



# PATHWAYS TO STABLE HOMES

PROMOTING CAREGIVER AND CHILD HEALTH THROUGH HOUSING STABILITY

Only by combining multiple policy solutions will Massachusetts be able to increase the effectiveness of its efforts to ensure families have enough resources to afford housing without forgoing other basic needs.

MAY 2019



What If?

# EXECUTIVE SUMMARY

Stable homes are vital for good health. Research demonstrates children's health improves when their families are able to live in homes they can afford without falling behind on rent, moving frequently, or experiencing homelessness.<sup>1</sup> Unfortunately, Massachusetts has a shortage of affordable rental homes across the state. For every 100 families with extremely low incomes\* in the Commonwealth, there are only 46 available units of housing they would be able to afford without spending more than 30 percent of their income on rent, a condition known as "rent burden"<sup>†</sup>.<sup>2</sup>

In search of a way to complement efforts to build more affordable homes in Massachusetts and ensure the state's working families can avoid health-damaging toxic trade-offs between rent and other basic necessities, Children's HealthWatch developed a strategy named "**Pathways to Stable Homes**". This strategy emerged and evolved out of feedback and information from multiple sources, including a listening tour, simulation modeling, and a health-care cost analysis.

Feedback received from diverse stakeholders aligned with research evidence indicating that only by combining multiple policy solutions will Massachusetts be able to increase the effectiveness of its efforts to ensure families have enough resources to afford housing without forgoing other basic needs. Examining combinations of policies through economic simulation modeling, Children's HealthWatch

found the synergistic combination of the following three policies to be both feasible and effective:

- 1. Ensuring access to childcare subsidy and reducing childcare subsidy co-payments,**
- 2. Increasing the state match to the federal Earned Income Tax Credit (EITC), and**
- 3. Providing eviction-prevention assistance to families with rental arrearages.**

Specifically, this would be an innovative policy strategy that combines 1) capping childcare subsidy co-payments at the US Department of Health and Human Services' benchmark of 7 percent of income 2) increasing the state EITC to 50 percent of the federal credit for all eligible households, and 3) enhancing eviction-prevention benefits for families unable to close the gap or experiencing economic shocks placing them at imminent risk of eviction. These policies would enhance the likelihood of working families having enough money to afford rent by closing the gap between earnings (income + EITC) and major expenses (childcare + rent), and provide a necessary buffer against eviction and its harmful costs to families, landlords, communities, and state and local governments. This innovative combination of complementary policies would help increase families' ability to afford rent and other basic needs while increasing labor force participation and reducing evictions and their multiple layers of harmful costs. The policy recommendations that would enable these outcomes include the following:

---

\* Extremely low income: Households with earnings less than 30 percent of Area Median Income (AMI).

† Rent burdened: More than 30 percent of family's income is spent on rent.

**FIGURE 1. COMBINING MULTIPLE POLICY SOLUTIONS HELPS TO KEEP MASSACHUSETTS' FAMILIES ON PATHWAYS TO STABLE HOMES**

**Eviction Prevention**

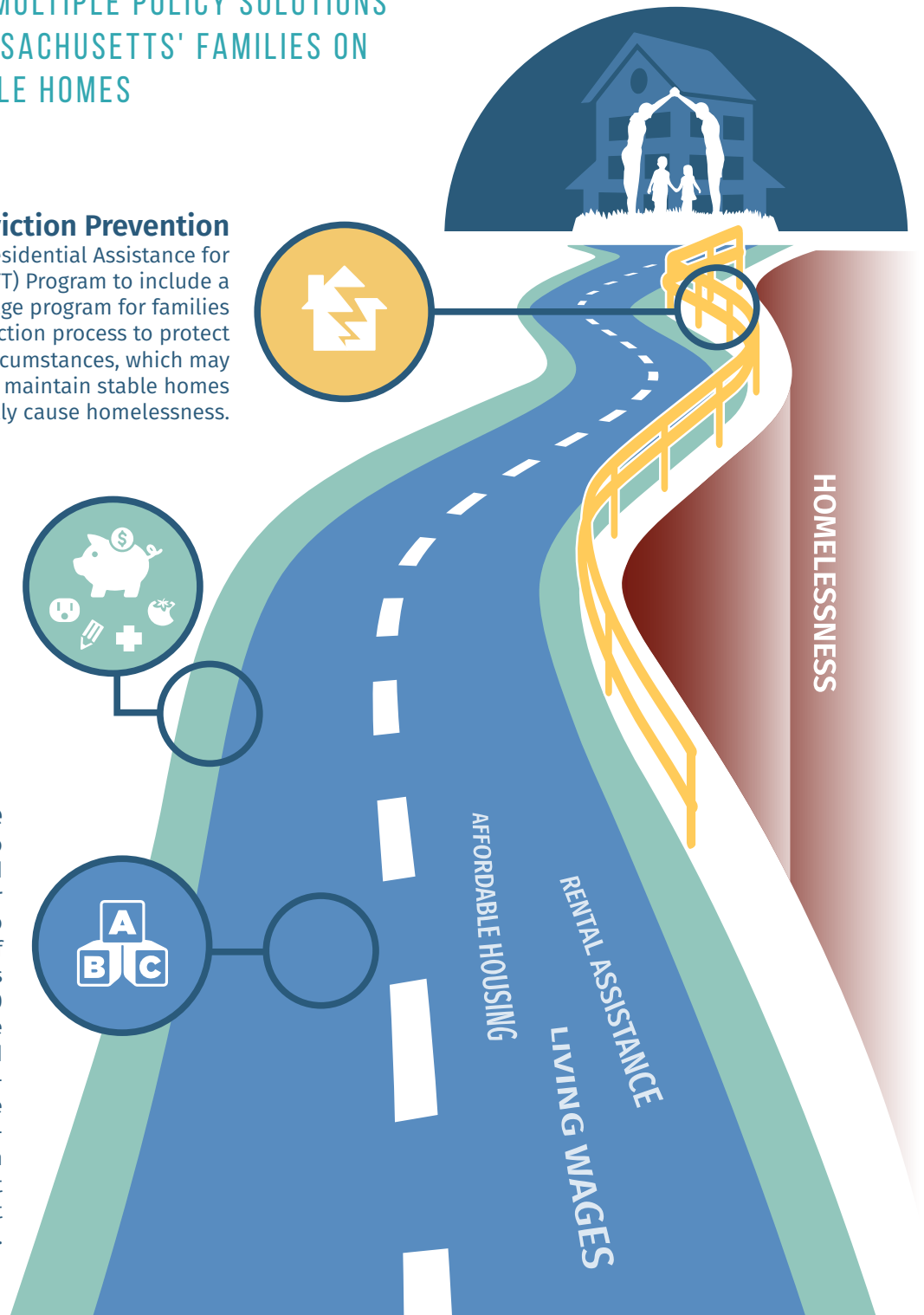
Expand access to the Residential Assistance for Families in Transition (RAFT) Program to include a state-funded rental arrearage program for families before they enter the eviction process to protect them from unforeseen circumstances, which may threaten their ability to maintain stable homes and potentially cause homelessness.

