



# The CARES Act Supports Key Programs, but More Is Needed Soon

*Matthew Gerken and Abby Boshart*

*April 2020 (corrected May 2020)*

Communities, renters, and workers affected by the economic collapse caused by the COVID-19 pandemic will get much-needed support from the unparalleled \$2 trillion Coronavirus Aid, Relief, and Economic Security (CARES) Act signed into law on March 27, 2020. The act directs more than \$12 billion toward critical housing, homelessness, and community development programs. The additional funding for these programs, which is slightly more than a quarter of their 2019 allocations (\$47 billion), will allow states, communities, government agencies, nonprofits, and service providers to support public improvements and services, bolster housing assistance programs, help people experiencing homelessness, and provide additional housing and food assistance to struggling families as unemployment continues to rise during this economic emergency. But it is clear an additional funding package will soon be required to protect the most vulnerable and adequately respond to this pandemic. The CARES funding will only go so far in supporting those already receiving assistance, and much more is needed to cover those who are not. Mounting unemployment and income loss only compounds this need.

In this brief, we describe the amount of funding the CARES Act directs toward critical housing, homelessness, and community development programs, and we estimate how these emergency investments will affect households and services relative to the funding those programs have been allocated in recent years (box 1).

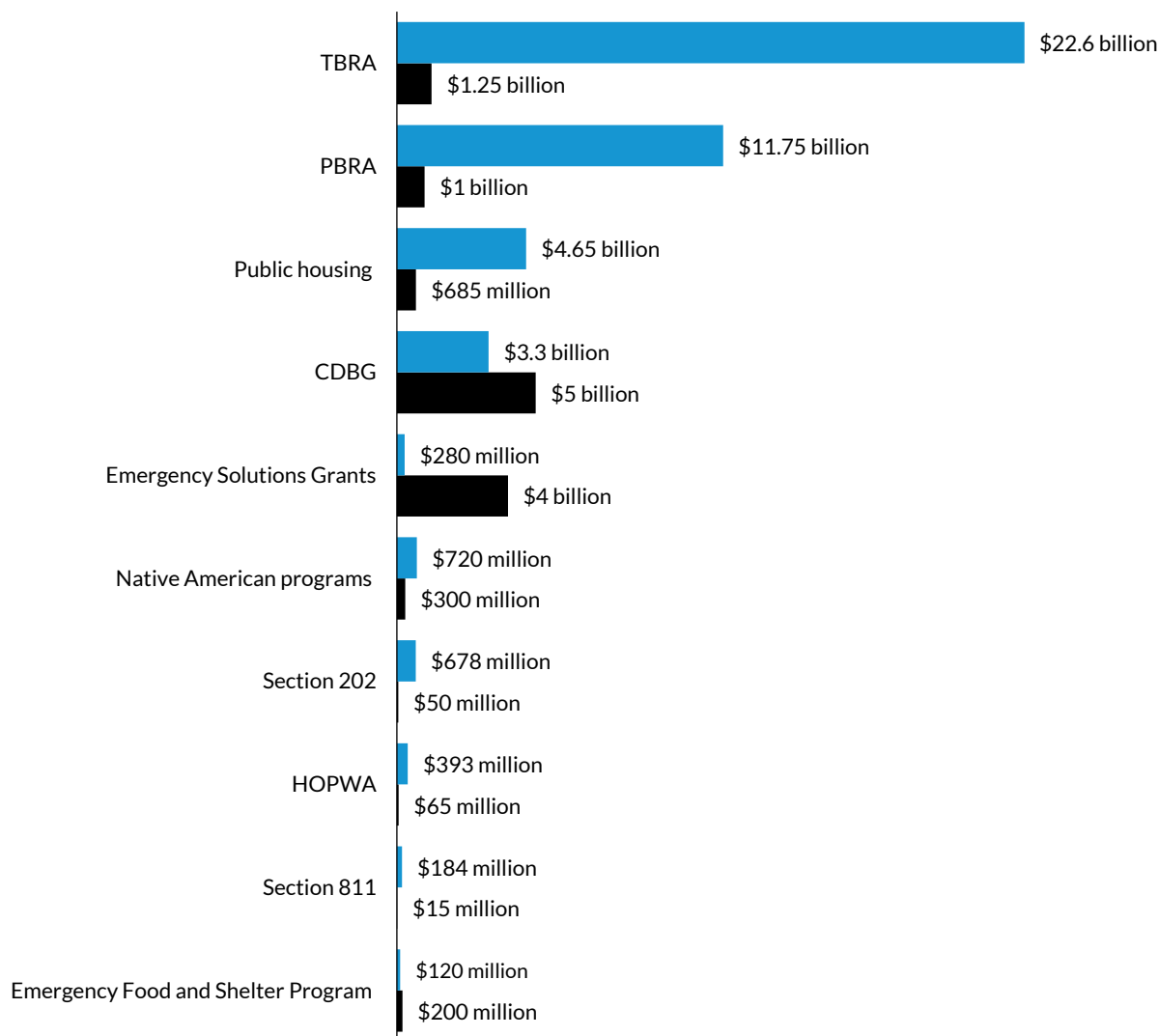
## Funding for Key Programs

The size of the CARES Act stimulus is staggering, equal to about one-tenth of the US economy. The act includes more than \$12 billion for key housing, community development, and homelessness programs, all of which except for the Emergency Food and Shelter Program are administered by the US Department of Housing and Urban Development (HUD). Of that \$12 billion, almost one-quarter goes to

one of HUD's three primary housing assistance programs: tenant-based rental assistance (TBRA), project-based rental assistance (PBRA), and public housing. Funding for three programs—the Community Development Block Grant (CDBG) program, the Emergency Solutions Grants (ESG) program under the McKinney-Vento Homeless Assistance Grants, and the Emergency Food and Shelter Program—surpasses last year's annual allocations. The act also includes funding for Native American programs, the Housing Opportunities for Persons with AIDS (HOPWA) program, the Section 202 Supportive Housing for the Elderly program, and the Section 811 Supportive Housing for Persons with Disabilities program.

**FIGURE 1**  
**CARES Act Funding Compared with 2019 Levels, by Program**

■ Fiscal year 2019 ■ CARES Act



URBAN INSTITUTE

Source: 2019 Consolidated Appropriations Act.

---

