UNDERSTANDING BOSTON

The Greater Boston Housing Report Card 2021

Pandemic Housing Policy:
From Progress to Permanence

The Boston Foundation tBf

MHP
CENTER for HOUSING DATA

UMASS DONAHUE INSTITUTE

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CHAPTER ONE

Economic Inequality and Cost Burden

THE PANDEMIC HAS EXACERBATED ECONOMIC INEQUALITY.

While the pandemic is first and foremost a public health crisis, the resulting economic shutdowns and social distancing measures wracked the global economy. The loss of jobs and wages naturally threatened housing affordability and stability in an unprecedented and unequal manner, with communities of color and low-wage workers bearing the brunt of the health risks and economic effects associated with the pandemic. Industries that depend on face-to-face interactions, including food service, hospitality and other personal services, were decimated by COVID-19. Workers in these industries are often low wage and would have difficulty amassing emergency savings. They also tend to be heavily housing "cost burdened"* and less secure in their housing, as reflected in the new Household Pulse survey produced by the Census Bureau. Job loss or reduced hours can seriously endanger a household's ability to pay its rent or mortgage. People in "frontline" jobs that required working on site with other members of the public were at a higher risk of exposure to COVID-19. Such jobs also tend to pay low wages and are disproportionately performed by people of color. In short, the economic effects of the COVID-19 recession on historically disadvantaged communities are clear. Black and Hispanic/Latinx residents are more likely than White residents to be in low-wage jobs and, therefore, more likely to face a layoff or loss of hours during the pandemic. These households were also more likely to already be paying over 30 percent ("cost burdened") and, in some cases, 50 percent or more of household income toward housing ("severely cost burdened").

Around the country and the world those with fewer resources, unstable housing conditions, limited ability to access or afford healthcare and those working in low-wage jobs experienced the worst of the pandemic's hardships. Meanwhile, those with the most wealth and resources quickly recouped initial losses from the economic shutdown, and many have profited immensely.[1] This divergence in pandemic experiences is a symptom of structural inequities and further deepens inequality along class and racial lines.

This chapter highlights the ways in which disparate economic conditions and worsening income inequality are a root cause of inequitable housing outcomes. The pandemic has accentuated these patterns. On a positive note, emergency measures in the form of federally funded income supports proved effective in helping keep many individuals and families housed during the pandemic. This success provides a strong basis to establish a permanent set of broad policies that help increase financial resilience and support better housing outcomes, particularly for those households that need assistance the most.

PRE-PANDEMIC PATTERNS

Financial crises hurt the poor most, concentrating housing instability in low-income communities.

Income and wealth inequality rose over the past several decades in Massachusetts and the United States. While the top end of the income distribution has seen exponential increases in wages and wealth, the typical worker has seen little growth in real wages.[2] Losing a job can increase medical and housing hardships, as well as food insecurity. Black and Hispanic/Latinx residents in Greater Boston are overrepresented in lower income categories, bearing more of the risks and vulnerabilities associated with labor market instability.

Cycles of disparate impacts and lopsided recoveries have a cumulative effect on existing inequalities. The Great Recession that began in 2008 left scars on the labor market and diminished the economic prospects of many workers.

Housing "cost burdened" is defined by Housing and Urban Development (HUD) as a household spending 30 percent or more of its total income on housing.

Low-income workers were particularly hurt by changes in the labor market, on top of the foreclosure crisis. For many low-income communities, job losses and foreclosures combined to create concentrated areas of economic hardship, devastating both wealth and income. These divergent recoveries, in which wealthier communities bounced back quickly and low-income communities rebuilt more slowly, both worsened inequality and prevented many households from building the financial resilience needed to weather another crisis.[3] In some parts of Massachusetts, particularly in Gateway Cities, recovery was still in process when the COVID-19 pandemic began.

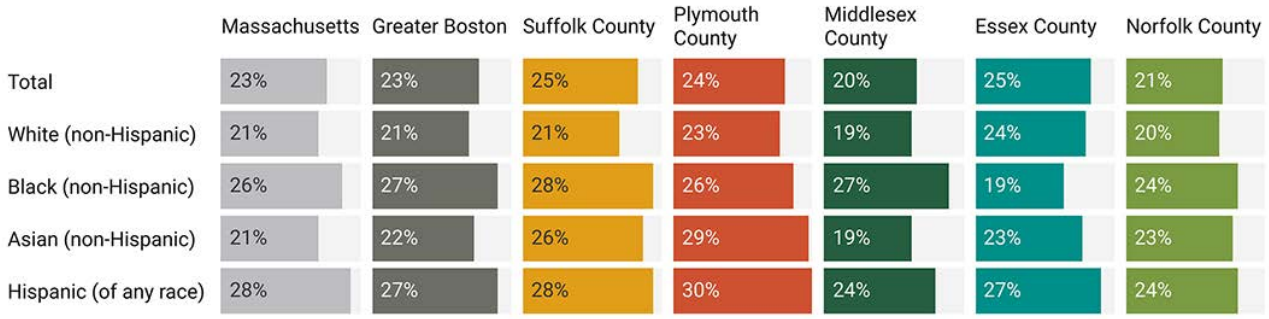
Lack of housing affordability was already an untenable crisis.

Stagnant wages in low-paying jobs and increasingly high rents have created a chronic housing affordability crisis in Greater Boston and the state. Black and Hispanic/Latinx households are more housing-cost burdened than their White counterparts: They typically spend a higher share of their income on monthly rent or mortgage payments, real estate taxes and utilities. **Figure 2** and **Figure 3** focus on severe cost burden (households paying 50 percent or more of income on housing) for renters and homeowners, respectively, with race/ethnicity broken out

FIGURE 2

Across the region, Black and Hispanic/Latinx renters are more likely than White renters to be severely cost burdened.

Severe cost burden = spending 50% or more of income on housing costs. Figures represent within-group share of cost-burdened households.



Source: HUD Comprehensive Housing Affordability Strategy (CHAS) 2013-2017

FIGURE 3

Severely cost-burdened owners by race/ethnicity

Severe cost burden = spending 50% or more of income on housing costs. Figures represent within-group share of cost-burdened owners.

Source: HUD Comprehensive Housing Affordability Strategy (CHAS) 2013-2017

by county. Later graphs and maps show cost burden levels at 30 percent of household income by race/ethnicity to illuminate broader cost burden.

Pre-pandemic patterns of severe housing cost burden show that more than a quarter of Black and Hispanic/Latinx households in Greater Boston spent 50 percent or more of their income on rental payments, compared to 20 percent for White and Asian households. This share is lower for homeowners, yet Black and Hispanic/Latinx homeowners were also disproportionately spending over 50 percent of their income on homeownership costs. For Black and Hispanic/Latinx owner households, 17 percent were severely housing cost burdened, compared to 10 percent of White and 11 percent of Asian homeowners.

