

Funding for HUD in the CARES Act

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Division B of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act; P.L. 116-136) provided \$12.4 billion in additional FY2020 funding for several Department of Housing and Urban Development (HUD) [programs and activities](#). The funds are generally for one of three broad purposes: to provide additional resources to meet emerging needs, to support existing rental assistance programs, or to provide additional administrative capacity and oversight. Three-quarters of the funding can be considered new resources to meet emerging needs, with most of the remaining funding supporting rental assistance programs. HUD has announced allocations of some [grant funding](#) provided by the law.

Additional Resources to Meet Emerging Needs

Several HUD grant programs provide relatively flexible funding to state and local governments, tribes, or other entities for eligible affordable housing, community development, or related activities. Because these programs generally fund a range of allowable activities, they may be useful in addressing a variety of emerging needs related to the pandemic. More-targeted grant programs can help address needs of specific

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vulnerable populations. The CARES act provides the HUD Secretary broad waiver authority in most accounts to expedite or facilitate the use of the funds to respond to the coronavirus.

- **\$5 billion for the Community Development Fund for Community Development Block Grants (CDBG):** \$2 billion to be allocated pursuant to the [standard CDBG formula](#), \$1 billion for direct allocation by HUD to states and [insular areas](#), and up to \$10 million to supplement existing awards and for technical assistance. The remaining funds are to be distributed to states and units of local government on a rolling basis as determined by the HUD Secretary.
- **\$4 billion for the Emergency Solutions Grants (ESG)** (one type of HUD Homeless Assistance Grants): up to \$2 billion to be distributed to states and units of local government using the ESG formula (based on the CDBG formula); remaining funds distributed based on a formula that will take into account factors such as risk of coronavirus transmission, number of people experiencing homelessness, and housing market conditions. Funds can be used for emergency shelter, short- and medium-term rental assistance, homelessness prevention activities, and supportive services; as well as temporary emergency shelters, to train staff on disease prevention and mitigation, and for hazard pay. A technical assistance set-aside for health care services is included.
- **\$65 million for Housing Opportunities for Persons with AIDS (HOPWA):** not less than \$50 million to be distributed to eligible states and metropolitan statistical areas using the HOPWA formula, and up to \$10 million to organizations administering permanent supportive housing programs with HOPWA competitive grants. Funds may be used to maintain existing assistance, and also to respond to COVID-19, including isolation and relocation expenses to protect people living with HIV/AIDS.
- **\$300 million for Native American Programs:** at least \$200 million for the Native American Housing Block Grant (NAHBG); up to \$100 million for the Indian Community Development Block Grant (ICDBG).
 - NAHBG funds to be used “to prevent, prepare for, and respond to coronavirus, including to maintain normal operations,” and to fund affordable housing activities that are generally eligible under the program. Funds are allocated to tribes using the existing program formula.
 - ICDBG funds to be used “to prevent, prepare for, and respond to coronavirus, for emergencies that constitute imminent threats to health and safety.” Funds will be allocated to tribes as prioritized by the HUD Secretary in a noncompetitive process.
- **\$2.5 million for Fair Housing programs:** \$1.5 million for the Fair Housing Assistance Program to address fair housing issues related to COVID-19; \$1 million for the Fair Housing Initiatives Program to educate the public about fair housing issues related to COVID-19.

Supporting Existing Rental Assistance Programs

HUD rental assistance programs subsidize the difference between tenant contributions toward rent and a unit’s rent (or operating expenses). When tenants’ incomes are reduced—such as by rising unemployment triggered by the pandemic—their rent contributions decrease, which increases federal subsidy costs. The CARES Act provides supplemental funding to help cover those anticipated increased costs, and support administrative expenses. The act provides the HUD Secretary broad waiver authority in each account to expedite or facilitate the use of the funds to respond to coronavirus.

- **\$1.25 billion for Tenant-Based Rental Assistance**, which funds the Housing Choice Voucher program. Includes \$400 million for increased subsidy costs and \$850 million for administrative and other expenses incurred by public housing authorities (PHAs), including “activities to support or maintain the health and safety of assisted individuals and families, and costs related to retention and support of participating owners.” Funds will be allocated based on need, as determined by the HUD Secretary.
- **\$685 million for the Operating Fund**, to be used to maintain the operation of public housing properties and support coronavirus-related expenses, including health and safety activities for residents, and education and child care needs of impacted families. Funds will be allocated to PHAs as additional FY2020 funding based on the operating fund formula.
- **\$1 billion for Project-Based Rental Assistance** to maintain normal operations and take other necessary actions to meet the needs of residents and owners of project-based Section 8 properties.
- **\$50 million for Section 202 Housing for the Elderly**, including for owners to “maintain normal operations and take other necessary actions” during the time operations might be affected by COVID-19. Up to \$10 million available for service coordinators.
- **\$15 million for Section 811 Housing for Persons with Disabilities**, for the same maintenance of operations purposes described for Section 202.

Administrative Capacity and Oversight

In addition to program funding, the CARES Act also provides resources to support HUD’s administration and oversight of these funds.

- **\$50 million for Management and Administration**: \$35 million for Administrative Support offices to “prevent, prepare for, and respond to” coronavirus, and to support salaries and expenses, and information technology needs including telework; \$15 million for the program offices that will administer the additional funding provided by the bill.
- **\$5 million to the HUD Office of Inspector General (OIG)** for audits and investigations of projects and activities funded under the CARES Act.

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