

April 15, 2020



Re: Why Community Development Block Grant (CDBG)  
Funds Should Support Rental Assistance Programs

To state and local leaders,

The organizations signed on below urge state and local officials to prioritize the use of CDBG funds to provide rental assistance to ensure that impacted families can remain stably housed during and after the COVID-19 crisis. This letter has been shared with state and local decision-makers responsible for the allocation and disbursement of CDBG funds.

On April 8th, 2020, the federal government began releasing Community Development Block Grant (CDBG) funds provided by the federal Coronavirus Aid, Relief, and Economic Security (CARES) act. CDBG funds are provided to both state governments and directly to some local governments to be used to improve housing, living environments, and economic opportunities, principally for persons with low and moderate incomes. **State and local officials should prioritize the use of CDBG funds to provide rental assistance to ensure that impacted families can remain stably housed during and after the COVID-19 crisis.**

Renters need immediate relief for rent payments amid the COVID-19 crisis. Renters have lower incomes and savings and have greater difficulty in paying for their housing costs, making them particularly vulnerable to economic shocks.<sup>1</sup> Low-income households are particularly challenged during this crisis, and should receive priority. According to the National Multifamily Housing Council, nearly one-third of renters were unable to pay their rent in April.<sup>2</sup> The National Low Income Housing Coalition estimates that the number of extremely- and very-low-income renters who pay more than 50% of their income on rent will increase by nearly 20% as a result of the COVID-19 economic crisis.<sup>3</sup>

Using CDBG funds to create new or supplement existing rental assistance programs will have multiple benefits:

- Rental assistance is a necessary complement to eviction moratoriums. Eviction moratoriums do not eliminate the obligation to pay rent. Unless relief is provided, renters who are impacted by the economic downturn and unable to pay back rents risk being evicted when the moratoriums expire.
- Rental assistance helps to ensure that rental housing owners can continue to operate their buildings safely. Many affordable rental units are in buildings that do not generate enough operating revenue to withstand a sudden loss of income. Deferred maintenance could put renters at risk and lead to a loss of much needed affordable housing.
- Rental assistance will benefit the local economy. Providing relief to renters will help them stretch their limited income so they can afford other essential household needs. Helping building owners to maintain their properties allows them to continue to employ their staff and purchase local goods and services.

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<sup>1</sup> <https://www.urban.org/urban-wire/covid-19-policy-responses-must-consider-pandemics-impact-young-renters-and-renters-color>

<sup>2</sup> <https://www.nmhc.org/research-insight/nmhc-rent-payment-tracker/>

<sup>3</sup> <https://nlihc.org/sites/default/files/Need-for-Rental-Assistance-During-the-COVID-19-and-Economic-Crisis.pdf>

- Rental assistance will protect renters in need who do not currently receive federal rental subsidies. Only 25% of renters who are in need of rental assistance currently receive it through federal housing programs. Tens of millions of renters living in naturally occurring affordable housing do not currently benefit from any rent subsidies.

More than 16 million Americans filed for unemployment over the past three weeks. At a time when Americans are being ordered to stay home, a person's immediate and devastating loss of income cannot be allowed to increase their risk of displacement. Rental assistance to families and individuals is needed now.

Use the following link for funding allocation information provided by NLIHC:

<https://nlihc.org/resource/hud-cpd-announces-initial-cares-act-cdbg-esg-and-hopwa-supplemental-formula-allocations>

For general inquiries, contact Annika Brindel of the National Housing Trust at [abrindel@nhtinc.org](mailto:abrindel@nhtinc.org). You may also contact any of the below organizations at the below-listed emails.

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