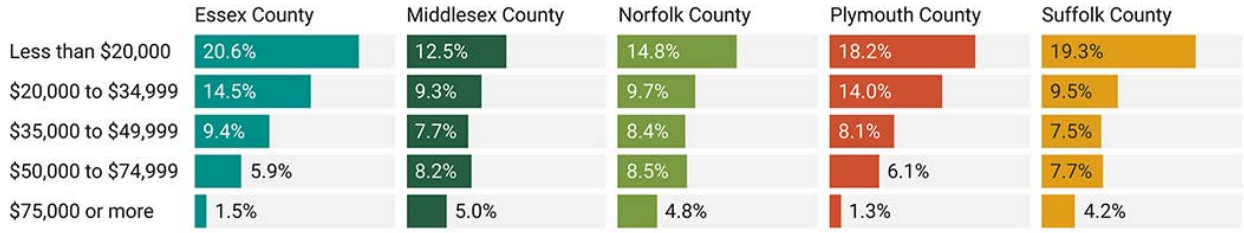
Unsurprisingly, cost burden trends also show disparities by income. Renters in Greater Boston earning less than $20,000 a year—measured here as cost burdened low income renters as a share of total renters—were much more likely to spend 30 percent or more of their income on housing. This disparity is most pronounced in Essex and Plymouth counties, where lower-earning households are 13 times more likely to be cost burdened than the highest-earning households.

It is intuitive that lower-income renters experience greater housing cost burden than owners, or higher-earning renters. Yet, data on owners by income level show some interesting trends: Housing cost burden is more common the higher up the income spectrum, topping out among owner

FIGURE 4

Especially in Essex and Plymouth counties, renters earning less than $20,000 are much more likely to be cost burdened than renters earning $75,000 or more.

Cost burden = spending 30% or more of income on housing costs. Figures represent share of all renters.

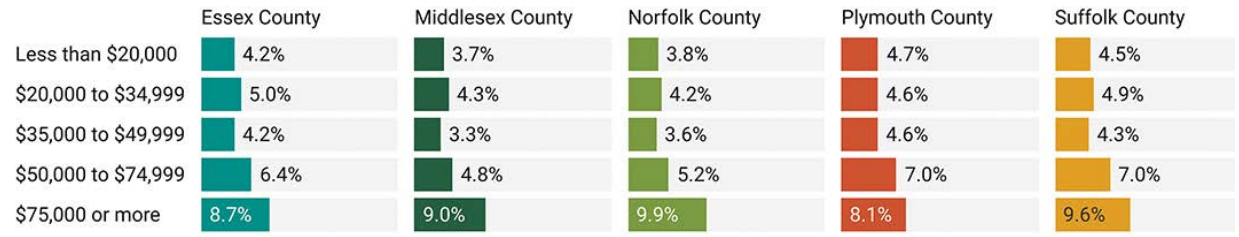


Source: U.S. Census Bureau 2019 ACS 5-Year Estimates

FIGURE 5

Cost-burdened owners by household income

Cost burden = spending 30% or more of income on housing costs. Figures represent share of all owners.



Source: U.S. Census Bureau 2019 ACS 5-Year Estimates

Note: Data and measurements differ between cost burden concepts, mostly due to limitations in available data. Severe cost burden by race measures within-group burden (e.g., severely cost-burdened White renters/White renters), while cost burden measures burden by income as a share of all renters or owners (e.g., cost-burdened low-income renters/all renters, any income). Thus, cost burdens appear lower than severe cost burdens in these charts because the denominator is higher in the cost burden calculations. Readers should only compare measurement within its own set of charts and not across concepts.

households making $75,000 or more per year. There are several plausible reasons for this pattern. Low-income homeownership is unusual, as most lower-income people rent, and the lower cost burden of low-income owners may be due to people who own their homes free and clear on fixed incomes, such as seniors who bought their homes long ago, or the preponderance of cost burden at the upper end of this income distribution may come from people with larger incomes having larger loans due to a willingness to take on more debt. Another contributor may be that income and wealth differ and that higher income households may be leveraging wealth outside of income to help make a house affordable. Lastly, it is possible that higher income households in the region are more likely to stretch household finances in response to the region's high cost of housing, particularly in specific areas.

The maps demonstrate that cost burden is not spread equally across Greater Boston. Eight of the 10 municipalities with the highest rental cost burdens for low-income residents were in either Essex County or Plymouth County. Wealthier municipalities were among the places with the lowest shares of cost burdened, low-income renters overall. For owners, geographic distribution patterns are similar, but far less prevalent. For example, Lawrence, one of the lowest-income communities in Greater Boston, has the second-highest share of low-income, cost burdened owners in the region (8.6 percent). Lawrence's share of low-income, cost burdened renters is much higher than low-income cost burdened owners, with 22.7 percent of its low-income renters experience housing cost burden.

FIGURE 6

Cost burdened low-income renters as a share of total renters

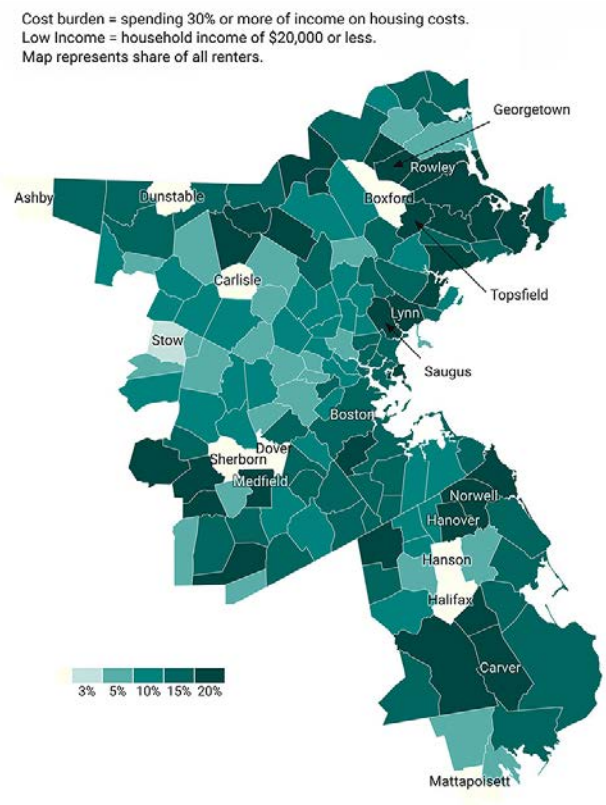
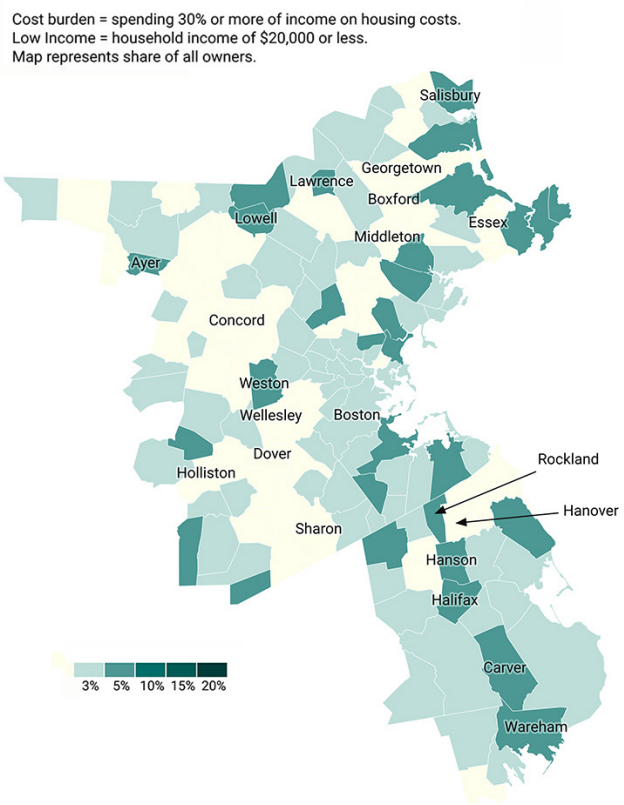


