

COMMUNITY DEVELOPMENT BLOCK GRANTS - CORONAVIRUS (CDBG-CV)



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Federal, state, and local governments must take every opportunity to address the urgent needs of people experiencing homelessness and to ensure housing stability among the lowest-income and most marginalized renters. The "[Coronavirus Aid, Relief, and Economic Security Act](#)" (CARES Act) provided \$5 billion for the Department of Housing and Urban Development's (HUD's) Community Development Block Grant (CDBG) program to cities and states that may be used to provide emergency housing and homelessness assistance.

The National Low Income Housing Coalition prepared this guidance to help advocates and elected officials maximize CDBG dollars to reduce housing instability and prevent homelessness during and after the coronavirus pandemic.

Racial Equity

People of color are disproportionately represented among people experiencing homelessness and low-income, cost-burdened households, and data is emerging that coronavirus is infecting and killing people of color at a disproportionately high rate.

Elected officials and advocates should take every step to [center racial equity](#) when making decisions about CDBG-CV dollars. The flexibility of these funds should be used to address the urgent housing needs of marginalized populations, including people of color, people with disabilities, people with criminal records, undocumented immigrants, and other individuals who face barriers to affordable, accessible housing and who may not be eligible for other forms of federal assistance. Many federal resources provided under the CARES Act, including unemployment insurance and direct stimulus checks, are unavailable to undocumented immigrants. The flexibility of CDBG can be used to address the urgent housing needs of these and other marginalized populations.

The National Low Income Housing Coalition, National Alliance to End Homelessness, and Center on Budget and Policy Priorities developed a [framework](#) to help homelessness systems use the CARES Act and additional funding sources strategically across a range of public health and economic recovery strategies. All components of the framework include a racial justice and equity lens to ensure that systems' responses to COVID-19 fill the gaps in services that contribute to disparities.

CDBG-Coronavirus (CDBG-CV) Allocations

Of the \$5 billion for CDBG-CV provided in the CARES Act, \$2 billion were allocated to states and units of local governments using the regular CDBG program formula. States must distribute these funds to local governments with less than 50,000 in population. HUD's Office of Community Planning and Development (CPD) announced the [allocation](#) of this first \$2 billion to larger cities and urban counties ("Entitlement Jurisdictions") and to states, the District of Columbia, and the territories on April 1.

The CARES Act requires an additional \$1 billion to be allocated directly to states and territories "to prevent, prepare for, and respond to coronavirus within the state or insular area, including activities within entitlement and non-entitlement communities." CPD allocated the [second round of funding](#) on May 11. The second round of CDBG-CV funding was based on a new formula developed by HUD that incorporated variables such as public health needs, rate of coronavirus cases, risk of transmission, and economic disruption. HUD's methodology for round 2 allocations of CDBG-CV CARES Act funds is [here](#).

The remaining \$2 billion will be distributed directly to a state or unit of local government, at HUD's discretion, according to the new formula developed by HUD. These allocations can be made on a rolling basis. The CARES Act did not establish a deadline to allocate funds, but HUD must disburse all funds by September 30, 2020.

Eligible Uses of CDBG-CV Funds

Advocates and local governments should partner with community public health officials and local service organizations to identify the housing needs of the community and address the short- and medium-term needs of people experiencing housing instability or homelessness. Eligible uses of CDBG-CV dollars include, but are not limited to: short-term emergency financial assistance for rent, mortgage, and utilities (see below); legal support, such as right to counsel for tenants facing eviction; and acquisition of hotels and motels to expand the capacity of hospitals for COVID-19 patient treatment and isolation.

Rental Assistance

The CDBG Entitlement program regulations allow jurisdictions to spend CDBG funds for rental, utility, and mortgage assistance for households for up to three months. The assistance must go to the service provider, for instance the property owner in the case of rental assistance, not to the assisted household (“Ineligible Activities” section of the Entitlement regulations at 24 CFR part 570.207(b)(4)).

