



National Community Development Association How NCDA Members Plan to Use the CDBG and ESG CARES Act Funding

At the urging of NCDA and other national organizations, Congress provided \$5 billion to the Community Development Block Grant (CDBG) Program through the CARES Act to help communities respond to the health and economic impact of COVID-19. Of the \$5 billion in CDBG funds, \$2 billion will be allocated through the regular CDBG program formula. The remaining \$3 billion in CDBG funds will be allocated to states and local governments based on new formula to be developed by HUD. The bill provided \$4 billion for the Emergency Solutions Grant (ESG) Program; \$1 billion of which will be allocated through the regular ESG program formula and the remaining \$3 billion will be allocated via a new formula to be developed by HUD.

On April 8, 2020, NCDA polled its members via email to ascertain how they planned to use the \$2 billion in CDBG funding and \$1 billion in ESG funding by asking what activities they planned to fund. The following provides you with the poll results.

CDBG CARES Act Funding (CDBG-CV)

A total of 68 CDBG grantees from 32 states responded to the poll.

- All but a few of the 68 grantees plan to use the CDBG-CV funding for more than one activity
- Grantees will use the CDBG funding for three primary activities: (1) direct rent/mortgage assistance; (2) small business assistance; and (3) other public services
- 36 grantees plan to use the CDBG-CV funds for direct rental, mortgage and utility assistance
- 32 grantees plan to use the CDBG-CV funds for assistance to small businesses
- 28 grantees plan to use the CDBG-CV funds for other public services

#1 Use of the CDBG CARES Act Funding: Public Services - Direct Rent/Mortgage Assistance

Millions of Americans are unemployed due to COVID-19. CDBG can be used to help struggling LMI households with rent and mortgage payments. Over half of the survey respondents (36 out of the 68 grantees) plan to use their CDBG CARES Act (CDBG-CV) funding for direct rental, utility and mortgage assistance to assist people who have lost their job, been furloughed, or had their hours reduced because of the economic impact of COVID-19. Some of the communities who plan to use a portion of their CDBG-CV funding for rental/mortgage assistance include: Monterey County, CA; Pasadena, CA; Commerce City, CO; Kissimmee, FL; Marietta, GA; Meridian, ID; Champaign, IL; Ames, IA; Boston, MA; Sioux Falls, SD; Charlotte, NC; Knoxville, TN; Arlington, TX; San Antonio, TX; Alexandria, VA; and Oshkosh, WI, among others.

#2 Use of the CDBG CARES Act Funding: Assistance to Small Businesses

Small businesses employ nearly half of all Americans and are important to the national, regional, and local economies. Their closure during the coronavirus pandemic has resulted in lost wages, reduced goods and services, and a deep reduction in local tax revenue. CDBG funds can be used to assist microenterprises (5 or less employees) and other small businesses by providing loans, grants, and technical assistance.

32 of the 68 grantees who responded to NCDAs poll plan to provide loans/grants to small businesses mainly to assist with the retention of employees and pay business lease payments (rent payments). The CDBG funds will be used to provide short-term gap assistance until the businesses receive longer-term assistance through the Small Business Administration.

Examples:

- Monroe, LA: Grants to businesses who employ LMI; 1 to 3 months of payroll/rent assistance
- Burbank, CA: Up to \$10,000 to small businesses with 2 to 50 full-time employees that can demonstrate a need based on COVID-19
- Kettering, OH: small business micro grants (\$5,000) for job retention
- Commerce City, CO: small business recovery assistance – small grants of less than \$10,000
- McHenry County, IL: \$15,000 grants/loans (with up to 50% forgiven)
- Pittsfield, MA: Business Hardship Grants – grants of up to \$10,000 per business to be provided to businesses with fewer than 100 employees
- Rome, GA: small business grants up to \$5,000 for working capital to retain/create one LMI job

#3 Use of the CDBG CARES Act Funding: Other Public Services

CDBG can be used to fund a wide variety of public services to help people impacted by COVID-19. 28 of the 68 grantees that responded to the NCDAs poll plan to use their CDBG-CV funding for an assortment of public services, other than rent/mortgage assistance.

- Food assistance
 - Funding of food banks
 - Food distribution
 - Meal delivery to seniors
 - Grocery delivery to seniors and public housing authority residents
- Shelters
 - Expansion of existing shelters for social distancing
 - Creation of new shelters for social distancing
- Counseling
 - Financial counseling
 - Mental health counseling
 - Domestic violence counseling
- Subsistence payments to families with children
- Operational support to non-profit organizations

ESG CARES Act Funding

A total of 14 ESG grantees from 11 states responded to NCDAs poll. Not as many communities receive ESG directly because the majority of ESG funding is funneled through the states.

NCDAs members receiving the ESG CARES Act funding plan to focus on four major activities: (1) homelessness/eviction prevention; (2) social distancing support; (3) shelter support; and (4) rapid rehousing.

1. *Homelessness/Eviction Prevention*

Assistance for persons who have been laid off, furloughed, or have reduced hours due to COVID-19.

- rental assistance
- utility assistance

2. *Social Distancing Support*

Assistance for persons who need to be isolated due to exposure to COVID-19 or medical vulnerability.

- expanding shelter capacity to support social distancing
- hotel stays

3. *Shelter Support*

Financial assistance to local homeless shelters

- shelter operations/services
- 24-hour operation of local homeless shelters

4. *Rapid rehousing*

Assistance to persons who are homeless due to COVID-19

- security deposit/first month rent

5. *Other*

- Emergency supplies to homeless camps (food and hygiene products)
- Expanded outreach services
- Direct operational support to local health clinics

NCDA CDBG Member Poll Respondents

Alabama

Decatur
Florence

Arkansas

Fort Smith
North Little Rock

Arizona

Yuma

California

Burbank
Chico
Lompoc
Monterey County
Palm Springs
Pasadena

Colorado

Commerce City

Connecticut

Greenwich

Florida

Deerfield Beach
Kissimmee
Marion County
Osceola County
Sarasota

Georgia

Marietta

Idaho

Caldwell
Meridian

Illinois

Champaign
McHenry County
Urbana

Indiana
East Chicago

Kentucky
Lexington

Iowa
Ames
Davenport
Des Moines

Louisiana
Alexandria
Monroe

Maine
Portland

Massachusetts
Boston
Brockton
Malden
Pittsfield
Revere
Salem

Missouri
Columbia

New Mexico
Rio Rancho

North Dakota
Grand Forks

Nevada
Henderson

New York
Erie County
White Plains

North Carolina
Asheville

Charlotte

Ohio
Canton
Fairborn
Franklin County
Kettering

Oklahoma
Tulsa

Rhode Island
Pawtucket

South Dakota
Sioux Falls

Tennessee
Knoxville

Texas
Arlington
Bryan
Corpus Christi
Denton
Mesquite
San Antonio

Utah
Orem

Virginia
Alexandria

Washington
Vancouver
Seattle

Wisconsin
Beloit
La Crosse
Oshkosh
Wausau

NCDA ESG Member Poll Respondents

California

Monterey County

Florida

Marion County

Sarasota

Kentucky

Lexington

Illinois

McHenry County

Maine

Portland

Massachusetts

Boston

North Carolina

Charlotte

Orange County

Ohio

Franklin County

Oklahoma

Tulsa

Tennessee

Knoxville

Texas

Arlington

San Antonio

Questions?

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