FIGURE 7

Cost burdened low-income owners as a share of total owners

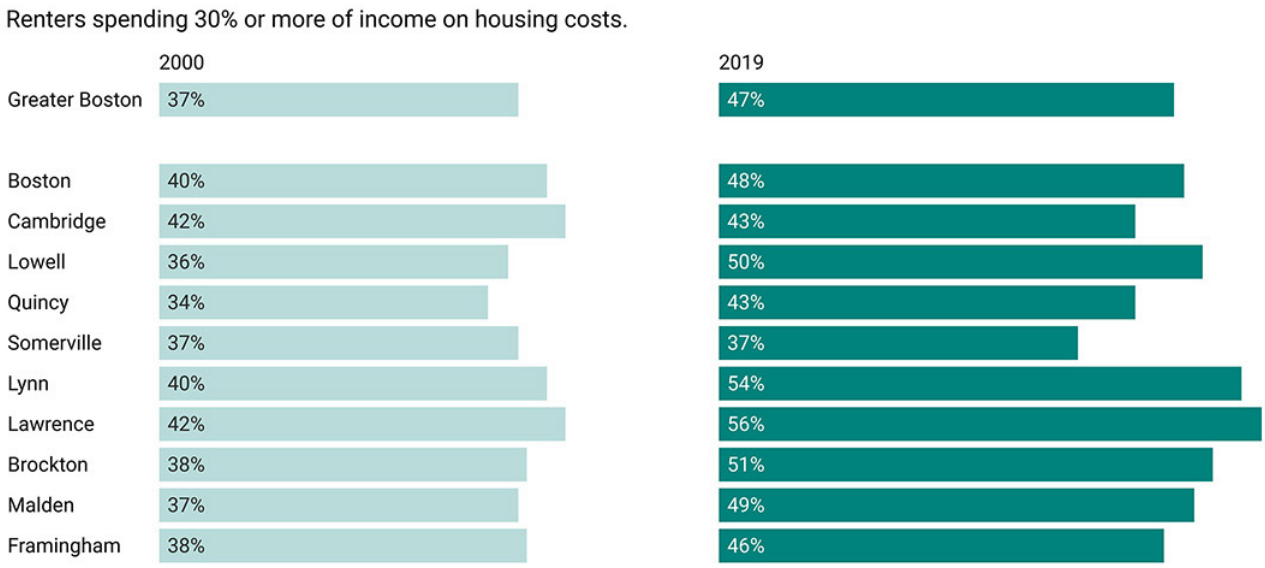


Source: U.S. Census Bureau 2019 ACS 5-Year Estimates

Note: Boston and the top ten and bottom ten municipalities are labeled. Low-income is defined as a household income of $20,000 or less. Please see the appendix for a list of all income groups spending 30 percent or more of income on housing (by municipality).

FIGURE 8

Not only is housing cost burden high across the region, it has worsened over time.



For renters only. The communities listed are among the top 10 in terms of the total number of renter-occupied units in 2019.

Source: U.S. Census Bureau 2019 ACS 5-Year Estimates

Not only is housing cost burden high across the region, it has worsened over time. Between 2000 and 2019, the share of renter households in Greater Boston spending more than 30 percent of their incomes on housing increased considerably. More than half of renters are cost burdened in several of the Gateway Cities including Lawrence (56 percent), Lynn (54 percent), Brockton (51 percent) and Lowell (50 percent).

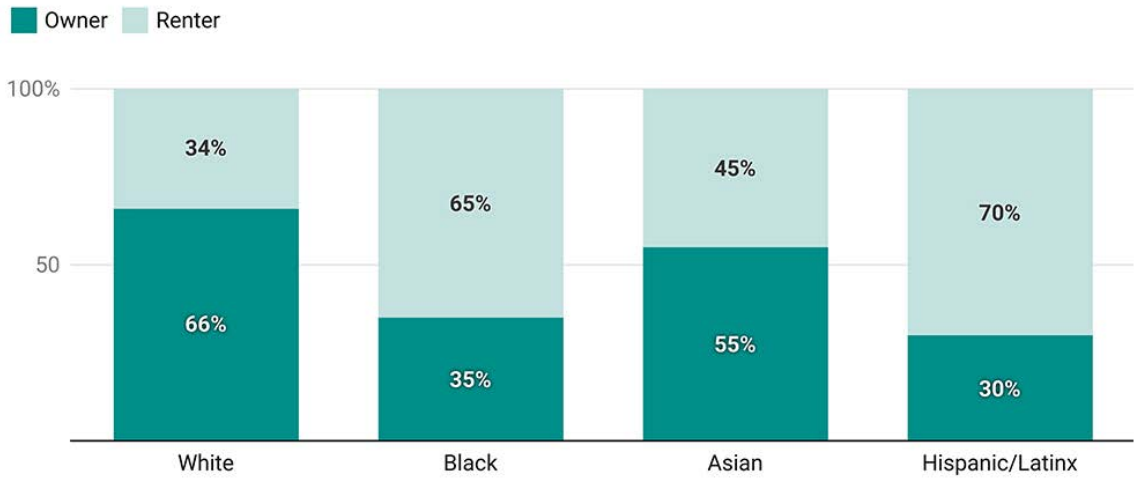
In addition to its month-to-month financial challenge, a lack of rental affordability can also mean less money saved by renters for a down payment on a house. In particular, the higher cost burden on renters of color reduces their capacity to buy into the housing market and keeps homeownership—one of the primary ways to create household and generational wealth—out of reach. One example of this impact is in the widely cited 2015 Federal Reserve Bank of Boston study that showed median net worth for non-immigrant African-American households in the Greater Boston region was $8, versus $247,500 for White households.[4]

Housing cost burden is highest among Black and Hispanic/Latinx renters. It is therefore expected that homeownership rates differ greatly by race/ethnicity. In Greater Boston, the homeownership gap between White households and Black or Hispanic/Latinx households is extremely pronounced, with 66 percent of White households owning their homes in the region, compared to just 35 percent of Black and 30 percent of Hispanic/Latinx households. Asian households are more evenly split; however, there are disparities among Asian households of varying ethnic backgrounds.

Since deep-rooted racial and economic segregation concentrates vulnerability in entrenched geographic patterns, and since Black and Hispanic/Latinx people face social and health inequities, crises such as COVID-19 can be particularly destabilizing in communities of color. Renters in these communities are often most vulnerable, as Black and Hispanic/Latinx renters were already cost burdened at higher rates before the pandemic started (Figure 2).

FIGURE 9

The majority of Black and Hispanic/Latinx households are renters, while the majority of White households are homeowners.



