How Communities Can Use CDBG Funds to Address Covid-19

Featuring HUD Acting Assistant Secretary for Community Planning & Development John Gibbs

April 29, 2020
WELCOME

Priscilla Almodovar, Chief Executive Officer, Enterprise Community Partners
1. Opening remarks - Priscilla Almodovar, Chief Executive Officer, Enterprise Community Partners
2. Overview of CARES Act, CDBG, and community concerns – Patrick Jordan, Vice President, Enterprise Advisors
3. Remarks by HUD Acting Assistant Secretary for CPD John Gibbs
4. Q & A, Moderated by Marion McFadden, Enterprise Senior Vice President for Public Policy
5. Remaining Need for Federal support
6. Closing
HOUSEKEEPING NOTES

• All audience members are muted
• Please use the Chat Feature to submit questions
• This webinar is being recorded and will be emailed after the session
QUICK OVERVIEW OF THE CARES ACT & CDBG
IMPACT OF COVID-19

- Low-income and other people of color feeling the medical and financial impacts the worst
- Record high unemployment
- Overwhelming demand for federal, state and local government support
- States and localities scrambling to reallocate funds to new priorities
- Concern about declining tax revenues resulting in cuts to essential services like police, fire, EMT, education, and affordable housing
NON-HOUSING

**CARES Act:**
- Small Business Administration Loans
  - Paycheck Protection Program ($349 billion)
  - Economic Injury Disaster Loans ($10 billion)
- Economic Impact Payments
- Extension of Unemployment ($250 billion)
- Coronavirus Relief Fund ($150 billion)
- FEMA
  - Disaster Relief Fund ($45 billion)
  - Emergency Food and Shelter Program ($200 million)

**Paycheck Protection Program and Health Care Enhancement Act:**
- SBA Loans
  - Paycheck Protection Program ($310 billion)
  - Economic Injury Disaster Loans ($60 billion)
- HHS Public Health and Social Services Fund
  - Hospital Support ($75 billion)
  - Expand Covid-19 Testing Capacity ($25 billion)
MORATORIUM ON FEDERAL FORECLOSURE

CARES Act:

- The legislation institutes a moratorium on foreclosures for all federally-backed single family mortgages, including those covered by USDA, FHA, VA, Fannie Mae, and Freddie Mac, for 60 days beginning on March 18, 2020.

- Under the legislation, a borrower with a federally-backed mortgage experiencing financial hardship due to coronavirus may also request a forbearance for up to 180 days, which may be extended for another 180 days at the request of the borrower.
MORATORIUM ON FEDERAL EVICTION

CARES Act:

- The law allows multifamily housing owners with a federally-backed mortgage to request a forbearance for up to 30 days, which can be extended by another 60 days at the request of the borrower, on the condition that they agree not to evict tenants or charge tenants’ late fees.

- The law also institutes a moratorium on filings for evictions for renters in homes covered by a federally-backed mortgage for 120 days of enactment.

- The law provides a temporary moratorium on evictions for most residents of federally subsidized apartments, including those supported by HUD, USDA or Treasury (Low-Income Housing Tax Credit developments).
CARES Act: Overall, the bill provides more than $12 billion in funding for HUD programs, including:

- $5 billion for the Community Development Block Grant (CDBG)
- $4 billion for Emergency Solutions Grants (ESG) to Address Homelessness
- $1.25 billion for Tenant-Based Rental Assistance
- $1 billion for Project-Based Rental Assistance
- $685 million for the Public Housing Operating Fund
- $300 million for Native American Programs
- $65 million for Housing Opportunities for Person with Aids (HOPWA)
- $50 million for Section 202 Housing for the Elderly
- $15 million for Section 811 Housing for Persons with Disabilities
- $2.5 million for additional fair housing enforcement
ANNUAL CDBG FUNDS

- CDBG grants are awarded by formula to all states plus about 1200 localities each year
- Jurisdictions develop plans and seek public feedback over a 30-day period
- 70% of funds must primarily benefit people of modest means (up to 80% of AMI)
- Jurisdictions can choose to spend funds on:
  - Infrastructure projects such as water, sewer, & sidewalk upgrades
  - Economic development grants and loans
  - Housing rehabilitation
  - Emergency assistance paid to an individual’s landlord or utility for no more than 3 months
  - Subgrants to nonprofits for public services such as day care, elder services, & education
CDBG-CV ($5 BILLION)

CARES Act:
- $2 billion in direct funding to states and localities under the CDBG program’s current formula, already allocated according to FY20 formula
- $1 billion directly for states and insular areas, to be allocated by May 11th
  - States can use this money in non-entitlement and entitlement areas
- Almost $2 billion will be allocated on a rolling basis under a formula to be determined by Secretary Carson based on coronavirus-related factors including housing impact
- $10 million for technical assistance & $10 million for HUD’s expenses
- Unlike the annual CDBG program, these dollars will be available with no caps on the amount that can be sub-granted to non-profits that provide housing, education, childcare, elder services, etc.
- HUD has additional authority to waive both regulations and statutes
- For CDBG-CV and FY19 & 20 CDBG, the time for the public to review draft plans has been reduced to 5 days and virtual public hearings are allowed
John Gibbs

Acting Assistant Secretary for Community Planning and Development

U.S. Department of Housing and Urban Development (HUD)
LOOKING AHEAD TO FUTURE RECOVERY PACKAGES
APPROPRIATIONS PRIORITIES

- Funding for Rental Assistance
- **HOME** to cover additional expenses like operating costs
- Additional supplemental appropriation for the CDBG program
- No less than $40 million in supplemental funding for **Section 4 Capacity Building Program**
- Funding for **USDA’s Rural Housing Service**
  - $700 million for rental assistance
  - $300 million for short-term operating costs
  - $250 million for deep cleaning
  - $100 million for service coordinators
- $1 billion for the **CDFI Fund**
LIHTC PRIORITIES

**Immediate relief:**
- Enact a minimum 4% Housing Credit rate for units placed in service beginning 1/30/2020
- Allow developments to access 4 percent Housing Credits by lowering the “50 percent test”

**Economic recovery:**
- Increase the annual Housing Credit allocation by 50%, phased in over 2 years at 25%/year, and adjusted for inflation, beginning in 2021
- Provide additional basis boosts for developments impacted acutely by COVID-19 crisis, developments serving extremely low-income tenants, rural area properties, and properties in Native American communities

Stay tuned for advocacy updates from ACTION at [www.rentalhousingaction.org](http://www.rentalhousingaction.org)
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THANK YOU

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Learn more about our response to COVID-19 on our webpage