



Overview of CARES Act Community Development Block Grant (CDBG)

May 20, 2020

CDBG Background

CDBG is a flexible community and economic development program administered by the Department of Housing and Urban Development (HUD). CDBG provides formula-based block grant funding to “entitlement communities” — generally, cities with populations of 50,000 or greater and urban counties with populations of 200,000 or greater. Formula-based grants make up approximately 70% of CDBG spending, with the remainder flowing to the states and territories, which allocate funds to non-entitlement communities. The primary goal of the CDBG program is “the development of viable urban communities, by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income.”

As a condition for receiving funds, the program’s authorizing statute requires states and local governments to certify that proposed CDBG activities meet one of the program’s three national objectives. Eligible activities must:

- principally benefit lower-income persons defined as families and individuals whose household incomes do not exceed 80% of area median income;
- aid in the prevention or elimination of slums or blight; or
- meet an urgent need by addressing conditions that pose a serious and immediate threat to the health and safety of residents.

The CDBG statute identifies eligible activities, which generally fall into six broad categories: planning and administrative activities; public works and public facilities; housing-related activities; public services; economic development; and acquisition, demolition, and disposition of real property.

CARES Act CDBG Provisions

The CARES Act provided a total of **\$5 billion** in supplemental CDBG funding for grants to prevent, prepare for, and respond to COVID-19 (CDBG-CV grants).

- **Allocation Round 1** → On April 2nd, [HUD allocated](#) the first \$2 billion based on the **same formula** used for the regular FY 2020 CDBG allocations.
- **Allocation Round 2** → On May 11, [HUD allocated](#) \$1 billion allocated [directly to states and insular areas](#) to address pandemic related needs.
- **Allocation Round 3** → \$2 billion is available for allocation on a rolling basis based on criteria to be determined by the Secretary, prioritizing risk of transmission, coronavirus cases compared to the national average, and economic and housing market disruptions.

The law and other actions have also included new flexibilities and waivers to allow CDBG to be used to respond to the pandemic. CARES Act permits HUD to waive, or specify alternative requirements for, any provision or any statute or regulation that the Secretary administers in connection with the CDBG-CV funds, FY2019 and FY2020 CDBG funds. In addition to new provisions detailed below, existing CDBG funds may be used to meet the urgent needs of grantees in regards to COVID-19. Some localities have announced efforts to support community services and small businesses with existing CDBG funds (e.g. [Seattle](#)). Communities might also consider reprogramming existing CDBG funds or designating supplemental funds as part of long-term social welfare and economic development recovery efforts.

How Might CDBG Funds be Used to Address the “Pair of ACEs”?

CDBG funds are generally very flexible. Below are some examples of how CDBG funds might be used to address community level adversities:

- Grants or revolving loan funds for small and medium enterprises that provide essential services to a community (e.g. grocery stores);
- Supporting community non-profits performing essential services (such as child care providers), including services to help NGOs access support under the SBA’s Paycheck Protection Program;
- Workforce development and training services for displaced workers or returning citizens;
- Retrofitting community facilities for medical or quarantine uses;
- Supporting food and other essential supply deliveries to elderly and other vulnerable populations;
- Supporting various interrupted or at-risk core governmental functions;
- Backfilling gaps in mental health or SUDs services;
- Supporting eviction prevention services.

Importantly, the CARES Act eliminates the 15% cap on “[Public Services](#)” for both the supplemental funds and FY19 and 20 regular appropriations. Public services can include services such as child care, health care services, employment, substance misuse services, support for homeless individuals, among others.

Income payments are generally prohibited using CDBG funds. These include direct payments to an individual or family. However, emergency payments for up to 3 consecutive months can be made to a provider *on behalf of* a family or individual. This means that CDBG funds could potentially be used for up to 3 months of rental or mortgage payments as long the funds are not given directly to the individual beneficiary.

Levers to Influence CDBG Expenditures in Community

CDBG funds, especially in larger jurisdictions, generally flow through an Office of Community Development or Housing and Community Development that may report to the Mayor, City Administrator, or some other executive. In some jurisdictions, City or County Councils may also have influence on how funds are allocated, as well as input on Action Plans, which lay out a framework for how CDBG funds might be used. Affordable housing advocates are potential partners and will be familiar with CDBG and how it has been used at the local level.



