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## Non-Profit Guide to CARES Act Funding

Communities have been severely impacted by the fallout from the COVID-19 pandemic. A dizzying array of funding sources has become available to state, counties, and cities. NALCAB members, CDFIs and non-profits who provide housing and small businesses are well-poised to deploy funding given their track record and impact. Below is a guide to important notices, funding sources for housing activities, small business activities as well as some strategies and advocacy tips.

### -----Funding Sources & Notices -----

#### Eviction & Foreclosure Moratorium

HUD issued an eviction and foreclosure moratorium for 120 days starting on March 27<sup>th</sup>. Although the moratorium expires on July 25<sup>th</sup>, HUD requires that landlords issue a 30-day notice that the moratorium will expire before the end date. However, some state laws require a “first of the month” requirement which might add 30 days, resulting in a moratorium of 150 days. Some important caveats include:

- Tenants are still responsible for paying rent during this time period. If a tenant cannot pay rent, they should contact the landlord immediately,
- Moratorium applies only to new filings for eviction initiated before March 27<sup>th</sup>
- Only applies to federally-subsidized housing programs including HUD, USDA, LIHTC
- Applies to single-family loans backed by Fannie and Freddie.

Nationwide, abuses have been reported by landlords who have initiated “no-cause” evictions using tactics such as lockouts, utility cut-offs, and even violence. Given that many of these tactics may disproportionately affect communities of color, organizations and housing counseling agencies should be on the lookout and report fair housing violations, such as notices that have not been translated into Spanish. In addition, some landlords refuse to declare whether their property receives any federal subsidy and has placed the onus on tenants and housing organizations to do the research. To assist in this effort, the National Low Income Housing Coalition has created a [database and map](#).

The National Housing Law Project (NHLP) has reported that some courts are requiring that landlords certify that they are not covered by the CARES Act before evictions. There are also several legal uncertainties being discussed by the Legal Aid community. For example, NHLP is reporting that some Legal Aid organizations are making the argument that if one person has a voucher, the moratorium would cover the whole building. Some lawyers also are arguing that moratorium covers all evictions.

Resources:

[Addressing Tenant Concerns During the COVID-19 National Emergency](#)  
[National Low-Income Housing Coalition's COVID-19 Resource Page](#)  
[National Housing Law Project COVID-19 Resource Page](#)

### ESG Funding

The CARES Act has provided an additional \$4 billion to the Emergency Solutions Program that provides funding for homeless individuals and families and those at risk of homelessness. Funds are available for larger cities, counties, and “balance of state” recipients that cover rural areas. This additional funding is many times more than the yearly allocation of \$280 million (FY 19). HUD has already announced the first \$1 billion. Up to \$2 billion will be allocated under the existing formula and the rest will be distributed under a new formula that HUD is currently developing that will include factors to determine communities most impacted by COVID-19. Under the CARES Act funding, Congress has waived the matching requirement as well as the “shelter cap” that normally limits the amount of funding that shelters can receive for operational expenses. A community can spend as much as they want on shelter or not. HUD has simplified and broadened the interpretation of who are considered “at risk for homelessness,” allowing anyone at 50% and below of the Area Media Income to qualify for the program. The CARES Act also prohibits treatment or performance requirements as a prerequisite for housing assistance.

Resource:

[HUD's Disease Risk and Homelessness Page](#) that includes ESG guidance.

## -----ESG Eligibility-----

### CDBG Funding

Through the CARES Act, Congress provided an additional \$5 billion for the CDBG program also known as CDBG-CV. This special allocation is more than what Congress has allocated to this program over the past several years. CDBG-

CV funds are being treated similarly to disaster recovery funding, so waivers and additional flexibility typically granted for previous disasters are anticipated in HUD's CBDG-CV Federal Register notice. HUD must also allocate an additional \$1 billion to states and "insular areas" (Puerto Rico, Guam, US Virgin Islands) by May 11<sup>th</sup>. This funding will be allocated using a formula with additional factors accounting for the impact of COVID-19 on communities. An additional \$2 billion will be allocated on a rolling basis using the same formula. It also important to note that the CARES Act also lifts the cap on how much CDBG funding an organization can receive. HUD's Office of Community Planning and Development has also published some guidance and waivers for grantees. For example, HUD has already stated that states and entitlement communities (cities over 50,000 that receive direct allocations of CDBG funding) may select subrecipients (non-profits) directly on a non-competitive basis. Since the pandemic is a national emergency, CDBG grantees can redeploy remaining FY 19 and FY 20 funds given that a number of CDBG funded activities qualify as an Urgent Need, one of CDBG's national objectives. However, grantees must still amend their Consolidated Plan and provide an opportunity for public comment. In order to speed up the deployment of CDBG funds, HUD has reduced the minimum public comment period from 30 days to 5 days. At the same time, HUD has not eliminated the public engagement requirement and is encouraging virtual public meetings.