## BOX 1

### How We Analyze the Impact of the CARES Act

For each of the following programs, we rely on public data and 2019 allocations to discuss how the CARES Act will affect vulnerable communities amid the COVID-19 pandemic. In many cases, we discuss the CARES Act's potential effects if the program funds it provides were to be spent similarly as in the past, acknowledging where spending in response to the current crisis will likely deviate from those patterns.

- **Community Development Block Grant:** We rely on the fiscal year 2019 CDBG National Expenditure Report<sup>a</sup> to pull spending by CDBG activity, organized into the following subcategories: acquisition, administrative and planning, economic development, housing, public improvements, public services, repayments of section 108 Loans, and other. We discuss the types of activities the \$5 billion in CARES Act funding could support.
- **Emergency Food and Shelter Program:** We discuss the program and the \$200 million in program funding included in the CARES Act.
- **Emergency Solutions Grants:** We use the HUD Awards and Allocations Emergency Solutions Grants Grantee Report<sup>b</sup> to estimate the average amount awarded per grantee type in fiscal year 2019 to states and localities. We compare how the average amount awarded per grantee in fiscal year 2019 compares with what would be possible under the \$4 billion included in the CARES Act.
- **Housing Opportunities for Persons with AIDS:** We use the HOPWA Performance Profiles<sup>c</sup> to examine spending by activity and cost per assisted unit. We project the number of households that could be assisted with the \$65 million included in the CARES Act.
- **Native American Programs:** We discuss both the Native American Housing Block Grant program, funded at \$200 million, and the Indian Community Development Block Grant program, funded at \$100 million.
- **Project-Based Rental Assistance, Public Housing, and Tenant-Based Rental Assistance:** We project how far the \$1 billion for PBRA, the \$685 million for public housing, and the \$1.25 billion for TBRA could go in preserving housing assistance under different scenarios. We use the average HUD expenditure per month per household for each program from 2019 Picture of Subsidized Households data<sup>d</sup> to estimate the cost of operating one unit per month, assuming the household continues paying typical rent. Many subsidized households will lose employment income during COVID-19. To account for this, we analyze the share of households by program where wages are the major source of income. We then add the per household average HUD expenditure per month and the per household average family expenditure per month and subtract minimum rent to estimate the cost of sustaining one unit per month at minimum rent, thus preventing termination of housing assistance.
- **Section 202 Supportive Housing for the Elderly and Section 811 Supportive Housing for Persons with Disabilities:** We discuss both the Section 202 program, funded at \$50 million, and the Section 811 program, funded at \$15 million.