Additional Resources

[HUD website](#) CDBG COVID-19 Resources

[Methodology](#) for Round 2 Allocations of CDBG-CV CARES Act Funds

[Quick Guide](#) to CDBG Eligible Activities to Support Coronavirus and Other Infectious Disease Response

Examples of Eligible Activities to Support Coronavirus and Other Infectious Disease Response

<i>For more information, refer to applicable sections of the Housing and Community Development Act of 1974 (for State CDBG Grantees) and CDBG regulations (for Entitlement CDBG grantees).</i>	
Buildings and Improvements, Including Public Facilities	
Acquisition, construction, reconstruction, or installation of public works, facilities, and site or other improvements. <i>See section 105(a)(2) (42 U.S.C. 5305(a)(2)); 24 CFR 570.201(c).</i>	Construct a facility for testing, diagnosis, or treatment.
	Rehabilitate a community facility to establish an infectious disease treatment clinic.
	Acquire and rehabilitate, or construct, a group living facility that may be used to centralize patients undergoing treatment.
Rehabilitation of buildings and improvements (including interim assistance). <i>See section 105(a)(4) (42 U.S.C. 5305(a)(4)); 24 CFR 570.201(f); 570.202(b).</i>	Rehabilitate a commercial building or closed school building to establish an infectious disease treatment clinic, e.g., by replacing the HVAC system.
	Acquire, and quickly rehabilitate (if necessary) a motel or hotel building to expand capacity of hospitals to accommodate isolation of patients during recovery.
	Make interim improvements to private properties to enable an individual patient to remain quarantined on a temporary basis.
Assistance to Businesses, including Special Economic Development Assistance	
Provision of assistance to private, for-profit entities, when appropriate to carry out an economic development project. <i>See section 105(a)(17) (42 U.S.C. 5305(a)(17)); 24 CFR 570.203(b).</i>	Provide grants or loans to support new businesses or business expansion to create jobs and manufacture medical supplies necessary to respond to infectious disease.
	Avoid job loss caused by business closures related to social distancing by providing short-term working capital assistance to small businesses to enable retention of jobs held by low- and moderate-income persons.
Provision of assistance to microenterprises. <i>See section 105(a)(22) (42 U.S.C. 5305(a)(22)); 24 CFR 570.201(a).</i>	Provide technical assistance, grants, loans, and other financial assistance to establish, stabilize, and expand microenterprises that provide medical, food delivery, cleaning, and other services to support home health and quarantine.

Provision of New or Quantifiably Increased Public Services	
Following enactment of the CARES Act ¹ , the public services cap ² has no effect on CDBG-CV grants and no effect on FY 2019 and 2020 CDBG grant funds used for coronavirus efforts. <i>See section 105(a)(8) (42 U.S.C. 5305(a)(8)); 24 CFR 570.201(e).</i>	Carry out job training to expand the pool of health care workers and technicians that are available to treat disease within a community.
	Provide testing, diagnosis or other services at a fixed or mobile location.
	Increase the capacity and availability of targeted health services for infectious disease response within existing health facilities.
	Provide equipment, supplies, and materials necessary to carry-out a public service.
	Deliver meals on wheels to quarantined individuals or individuals that need to maintain social distancing due to medical vulnerabilities.
Planning, Capacity Building, and Technical Assistance	
States only: planning grants and planning only grants. <i>See section 105(a)(12).</i>	Grant funds to units of general local government may be used for planning activities in conjunction with an activity, they may also be used for planning only as an activity. These activities must meet or demonstrate that they would meet a national objective. These activities are subject to the State's 20 percent administration, planning and technical assistance cap.
States only: use a part of to support TA and capacity building. <i>See section 106(d)(5) (42 U.S.C. 5306(d)(5)).</i>	Grant funds to units of general local government to hire technical assistance providers to deliver CDBG training to new subrecipients and local government departments that are administering CDBG funds for the first time to assist with infectious disease response. This activity is subject to the State's 3 percent administration, planning and technical assistance cap.
Entitlement only: data gathering, studies, analysis, and preparation of plans and the identification of actions that will implement such plans. <i>See 24 CFR 570.205.</i>	Gather data and develop non-project specific emergency infectious disease response plans.