Source: U.S. Census Bureau 2019 ACS 1-Year Estimates

PANDEMIC IMPACTS

Low-wage workers in service jobs are more likely to be laid off or have a reduction in hours.

The economic hardships of unemployment in the pandemic have followed the same patterns of inequity that pervade our economic system overall: Since March 2020, job losses and reductions in hours are most acute among low-wage and service sector workers and people of color. The state unemployment rate peaked at 16.4 percent in April 2020 and has steadily declined since then but has not dropped below 7.0 percent.* [5] Unemployment levels in Greater Boston are consistent with the state overall.

Unemployment insurance data during the pandemic show low-wage workers and racial/ethnic minorities as the most impacted by the economic downturn. This, obviously, resulted in heightened housing risks in these communities, especially as many of these workers were likely to be renters and housing cost burdened. **Figure 10** depicts the trend in unemployment claimants in the Greater Boston region, with a historically high peak in May.

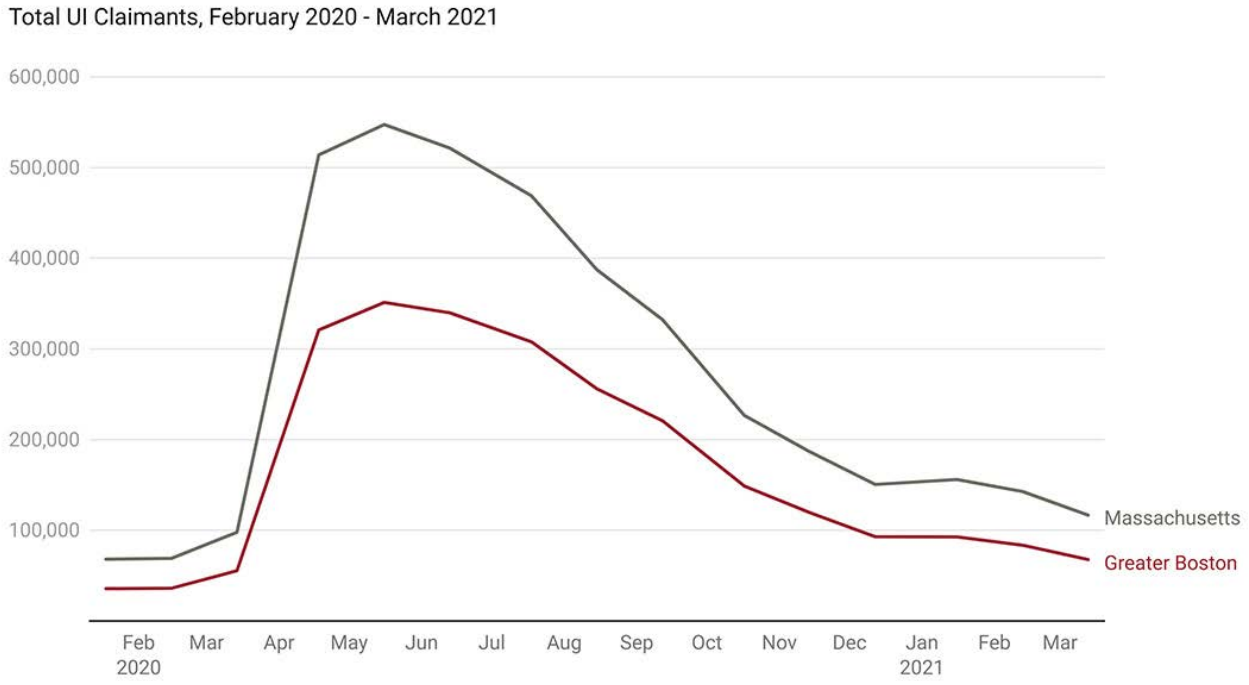
At the same time that unemployment spiked, people also dropped out of the labor force altogether. Dropping out of the labor force means a person is no longer working, seeking employment or collecting unemployment. This happens for several reasons: When workers lose a job but do not collect unemployment insurance, or when they run out of unemployment insurance and are unable to find new work, or they retire or otherwise leave the labor force for other reasons—such as to care for family. While unemployment skyrocketed in the spring and summer of 2020, labor force participation also dropped dramatically. Some of the most dramatic labor force reduction was temporary, but about 200,000 people have (as of May 2021) not returned (see **Figure 11**). This simultaneous rise in unemployment and drop in labor force participation means the employment impacts were even larger than the unemployment data show.

Labor force participation dropped especially for parents, and is still much lower than pre-pandemic levels. Labor force participation of mothers with children under 13 dropped most dramatically and continues to be lower than other types of parents. Fathers of the same age children also show a large and persistent decrease.[6] Data in Appendix Figure 8 also show that not only

* The preliminary Massachusetts unemployment rate was 6.8% in March of 2021, though this estimate will likely be revised in the coming months.

FIGURE 10

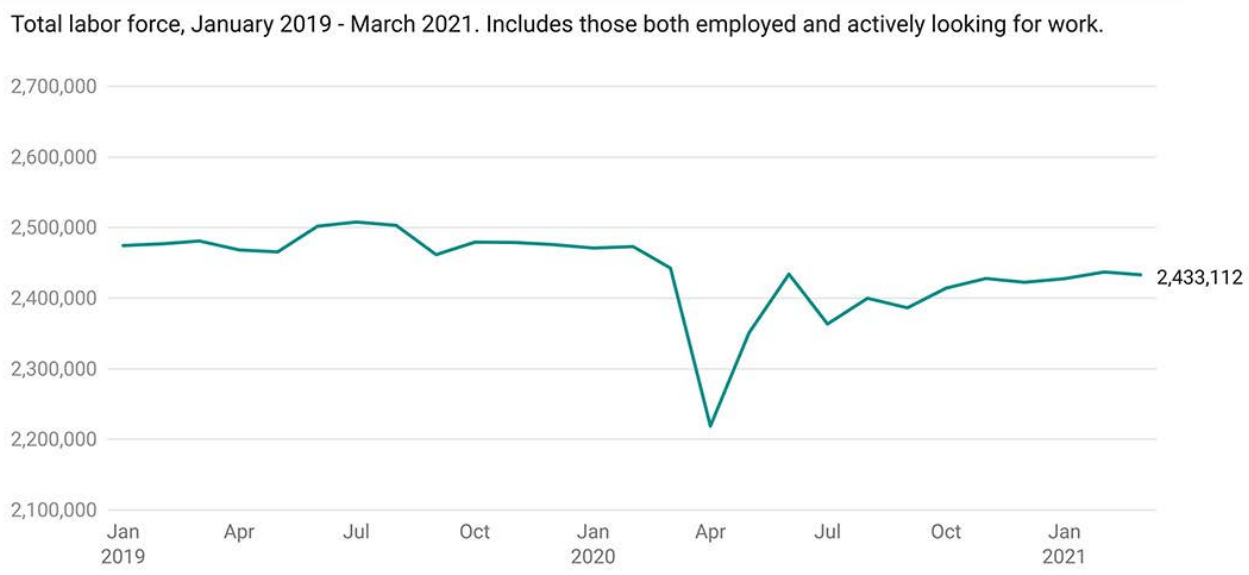
Unemployment claimants surged dramatically, to historic levels in Greater Boston and the state overall.