**Increased EITC**

Increase the Massachusetts Earned Income Tax Credit (EITC) match to 50 percent of the federal credit to further help families afford a stable home and other necessities.

**Childcare Assistance**

Ensure universal access to affordable childcare and limit co-payment fees for childcare subsidies to no more than 7 percent of families' income for families with incomes above 100 percent of FPL to reflect the Department of Health and Human Services recommendation of what an affordable childcare subsidy co-payment is. For families with incomes below 100 percent FPL, eliminate co-payment fees for childcare subsidies.





# STABLE HOMES ARE ESSENTIAL FOR GOOD HEALTH

All people need safe, affordable homes to be healthy. Research conducted by Children’s HealthWatch demonstrates that when families live in stable homes they can afford, children and their parents have better health outcomes.<sup>1</sup> However, families who pay more than the benchmark set by the Department of Housing and Urban Development (HUD) of 30 percent of their income for housing expenses - hereafter referred to as rent burdened - may have difficulty affording other basic necessities such as food, clothing, transportation and medical care, in turn negatively impacting their health.<sup>3</sup>

In today’s rental markets, a family with one full-time worker earning the minimum wage cannot afford the local fair-market rent for a two-bedroom apartment anywhere in the United States.<sup>3</sup> In the Commonwealth of Massachusetts, housing costs have outpaced wages causing many families to live in homes that are unaffordable. A typical renter would have to work an average of 100 hours per week at minimum wage to be able to afford a 2-bedroom home.<sup>4</sup> Due to the high cost of rental housing, three out of four families with extremely low incomes are rent burdened in Massachusetts.<sup>5</sup> Given income disparities and the history of segregation, Black and Hispanic households face disproportionately higher prevalence rates of rent burden in the state compared to White households.<sup>6</sup>

Living in such stressful conditions takes a toll on families’ health and well-being. Families experiencing rent burden are at greater risk of having to make trade-offs between paying rent and other bills as a consequence of juggling indispensable basic needs’ expenses.<sup>7</sup> Previous Children’s HealthWatch research demonstrates families who report

falling behind on rent are at increased risk of adverse caregiver and child health outcomes and household material hardships, such as food and energy insecurity.<sup>1</sup> This research also underlines that young children from struggling families, who are in a sensitive period of development,<sup>8</sup> are particularly vulnerable and trade-offs between food, heat or rent can affect their brain development and later lifetime education attainment. Because health in early childhood is particularly important, there is an immediate need to identify policies that can be put into action relatively quickly and respond to this critical window of growth and development.

Given the well-documented adverse health effects of housing instability paired with the reality of a lack of affordable homes in Massachusetts, Children’s HealthWatch sought to identify solutions to complement and enhance existing efforts to reduce housing instability and improve health among families with children. While livable wages, rental subsidies, and production of affordable housing may be the most effective ways to address rent burden among families with low incomes, current state and federal funding for housing programs is inadequate.<sup>9</sup> Furthermore, public policies that may prevent affordable housing production, such as zoning and land use regulations, perpetuate housing instability.<sup>10</sup> In addition to increasing access to rental assistance and creating more affordable housing, there are opportunities for the state to explore complementary strategies for reducing the effects of rent burden, improving housing stability, and ensuring families across the Commonwealth are able to afford basic needs, be healthy and thrive.<sup>10</sup>



### **Identifying multiple solutions that work: Developing a strategy that responds to the needs of families**

To develop a comprehensive strategy that sets families on pathways to a stable home, Children’s HealthWatch began by carefully considering and synthesizing the results from a listening tour.<sup>‡</sup> The original research question posed in qualitative interviews with key stakeholders sought to examine the feasibility of implementing a new tax credit specifically tailored to reduce rent burden.

A diverse group of stakeholders, including direct service providers, researchers, housing and homelessness prevention advocates, individuals who have experienced housing instability and homelessness, and policy experts, participated in key informant interviews and focus group sessions. Although people with low and moderate incomes shared that upward economic mobility and homeownership

would be the best path to housing stability, lack of workforce opportunities, low-paying jobs, and unaffordable childcare prevent them from earning enough to achieve their housing and financial goals. For families with children, difficulty securing a childcare slot, either because of long waitlists or due to high costs of childcare co-payments, was a major factor preventing them from achieving housing stability. Stakeholders shared that a refundable benefit delivered directly to families through the tax system as a credit would help them get on the path to a stable home. Additionally, some advocates, policy experts, and decision-makers expressed doubts about the feasibility and desirability of creating a new benefit or tax credit, preferring to improve or build on existing policies. Other policy experts cautioned against advocating for new policy solutions that might conflict or compete with existing policies, or have unanticipated adverse consequences.

---

<sup>‡</sup> Listening Tour Participant Organizations: Action for Boston Community Development (ABCD), Center on Budget and Policy Priorities (CBPP), Citizens’ Housing and Planning Association (CHAPA), Greater Boston Legal Services (GBLS), Homes for Families (HFF), Massachusetts Budget and Policy Center (MassBudget), Metro Housing Boston, One Family, Inc., One Family Scholars, Preservation of Affordable Housing (POAH), Stantec, and the Turner Center for Housing Innovation at UC Berkeley.



# KEY TAKEAWAYS FROM THE FIELD: A PATHWAY FORWARD

After reviewing the results from these listening sessions, we identified several main takeaways:

1. Creating a new tax credit or housing-specific benefit may be administratively challenging and/or take away from current efforts to expand resources for families with low incomes. Since the state currently provides a tax credit to working families (EITC) that may be leveraged for housing stability, examining improvements to the EITC may provide greater opportunities for families to afford basic needs, including rent, without sacrificing other necessary expenses.
2. Solutions to stabilize families in their homes must take childcare into account. Childcare was cited because it is indispensable, and it is a critically large expense for families with children. Childcare affects a family's ability to afford other basic needs, including housing.
3. When families fall behind on rent or face eviction they need additional supports currently unavailable in the state. Eviction is a costly process for all parties involved. An eviction prevention strategy that responds earlier and quicker when families need emergency funds to avert an eviction or homelessness is sorely needed.
4. No single solution is enough to fill the gap between low wages and basic needs expenses in family budgets. Though their situations are similar in many ways, each family struggling with housing instability is unique and faces a complex variety of issues that require flexible combinations of solutions.

These key takeaways led us to conclude that a synergistic set of policies is most likely to lead families towards a housing stability pathway. It also led us to examine the relationship between childcare and housing instability.