#### Notes:

<sup>a</sup> "CDBG Activity Expenditure Reports," HUD Exchange, accessed March 30, 2020.

<sup>b</sup> "HUD Awards and Allocations," HUD Exchange, accessed March 30, 2020.

<sup>c</sup> "HOPWA Performance Profiles," HUD Exchange, accessed March 30, 2020.

<sup>d</sup> "Picture of Subsidized Households," US Department of Housing and Urban Development, accessed March 30, 2020.

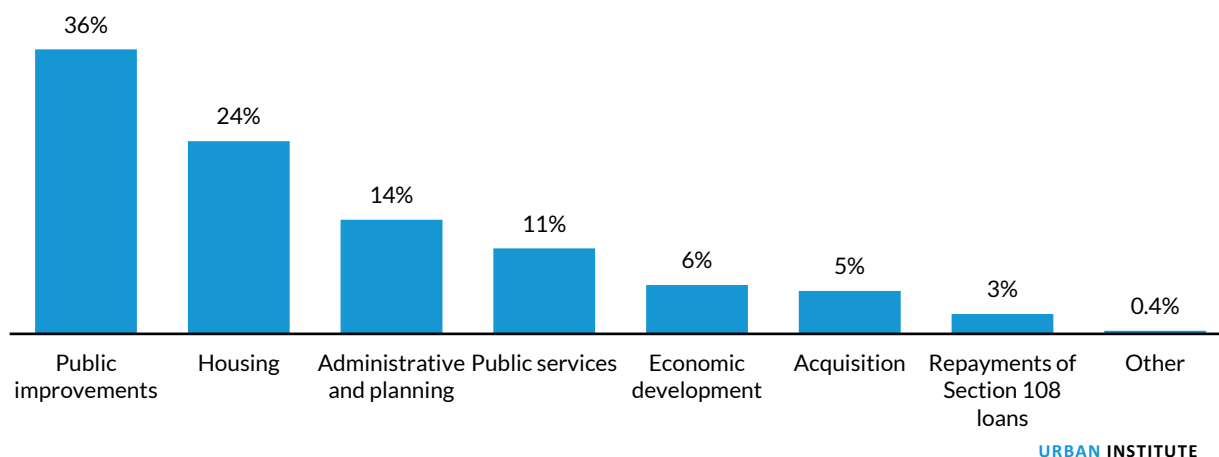
## Resources for Communities to Respond to the Pandemic

The CARES Act provides \$5 billion to states and localities through the flexible, formula-based CDBG program<sup>1</sup> to help communities respond to the COVID-19 pandemic. Of that amount, \$2 billion will be awarded by HUD to localities (including principal cities, satellite cities, and urban counties) and to states based on existing allocation formulas.<sup>2</sup> Of the remaining \$3 billion, \$1 billion will go to states based on their COVID-19 risk, which is determined through a formula created by HUD, within 45 days of the legislation's enactment. The other \$2 billion will go to states and local governments on a rolling basis as determined by the HUD Secretary, and up to \$10 million may be spent to either increase existing awards or to offer technical assistance to current CDBG grantees (Jaroscak 2020). CDBG in the past has funded activities ranging from the construction of public parks and libraries to employment training (CDBG Coalition 2019).

Exactly how CDBG funds will be used for COVID-19 is unclear.<sup>3</sup> Slightly more than half of CDBG expenditures in 2019 went toward public improvements, public services, and economic development activities (figure 2), and communities may fund those activities first.<sup>4</sup> Communities may direct funding toward their most vulnerable members, such as senior citizens and people experiencing homelessness, through public improvements and public health services. Amid record-high unemployment,<sup>5</sup> communities could also use CDBG funds to address economic development through workforce development for displaced workers and additional support for small and medium enterprises (Cecire and Jaroscak 2020). As CDBG funds are spent, we will need to monitor whether funds are targeted to those with the greatest need.