The State and Small Cities CDBG program has separate regulations, which do not include such a provision. However, HUD sub-regulatory guidance in [Basically CDBG for States](#) reiterates that while states must follow the text of the “Housing and Community Development Act of 1974,” a state may use the CDBG Entitlement regulations as a “safe harbor.”

Legal Support

Although the CDBG statute and regulations do not explicitly list legal services as a public service, CDBG funds can be spent on legal services, such as legal representation of tenants facing eviction, walk-in legal counseling, landlord/tenant matters, and foreclosure mitigation and prevention (See Chapter 7: Public Services in [Basically CDBG for States](#) and [Basically CDBG for Entitlements](#)).

Acquisition of Hotels/Motels or Properties for Permanent Affordable Housing

CDBG-CV dollars can be used to purchase a hotel or motel to provide shelter for people experiencing homelessness. A hotel or motel would be considered a public facility because it would provide temporary housing for people experiencing homelessness (see [Chapter 6: Public Facilities in Basically CDBG for Entitlements](#)). A hotel, motel, or other property could also be acquired to convert the property to a homeless shelter in order to prevent unsheltered people from coronavirus infection.

Suspension of 15% Cap on Use of CDBG for Public Services

The CDBG statute states that a jurisdiction cannot obligate more than 15% of its annual CDBG allocation and program income for public services during a program year. Public services include those services provided for people experiencing homelessness or elderly people, and services related to employment, health, crime prevention, childcare, drug abuse, education, fair housing counseling, and energy conservation. The CARES Act, however, suspends the 15% cap, not only for a jurisdiction’s CDBG-CV allocation but also for its FY19 and FY20 allocations, provided the funds are used to prevent, prepare for, or respond to the coronavirus. HUD’s Office of Community Planning and Development’s (CPD) memorandum and guidance issued on April 9 outlines the CARES Act flexibilities for CDBG grantees.

Suspending the 15% cap means that grantees may spend up to 100% of their CDBG grant on critical services, such as emergency rental assistance. Advocates at the state and local levels should encourage their governments to use funds available from CDBG-CV and FY19 and FY19 CDBG allocations to provide three months of rental assistance.

Duplication of Benefits

The CARES Act requires CDBG-CV grantees to prevent the duplication of benefits. CPD is working to develop guidance regarding duplication of benefits. Grantees must have procedures for preventing

duplication of benefits, and jurisdictions need to be strategic with how they use CDBG and other federal funds, including Emergency Solutions Grants (ESG), Coronavirus Relief Funds (CRF), and FEMA Public Assistance funds, as well as other state and local funds. If a project is to receive multiple sources of funding, it is important to consider the best use of each. Jurisdictions should work to maximize all available resources and use CDBG funds strategically to fill gaps that other sources cannot cover.

CDBG-CV Consolidated Plans (ConPlans) and Annual Action Plans

Grantees may adopt and use expedited procedures to prepare, propose, modify, or amend Action Plans for amounts made available by the CARES Act and CDBG funds made available in FY19 and FY20 that they plan to use to address pandemic-related needs. Grantees are not required to hold in-person public hearings but must provide the public with at least five days' notice and reasonable opportunity to comment. They can have virtual public hearings, as long as the public is given reasonable notice and access. Grantees must still provide timely responses to questions and issues raised by the public, as well as access to all responses.

CDBG-DR for Addressing COVID-19

According to HUD's [CDBG-DR COVID-19 Fact Sheet](#), using CDBG-DR funds for disasters that are outside of the events or years listed in the respective appropriations act is prohibited. There are currently no CDBG-DR appropriations or allocations of CDBG-DR funds to address COVID-19. CDBG-DR grantees can, however, use income generated by CDBG-DR activities for coronavirus-related activities.

CDBG-CV in Future Coronavirus Relief Packages

The "[Health and Economic Recovery Omnibus Emergency Solutions Act \(HEROES Act\)](#)" would provide another \$5 billion for CDBG to cities and states. The majority of the funding would be allocated within 30 days based on the FY20 formula. Up to \$100 million could be used for new or increased awards for existing technical assistance providers. The bill would extend the 3-month limitation on using CDBG for emergency rental assistance to 12 months. Conditions and flexibilities included in the CARES Act would apply.