## **Double burden: Paying too much for housing and childcare threatens families' health**

Families with young children often include childcare on the list of indispensable basic needs, which, like rent, is expensive in Massachusetts.<sup>11</sup> If families are unable to afford childcare, this constraint may impede their ability to remain stably employed, work additional hours, or further their education, all of which impact their earnings and ability to afford living expenses.

In Massachusetts, the cost of childcare for a family of four with an infant and a preschool aged child averages upwards of \$35,000 per year.<sup>12</sup> That is more than half of the average income for a family of four living at 200 percent of the Federal Poverty Level (FPL). Many families across the state, even those with childcare subsidies designed to offset the cost of childcare, pay more than the US Department of Health and Human Services' benchmark of 7 percent of income on childcare, making them "childcare burdened". The lack of affordable childcare paired with a shortage of affordable housing options means that families with young children living with low incomes are often both childcare and rent burdened.

All families should have enough resources to not only live in an affordable and stable home, in a healthy and safe environment, but also to be able to reinvest their resources in the local economies where they live in order to create thriving communities. Regrettably, families who are both childcare and rent burdened are often not able to fulfill these needs and civic roles, placing them at risk of poor health outcomes associated with housing instability, which have ripple effects on the current and future prosperity of our communities and the Commonwealth.

## **Childcare subsidies, tax credits and eviction prevention can support housing stability**

Given the complexities of family budgets, examining other policies that complement traditional housing solutions can increase the likelihood of stabilizing families in their homes and ensure that they are able to pay for basic needs. Boosting family financial resources through expansions in childcare subsidies and improvements in working family tax credits can provide opportunities for families to adjust their working hours, which, in turn, could increase their earnings and their tax refund.

Families with low to moderate incomes may be eligible for a childcare subsidy that helps them afford the high cost of childcare and continue to work. To maintain a childcare subsidy, families are required to pay a childcare co-payment. The amount of the co-payment is determined by income level and family size. While the state's sliding scale covers the full cost of childcare for some families at the lowest income level, many families below 100 percent FPL are still required to pay a co-payment. Given very limited resources of these families, any childcare co-payments may severely stress their budgets. In sum, many families end up being childcare burdened due to co-payments that exceed the US Department of Health and Human Services benchmark of 7 percent of their income dedicated to childcare.<sup>14</sup>

The Earned Income Tax Credit (EITC) is one of the most effective anti-poverty programs in the country for working families, providing a credit that supplements income for low and moderate income working families. In Massachusetts, the state EITC



## KEY TAKEAWAYS (continued)

“piggy-backs” on the federal tax credit and currently provides working families a 30 percent refundable match of the federal EITC. Previous research, however, indicates that a 50 percent match would be more likely to provide optimal health and housing benefits for families in the Commonwealth.<sup>15</sup> Families often utilize the tax credit to catch up on bills and pay for childcare, rent, and other basic necessities.<sup>16</sup> Although the credit is not intentionally designed to maintain housing stability, previous research indicates the EITC can provide an important additional resource for families to use in paying their rent.<sup>4</sup>

When benefits are not enough to enable families to make ends meet, they are at greater risk of falling behind on rent or even getting evicted. For these families, providing assistance to avoid eviction is vital. Families in Massachusetts facing imminent evic-

tions are able to access emergency funds through the Residential Assistance for Families in Transition (RAFT). These resources are applicable only if families are in an eviction process, however due to funding constraints many eligible families are unable to access these resources. Given the burden evictions place on families, expanding resources for families before an eviction is filed may promote stability and prevent unnecessary poor health outcomes.

Thus, a braided strategy that aligns universal childcare and capping childcare co-payments to no more than 7 percent of a family’s income, with an increase in the state match of the federal EITC to 50 percent, and also expands and strengthens programs that ensure families avoid eviction could become viable pathways to stable homes.





# SIMULATING FEASIBILITY OF THE PATHWAYS TO STABLE HOMES

Informed by the results of our listening tour and a review of the most current and relevant scientific evidence and policies on housing, childcare, and eviction prevention, this project uses a set of systems simulation models to examine and depict a complementary set of policy solutions to improve housing and childcare affordability and stability. Given the need for interlocking policy solutions, this research simulated the effects of two components on low and moderate income families' ability to afford childcare and rent in each county of the state.

## FAMILY TYPES

The models simulated the results for four different family types:

1. Family of four (two working adults and two children under five years) with income at 130 percent of the FPL
2. Family of four (two working adults and two children under five years) with income at 200 percent of the FPL
3. Family of three (one working adult and two children under five years) with income at 130 percent of the FPL
4. Family of three (one working adult and two children under five years) with income at 200 percent of the FPL

## POLICIES MODELED

The following components were examined to understand their impact on housing instability:

1. **Reduction of childcare burden.** For families with earnings higher than 100 percent of FPL, reducing childcare co-payments to the present benchmark of 7 percent of family income may eliminate childcare burden and is expected to improve financial stability.

- Using the U.S. Department of Health and Human Services' (HHS) definition of childcare burden, together with data from the MA Department of Early Education and Care (EEC) on childcare eligibility criteria, reimbursement rates, and parent co-payments, we calculated the percent of a family's income devoted to childcare co-payments for 52 weeks (260 days) for care for one infant and one preschool aged child in center-based care. Percentages and their respective dollar amounts above the HHS benchmark of 7 percent of income were then estimated and used to determine presence of family child-care cost burden.

2. **Mitigation of rent burden.** By increasing the state EITC to 50 percent of the federal credit, it is expected to complement working families' yearly incomes. This component provides a test of whether the increased state supplement to the federal EITC can reduce or alleviate the discrepancy between earnings and rental costs for some families across the state.

- Using data from the American Community Survey (ACS) on out of pocket rent payments by income categories (5 year 2016 estimates) for each Massachusetts county, we calculated the percent of a model family's income devoted to rent. Percentages and their respective dollar amounts above the HUD benchmark of 30 percent of income would indicate rent burden and provide an estimate of the extent of its adverse impact on the family's financial health. The value of the federal EITC received was estimated by family type (single or married tax filers), size (number of children), and household earnings (income) using the Center on Budget and Policy Priorities (CBPP) EITC benefits calculator.

### 3. Rapid financial assistance for families with rental arrearage and/or facing imminent eviction.

Rent and childcare burden together can place families at risk of falling behind on rent and in the extreme, at risk of imminent eviction.

- The scarcity of county-level data on evictions in Massachusetts precluded comparable simulation of this part of our model. However, we were able to use other researchers' data on evictions for specific localities in the Commonwealth of Massachusetts to fill in a reasonably complete picture.