Source: Massachusetts Labor Market Information, Labor Force and Unemployment Data

FIGURE 11

After a sharp decline in April 2020, total labor force in the region rebounded to near pre-pandemic levels, though it has not fully recuperated.



Source: Massachusetts Labor Market Information, Labor Force and Unemployment Data
Note: March 2021 is a preliminary estimate.

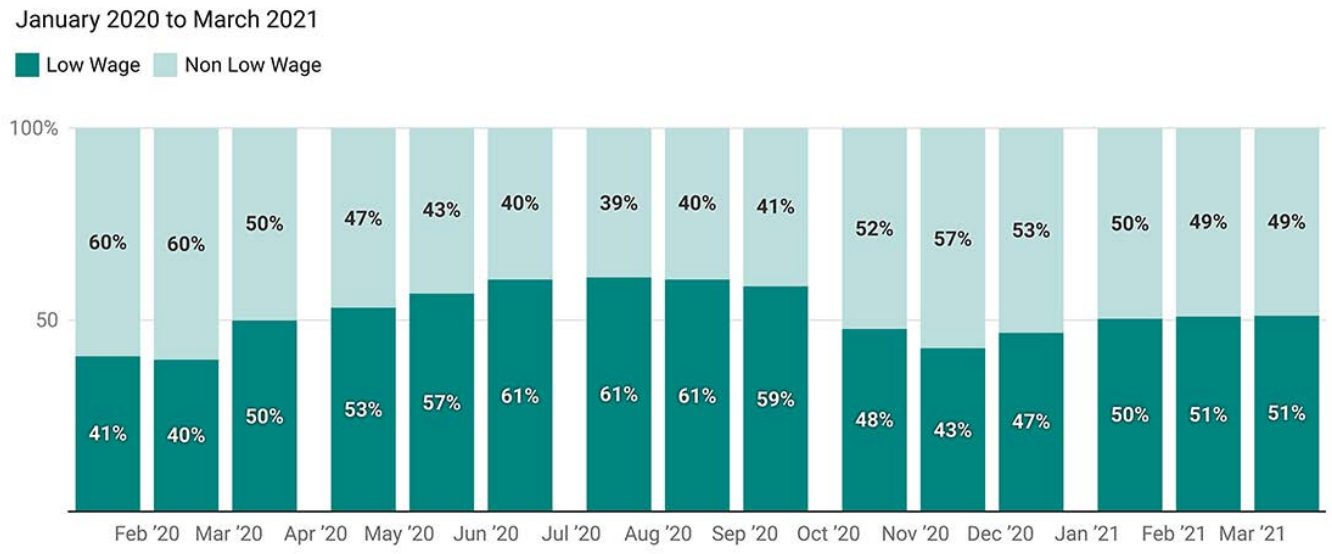
are women dropping out of the labor force at high rates, those who remain are experiencing higher levels of unemployment. Women constituted nearly 60 percent of unemployment insurance claimants in the summer of 2020. Prior to the start of the pandemic, unemployment claims were predominantly filed by men, in part due to the large number of men employed seasonally by the construction industry. Now, however, women make up the majority of claimants.

Similarly, as **Figure 12** shows, low wage workers (defined here as having earned $700 per week or less from the former job they filed unemployment for) comprise the majority of unemployment claimants in the pandemic, reaching as high as 61 percent of all claimants during the summer of 2020. Comparatively, low wage workers were only 40 percent of claimants at the beginning of the pandemic. This pronounced increase suggests that unemployment has affected low-wage workers far more than higher earners.

Low-wage workers also face higher risk of housing instability: Individuals in the region who were already most likely to have high housing cost burden or insecurity due to low wages, became even more likely to lose or have difficulty affording housing during the pandemic because of their elevated risk of layoff.

FIGURE 12

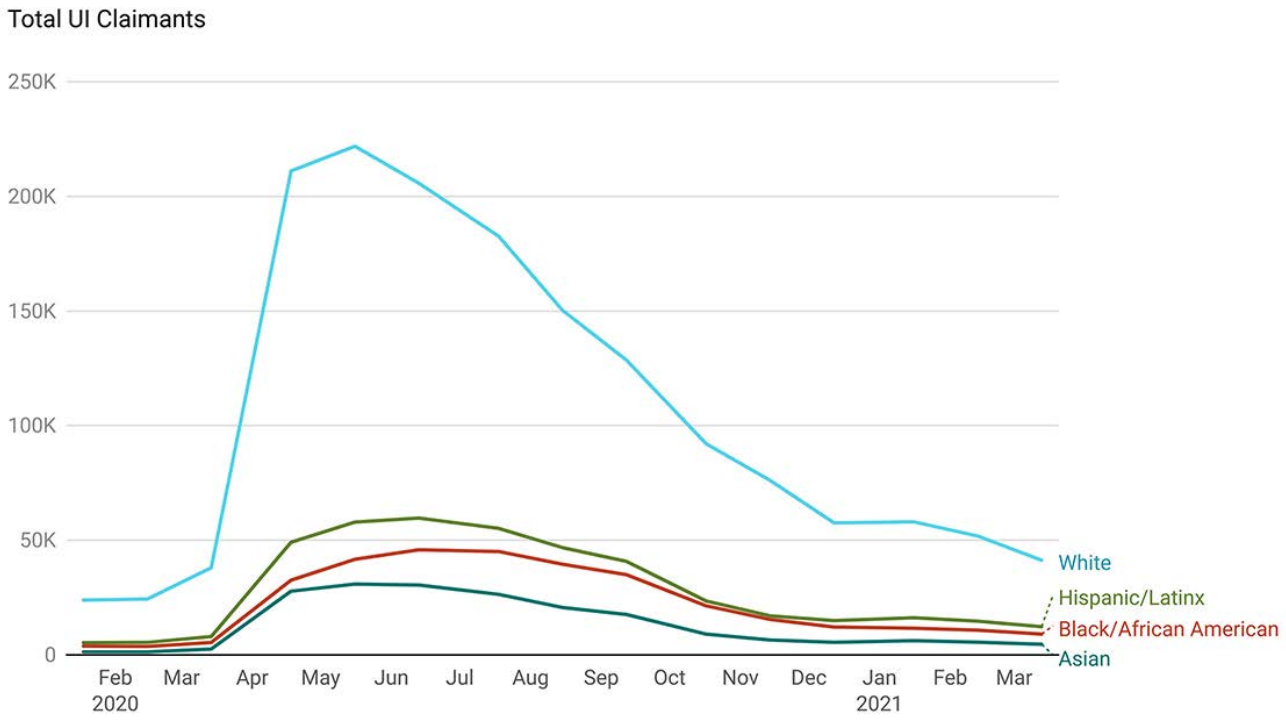
Workers earning $700/week or less comprised a larger share of unemployment claimants during the pandemic.



Source: MA Executive Office of Labor and Workforce Development, Unemployment Insurance Claimant Profiles

FIGURE 13

During the pandemic, White claimants in Greater Boston filed the largest number of unemployment insurance claims.



