



**CDBG and the CARES Act:
Need for Local Advocacy**

On March 27th the President signed into law the CARES Act (Coronavirus Aid, Relief, and Economic Security Act), enacting a \$2 trillion stimulus and relief package. The CARES Act included funding for housing in two specific ways -- \$4 billion in Emergency Solutions Grants targeted at homeless populations and \$5 billion in Community Development Block Grant (CDBG), which is a more flexible source of funds. The CDBG funds will be deployed in three tranches to both state governments and directly to some local governments. While they provide greater flexibility to address local needs, local advocacy will be needed to ensure that those resources aid those most vulnerable to the health and financial impacts of COVID-19.

Tranche (Timeline)	Amount (National)	Amount to NC	Uses
#1 - 30 days of enactment	\$2 billion	\$47.1 million Entitlement areas: \$18.6 million Non-entitlement: \$28.5 million <i>(see table on page 3 for amounts to each area)</i>	Normal CDBG uses ¹ ; 15% public services cap is waived Examples: rental payments, mortgage payments, housing construction, job training
#2 - 45 days of enactment	\$1 billion	TBD	Normal CDBG uses
#3 (rolling basis)	\$2 billion	TBD	TBD - intended to be for highest risk areas, hot spots

Ability to Address Immediate Housing Stability Needs

CDBG funds can be used for a wide array of activities. Of particular interest for housing advocates and policymakers, is the ability to provide rental and mortgage payment assistance. CDBG guidelines allow state/local governments to make rental or mortgage payments “on behalf of” individuals. This type of assistance is vital to ensuring low-income renters and homeowners can remain in their homes and stay safe during the pandemic.

- Rental/mortgage payment assistance provided for a maximum of three months;
- Payments are to be made “on behalf of” individuals for currently due and/or future payments. Back rent or late payments are likely not permitted. Payments should go directly to landlords or property management companies; and
- In designing a local payment assistance program, localities can define the criteria of who is eligible as long as it meets the CDBG requirements to target low and moderate income people.

¹ See NLIHC Fact Sheet: https://nlihc.org/sites/default/files/AG-2019/08-02_CDBG.pdf

Every local government that is a direct recipient will be making its own decisions about how to deploy this money.

Normal Uses of CDBG

The primary objective of the CDBG program is to “strengthen communities by providing funds to improve housing, living environments, and economic opportunities, principally for persons with low and moderate incomes.” The broad range of activities that CDBG can be used for include: housing and shelter rehabilitation and construction, down payment assistance, accessibility improvements to buildings, and job training. For more information, [please visit this fact sheet](#). For the state funds, the North Carolina General Assembly has historically provided direction on where and how the state’s CDBG funds are used. Advocacy will be needed at the state level to ensure they are used to maximum effect for those most in need of housing support.

A Note Concerning the Public Services Cap

The CDBG program usually limits the use of funds for “public services” to 15% of a jurisdiction’s total. Public services can include activities such as public transportation, job training, healthcare, and law enforcement. In order to allow speed and flexibility in uses, HUD is waiving this limitation for CDBG funds from the CARES Act, and also for regular FY 2019-2020 CDBG allocations. While the flexibility to identify uses will be helpful to ensure that funds address local issues, there is a possibility that funds could be used for non-housing related activities. CDBG allows funds to be used to supplement local governments’ budgets. Advocates will need to be engaged to ensure that housing remains a focus of how CDBG funds are used.

Important Notes:

- **15% Public Services Cap:** Usual cap has also been waived for regular FY 2019-2020 CDBG funds. Jurisdictions will need to submit plan amendments for approval. Contact the local/regional HUD office or NC Dept. of Commerce to make changes.
- **Allocation Formulas for Tranche #2 and #3:** Formulas are yet to be announced. Along with population and housing needs, formulas will also factor in public health data such as the confirmed number of COVID-19 cases in an area.
- **Special Considerations for Tranche #3:** Amount and uses are intended to address most critical needs and “highest risk” areas, or “hot spots.” HUD Secretary has discretion to include other criteria not yet announced. Currently no explicit timeline for HUD to deploy tranche #3 and can be allocated on a rolling basis.
- **Double-Dipping Not Allowed:** CDBG and Emergency Solutions Grant funds cannot be used for the same purposes for the same individual. Guidance on the use of ESG funds has not yet been released by HUD.

Tranche #1 - Distribution of Funds Across North Carolina

Entitlement Areas	CDBG CARES Act Amounts
Asheville	\$615,934
Burlington	\$277,455
Cary	\$408,652
Chapel Hill	\$245,693
Charlotte	\$3,514,923
Concord	\$400,339
Durham	\$1,202,601
Fayetteville	\$902,653
Gastonia	\$386,391
Goldsboro	\$206,554
Greensboro	\$1,329,635
Greenville	\$575,301
Hickory	\$194,604
High Point	\$552,706
Jacksonville	\$219,446
Kannapolis	\$230,437
Lenoir	\$86,056
Morganton	\$87,803
New Bern city	\$152,252
Raleigh	\$1,878,051
Rocky Mount	\$309,806
Salisbury	\$168,950
Wilmington	\$612,032
Winston-Salem	\$1,300,830
Cumberland County	\$509,194
Mecklenburg County	\$467,087
Union County	\$518,322
Wake County	\$1,258,790
<i>North Carolina Non Entitlement</i>	<i>\$28,517,231</i>
TOTAL	\$47,129,728