CARES Act Flexibilities for CDBG Funds Used to Support Coronavirus Response:

- “CARES Act permits HUD to waive, or specify alternative requirements for, any provision or any statute or regulation that the Secretary administers in connection with the CDBG-CV funds, FY2019 and FY2020 CDBG funds (except for requirements related to fair housing, nondiscrimination, labor standards, and the environment), upon a finding by the Secretary that any such waivers or alternative requirements are necessary to expedite or facilitate the use of such amounts to prevent, prepare for, and respond to coronavirus.”
- New provisions/flexibilities are applicable to both CARES Act funds and previously allocated FY19-FY20 CDBG grants
- Grantees are advised to amend or prepare their plans as soon as possible if wishing to utilize new flexibilities

Summary of CARES Act Provisions for Coronavirus Response with CDBG-CV and CDBG Grants: (program flexibilities and applicability to CDBG and CDBG-CV grants)

Summary of CARES Act Provisions for Coronavirus Response With CDBG-CV and CDBG Grants

<i>For more information, refer to applicable sections of the CARES Act, Housing and Community Development Act of 1974 (for State CDBG Grantees) and CDBG regulations (for Entitlement CDBG grantees).</i>			
<i>Description of Program Flexibility</i>	<i>Applicability to CDBG-CV and CDBG Grants</i>		
Public Service Activities			
Eliminates the 15 percent cap ¹ on the amount of grant funds that can be used for public services activities. <i>Following enactment, the cap in section 105(a)(8) of the HCD Act and 24 CFR 570.201(e) has no effect on CDBG-CV grants and no effect on FY 2019 and 2020 CDBG grant funds used for coronavirus efforts.</i>	CDBG-CV	Immediately Available ✓	
	CDBG FY 19 and FY 20 Grants	Immediately Available ✓	
	CDBG Grants before FY 19		Not Available ✗
Reimbursement of Costs			
Provides that grantees may use CDBG-CV grant funds to cover or reimburse costs to prevent, prepare for, and respond to coronavirus incurred by a State or locality, regardless of the date on which such costs were incurred, when those costs comply with CDBG requirements. <i>For other grants, pre-agreement and pre-award cost authority is available under 24 CFR 570.489(b) (states) and 570.200(h) (entitlements).</i>	CDBG-CV	Immediately Available ✓	
	CDBG FY 19 and FY 20 Grants		See current regulations. ✗
	CDBG Grants before FY 19		See current regulations. ✗

<i>Description of Program Flexibility</i>	<i>Applicability to CDBG-CV and CDBG Grants</i>		
Citizen Participation and Public Hearings for Consolidated Plans (including Action Plans)			
Provides that grantees may amend citizen participation plans to establish expedited procedures to draft, propose, or amend consolidated plans. Expedited procedures must include notice and reasonable opportunity to comment of no less than 5 days. The 5-day period can run concurrently for comments on the action plan amendment and amended citizen participation plans. In-person public hearings are not required. Grantees may meet public hearing requirements with virtual public hearings if: 1) national/local health authorities recommend social distancing and limiting public gatherings for public health reasons; and 2) virtual hearings provide reasonable notification and access for citizens in accordance with the grantee's certifications, timely responses from local officials to all citizen questions and issues, and public access to all questions and responses.	CDBG-CV	Immediately Available ✓	
	CDBG FY 19 and FY 20 Grants	Immediately Available ✓	
	CDBG Grants before FY 19		Not Available ✗
Deadline to Submit Consolidated Plans (including Annual Action Plans)			
Extends the deadline for grantees to submit action plans and other updates to their consolidated plans submissions for fiscal years 2019* and 2020 to August 16, 2021. <i>Without extension, the deadline for fiscal year 2020 grants would be August 16, 2020, in accordance with section 116(b) of the HCD Act and 24 CFR 91.15. *The deadline for fiscal year 2019 passed on August 16, 2019 (plans due then have been submitted).</i>	CDBG-CV	Immediately Available ✓	
	CDBG FY 19* and FY 20 Grants	Immediately Available. ✓	
	CDBG Grants before FY 19		Not applicable. ✗
Waiver and Alternative Requirement Authority			
Authorizes the Secretary to issue statutory and regulatory waivers/alternative requirements for CDBG-CV and some CDBG funds when necessary to expedite or facilitate the use of grant funds to prevent, prepare for, and respond to coronavirus. Prohibits waivers/alternative requirements related to fair housing, nondiscrimination, labor standards, and the environment. <i>HUD has additional regulatory waiver and statutory suspension authorities that it may use for CDBG Grants before fiscal year 2019 if necessary.</i>	CDBG-CV	Immediately Available ✓	
	CDBG FY 19 and FY 20 Grants	Immediately Available. ✓	
	CDBG Grants before FY 19		Not applicable. ✗