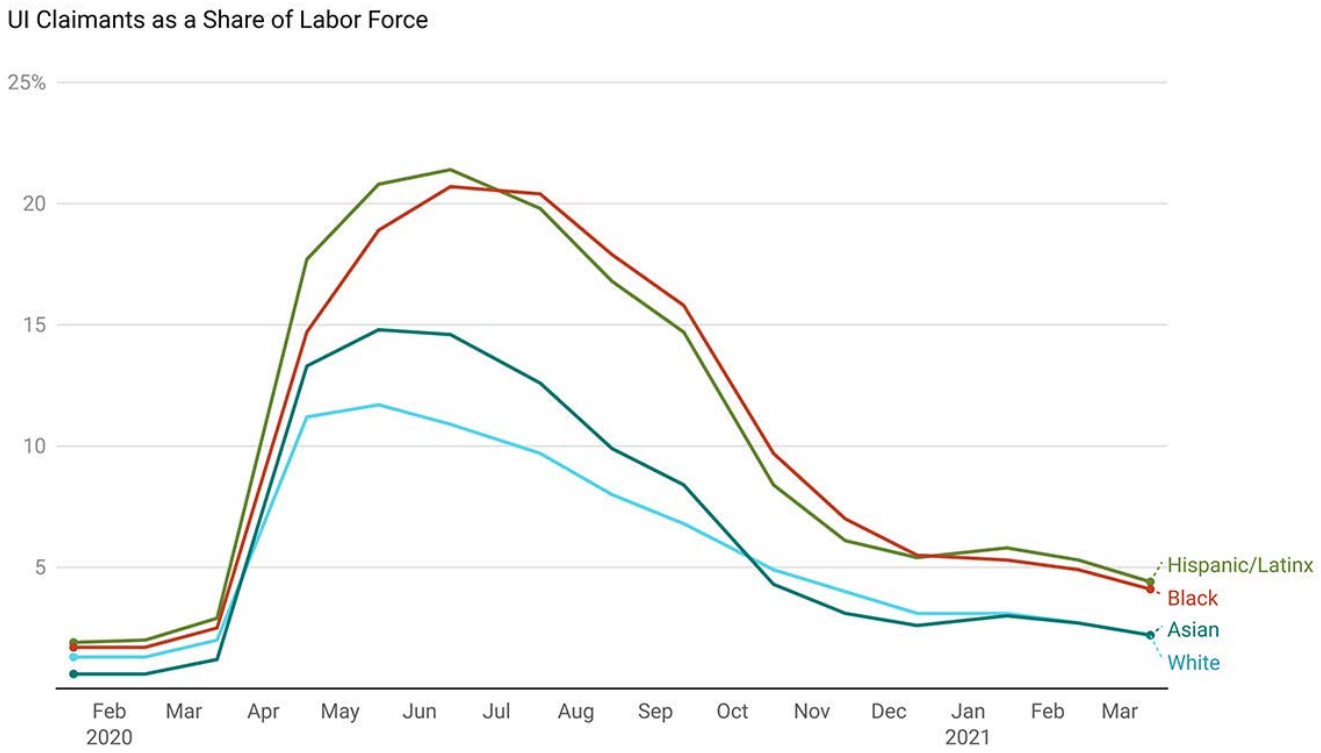
Source: MA Executive Office of Labor and Workforce Development, Unemployment Insurance Claimant Profiles
Note: Hispanic/Latinx claimants may be of any race.

These trends also show up in unemployment by race, in part because people of color hold more low-wage jobs. As the income earnings by race chart and table in the Appendix show, the percentage of White households in the region earning less than $35,000 annually is nearly half that of Black and Hispanic/Latinx households. While the majority of the population and the majority of unemployment claimants were White, as illustrated in **Figure 13**, unemployment for Black and Hispanic/Latinx was disproportionately high on the basis of their share of the labor force.

Figure 14 shows the trend in unemployment claimants as a share of each race group's labor force in 2019, revealing that Black and Hispanic/Latinx workers in the region consistently experienced disproportionate unemployment rates over the course of 2020. This calculation by race/ethnicity, with claimants compared to each group's part of the total overall labor force, shows Black and Hispanic/Latinx people were disproportionately experiencing unemployment with a peak of around 21 percent of the Black labor force. Hispanic/Latinx claimants also represented 21 percent of the Hispanic/Latinx labor force at their peak, compared to a peak of 12 percent of the White labor force and 15 percent of the Asian labor force during the pandemic.

FIGURE 14

When expressed as a share of total labor force, Black and Hispanic/Latinx workers were the hardest hit by unemployment during the pandemic.



Source: MA Executive Office of Labor and Workforce Development, Unemployment Insurance Claimant Profiles

Disparities in unemployment have persisted throughout the pandemic, as **Figure 15** shows in the map below. As of March 2021, unemployment rates are highest in lower-income communities, most notably in Lawrence, Brockton, Lynn and Lowell (all of which are communities of color with notable immigrant populations). While much of the region is seeing unemployment rates fall to healthier levels, these communities have continued to struggle with joblessness. A full list of municipalities by unemployment rate is available in the Appendix.

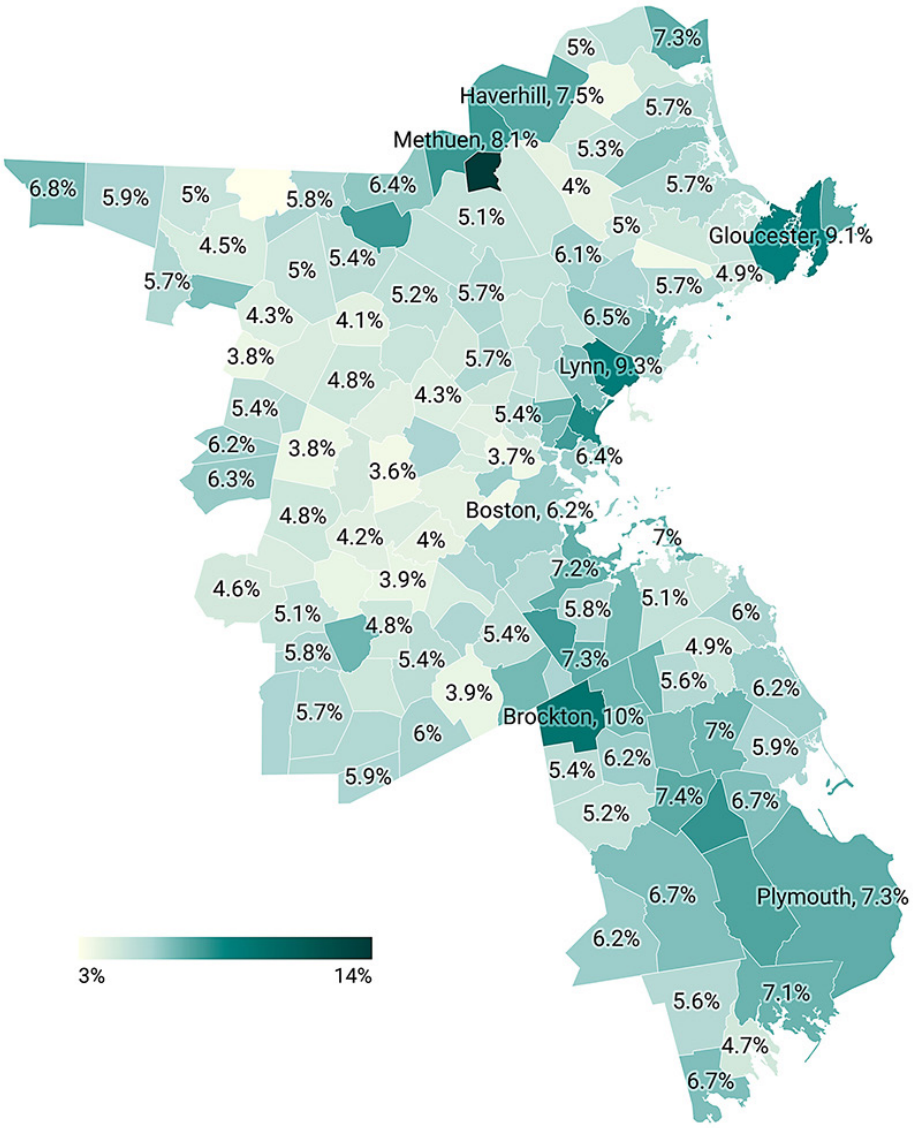
Instability is born of economic hardship, and the challenges of the pandemic are layered on top of regional trends that were already squeezing low-income residents and neighborhoods. Greater Boston was unprepared for a severe recession and lacked financial resilience because it was already mired in a serious housing affordability challenge prior to the pandemic.[7] It is not surprising that following the end of the state eviction moratorium in October 2020, new eviction filings, need for rental assistance and other metrics of housing instability (covered in other sections of this report) demonstrate a concentration of adverse impacts in many low-income neighborhoods and communities. This combination of low wages, extensive job losses, fear of eviction and rising rents is a vicious combination that could push residents out of their homes in the coming months.

