

May 14, 2020

Georgia Community Development Block Grant (CDBG) Funding Recommended Priorities for Housing Support to Residents and Owners

Dear State and Local Officials,

The undersigned organizations urge state and local officials to prioritize the use of Community Development Block Grant (CDBG) funds to provide critical housing assistance to ensure that impacted families remain stably housed during and after the COVID-19 crisis.

On April 8, 2020, the federal government began releasing 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 jurisdictions to be used to improve housing, living environments, and economic opportunities, principally for persons with low and moderate incomes. State officials and local jurisdictions should prioritize the use of CDBG funds to provide housing payment assistance, operating assistance, and gap financing to provide safe, healthy, sustainable and efficient affordable housing during and after the COVID-19 crisis. We recognize current efforts underway, including the City of Atlanta who has taken proactive steps to utilize its CDBG funding in response to the rental assistance needs of low- and moderate-income residents. They released a NOFA prioritizing and funding eviction diversion activities by allocating \$2.6M of its \$4.2M CDBG funds for these efforts.¹

Low- and moderate-income renters residing in subsidized and unsubsidized affordable housing properties need immediate relief for rent payments during the COVID-19 crisis. Renters typically have lower incomes and savings and have greater difficulty in paying for their housing costs, making them particularly vulnerable to economic shocks.² The National Low-Income Housing Coalition states that 73% of extremely low income (\leq 30% of AMI) renters are cost burdened, spending more than half of their income on housing costs.³ A new report from the Turner Center for Housing Innovation estimates that approximately 39% or 539,700 of Georgia renter households have at least one worker likely impacted by the COVID-19 crisis, and the potential inability to pay rent could amount to \$564,522,800 in total monthly rent charges at risk of not being collected.⁴

Renter and Homeowner Housing Payment Assistance:

Maximizing the use of CDBG funds to create new or supplemental housing payment assistance programs, including assistance for other eligible housing related expenses such as utilities for low- and moderate-income renters residing in subsidized and unsubsidized properties, and homeowners will have multiple benefits:

- Rental assistance is a necessary complement to eviction moratoriums. Whereas there is a federal eviction moratorium for federally subsidized affordable housing, there is not a complementary moratorium in Georgia and many low- and moderate-income renters will not be protected. Eviction moratoriums and court closures do not eliminate the future obligation to pay rent. Unless relief is provided, low- and moderate-income renters who are impacted by the pandemic and economic downturn and unable to pay back rents, risk being evicted when the moratoriums expire and courts re-open.

¹ <https://www.atlantaga.gov/home/showdocument?id=45931>

² <https://www.urban.org/urban-wire/covid-19-policy-responses-must-consider-pandemics-impact-young-renters-and-renters-color2>

³ <https://nlihc.org/housing-needs-by-state/georgia>

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

- Rental Assistance will protect low- and moderate-income renters in need who do not currently receive federal rental subsidies. Only 25% of renters who need 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.
- 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.
- Housing assistance will benefit the local economy. Providing relief to low- and moderate-income renters and homeowners will help them stretch their limited income so they can afford other essential household needs. Helping building owners maintain their properties allows them to continue to employ their staff and purchase local goods and services.
- Housing assistance will reduce possible community spread of COVID-19 by reducing anticipated evictions and assuring that particularly vulnerable households (those with limited income and people of color) remain sheltered instead of adding to the homeless population.
- Housing assistance to homeowners will mitigate foreclosures. Of Georgia homeowners, 20 percent were cost-burdened.⁵ Although homeowners are less likely to be cost burdened than renters, there has been a recent increase in foreclosures. Foreclosures have declined nationally since the recession, but Georgia saw a 24 percent year-over-year increase in foreclosures in 2019.⁶

The following jurisdictions from across the country are offered as examples of CDBG housing support and assistance programs (see footnote links):

- City of Atlanta⁷
- City and County of Denver⁸
- Los Angeles Homeless Services Authority⁹
- City of New Orleans¹⁰
- City of San Antonio¹¹
- City of Seattle, King County, and United Way of King County^{12 13}

Funding Support to Affordable Housing Property Owners for Operations and Rehab / New Construction Projects:

As a complement to emergency rental assistance, CDBG funds should be used to provide property owners with funding to defray unpaid operating costs due to reduced rental income. Many properties will experience a reduction in revenue, making them unable to service mortgages, fund operations and provide resident services, let alone pay for the increased costs of cleaning, sanitizing and securing properties when residents are quarantined and/or at extremely high risk.

⁵ https://gbpi.org/2020/georgias-covid-19-public-health-response-must-include-support-for-stable-quality-housing/#_edn4

⁶ https://gbpi.org/2020/georgias-covid-19-public-health-response-must-include-support-for-stable-quality-housing/#_edn5

⁷ <https://www.atlantaga.gov/home/showdocument?id=45931>

⁸ <https://www.denvergov.org/content/denvergov/en/housing-information/resident-resources/stay-in-your-home/rent-utility-help.html>

⁹ <https://www.lahsa.org/documents?id=1963-homeless-prevention-assistance-flyer.pdf>

¹⁰ [https://nola.gov/mayor/news/may-2020/city-receives-\\$10-4m-from-state-in-affordable-housing-grants-in-response-to-covid-19-outbreak/](https://nola.gov/mayor/news/may-2020/city-receives-$10-4m-from-state-in-affordable-housing-grants-in-response-to-covid-19-outbreak/)

¹¹ <https://www.sanantonio.gov/NHSD/Programs/FairHousing>

¹² <https://www.king5.com/article/news/health/coronavirus/king-county-united-way-home-base-program-rent-assistance/281-1fee7ea1-5937-4c36-ba11-3123db0bef91>

¹³ <https://www.uwkc.org/renthelp/>

This assistance could be provided in the form of a long-term, no-interest rate loan or credit line for the difference between the amounts collected from residents and baseline collections. In exchange for accessing this funding, owners should commit to, at minimum, the following: (1) immediately halting all eviction processes currently underway and refraining from initiating new ones, (2) providing evidence of rent forgiveness or rent accommodation plans for residents who demonstrate COVID-19-related income loss or hardship, and (3) best effort to refrain from raising rents unless allowed by other affordable housing programs due to Area Median Income (AMI) adjustments.

