



Using CDBG for Rental Assistance During COVID-19 Crisis

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 includes funding for housing in two specific ways -- \$4 billion in Emergency Solutions Grants (ESG) targeted at homeless populations and \$5 billion in Community Development Block Grants (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.

The pandemic has hit people financially across all spectrums and will continue to do so. Across North Carolina, residents are struggling to make rent and mortgage payments. In April, 20% of apartment renters in the Raleigh area and 25% of apartment renters in Charlotte, were unable to pay their rent on time and in full¹.

HUD has provided several regulatory and statutory waivers making CDBG-Coronavirus (CDBG-CV) a mechanism that is able to provide immediate relief for renters who would be ineligible for rental assistance from other programs such as ESG. While legislators sort out what they can and should do to address COVID-19 impacts, CDBG-CV funds are available immediately and can help residents struggling to stay in their homes in the next month or so. For more information on the allocations that North Carolina expects to receive and its usage, please visit our [fact sheet](#).

Numerous questions and misperceptions exist on whether or not CDBG can be used to assist people with rental or mortgage payments. Below are justifications and supporting guidance.

Emergency Rental/Mortgage Assistance is an Eligible Public Service Activity

Statute/Regulation	Use for Rental, Mortgage, or Utility Payments
24 CFR 570.207(b)(4)	Income payments (payments to individuals to cover costs for housing, food, utilities) are typically not allowed, <i>however this “excludes emergency grant payments made for a period of up to three consecutive months to the provider of such items or services on behalf of an individual.”</i>

¹ National Multifamily Housing Council, [Rent Payment Tracker](#), April 2020



States May Also Use CDBG for Rental/Mortgage Assistance in Non-Entitlement Areas

Some states have questioned whether or not the allowance above is only applicable to entitlement areas (cities or counties directly receiving CDBG funds). Guidance from HUD via the [“Basically CDBG for States”](#) guidebook (2014) states that “the CDBG regulations for entitlements may be used as safe harbor” to states that administer CDBG funds in planning their activities. Regarding providing rental, mortgage, and utility assistance as a public service, the guidebook also allows that “states may use [the entitlement rules] as guidance.”

The direction from HUD clearly allows for rental and mortgage assistance. It is imperative that advocates and housing providers urge the Governor’s Office to provide direction to state agencies and local policymakers on how resources from the CARES Act, especially CDBG-CV, can be used to meet the most critical, urgent housing needs during this crisis. Ensuring people can remain housed helps North Carolina prevent, prepare for, and respond to the coronavirus.

For questions or more information, please contact NCHC’s Director of Housing Policy, Pamela Atwood at patwood@nchousing.org or 919-827-4491.