### Simulating the impacts

Once childcare and rent burden were estimated and combined by family type within each Massachusetts county, we simulated the proposed policy changes for each family scenario in the model. Assuming access to universal childcare as part of the simulated system scenario for working families, we first capped families' childcare co-payments at no more than 7 percent of their incomes, eliminating the family's childcare burden, and assessed their financial well-being. Then, we added the annual amount received from the EITC with the state match increased to 50 percent of the federal credit, in order to test its ability to adequately complement the family's available resources after removing their childcare burden. The synergistic effectiveness of this combination of policies was thus tested with respect to its ability to alleviate childcare and rent burden together in a majority of the counties in Massachusetts. Since eviction data were not available statewide, we did not include it in the model. Estimated effects of families' financial stability will be discussed in the results section, based on available literature.

### Healthcare cost analysis

In addition to simulating the capacity of these complementary housing stability policies to eliminate rent and child-care cost burdens, based on previously documented associations, we examined avoidable health-care cost likely to result if Massachusetts families were stably housed. Previous Children's HealthWatch research showed that families falling behind on rent had higher odds of diseases and adverse health conditions when compared to their stably housed counterparts.<sup>1</sup> Using an established methodology,<sup>17</sup> we estimated health-related costs attributable to being behind on rent. Costs associated with these conditions included child hospitalizations, maternal and child ambulatory visits, dental procedures, prescription medication, and maternal care for depression.<sup>1</sup> The total health cost was calculated by Massachusetts county using the ACS data on number of families by family type with children within the income range of each model.

### Results

The simulation modeling results presented in the following pages are specifically for a married-couple with two children (one infant and one preschooler) at 200 percent of FPL, and a single mother with two children (one infant and one preschooler) at 130 percent of FPL. These examples are not meant to represent the entire state of Massachusetts, but to illustrate how a small sample of the Massachusetts population would benefit from these synergistic policies. These benefits may also extend to other family types and sizes across the state. See the appendix for complete results of the simulation of synergistic policies for other family compositions and incomes in all counties of Massachusetts.



# ADDRESSING CHILDCARE AND RENT-BURDEN AND IMPROVING HEALTH

## Simulation Models

### Scenario 1: Two working parents with two children, one infant and one preschooler at 200 percent of the Federal Poverty Level

As indicated in Table 1, a typical family composed of two adults and two young children with annual income of \$49,000 (approximately 200 percent of FPL for this family composition) pays more than the national housing affordability standard of 30 percent of their income on rent for a two bedroom apartment in two out of the four examples of Massachusetts counties (column B). Even with a childcare subsidy, parents pay \$7,995 annually in childcare co-payments for an infant and a preschooler in center-based care. This childcare cost amounts to 16.3 percent of the family's income - more than the guideline maximum of 7 percent of their income on childcare, making them both rent and childcare burdened (column E).

By capping childcare subsidy co-payments at 7 percent of the family's income and increasing the state EITC match to 50 percent of the federal credit (column G), we would be able to alleviate these twin burdens for our model families in Hampshire County and Worcester County. However, in Dukes County, home to Martha's Vineyard, and Suffolk County, home to Boston, these policy solutions would not be enough to close the gap between family income and basic needs due to high costs associated with living in these areas.

If both policies were implemented for families of four with two children earning approximately 200 percent of FPL in these four counties, the state could save approximately \$650,000 dollars in avoidable healthcare costs annually. This is because, as noted earlier, housing instability increases children's odds of hospitalizations and being in fair or poor health, and mothers'

**TABLE 1 SIMULATION MODEL OF A PATHWAY TO STABLE HOMES FOR A FAMILY OF FOUR AT ≈ 200 PERCENT OF THE FEDERAL POVERTY LEVEL (\$48,906 ANNUAL INCOME)**

	A	B	C	D	E	F	G	H
Counties in Massachusetts	Average Annual Rent	Percent of income used on rent	Rent Burden: Gap between 30% of income and rent	Childcare Burden: Gap between 7% of income and childcare co-pay	Amount that families are childcare burdened and rent burdened	Amount of EITC Federal + State (state match 50%)	Remaining gap between childcare co-pay at 7%, rent at 30%, and income after EITC is received	Estimated healthcare costs for child and caregiver by county (in 2018 \$)
Dukes	\$18,106	37.0%	\$3,434	\$4,572	\$8,006	\$812	\$2,623	\$34,484
Hampshire	\$13,557	27.7%	\$0	\$4,572	\$3,457	\$812	\$0	\$13,630
Suffolk	\$15,846	32.4%	\$1,174	\$4,572	\$5,746	\$812	\$363	\$422,552
Worcester	\$12,418	25.4%	\$0	\$4,572	\$2,318	\$812	\$0	\$176,119

## ADDRESSING BURDEN (continued)



odds of experiencing depressive symptoms. In turn, fair or poor health is linked to greater need for ambulatory care visits, dental visits, and prescription medications. These expenditures linked to fair/poor health and maternal depression attributable to being behind on rent are described in column H for each county.

The policies modeled alleviate childcare and housing burden, and also mitigate mothers' and children's health risks, as well as lower healthcare costs. It is important to note that the healthcare costs simulated here are conservative, since they are limited to diseases and conditions that have been previously studied. Additional diseases and conditions not yet studied could generate higher healthcare costs.

For families for whom this combination of policies was not sufficient to close the gap (column G), additional affordable housing solutions are needed. At a minimum, sufficient rapid eviction prevention benefits would be necessary to ensure that families who are still at risk of falling behind on rent are able to avoid evictions and return to housing stability. We note, however, that avoiding eviction alone does not necessarily imply stable housing, and that other policy innovations may be necessary for these families.



**Scenario 2: One working parent with two children, one infant and one preschooler, and income at 130 percent of the Federal Poverty Level**

For a family composed of three people — one adult and two young children — living with income at approximately 130 percent of FPL (\$30,750 annually) the scenario changes quite significantly from Scenario 1. Families in all four Massachusetts counties represented in Table 2 living in a two bedroom apartment are rent burdened (column B), with rent consuming more than 50 percent of the family’s income in Suffolk County. All of these families are paying \$3,510 annually in childcare co-payments for an infant and a preschooler, which amounts to 13.5 percent of their income, well above the guideline of 7 percent of

income, making them rent and childcare burdened (column E). For this family type, composition, and level of income, the proposed policies of capping childcare co-payments at 7 percent of a family’s income for families with subsidies and increasing the state EITC to 50 percent of the federal credit are crucial to alleviate these burdens in all four counties represented below (column G). The conservative health-related costs attributable to being behind on rent, simulated in column H, amounts to more than \$1.4 million dollars for three of these four counties. This means that if being behind on rent was not a concern for these families, their health would not be negatively impacted by its consequences, and the simulated health related costs would be avoided.

