

## Local Government Recommendations for COVID-19 and Housing Stability

With almost 600,000 Minnesotan applicants for unemployment insurance through the end of April, under-resourced renters and homeowners need help now. Local government officials on the front lines see first-hand the critical support needed for low-wealth residents, people experiencing homelessness, and those at risk of becoming homeless. **State and local officials are urged to prioritize CARES Act funds for rental assistance and shelter support, to ensure impacted families remain stably housed during and after the COVID-19 crisis.**

Minnesota counties and cities can take action to address gaps in federal and state aid for housing needs.

Responses include:

- Reallocating budgeted local funds to emergency housing needs
- Identifying new funds that can be allocated for housing assistance, including CARES Act and philanthropy
- Maximizing existing program funds designated for rental or housing assistance
- Developing Local Housing Trust Funds to ensure housing funds remain dedicated to housing purposes

### CARES Act Housing Funds:

**Community Development Block Grants, Emergency Services Grants, Coronavirus Relief Fund**

The CARES Act, which was passed by Congress and signed into law on March 27, 2020, includes \$12 billion for HUD programs. You can see a chart of housing funds, developed by the National Low Income Housing Coalition (NLIHC), [here](#). The CARES Act includes funding to state, local, and tribal governments that is flexible and may be used for housing instability and homelessness. These resources include:

#### Community Development Block Grants: \$5 billion

- On April 8, the federal government began releasing the **first \$2 billion of CDBG-CV funds** provided by the CARES Act, using FY2020 formulas. **Minnesota received a total of \$31,340,788** in CARES Act supplemental funding allocations for CDBG, which you can see [here](https://www.hud.gov/program_offices/comm_planning/budget/fy20/).
- HUD has implemented several **waivers for the CDBG program allowing for greater flexibility** in how those funds are administered and able to be used; these waivers apply to this 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>. Of note:
  - No caps on funds that can be sub granted to nonprofits that provide housing and other services.
  - Eligible activities include housing assistance for rent, mortgage and utility payments to vendors, for up to 3 months.
- By May 11, HUD will release the distribution formula for the next \$1 billion in CDBG-CV funds. The remaining \$2 billion in CDBG-CV funds will be distributed on a rolling basis, using a to be determined formula based on coronavirus related factors including housing impact.
- The NLIHC, National League of Cities (NLC), and National Alliance to End Homelessness (NAEH) has produced a [Fact Sheet: CARES Act recommendations for State, Local, and Tribal governments](#), with additional details and guidance for local government on CDBG and ESG CARES Act funds.

#### Emergency Services Grants (Homeless Assistance): \$4 Billion

- The federal government began releasing up to \$2 billion by formula to current grantees on April 8.. Minnesota receives a total of \$15,737,572, with specific allocations described [here](#).
- The remaining amount will be allocated by HUD according to a formula to be developed by the Secretary.
- Eligible activities include: street outreach, homelessness prevention, rapid re-housing, shelter operations (including building renovations). You can find more details [here](#):

<https://www.hudexchange.info/programs/esg/esg-requirements/>.

### Coronavirus Relief Fund (CRF): \$150 billion

- Minnesota will receive \$2.2 B, with some funds allocated to counties with populations of 500,000 or more.
- Eligible activities: these are very flexible funds, but may not be used to directly replace lost revenue resulting from COVID-19, including decline in sales or income taxes. CRF funds must be used for 1) necessary expenditures incurred due to the public health emergency with respect to COVID-19; 2) were not accounted for in the budget most recently approved; 3) were incurred from March 1 - December 30, 2020. Details here: <https://home.treasury.gov/policy-issues/cares/state-and-local-governments>.