EXAMPLES OF RECOMMENDED USES OF CDBG-CV

Note: NLIHC released a research report, "[State and Local Rental Assistance Programs: Finding Solutions for a Growing Crisis](#)," analyzing nearly 200 rental assistance programs that were created or expanded in response to COVID-19. NLIHC staff are tracking in-depth information about the state and local rental assistance programs, including the funding source(s), in a regularly updated [database](#).

Type	Example	Description
Emergency Rental Assistance	Los Angeles County, California	The Los Angeles County Board of Supervisors created the COVID-19 Emergency Rental Assistance Program with CDBG-CV funding. Over \$3.7 million of CDBG-CV funds have been made available to residents. The county's initial allocation of CDBG-CV funds was \$13.6 million
	Miami Beach, Florida	The Miami Beach Mayor and Commission approved the creation of a rent relief fund for eligible residents impacted by COVID-19. A total of \$549,111 will be available through state and federal funds, including the CDBG-CV, HOME Investment Partnership Program, and State Housing Initiative Partnership (SHIP). The city will offer \$218,235 in CDBG and CDBG-CV for rent assistance.
	Cedar Rapids, Iowa	The Cedar Rapids City Council approved the allocation of \$623,757 in CDBG-CV funds to establish an eviction prevention program. "The Mayor and City Council recognized early on that housing assistance would be a critical need for many Cedar Rapids residents during this time," said Cedar Rapids City Manager Jeff Pomeranz.
	New Orleans, Louisiana	Louisiana Governor John Bel Edwards announced that the state has committed \$10.4 million in CDBG funds to New Orleans. The funds will benefit nine affordable rental housing projects that were halted as a result of the pandemic, as well as allow the city to expand its <i>emergency rental assistance program, tenant based rental assistance program, and shelter expansion and rehabilitation program</i> .
	Maine	Maine's state CDBG office approved the use of one-third of its CDBG-CV allocation for rental assistance. The Portland City Council approved the use of \$500,000 of \$1.13 million through the CDBG program for a rental assistance program.
	Boston, Massachusetts	Boston launched a \$3 million emergency rental assistance two months ago, and more than 8,000 people have applied for assistance. Mayor Martin Walsh announced the allocation of an additional \$5 million of CDBG-CV funding to the city's Rental Relief Fund.
	Baltimore, Maryland	Mayor Jack Young committed \$13 million of CDBG-CV funds for the establishment of a temporary rental assistance program.
	Ithaca, New York	The Ithaca Urban Renewal Agency will make a preliminary allocation of \$190,000 in CDBG-CV funding from the city's total available CDBG-CV allocation of \$320,000 to use for Emergency Rental Assistance. The fund is expected to assist approximately 50 families. Additional money could be allocated to the rent relief program in the future, with about \$130,000 in CDBG-CV funds still available.
	Toledo, Ohio	Toledo Mayor Wade Kapszukiewicz announced the establishment of the Toledo COVID-19 Emergency Renter Assistance Fund (ERAF) on May 28. The city is allocating \$1 million in CDBG-CV funding and an additional \$1 million from the COVID-19 Emergency Solutions Grant dollars to fund the rental assistance program. The ERAF will assist approximately 700 eligible households with up to three months of rent payments.
	Portland, Oregon	The Portland City Council unanimously approved the allocation of \$8.35 million for rental assistance to residents impacted by the pandemic. The emergency rental assistance was approved as part of the Mayor's budget, which reallocates \$4.5 million in existing federal funds to rent assistance and an additional \$3.85 million in CDBG-CV funds.

Philadelphia,
Pennsylvania

Philadelphia launched a \$10 million COVID-19 [Emergency Rental Assistance Program](#) on May 8. The program, expected to provide rental assistance to approximately 3,000 families, is funded through CDBG-CV.

Acquisition of Hotels/
Motels for Permanent
Affordable Housing

California

Governor Gavin Newsom has proposed directing [\\$750 million](#) in additional federal funding to purchase hotel and motels that the state procured through [Project Roomkey](#) as permanent affordable housing.