**TABLE 2 SIMULATION MODEL OF A PATHWAY TO STABLE HOMES FOR A FAMILY OF THREE AT ≈ 130 PERCENT OF THE FEDERAL POVERTY LEVEL (\$30,750 ANNUAL INCOME)**

	A	B	C	D	E	F	G	H
Counties in Massachusetts	Average Annual Rent	Percent of income used on rent	Rent Burden: Gap between 30% of income and rent	Childcare Burden: Gap between 7% of income and childcare co-pay	Amount that families are childcare burdened and rent burdened	Amount of EITC Federal + State (state match 50%)	Remaining gap between childcare co-pay at 7%, rent at 30%, and income after EITC is received	Estimated healthcare costs for child and caregiver by county (in 2018 \$)
Dukes	\$12,261	47.0%	\$4,438	\$1,685	\$6,123	\$6,231	\$0	- *
Hampshire	\$12,805	49.1%	\$4,982	\$1,685	\$6,667	\$6,231	\$0	\$179,039
Suffolk	\$13,149	50.4%	\$5,326	\$1,685	\$7,011	\$6,231	\$0	\$738,783
Worcester	\$11,001	42.2%	\$3,179	\$1,685	\$4,863	\$6,231	\$0	\$529,991

\* Insufficient data to produce estimates.

# MASSACHUSETTS HAS THE OPPORTUNITY TO PUT ALL FAMILIES ON PATHWAYS TO STABLE HOMES

Over the years Massachusetts families have seen a disproportionate increase in housing costs relative to their incomes, and this trend continues today.<sup>18</sup> In Massachusetts, almost 80 percent of people with incomes between 0-30 percent of Area Median Income (AMI) are rent burdened, and almost 60 percent of them are extremely rent burdened, meaning they pay more than 50 percent of their income on rent. For every 100 families in this income group, there are only 46 homes available to them across the state that they can afford. The scenario does not change dramatically for those earning 31-50 percent of AMI as housing supply has failed to keep pace with demand.<sup>19,20</sup>

The competing demands on families' budgets are so high that some families fall behind on rent. This rent arrearage may result in an eviction process. For example, in 2011 there were a total of 2,970 cases referred to Boston housing court for eviction with one third of them resulting in evictions. This is likely an underestimate of evictions in Boston. Children's HealthWatch data show nearly half of families with young children who reported having been evicted, had an informal eviction, meaning they were not evicted through a court process.<sup>21</sup>

Gentrification is a form of exodus, displacing families with low incomes to neighborhoods with fewer opportunities. This, in itself, disrupts continuity of childcare, may move parents further from their jobs, results in a loss of social capital, and ultimately affects family health.<sup>22,23</sup>

The state, however, has taken steps to advance solutions that increase housing production and provide

more resources for rental assistance. Recent efforts to increase the production of affordable housing and diversify and modernize the state's public housing portfolio have helped increase the supply of affordable housing, but not nearly enough. Recent budgetary campaigns to increase funding for the Massachusetts Rental Voucher Program (MRVP) and Residential Assistance for Families in Transition (RAFT) have also been helpful. Yet housing affordability remains woefully out of reach, given the magnitude of need. Far too many of the Commonwealth's residents remain rent burdened, and many are also childcare burdened. The solutions modeled in this report are complementary to ongoing efforts that increase production of affordable housing and expand access to MRVP and RAFT by seeking to further close the gaps in family budgets.

## Lessons to Inform Future Policy Decisions

These findings demonstrate key lessons that should inform future policy decisions:

### 1. Reducing childcare burden helps alleviate financial stressors for families and frees up money for rent.

Through simulation modeling, Children's HealthWatch researchers kept childcare co-payments at no more than 7 percent of the example family's income, lifting a heavy burden that ranged from 13.5 percent for a family of three at 130 percent FPL to 16.3 percent for a family of four at 200 percent of FPL. With childcare burden alleviated, families would be able to use the funds - once dedicated to the excess childcare co-payments - to pay for other necessities,



such as rent. Thus, reducing childcare co-payments would have a positive impact on families' financial stability, and consequently housing stability.

## **2. The state Earned Income Tax Credit (EITC) provides a financial boost to families and helps them afford basic needs, including rent, when wages are low.**

Despite a reduction in childcare payments, families in multiple models still need additional financial resources to close the gap between their income and rent costs. In order to alleviate the effect of rent burden for working families with low incomes, we simulated the benefit of increasing the state EITC to 50 percent of the federal credit, a 20 percentage point increase above the current credit. Results show that the policy, in combination with childcare policy changes, has the potential to close the remaining gap between income and affordable rent in the majority of the 14 counties in Massachusetts across all simulated family types and income groups.

## **3. Emergency solutions that prevent evictions are necessary to buffer families when they fall on hard times.**

Although we did not simulate eviction prevention in the model, other researchers have published data on eviction from which we drew. For example, in Boston, tenants were on average three months behind on rent when their eviction cases were brought to court, owing an average of \$1,440 in 2014.<sup>24</sup> In the same year among tenants in public housing, one case of eviction cost the Boston Housing Authority (BHA) \$10,000 in BHA staff time, court filing fees, constable

services, forced move-out and storage, lost rent due to unit vacancy, preparing the unit for re-occupancy, and new tenant selection.<sup>25</sup> This cost represents almost 7 times more than the average rent owed. Some families may experience homelessness as a result of eviction, which also has significant downstream costs for the state. In FY2016, the state paid over \$3,500 per month to house a family in an Emergency Assistance shelter (with the average length of stay being 10-11 months).<sup>26</sup> Therefore, expanding RAFT to provide financial assistance to families with rental arrearages would be a highly cost-effective policy because it would not only prevent evictions and family disruptions, but also avoid future economic and social costs.

## **Conclusion**

The combined strategy of capping childcare cost at no more than 7 percent of a family's income and increasing the state EITC to 50 percent would enhance the likelihood of families having enough money to afford rent by closing the gap between earnings and expenses. For families experiencing emergencies that result in rental arrearages, eviction-prevention resources are appropriate. By expanding these benefits and making them more widely available, we would improve family and community health across the Commonwealth.



I FEEL THAT I COULD BE ONE TO BENEFIT THE MOST IF AT ALL TIMES I AM ONLY PAYING 30% OF MY INCOME TO RENT. THEN I CAN PROGRESSIVELY MAKE LIFE BETTER FOR MYSELF AND MY CHILD.

— ONE FAMILY SCHOLARS' LISTENING SESSION

# POLICY RECOMMENDATIONS

All families should have enough resources to live in an affordable and stable home within a healthy and safe environment. They should also be able to reinvest their resources in the communities where they live in order to create thriving communities and a healthy state. Regrettably, families who are both childcare and rent burdened are often unable to fulfill basic needs, placing them, their communities, and the state at risk of adverse short- and long-term health outcomes. To set all Massachusetts families on Pathways to Stable Homes, the state has the opportunity to enact policies, including those listed below, that lift families out of poverty and ensure they live in stable homes.

