

May 4, 2020

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

Dear state leaders:

On April 27, 2020, the Michigan State Housing Development Authority announced a 5-day public comment period on a substantial amendment to the Michigan Consolidated Housing and Community Development Plan to include CARES Act funding in the amount of \$20,500,953 for the Michigan Economic Development Corporation's Community Development Block Grant (CDBG) program, to be used for Michigan's COVID-19 response.

The 31 organizations signed on below urge state officials to prioritize the use of CDBG funds to provide rental assistance to ensure that impacted families remain stably housed during and after the COVID-19 crisis. The requests in this letter have also been shared with local decision-makers responsible for the allocation and disbursement of CDBG funds.

On April 8, 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 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.** Providing up to three months of emergency rental assistance is an eligible use of state CDBG funds that is classified as "public services." By eliminating the cap on funds that may be spent on public services that "prevent, prepare for, and respond to the coronavirus," Congress cleared the way for meeting low-income renters' immediate housing needs.

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.¹ According to the National Multifamily Housing Council, nearly one-third of renters were unable to pay their rent in April.² 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.³ A new report from the Turner Center for Housing Innovation estimates that approximately 42% or 480,200 of Michigan renter households have at least one

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

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

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

worker likely impacted by the COVID-19 crisis, amounting to \$443 million in monthly rent charges.⁴

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.
- 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.

According to the U.S. Department of Labor, there have been over 1.26 million unemployment claims filed in Michigan alone since the week of March 14, which is 25% of the state's labor force. 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.

In addition, ensure that there is clear, accessible information made available about any program changes. Provide targeted outreach and engagement to ensure that those with disabilities and/or language and literacy barriers have equal access to rental assistance and other CDBG programs.

Use the following link for CARES CDBG 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, please contact Annika (Brink) Brindel of the National Housing Trust at abrindel@nhtinc.org.

On behalf of the following 31 individuals and organizations,

⁴ <https://ternercenter.berkeley.edu/blog/estimating-covid-19-impact-renters>

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