

May 7, 2020

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Re: Recommendation to prioritize CDBG funds for emergency rental assistance and housing support

Dear Deputy Commissioner McKinnon, Ms. Udoibok, and Ms. Dannen:

We write to urge state agencies and leaders to prioritize the use of Community Development Block Grant (CDBG) funds for emergency rental assistance and housing support, to ensure impacted families remain stably housed during and after the COVID-19 crisis.

On April 8, 2020, the federal government began releasing the first \$2 billion of CDBG funds provided by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, including \$11,217,782 for Minnesota's non entitlement jurisdictions. Our understanding is that these funds will be administered by DEED. State officials should prioritize use of CDBG funds for rental assistance, to ensure the health and housing needs of Minnesotans are protected during and after the COVID-19 pandemic. Eligible uses of CDBG funds include housing assistance for rent, mortgage and utility payments to vendors for up to 3 months. Emergency rental assistance is considered an eligible use characterized as "public services;" these payments are permitted when made directly to a provider of such services on behalf of an individual or family. Guidance on this for State CDBG programs may be found in "Basically CDBG for States," among other resources. <https://www.hudexchange.info/resource/269/basically-cdbg-for-states/>.

In addition, HUD has implemented several waivers for the CDBG program allowing for greater flexibility in how those funds are administered and able to be used; the waivers remove caps on funds that can be sub granted to nonprofits that provide housing and other shelter-related services, for the first \$2 billion allocation (also called CDBG-CV), plus FY2019 and FY2020 CDBG funds. <https://files.hudexchange.info/resources/documents/CARES-Act-Flexibilities-CDBG-Funds-Used-Support-Coronavirus-Response.pdf>.

Hard working, low wage workers who have lived paycheck to paycheck need immediate relief for rent payments amid the COVID-19 crisis. Renters have lower incomes and savings as well as greater difficulty in paying for their housing costs, making them particularly vulnerable to economic shocks. In Minnesota, over 600,000 applicants have filed for Unemployment Insurance, a number that continues to rise. Even before the current crisis, rental assistance programs such as Family Homeless Prevention Assistance Program (FHPAP), which provides rent, mortgage, and utility payment assistance, were chronically oversubscribed. While some communities have access to federal funds that they can use to move one

step closer to meeting additional needs, in non-entitlement jurisdictions that lack their own dedicated funding sources CDBG must be prioritized for rental assistance.

On behalf of the undersigned organizations,

Alexandria Housing and Redevelopment Authority
All Parks Alliance for Change (APAC)
Central Minnesota Housing Partnership (CMHP)
Community Stabilization Project (CSP)
D.W. Jones, Inc.
Fresh Energy
Housing Justice Center (HJC)
Housing & Redevelopment Authority of Clay County
JustUs Health
Merchants Capital Corporation (MCC)
Minnesota Housing Partnership (MHP)
Minnesotans Standing Together to END Poverty and Homelessness (MNSTEP)
National Housing Trust
Otter Tail County Housing and Redevelopment Authority
Southwest Minnesota Housing Partnership (SMHP)
Stearns County Housing & Redevelopment Authority

See:

- [Letter requesting CDBG funds be prioritized for rental assistance](#), dated April 16, 2020, signed by multiple organizations
- MHP Factsheet: Recommendations for Local Government Action to support COVID-19 and Housing Stability, [here](#). (May 2020)