- **Eliminate the childcare subsidy waitlist and implement universal access to high quality childcare** to ensure all families who need a childcare subsidy have it and do not have to wait to receive a subsidy.
- **Limit co-payment fees for childcare subsidies to no more than 7 percent of families' income for families with incomes above 100 percent of FPL** to reflect the Department of Health and Human Services recommendation of what an affordable childcare subsidy co-payment is. For families with incomes below 100 percent FPL, eliminate co-payment fees for childcare subsidies.
- **Increase the Massachusetts Earned Income Tax Credit (EITC) match to 50 percent of the federal credit** to further help families afford a stable home and other necessities.
- **Expand access to the Residential Assistance for Families in Transition (RAFT) Program to include a state-funded rental arrearage program for families before they enter the eviction process** to protect them from unforeseen circumstances, which may threaten their ability to maintain stable homes and potentially cause homelessness.



## REDUCING CLIFF EFFECTS THROUGH UNIVERSAL ACCESS TO CHILDCARE

Working families with low incomes often face difficult decisions when determining how to balance low wages and basic family expenses. For example, they may be forced to choose between increasing their work hours to reduce the gap between earnings and expenditures and paying more in childcare fees as a result, or decreasing hours of work to care for their children and lowering their childcare costs. Neither of these choices alone is guaranteed to have an overall positive impact. Families who participate in public programs, in particular, must also strategize ways to avoid being susceptible to the “cliff effect”,<sup>4</sup> and at risk of falling even further behind when they increase their work hours. The cliff effect occurs when an individual’s or family’s income surpasses the income eligibility criteria for some type of benefit, but the value of the benefit lost is greater than the family’s income gains. This results in a net loss in family budgets when they are cut off a given program or have their benefits reduced. This penalty may lead some working people to avoid accepting a small pay

raise or working more hours because the increase in their income would result in a disproportionate loss of benefits, therefore making it more difficult to provide basic necessities for their children.

Previous research in Massachusetts, identified childcare as a key component in reducing cliff effects for families. The research concluded that universal access to affordable childcare would ensure parents are able to work enough hours and better afford basic needs.<sup>13</sup> Across the state, however, there is a lack of affordable childcare and subsidies that help families with low incomes pay for childcare. As a result, long wait lists and other administrative challenges prevent families from accessing the childcare they need, and are eligible for, in a timely manner.

Providing all eligible families with childcare assistance may reduce the risk of cliff effects by providing families the opportunity to work and earn more without fear of losing safe, high-quality care for their children.

## LISTENING TOUR PARTICIPANTS

To develop a comprehensive strategy that sets families on a pathway to stable homes, Children’s HealthWatch examined the results from a listening tour. Several stakeholders, including direct service providers, researchers, housing and homelessness prevention advocates, individuals who have experienced housing instability and homelessness, and policy experts, participated in key informant interviews and focus group sessions.

*Action for Boston Community Development*  
*Center on Budget and Policy Priorities*  
*Citizens’ Housing and Planning Association*  
*Greater Boston Legal Services*  
*Homes for Families*  
*Massachusetts Budget and Policy Center (MassBudget)*  
*Metro Housing Boston*  
*One Family, Inc.*  
*One Family Scholars*  
*Preservation of Affordable Housing*  
*Stantec*  
*The Turner Center for Housing Innovation at UC Berkley*

# APPENDIX C

**TABLE C-1 SIMULATION MODEL OF A PATHWAY TO STABLE HOMES FOR A FAMILY OF FOUR AT ~ 200 PERCENT OF THE FEDERAL POVERTY LEVEL (\$48,906 ANNUAL INCOME) FOR ALL MASSACHUSETTS COUNTIES**

	A	B	C	D	E	F	G	H
Counties in Massachusetts	Average Annual Rent	Percent of income used on rent	Rent Burden: Gap between 30% of income and rent	Childcare Burden: Gap between 7% of income and childcare co-pay	Amount that families are childcare burdened and rent burdened	Amount of EITC Federal + State (state match 50%)	Remaining gap between childcare co-pay at 7%, rent at 30%, and income after EITC is received	Estimated healthcare costs for child and caregiver by county (in 2018 \$)
Barnstable	\$14,041	28.7%	\$0	\$4,572	\$3,941	\$812	\$0	\$32,869
Berkshire	\$10,289	21.0%	\$0	\$4,572	\$189	\$812	\$0	\$41,542
Bristol	\$10,929	22.3%	\$0	\$4,572	\$829	\$812	\$0	\$159,339
Dukes	\$18,106	37.0%	\$3,434	\$4,572	\$8,006	\$812	\$2,623	\$34,484
Essex	\$13,875	28.4%	\$0	\$4,572	\$3,774	\$812	\$0	\$143,391
Franklin	\$11,113	22.7%	\$0	\$4,572	\$1,013	\$812	\$0	\$22,132
Hampden	\$11,705	23.9%	\$0	\$4,572	\$1,605	\$812	\$0	\$106,998
Hampshire	\$13,557	27.7%	\$0	\$4,572	\$3,457	\$812	\$0	\$13,630
Middlesex	\$15,687	32.1%	\$1,015	\$4,572	\$5,587	\$812	\$204	\$1,102,896
Nantucket	\$16,224	33.2%	\$1,552	\$4,572	\$6,124	\$812	\$741	\$2,008
Norfolk	\$15,442	31.6%	\$770	\$4,572	\$5,342	\$812	\$0	\$405,588
Plymouth	\$14,870	30.4%	\$198	\$4,572	\$4,770	\$812	\$0	\$328,232
Suffolk	\$15,846	32.4%	\$1,174	\$4,572	\$5,746	\$812	\$363	\$422,552
Worcester	\$12,418	25.4%	\$0	\$4,572	\$2,318	\$812	\$0	\$176,119

Childcare co-payment: \$7,995 annually; Percent of income dedicated to childcare co-payment: 16.3%.