### Recommendations for Action

- **Identify a Housing Lead.** Ensuring your jurisdiction has a point person to identify needs and coordinate response, including potential funding assistance from government and philanthropy.
- **Prioritize race equity and under-resourced communities.** The housing and health crisis from COVID-19 is experienced most profoundly by Black, Indigenous and People of Color (BIPOC) communities, who already experience severe disparities in wages and housing, are disproportionately employed in at-risk professions like retail and health care, and are far more likely to be renters than white households.
- **Establish a Local Housing Trust Fund (LHTF).** A growing number of Minnesota cities and counties have established Local Housing Trust Funds or are developing funds now. According to Stephanie Hawkinson of the City of Edina, “[Edina’s] ... Housing Trust Fund is our most flexible source of funds. We could very easily turn around and get the funding [out] so [it could be used] quickly.” MHP’s updating list of Minnesota LHTFs can be found here ([Chart of Minnesota Local Housing Trust Funds](#)) and general LHTF resources are [here](#) and [mhponline.org/community-development](http://mhponline.org/community-development).
- **Utilize experienced organizations to distribute funds.** Minnesota has a state-wide system of distributing housing assistance through the [Family Homeless Prevention and Assistance Program \(FHPAP\)](#), with providers across the state experienced in administering applications and distributing payments. As well, some cities, counties, HRA’s and PHA’s have experience administering rental and emergency housing programs.
- **Invest in community infrastructure, community voice, and community power.** Funds for organizing, outreach, and enforcement are necessary to ensure community members are part of community change efforts, and those who most need resources receive them. As well, enforcement and accountability must be part of rebuilding community systems, so bad actors are prevented from taking advantage of the vulnerable in our communities.

### Minnesota Examples: Local Government Actions in Support of Housing Stability

Action	Jurisdiction	Description
Allocate CRF funds to emergency rental assistance	Hennepin	On May 5, 2020, the board approved \$15 million from the Coronavirus Relief Fund to go to community-based vendors to provide emergency rental housing assistance. Funding will provide an average of \$1,500 per household for up to 9,000 renters. Funds to be targeted to renters with low incomes at or below 50% of AMI and at the highest risk for COVID-19 related economic loss. Priority given to residents with incomes below 30% AMI, and those who live in regions with highest overcrowding, poverty, and eviction rates.

Maximize Local Housing Trust Funds	Goodhue County	Goodhue County established a Local Housing Trust Fund in 2018, including an emergency housing fund and flexible fund to meet unknown needs. Goodhue County’s plan positions them well to react proactively in unprecedented times; through approval of a change in their housing trust fund action plan, current funds can be allocated to meet emerging needs.
	Edina	In early April 2020, Edina approved \$100,000 for emergency rental assistance to be administered by VEAP. The source of funds is Edina’s Housing Trust Fund, established in 2019. Applicants include many who have not received assistance previously, and need help navigating systems.
	Minneapolis	Established Gap Funds for Housing in April 2020, by reallocating \$2 million from Housing Trust Fund to rental assistance; also deployed \$1 million from Stable Homes Stable Schools program as rental assistance - funds in total intended to assist approximately 1,500 families. Funds depleted within days, with over 7,000 applicants for assistance.
Reallocate existing budget for emergency housing needs	Bloomington	Bloomington provided \$200,000 to assist up to 50 households with emergency rent assistance, with VEAP as the designated provider. Funds were identified from fund balances of HRA accounts. VEAP requested the funds due to increased demand for existing rental assistance funds.
	Northfield	The Northfield HRA set aside \$53,600 from existing funds for rent payment assistance in April 2020, including funding for motel vouchers. The funds will be administered by the Community Action Center for the area. The CAC has experienced a 50% increase in food shelf use, and anticipates a ten-fold increase in rental assistance requests.
	Olmstead County	The Olmstead County HRA approved \$1,000,000 for a temporary rental assistance fund for COVID-19 support. The funds were reallocated from existing budget, to prioritize COVID-19 response. The program will target those who have lost “significant income” due to COVID-19, and have less than \$2,000 in the bank.
Establish a new Local Housing Trust Fund	Richfield	In April, Richfield designated \$30,000 for rental assistance, intended to be available to help with May rent. Funding for emergency rental assistance came from the HRA’s capital fund, and will be administered by VEAP. The Richfield City Council will establish a Housing Trust Fund for these funds, and for future emergency rental assistance. Richfield anticipates increased need for assistance when the state’s evictions moratorium, which does not forgive rent due, is lifted.
Leverage CDBG resources for housing	Hennepin County	The Board approved \$740,000 for emergency housing assistance, from Housing Trust Fund, to assist 144 households; Board signaled intention to utilize special allocation of CDBG from CARES Act for additional emergency housing assistance.

Combining flexible city funds with philanthropic funds.	St Paul	St Paul, in March of 2020, established the St Paul Bridge Fund, which included a \$1 million emergency relief fund for families with children. Eligible applicants would receive direct support funds of up to \$1000, which the family could allocate for rent or mortgage payment. Philanthropy was engaged from the beginning, with several foundations adding to the Bridge Fund.
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