FIGURE 2

Fiscal Year 2019 Community Development Block Grant Expenditures, by Category



Source: Community Development Block Grant national expenditure report for 2019. See “CDBG Activity Expenditure Reports,” HUD Exchange, accessed April 14, 2020.

The act also provides \$100 million for the Indian Community Development Block Grant, which funds improvements to community facilities, infrastructure, and housing stock, and supports economic development in American Indian and Alaska Native communities. An additional \$65 million goes to the HOPWA program to help with housing assistance and COVID-19 response. Using data on past HOPWA grantees, we find that that investment could preserve housing assistance for more than 10,000 households living with HIV/AIDS and fund supportive services during this time.

## Increased Awards to Assist People Experiencing Homelessness

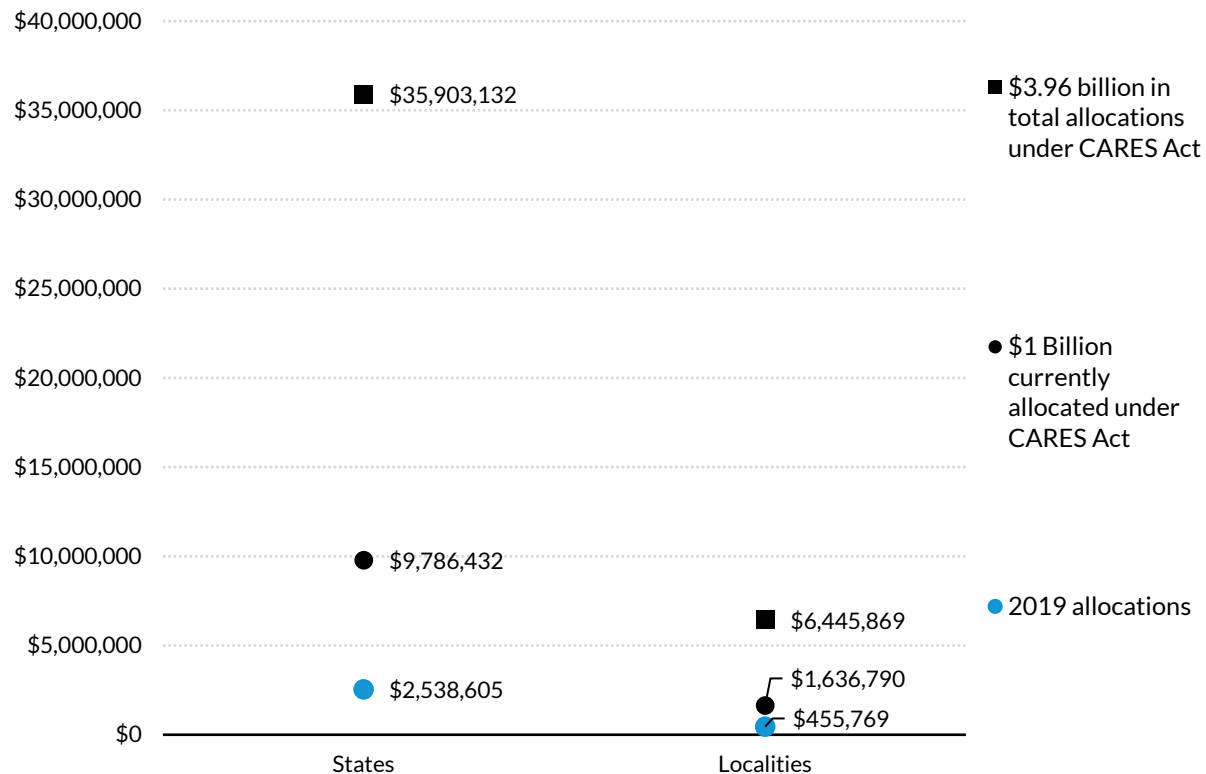
Even before the COVID-19 pandemic, the US has faced significant housing-related challenges: 11 million people experienced severe housing cost burdens and 550,000 people experienced homelessness on a given night in 2019, and 1.4 million used shelters over the course of a year.<sup>6</sup> The pandemic has added new urgency to these challenges with fears of increased rates of eviction and homelessness.