**TABLE C-2 SIMULATION MODEL OF A PATHWAY TO STABLE HOMES FOR A FAMILY OF FOUR AT ~ 130 PERCENT OF THE FEDERAL POVERTY LEVEL (\$30,750 ANNUAL INCOME) FOR ALL MASSACHUSETTS COUNTIES**

	A	B	C	D	E	F	G	H
Counties in Massachusetts	Average Annual Rent	Percent of income used on rent	Rent Burden: Gap between 30% of income and rent	Childcare Burden: Gap between 7% of income and childcare co-pay	Amount that families are childcare burdened and rent burdened	Amount of EITC Federal + State (state match 50%)	Remaining gap between childcare co-pay at 7%, rent at 30%, and income after EITC is received	Estimated healthcare costs for child and caregiver by county (in 2018 \$)
Barnstable	\$12,538	40.8%	\$3,313	\$1,358	\$4,670	\$6,545	\$0	\$169,542
Berkshire	\$9,576	31.1%	\$351	\$1,358	\$1,709	\$6,545	\$0	\$68,017
Bristol	\$10,130	32.9%	\$905	\$1,358	\$2,262	\$6,545	\$0	\$363,207
Dukes	\$12,261	39.9%	\$3,036	\$1,358	\$4,393	\$6,545	\$0	\$7,393
Essex	\$12,654	41.2%	\$3,429	\$1,358	\$4,787	\$6,545	\$0	\$699,461
Franklin	\$10,394	33.8%	\$1,169	\$1,358	\$2,526	\$6,545	\$0	\$81,087
Hampden	\$10,614	34.5%	\$1,389	\$1,358	\$2,746	\$6,545	\$0	\$590,598
Hampshire	\$12,805	41.6%	\$3,580	\$1,358	\$4,938	\$6,545	\$0	\$157,713
Middlesex	\$13,848	45.0%	\$4,623	\$1,358	\$5,981	\$6,545	\$0	\$1,364,600
Nantucket	\$13,300	43.3%	\$4,075	\$1,358	\$5,433	\$6,545	\$0	\$8,075
Norfolk	\$13,436	43.7%	\$4,211	\$1,358	\$5,569	\$6,545	\$0	\$498,803
Plymouth	\$13,106	42.6%	\$3,881	\$1,358	\$5,239	\$6,545	\$0	\$465,518
Suffolk	\$13,149	42.8%	\$3,924	\$1,358	\$5,281	\$6,545	\$0	\$739,194
Worcester	\$11,001	35.8%	\$1,776	\$1,358	\$3,134	\$6,545	\$0	\$437,253

Childcare co-payment: \$3,510 annually; Percent of income dedicated to childcare co-payment: 11.4%.

## APPENDIX C (continued)

**TABLE C-3 SIMULATION MODEL OF A PATHWAY TO STABLE HOMES FOR A FAMILY OF THREE AT ≈ 200 PERCENT OF THE FEDERAL POVERTY LEVEL (\$38,124 ANNUAL INCOME) FOR ALL MASSACHUSETTS COUNTIES**

	A	B	C	D	E	F	G	H
Counties in Massachusetts	Average Annual Rent	Percent of income used on rent	Rent Burden: Gap between 30% of income and rent	Childcare Burden: Gap between 7% of income and childcare co-pay	Amount that families are childcare burdened and rent burdened	Amount of EITC Federal + State (state match 50%)	Remaining gap between childcare co-pay at 7%, rent at 30%, and income after EITC is received	Estimated healthcare costs for child and caregiver by county (in 2018 \$)
Barnstable	\$14,041	36.8%	\$2,604	\$4,741	\$7,345	\$2,426	\$179	\$82,819
Berkshire	\$10,289	21.0%	\$0	\$4,741	\$3,593	\$2,426	\$0	\$14,460
Bristol	\$10,929	28.7%	\$0	\$4,741	\$4,233	\$2,426	\$0	106,265
Dukes	\$18,106	47.5%	\$6,669	\$4,741	\$11,410	\$2,426	\$4,243	\$7,969
Essex	\$13,875	36.4%	\$2,437	\$4,741	\$7,179	\$2,426	\$12	\$363,516
Franklin	\$11,113	29.2%	\$0	\$4,741	\$4,417	\$2,426	\$0	\$9,793
Hampden	\$11,705	30.7%	\$268	\$4,741	\$5,010	\$2,426	\$0	\$386,174
Hampshire	\$13,557	35.6%	\$2,120	\$4,741	\$6,861	\$2,426	\$0	\$57,132
Middlesex	\$15,687	41.1%	\$4,250	\$4,741	\$8,991	\$2,426	\$1,824	\$441,817
Nantucket	\$16,224	42.6%	\$4,787	\$4,741	\$9,528	\$2,426	\$2,361	-*
Norfolk	\$15,442	40.5%	\$4,005	\$4,741	\$8,746	\$2,426	\$1,579	\$147,473
Plymouth	\$14,870	39.0%	\$3,433	\$4,741	\$8,174	\$2,426	\$1,007	\$199,962
Suffolk	\$15,846	41.6%	\$4,409	\$4,741	\$9,150	\$2,426	\$1,983	\$554,632
Worcester	\$12,418	32.6%	\$981	\$4,471	\$5,722	\$2,426	\$0	\$366,115

Childcare co-payment: \$7,410 annually; Percent of income dedicated to childcare co-payment: 19.4%.

\* Insufficient data to produce estimates.

**TABLE C-4 SIMULATION MODEL OF A PATHWAY TO STABLE HOMES FOR A FAMILY OF THREE AT ≈ 130 PERCENT OF THE FEDERAL POVERTY LEVEL (\$26,076 ANNUAL INCOME) FOR ALL MASSACHUSETTS COUNTIES**

	A	B	C	D	E	F	G	H
Counties in Massachusetts	Average Annual Rent	Percent of income used on rent	Rent Burden: Gap between 30% of income and rent	Childcare Burden: Gap between 7% of income and childcare co-pay	Amount that families are childcare burdened and rent burdened	Amount of EITC Federal + State (state match 50%)	Remaining gap between childcare co-pay at 7%, rent at 30%, and income after EITC is received	Estimated healthcare costs for child and caregiver by county (in 2018 \$)
Barnstable	\$12,538	48.1%	\$4,715	\$1,685	\$6,400	\$6,231	\$0	\$151,210
Berkshire	\$9,576	36.7%	\$1,753	\$1,685	\$3,438	\$6,231	\$0	\$81,776
Bristol	\$10,130	38.8%	\$2,307	\$1,685	\$3,992	\$6,231	\$0	\$580,553
Dukes	\$12,261	47.0%	\$4,438	\$1,685	\$6,123	\$6,231	\$0	- *
Essex	\$12,654	48.5%	\$4,831	\$1,685	\$6,516	\$6,231	\$0	\$688,418
Franklin	\$10,394	39.9%	\$2,571	\$1,685	\$4,256	\$6,231	\$0	\$28,178
Hampden	\$10,614	40.7%	\$2,791	\$1,685	\$4,476	\$6,231	\$0	\$683,133
Hampshire	\$12,805	49.1%	\$4,982	\$1,685	\$6,667	\$6,231	\$0	\$179,039
Middlesex	\$13,848	53.1%	\$6,026	\$1,685	\$7,710	\$6,231	\$0	\$722,063
Nantucket	\$13,300	51.0%	\$5,477	\$1,685	\$7,162	\$6,231	\$0	\$15,095
Norfolk	\$13,436	51.5%	\$5,613	\$1,685	\$7,298	\$6,231	\$0	\$389,435
Plymouth	\$13,106	50.3%	\$5,284	\$1,685	\$6,968	\$6,231	\$0	\$375,535
Suffolk	\$13,149	50.4%	\$5,326	\$1,685	\$7,011	\$6,231	\$0	\$738,783
Worcester	\$11,001	42.2%	\$3,179	\$1,685	\$4,863	\$6,231	\$0	\$529,991

Childcare co-payment: \$3,510 annually; Percent of income dedicated to childcare co-payment: 11.4%.