COVID-19 case rates are higher in places with crowded housing, itself likely a result of unaffordability.

Last year, the UMass Donahue Institute analyzed municipal COVID-19 case rates against various commu-

FIGURE 15

Unemployment Rate in March, 2021



Source: Massachusetts Labor Market Information, Labor Force and Unemployment Data

nity indicators, observing the rate of crowded housing had the strongest statistical relationship with COVID-19 outbreaks in a community.[8] Crowded housing is defined by HUD as households with more than one occupant per room (where people outnumber rooms). Cities with the highest crowded housing rates, including Chelsea, Lynn, Lawrence, Everett and Revere, also have the highest rates of COVID-19 infection. These are also cities with large populations of color: Lawrence and Chelsea, which rank first and second in their cumulative COVID-19 rates, also have the highest shares of people of color in the region, at 86 and 79 percent, respectively. Crowded housing was more indicative of COVID-19 spread than a city's population density: While population density measures the number of people per square mile, the rate of crowded households measures the number of households with

1.01 or more occupants per room as a percentage of total household units. As an example, Somerville and Cambridge have the highest rates of population density in the state, but markedly lower rates of COVID-19 infections than Chelsea, Lawrence and Everett, or other cities with more crowded housing. Nearly 10 percent of Chelsea residents live in homes where people outnumber rooms (compared to 2 percent in Somerville and Cambridge).

Crowded housing often occurs out of economic necessity as people live together to share costs. In such cases, the low-income residents may not be able to access or afford adequate healthcare, even as social distancing is more difficult. When these residents also work in frontline occupations, a crowded home can become the source of transmission. As shown in **Figure 16**, rates of crowding are highest in the Greater Boston region's Gateway Cities, such as Revere, Lynn, Everett, Lawrence and Chelsea, where we have also seen the highest rates of COVID-19 infections since the onset of the pandemic.

POLICY RECOMMENDATIONS

While the pandemic was certainly an unprecedented shock to the economy, the existing vulnerabilities in the labor market were, in fact, chronic conditions that left low-income workers more susceptible to economic, housing and public health challenges during the pandemic. This is what it looks like when health and financial crises intersect with entrenched racial and economic inequality. As a region we should focus not just on short-term recovery, but on lasting solutions that directly address patterns of inequality and vulnerability.

Expand direct household income assistance and move toward a universal basic income.

The efficacy of federal income supports during the pandemic provides robust evidence that financial stability enhances housing stability. In higher-cost regions like Greater Boston, economists also surmised stimulus payments had little to no dampening impact on job-seeking.[9] Direct income supports can be deployed relatively quickly and allow recipients a great deal of discretion and flexibility in how these funds are used. Broad income supports such as the extra $600 per week in expanded unemployment benefits (later reinstated and reduced to $300 in early 2021) and direct stimulus checks are efficient and effective because they allow each household to address its most critical needs while providing additional stimulus to the economy. Of the Boston area households that received a stimulus check in 2020, over half spent a portion of that cash payment on housing, second only to food (see **Figure 17**).[10]

For many low-income households in Greater Boston, income is chronically insufficient to support housing costs. While reducing housing costs is an important component of housing stability and will be the focus of other sections of this report, perhaps the most impactful housing policy we could implement is a universal basic income.

