodations should be made to assist those with physical, mental or language challenges. This assistance could include connecting with organizations and programs that serve people with disabilities or who do not speak English as a first language.
8. Program management – In addition to creating clear program guidelines for external audiences, the municipality or its agent should document the internal structure and processes used. This includes how funds are distributed and tracked. Regular reports should be submitted to the appropriate oversight board or entity.

#### **CLARIFY THAT THIS ASSISTANCE IS A TEMPORARY PROGRAM**

Typical rental assistance programs require a rigorous review of all forms of income, generally submitted in hard copy. Because an emergency program created in response to hardship caused by the COVID-19 pandemic is directly responding to loss of work income, proof of income requirements could potentially be limited to paystubs and/or proof of unemployment. In addition, you should allow applications and attachments to be submitted electronically.

If, in the course of supporting an emergency rental assistance program, your municipality decides to expand into a long-term program, the program structure should be modified to reflect this new status.

## **BE CAUTIOUS ABOUT RESTRICTING ELIGIBILITY BEYOND INCOME**

If the purpose of your emergency rental assistance program is to stem the financial impact of COVID-19 and provide rent relief for low income households, be careful with adding additional criteria to qualify for assistance. Many people across multiple industries are being impacted by the pandemic. The more restrictions you put on qualifying (e.g., live *and* work in the community, work in a particular industry) the more you may infringe on fair housing and other laws, as well as hinder your goal of supporting your most impacted residents.

## **APPLICATIONS SHOULD BE READILY AVAILABLE**

When distributing public funds, the availability of this support should be widely publicized. Notice of the program should be posted on the municipal website, where there is local information about COVID-19 resources and with local service providers.

Additionally, given the nature of this pandemic, applicants should have the option to submit applications and attachments online and utilize electronic resources, such as email and smart phones.

## **RENT PAYMENTS SHOULD BE MADE DIRECTLY TO LANDLORDS**

It is standard that payments for rent assistance be paid directly to the landlord. This may require obtaining a Form W-9 from the landlord, which can be completed online.

## **COMPLY WITH THE MASSACHUSETTS ANTI-AID AMENDMENT**

Anti-aid Amendment applies when public funds are given to a non-publically owned and controlled entity. These allocations must be serving a public good and in fact, be purchasing a service to benefit the municipality (DLS No. 2006-75).

MA Department of Revenue has provided the following guidance when distributing CPA resources that may provide guidance for the use of other municipal resources, in addition to CPA:<sup>1</sup>

DLS recommends each community, in consultation with municipal counsel, develop a CPA grant agreement to:

- Clearly define grant terms
- Ensure timely completion of project
- Implement and protect project's community preservation purpose
- Ensure compliance with the Anti-aid Amendment, if applicable

Even if a municipality is distributing the emergency rental assistance funds, a grant agreement, contract or lease addendum should be executed by the municipality, landlord and household, to make sure all parties understand the parameters of the program. The agreement should include language that specifies the purpose of the funds, how much assistance is being provided and for how long.

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<sup>1</sup> Division of Local Services. "Community Preservation Act & Fund." MA Municipal Lawyers Association, 19 May 2016.

An existing grant agreement used by the Community Preservation Committee (CPC), for example, could be modified to fit the needs of an emergency rental assistance program.

**IT IS ADVISABLE TO PARTNER WITH AN ORGANIZATION OR CONSULTANT**

The administration of affordable housing programs can be complicated. It is advisable to partner with an existing entity that has experience supporting low income tenants. This organization (e.g., housing non-profit, housing authority) or municipal department could apply for funds from your municipality, CPC or housing trust fund to then develop an emergency rental assistance program.

For example, Waltham’s City Council has allocated \$150,000 (non-CPA resources) to its municipal Housing Division for emergency rental assistance. This division already has experience managing federal CDBG and HOME funds to benefit low and moderate income households.

If working with an external partner, be prepared to pay an administration fee to cover the costs of implementing, and reporting on, your emergency rental assistance program. Administration costs are allowed when using CPA funds.

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**For additional support, please contact:**

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