The CARES Act allocates an additional \$4 billion to the ESG program under McKinney-Vento Homeless Assistance Grants, funding a variety of activities for people experiencing homelessness or those at risk of homelessness. Early last month, HUD sent out guidance on how previous ESG funds could be used for coronavirus preparedness, such as by maintaining clean shelters and coordinating medical care.<sup>7</sup> Of the additional \$4 billion included in the CARES Act, \$1 billion was distributed based on 2020 allocations. Of the remaining \$3 billion, \$40 million was set aside for technical assistance, and \$2.96 billion will be allocated based on a formula HUD develops that factors in COVID-19 transmission rates, homelessness rates, and housing market conditions. States such as New York, Washington, and California, all which have some of the highest numbers of reported COVID-19 cases,<sup>8</sup> greatest homelessness rates, and most unaffordable housing markets, could see the largest share of these funds. The money will enable jurisdictions to rapidly expand homeless shelter capacity and help prevent the spread of infection by creating more space and opportunities for social distancing and isolation. Funds will also provide hazard pay to frontline program staff as they continue serving this highly vulnerable population.

In figure 3, we show how the average ESG award amount per grantee would change under different levels of funding for states and localities. So far, \$1 billion of the ESG CARES Act funding has been allocated to states and localities.<sup>9</sup> Those allocations have led to average ESG awards over three times greater than the 2019 allocations for both states and localities. Because \$2.96 billion of the remaining amount will be awarded based on factors relevant to COVID-19, we will not know what those allocations will look like until they are released. To give a sense of the size of that investment, if the full \$3.96 billion had been allocated to last year's grantees using last year's allocation formula, states would have received an average award of \$35.9 million, and localities would have received an average award of \$6.4 million—more than 14 times the 2019 averages.

**FIGURE 3**

**Average Emergency Solutions Grants Award Amount, by State and Locality under Different Scenarios**



URBAN INSTITUTE

**Source:** "HUD Awards and Allocations," HUD Exchange, accessed April 14, 2020; "Community Planning and Development Program Formula Allocations and CARES Act Supplemental Funding for FY 2020," HUD.gov, last updated April 2, 2020.

Although these award amounts are significant compared with recent years, the COVID-19 pandemic presents unique challenges for people experiencing homelessness. The Centers for Disease Control and Prevention released interim guidance on how to protect people experiencing homelessness during this pandemic and how to prevent further spread of COVID-19, with recommendations on how to engage homelessness services, behavioral health services, health care services, and permanent housing.<sup>10</sup> People experiencing homelessness who contract the coronavirus have higher susceptibility to hospitalization, critical care, and even fatality (Culhane et al. 2020). Additional ESG funds will be needed to help service providers adequately assist people experiencing homelessness and fund necessary medical care.