In addition, owners applying to receive operating support should, at a minimum, commit to meeting the local building code's health and safety requirements and provide documentation in order to receive funding for property rehabilitation and upgrades that should include meeting or exceeding HUD minimum energy and water efficiency standards.¹⁴ As residents and families are requested or required to work and attend school from home, it is more critical than ever to make sure homes are healthy, safe and efficient, considering that Atlanta has the third highest energy burden in the nation for low income households at over 10% of income.¹⁵ Poor housing conditions are also associated with a wide range of health conditions that can significantly affect respiratory health.¹⁶

Funding support to owners could be structured and used as follows:

- Owners receive support in the form of a long term, no interest rate loan or a credit line for the difference between the amounts collected from residents and baseline collections. The loan would be repayable over a suitable term such as 10 years after the end of the national emergency.¹⁷
- Owners agree to make their best effort to refrain from raising rents after completing property rehabilitation and upgrades that meet HUD minimum energy and water efficiency standards, unless allowed by other affordable housing programs due to Area Median Income (AMI) adjustments.¹⁸
- Owners coordinate with local government, utility, and service provider programs for any and all available funding incentives as matching funds.

In addition to protecting residents and preserving the operation of existing housing, CDBG funds could be used to provide gap financing for “shovel ready” new construction and rehabilitation affordable housing projects with current and forward funding commitments. The COVID crisis is already causing delays in the construction and preservation of affordable housing. These delays will increase costs, prevent homes from being completed and imperil affordable housing developers. States and jurisdictions should ensure that a portion of CDBG funding is available to housing developers to fill project financing gaps.¹⁹

State government also must increase access to capital to enhance housing construction and preservation. Making soft funds available to real estate developers will help ensure that investments in affordable housing infrastructure continue beyond the immediate crisis. State and local jurisdictions should use the existing Community Development Financial Institution (CDFI) infrastructure to quickly provide capital to intermediaries positioned to ensure affordable housing continues to be built and preserved.²⁰

¹⁴ https://www.hud.gov/program_offices/economic_development/eegb/standards

¹⁵ <https://www.aceee.org/sites/default/files/publications/researchreports/u1602.pdf>

¹⁶ <https://www.nrdc.org/experts/veena-singla/federal-relief-should-support-healthier-energy-efficiency>

¹⁷ <https://www.housingwire.com/articles/pulse-renters-need-help-now-heres-how-to-deliver-it/>

¹⁸ https://www.hud.gov/program_offices/economic_development/eegb/standards

¹⁹ <https://www.nationalhousingtrust.org/news-article/cares-act-a-good-start-but-more-needed-to-help-low-income-renters>

²⁰ <https://www.nationalhousingtrust.org/news-article/cares-act-a-good-start-but-more-needed-to-help-low-income-renters>

According to the Georgia Department of Labor, there have been nearly 1.6 million unemployment claims filed over the past seven weeks, which is 31.1% of the state’s labor force.²¹ At a time when Georgians are requested to stay home in order to protect public health and contain the spread of COVID-19, a person’s immediate and devastating loss of income cannot be allowed to increase their risk of displacement and homelessness. Housing payment assistance to families and individuals and funding support to owners and providers of affordable housing is needed now.

We, the undersigned organizations, strongly encourage state and local officials to consider the aforementioned priority recommendations favorably when determining how to allocate valuable CDBG funds.

Aegis, LLC	Housing Justice League
Atlanta BeltLine Partnership	Impact Forest, LLC
Atlanta Land Trust	Local Initiatives Support Corporation
Atlanta Neighborhood Development Partnership	Mercy Housing Southeast
Center for Civic Innovation	National Housing Trust
Center for Community Progress	Neighborhood Improvement Association
The Coalition for a Diverse Decatur	Partnership for Southern Equity
The Coalition for a Diverse DeKalb	Presbyterians for a Better Georgia
Community Movement Builders	Prestwick Companies
EarthShare Georgia	Purpose Built Communities
Enterprise Community Partners	Resources for Residents and Communities
Georgia Advancing Communities Together	Sandy Springs Together
Georgia Coalition for the Peoples’ Agenda	Southface Institute
Georgia STAND-UP	SUMMECH CDC
Georgia Watch	TransFormation Alliance
Grove Park Foundation	TriStar Real Estate Investment
The Guild	West Atlanta Watershed Alliance
Historic District Development Corporation	

Please contact [Kandice Allen Mitchell](#), State and Local Policy Director, Southeast, Enterprise Community Partners, with any follow-up questions or comments.

²¹ <https://www.ajc.com/news/breaking-news/georgia-reports-228-352-new-jobless-claims-amid-pandemic-fallout/T0mZ1s6Qy9xbnwHT4PjTL/>