



May 8, 2020

Eric Ogle
CDBG Program Manager
Indiana Office of Community and Rural Affairs
One North Capitol – Suite 600
Indianapolis, IN 46204

Dear Mr. Ogle:

Thank you for your thoughtful work in helping to respond to critical housing and community development needs in the face of the COVID-19 pandemic through the prioritization of federal resources as outlined in the draft 2020 amendment to the state's 2019 Annual Action Plan. **Our comments today do not object to the proposed new activities in the amendment, but instead demonstrate our concern about the missed opportunity of not employing allowed uses of Community Development Block Grant (CDBG) resources for emergency rental assistance as part of a recommended state COVID-19 housing stability plan.**

Our membership, comprised of nearly 200 organizations, is dedicated to creating inclusive opportunities that build assets and improve lives throughout every region of our state. Our network is diverse, but united by a mission to transform Hoosier communities. In particular, our members are dedicated to strengthening communities that are economically distressed through comprehensive solutions in rural, urban, and suburban neighborhoods. Expanding access to safe, affordable housing and economic opportunity are at the core of that work.

Prosperity Indiana members not only meet basic human needs, such as providing food and shelter, but ensure low-income Hoosiers have the kinds of tools and resources required to attain and maintain economic sufficiency. We actively engage our membership on policy issues through a variety of mediums to identify areas where community development approaches are effective, and where they should be improved upon to be responsive to local needs. Our members have been greatly involved in the COVID-19 pandemic response and their resources strained by attempts to assist the hardest-hit Hoosiers and their communities in the ensuing economic fallout.



It is for these reasons that we ask you to reconsider the opportunity to use part of the CDBG resources covered by this amended Action Plan for emergency rental assistance. Prosperity Indiana, along with a number of Indiana's housing security advocates, has formed a new Hoosier Housing Needs Coalition, which recently issued a set of recommendations under the press release '[New Hoosier Housing Needs Coalition urges actions to ensure housing stability response to COVID-19](#)'. We are thankful for the current pause on residential evictions and foreclosures, but acknowledge that, as of the writing of this letter, there are no state financial resources dedicated to the hardest hit renters affected by the pandemic. A wave of evictions following the moratorium would have a devastating impact on the long-term health, economic stability, and housing security of Hoosiers and their communities. The Coalition's recommendations center on Indiana creating a coordinated COVID-19 housing stability policy response, with emergency rental assistance as a key component. In order to make this comprehensive response successful, all available federal, state, and community resources will need to be utilized, including CDBG funds.

Emergency rental assistance has long been an eligible activity in CDBG regulations, and analysis of the CARES Act reconfirms this eligible use. However the provision allowing it is found in the "Ineligible Activities" section of the Entitlement regulations at [24 CFR part 570.207\(b\)\(4\)](#), reproduced here:

(4) Income payments. The general rule is that CDBG funds may not be used for income payments. For purposes of the CDBG program, "income payments" means a series of subsistence-type grant payments made to an individual or family for items such as food, clothing, housing (rent or mortgage), or utilities, **but excludes emergency grant payments made over a period of up to three consecutive months to the provider of such items or services on behalf of an individual or family.**

Also note that emergency rental assistance is considered a "public service." The CDBG statute states that a jurisdiction cannot obligate more than 15% of its annual CDBG allocation and any program income for public services during a program year. **However, the CARES Act eliminates the 15% cap not only for a jurisdiction's CDBG-CV allocation, but also for its FY19 and FY20 allocations, provided the funds are used to prevent, prepare for, or respond to the coronavirus.**



The bottom line is: CDBG funds from the CARES Act and from FY19 and FY20 allocations can be used for emergency rental assistance for up to three months per individual or family; and there is no HUD-imposed limit on the amount of the state's allocation that can be used for this purpose. We anticipate that the need for emergency rental assistance will be great once the Governor lifts the temporary pause on evictions, and may continue for months after COVID-19 makes its last public health threat. And of the nearly 600,000 Hoosiers who have successfully applied for new unemployment claims during the pandemic, an [estimated 387,652](#) are workers in low-wage jobs that tend to be part of renter households. Without assistance, these are the low-income renter households who will be in danger of the long-term economic and social damage of eviction and overwhelming local homeless resources, without policies to see them through this time. We also recognize that financial sustainability for responsible landlords is critical to ensuring housing stability during this crisis.

We've already seen examples of Indiana's cities using CDBG funds as part of their municipal COVID-19 response. [Columbus](#) and [Evansville](#) have already announced that they will use CARES Act CDBG funds to create a short-term rental assistance program for city residents. However, the need for pandemic-related rental assistance does not stop at the city limits of entitlement communities. By not including any CDBG funds in a statewide COVID-19 housing security plan, Indiana is not only potentially disadvantaging Hoosiers not living in its larger cities, it is also underfunding and thus diluting any statewide response.

We sincerely hope to increasingly partner with OCRA staff and leadership to work towards shared community development goals both during the COVID-19 response and beyond its recovery. On behalf of our dedicated membership affecting positive change in communities throughout the state, we would like to thank both OCRA and IHCDA for the opportunity to weigh in on this draft amended Plan and hope to work collaboratively with you on continued amendments and program design and prioritization for the five-year Plan.

Sincerely,

Andrew Bradley
Policy Director
Prosperity Indiana
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