[View specific state and grantee allocations here.](#)

Resource:

[HUD CPD Waivers, March 31, 2020](#)

### Coronavirus Relief Fund

The CARES Act also provides \$150 million to states, tribes, and insular areas (Puerto Rico, Guam, etc.) and cities over 500,000 in population for unbudgeted expenses due the pandemic and to alleviate potential budget shortfalls for costs incurred during the period that begins on March 1, 2020, and ends on December 30, 2020. This program is meant to provide funds for the additional cost of health compliance, additional sanitation measures, and overtime pay. The funds can also be used for additional assistance to communities not provided by existing city and state programs such as mortgage assistance, rent, and childcare as long as the additional expense is tied to a decrease in wages due to the coronavirus crisis. For example, funding cannot go to existing homeless services but can cover the additional costs of operating a homeless shelter in compliance with CDC guidelines and public health orders. A number of national organizations are advocating that these funds should be used to create housing stability programs. However, these funds cannot create a duplication of benefits, a federal provision requiring that programs can't receive more than one federal

funding source. For example, households already receiving a Housing Choice Voucher (Section 8) will not be eligible to receiving additional rental assistance. FOR MORE INFORMATION, please refer to guidance published by the Treasury Department on April 22nd.

Resource:

[Treasury Guidance on Corona Virus Relief Fund](#)

## -----CDBG Guidance for Non-Profits-----

Non-profits considering the use of CDBG funds should consider a number of factors in addressing urgent needs in their community. With a plethora of funding, it behooves non-profits to be strategic in their use of funds in coalition with other community organizations. While local governments are rushing to plug massive budget shortfalls due to the precipitous decrease of tax revenue, social service needs have ballooned at the same time. While some of this funding is currently being deployed, there is still time to be strategic and advocate for unmet needs in your community.

1. As a first step, you may [look up](#) your state or entitlement jurisdiction allocation for CDBG and ESG funds. Please note that the All Grants spreadsheet has funding allocations for FY 20 while the All Cares Act Grant has the CDBG-CV allocations.
2. Determine your most urgent need. Some entitlement jurisdictions are considering the use of CDBG funds for rental assistance while other are providing more funding for small business assistance. Although rarely used, CDBG funds can provide up to 3 months of rental assistance. CDBG rental assistance may cover rent and utilities but the funding must go to landlords and utilities. At the same time, many organizations and CDFIs are experiencing a high volume of PPP applications and increased need for small business services. The cost of staff time for application reviews, additional workshops, and technical assistance are also eligible CDBG activities.

Resource:

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

3. Strategize with partners and other local social service providers. With additional ESG funding, it might make sense for local homeless providers to seek ESG funds rather than CDBG. Additional housing assistance might be provided through the Coronavirus Relief Fund. Or

your coalition may decide to advocate for the use of new funds under the CDBG rental assistance activity while redeploying remaining CDBG funds for small business activities. Understanding the need, increased volume for housing assistance, and small business needs are key before you advocate for additional funds.

4. Find out if your local government or state has already determined how they are going to deploy CDBG-CV funds or redeploy CDBG funding from previous years. A public notice along with the substantial amendment of the grantee's Consolidated Plan must be posted on the grantee's website.
5. Consider requesting an extension to the public comment period. HUD's waiver reducing the public comment period from 30 days to 5 days is a minimum and does not preclude grantees from providing a longer public comment period such as 7 days or 10 days. If the first tranche of money has already been allocated, there are still additional opportunities on the second and possibly third rounds of CDBG funding. Consider sending a copy of your written request for additional time for public comment to your HUD field office if necessary.
6. Participate in virtual public meetings. If possible, include in-person or written public testimony from small businesses or families in need of housing assistance. Provide a written request for additional funds and copy local elected officials.
7. Invite elected officials to your site virtually. It's a busy time and with stay at home orders, it may be difficult for public officials to gauge the urgency of your needs. A virtual site visit with staff who are at the leading edge of the response may be an effective way for your elected official to better understand the increased need for your services.