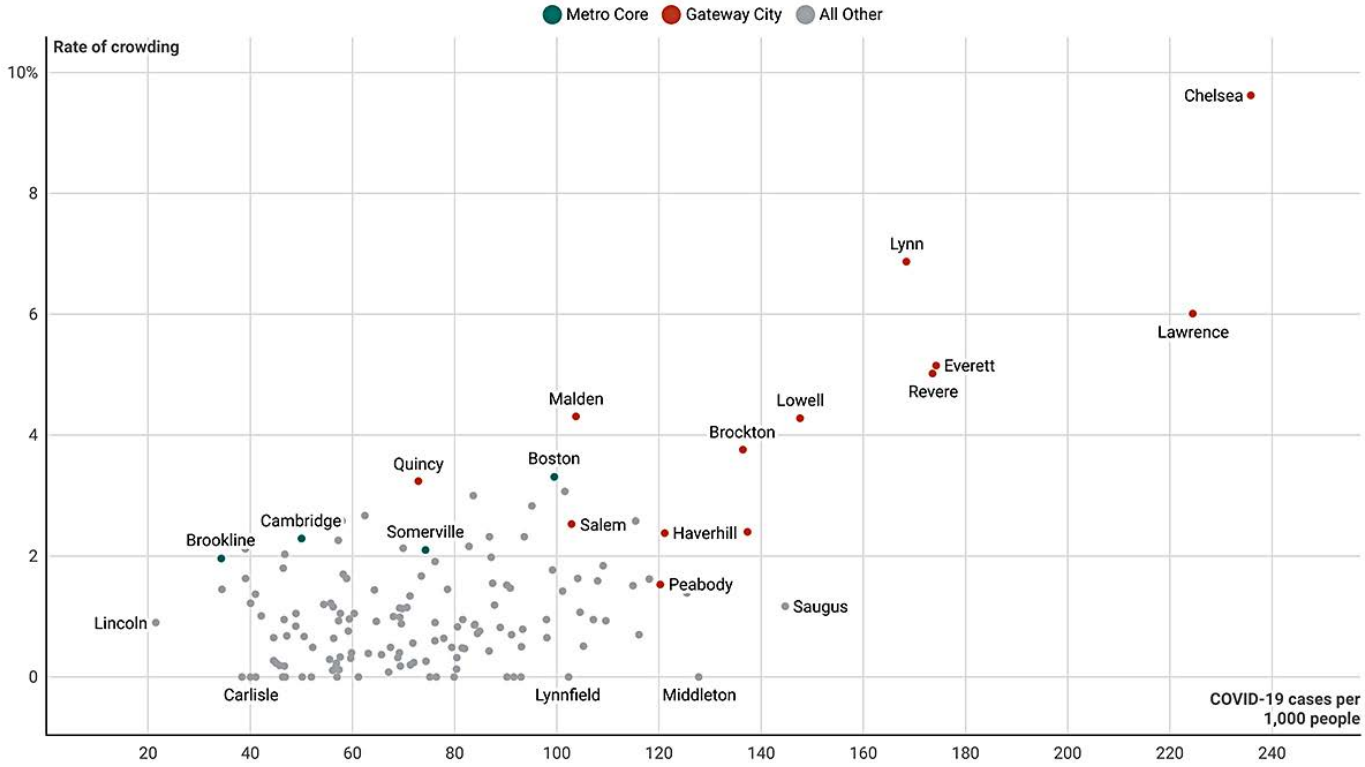
The idea is not untested—cities around the country have piloted basic income programs with positive results— [11] and public and political support for these programs has been bolstered by the inequality and hardship intensified by the pandemic.[12] In addition to local pilot programs, some of the recent federal programs could serve as stepping-stones toward universal basic income, including the expanded unemployment assistance rolled out during the pandemic and increases to the Federal Child Tax Credit introduced by the American Rescue Plan in 2021. The credit provides up to $3,600 a year per child under age six and $3,000 per child ages 6 to 17, with these amounts decreasing as household income increases beyond $112,500 for single parents and $150,000 for married couples.[13] This credit is set to revert to pre-pandemic levels in 2022. For households with children, this could be a meaningful income boost, especially for families with more than one child. Making these increases permanent would provide a reliable and consistent boost to household income and make progress toward addressing child poverty.

While the federal government has the greatest capacity to provide broad-based income supports, both during times of crisis and as part of a longer-term economic justice strategy, the political will may be quite far away. State-level solutions can and should be pursued at the same time, including expansion of the Commonwealth's Earned Income Tax Credit (EITC) to provide an additional cash payment to all residents earning less than $70,000 per year, an idea developed jointly by Boston Indicators, the Massachusetts Budget and Policy Center and the Economic

FIGURE 16

Cities with more crowding in their homes have higher reported COVID-19 case rates.

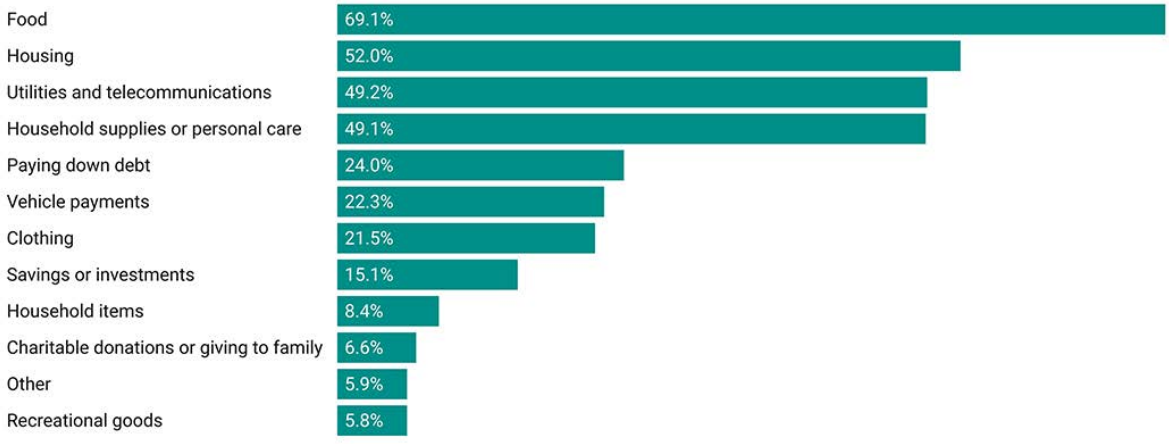
Greater Boston Communities by Community Type*, All Reported Cases January 1, 2020 to April 29, 2021.
Crowded housing is defined by HUD as 1.0 or more occupants per room.



Source: MA Department of Public Health, ACS 2019 5-Year Estimates

FIGURE 17

Over half of Boston area households spent large portions of their stimulus check on housing, second only to recipients' use of it for food.



Source: U.S. Census Bureau Household Pulse Survey

Security Project.[14] While the EITC program would need more funding that was better matched by the state, and would need eligibility expansion to groups such as moderate-income households as well as unpaid caregivers and immigrants, an intervention such as this would help provide a minimum of $1,200 in additional annual income to households who need it.

These interventions and others that aim to guarantee a basic income level are important in finding ways to put more money in the pockets of households that need it the most and helping to overcoming the pervasive income inequality here in Greater Boston and across the country. Simultaneously, increasing minimum wages are an important part of requiring employers to provide a living wage and reduce the need for the public sector to fill the gap. Recent pushes for an increase to the federal minimum wage, and Massachusetts' own progress toward a $15/hour minimum wage by 2023,[15] are examples of modest progress toward greater wage equity. These efforts may not provide a living wage, particularly in places with a high cost of living, such as Greater Boston, but they are important steps in making sure low-income residents can attain better stability and help close the gap on making ends meet.

Expand the use of housing vouchers to guarantee housing affordability for all who need it.

Addressing income inequality through a guaranteed income would go a long way toward improving housing affordability and reducing housing cost burdens, especially if implemented at a scale that substantially reduces poverty and provides all households with a living wage. This is a high bar, especially since many pilot programs and proposals are unlikely to provide a deep level of support. While a broad-based, substantial universal basic income policy should be a primary goal for improving housing affordability, efforts to expand programs that directly guarantee housing affordability, such as housing vouchers, should also continue.

The Commonwealth has shown a great commitment to affordable housing. Greater Boston has an excellent state and local affordable housing delivery system that invests more than a half billion dollars annually in affordable housing development and preservation, augmented by a recent expansion of the state's low-income housing tax credit. Massachusetts is also one of the few states in the country with its own public housing and rental assistance programs. Despite that strong history, well under a third of the people who qualify for housing assistance in Massachusetts—either through a rental assistance voucher or a subsidized housing unit—actually receive it.

Rental assistance vouchers can ensure housing stability during times of crisis. These vouchers allow for periodic income redeterminations, where a change in income is met with a change in subsidy support. During the pandemic, these income redeterminations have supported rent payments for voucher holders even if they have lost employment. While the administration of these programs is labor intensive and processing times for income redeterminations may not be very nimble, these programs are an example of guaranteeing housing affordability and stability as a right. An expansion of these programs to become more like entitlements could largely eliminate housing cost burdens for many more households and ensure all residents a stable and affordable home.