\* Insufficient data to produce estimates.



**AUTHORS** Ana Poblacion, PhD, MSc, Research Scientist; Allison Bovell-Ammon, MDiv, Deputy Director of Policy Strategy; Stephanie Ettinger de Cuba, MPH, Executive Director; Megan Sandel, MD, MPH, Co-Lead Principal Investigator; Keith Chappelle, BA, Policy Analyst; Matthew Hidalgo, BS, Policy Intern; John Cook, PhD, MAEd, Research Scientist and Principal Investigator.

**ACKNOWLEDGMENTS** The authors would like to thank the following people who contributed to this report: Nayab Ahmad, Cerlyn Cantave, Charlotte Bruce, Diana Cutts and Richard Sheward at Children's HealthWatch, and all participants of the listening tour.

#### FOR FURTHER INFORMATION

please contact Allison Bovell-Ammon at [Allison.bovell-ammon@bmc.org](mailto:Allison.bovell-ammon@bmc.org) or at 617-414-3580.

## References

1. Sandel M, Sheward R, Ettinger de Cuba S, et al. Unstable Housing and Caregiver and Child Health in Renter Families. *Pediatrics*. 2018;141(2).
2. Auran A, Emmanuel D, Errico E, Pinsky D, Yental D. The Gap: A shortage of affordable homes. Washington, D.C.: National Low Income Housing Coalition; 2019.
3. Affordable Housing. U.S. Department of Housing and Urban Development. [https://www.hud.gov/program\\_offices/comm\\_planning/affordablehousing/](https://www.hud.gov/program_offices/comm_planning/affordablehousing/).
4. Bingulac M, Carey C, Crandall S. The road to the cliff edge: understanding financial gaps in public assistance programs available to Massachusetts families. Boston, MA: The Center for Social Policy; 2017.
5. National Low Income Housing Coalition. Massachusetts Housing Profile. [https://nlihc.org/sites/default/files/SHP\\_MA.pdf](https://nlihc.org/sites/default/files/SHP_MA.pdf). Published 2019.
6. Joint Center for Housing Studies. Rent cost burdens by race and ethnicity. Cambridge, MA: Harvard University; 2016.
7. Joint Center for Housing Studies. The state of the nation's housing: 2018. Cambridge, MA: Harvard University; 2018.
8. Black MM, Walker SP, Fernald LCH, et al. Early childhood development coming of age: science through the life course. *Lancet*. 2017;389(10064):77-90.
9. Center on Budget and Policy Priorities. Three out of four low-income at-risk renters do not receive federal rental assistance. <https://www.cbpp.org/three-out-of-four-low-income-at-risk-renters-do-not-receive-federal-rental-assistance>. Published 2017.
10. Housing Development Tool Kit. Washington, D.C.: The White House; September 2016.
11. Rocheleau M. There's only one place in the US that pays more for child care than Mass. *The Boston Globe*. April 16, 2017.
12. 2017 State Child Care Facts in the State of: Massachusetts. ChildCare Aware of America. [http://usa.childcareaware.org/wp-content/uploads/2017/07/MA\\_Facts.pdf](http://usa.childcareaware.org/wp-content/uploads/2017/07/MA_Facts.pdf). Published 2017.
13. Albelda R, Carr M. Combining earnings with public supports: Cliff effects in Massachusetts. Boston, MA: Federal Reserve Bank; 2017.
14. Childcare and Development Fund (CCDF) Program. *Federal Register*. 2015;80(247).
15. Sheward R, Bovell A, Ettinger de Cuba S, Pasquariello J, Sandel M, Cook J. The Earned Income Tax Credit in Massachusetts: Alleviating poverty today, increasing opportunity tomorrow. Boston, MA: Children's HealthWatch; April 2016.
16. Tach L, Halpern-Meekin S, Edin K, Amorim M. "As Good as Money in the Bank": Building a Personal Safety Net with the Earned Income Tax Credit. *Social Problems*. 2018.
17. Cook JT, Poblacion AP. Estimating the health-related costs of food insecurity and hunger. In: 2016 Hunger Report. *Bread for the World Institute*; 2015:247.
18. Massachusetts. National Low Income Housing Coalition. [https://reports.nlihc.org/sites/default/files/orr/files/reports/state/OOR\\_2018\\_MA.pdf](https://reports.nlihc.org/sites/default/files/orr/files/reports/state/OOR_2018_MA.pdf). Published 2018.
19. Massachusetts. National Low Income Housing Coalition. <https://reports.nlihc.org/gap/2017/ma>. Published 2017.
20. Affordable Housing Guidebook for Massachusetts. Citizens' Housing and Planning Association. [https://www.chapa.org/sites/default/files/AffHsngGuidebookDec2008\\_3.pdf](https://www.chapa.org/sites/default/files/AffHsngGuidebookDec2008_3.pdf). Published 2008.
21. Cutts D, Wellington C, Ettinger de Cuba S, Bovell-Ammon A, Coleman S, Sandel M. Household history of eviction associated with increased hardships and adverse caregiver and child health outcomes. Paper presented at: Pediatric Academic Societies, April 28, 2019; Baltimore, MD.
22. Desmond M, Kimbro RT. Eviction's fallout: Housing, hardship, and health. *Social Forces*. 2015;9(1):295-324.
23. Hiser J, Morris E, Payne H, Plovnick A, Shahid A. Just Cause Eviction: Rapid Health Impact Assessment. Massachusetts Area Planning Council; 2016.
24. Boston Housing Court Eviction Report. Project Hope. 2016.
25. Wood-Boyle L, Mulligan K. An ounce of cure: Preventing homelessness by intervening in forced evictions from subsidized housing. Boston: HomeStart. 2015.
26. Emergency Assistance Program : Fiscal Year 2016, Fourth Quarterly Report; 2016.

Suggested Citation: Poblacion A, Bovell-Ammon A, Ettinger de Cuba S, Sandel M, Chappelle K, Hidalgo M, Cook J. Pathways to Stable Homes: Promoting Caregiver and Child Health Through Housing Stability. Children's HealthWatch, 2019. <http://childrenshealthwatch.org/pathways-to-stable-homes>.



1 Boston Medical Center Place  
Boston, MA 02118  
[childrenshealthwatch.org](http://childrenshealthwatch.org)  
617.414.6366

#### SPECIAL THANKS

*This research was made possible thanks to generous support from The Boston Foundation, The Paul & Phyllis Fireman Charitable Foundation, United Way of Massachusetts Bay & Merrimack Valley, and One Family, Inc.*