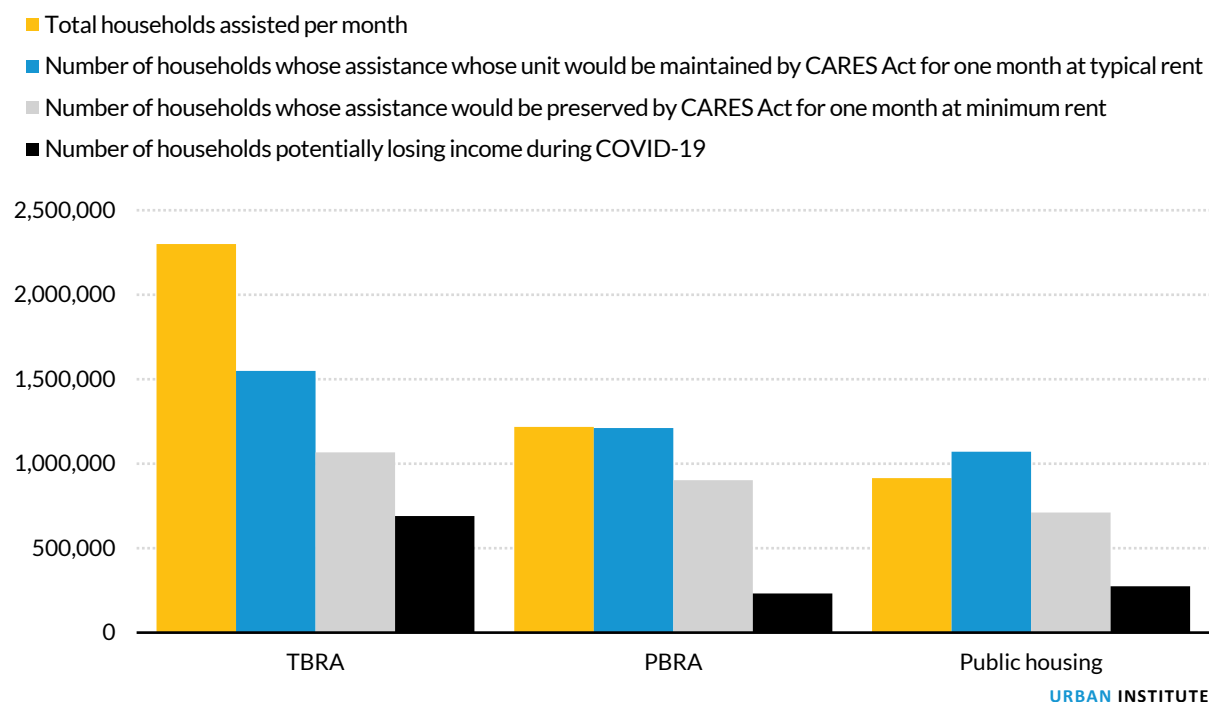
## Housing Assistance

Federal housing assistance helps over 5 million low-income renters afford their homes, and it will be even more critical as these families face significant economic strain from the pandemic (Kingsley 2017). In addition to assistance provided in the CARES Act, House Democrats have also proposed completely suspending federally assisted rental payments to further aid these cash-strapped families.

Last month, HUD sent out guidance on how public housing agencies and private owners could use existing funding to prepare for the pandemic, such as by developing emergency plans, working with residents and resident groups, and directing capital funds toward the costs of improved ventilation systems.<sup>11</sup> Public housing agencies and private owners will use the additional CARES Act funding to cover many types of expenses related to preventing, preparing for, and responding to the pandemic, such as cleaning and preparing for emergencies. With unemployment growing, a large share of the funding will likely be used to make up for lost rental income as households that receive assistance lose employment income.

Combined, HUD's three primary housing assistance programs—TBRA, PBRA, and public housing—serve more than 4.4 million households. Although funds will not be used exclusively for preserving housing assistance, if we assume all funds are used for that purpose, the CARES Act funds are sufficient to sustain just one month's operation of more than 3.8 million units across the three programs (based on assisted households' current average rent payments; figure 4).

**FIGURE 4**  
**Housing Assistance Preserved by the CARES Act**



Source: US Department of Housing and Urban Development, Picture of Subsidized Households (2019).

Many of these households, however, will not continue paying their typical rent. About 1.2 million of them derive the majority of their income from wages and could be at risk of losing employment income during the pandemic and thus transitioning to minimum rent.<sup>12</sup> The CARES Act funding could sustain about 2.7 million households at minimum rent for one month if all funds were used solely for that

purpose. If all 1.2 million households transitioned to minimum rent, the CARES Act by itself would only sustain those households for slightly more than two months.

Although this funding will go a long way, it is clear more will be needed soon. Tenants potentially face months of diminished or no employment income from either job loss or illness. Not all funding will be used to preserve housing assistance as public housing agencies and private owners use money to protect tenants and staff during the pandemic. Of the \$1.25 billion allocated for TBRA, the CARES Act specifies that \$850 million be used for administrative costs, for expenses associated with the health and safety of tenants, and to support and retain landlords participating in the program. The remaining \$400 million is to go to renewal funding adjustments based on increased voucher costs. Recognizing what would be needed to adequately respond to the pandemic, advocates pushed for more than what was ultimately included in the CARES Act: \$5 billion for public housing and \$3.5 billion for the Housing Choice Voucher program.<sup>13</sup>

Additional funding will also be needed to cover households not currently receiving rental assistance. Given that only one in five households eligible for housing assistance receives it (Scally et al. 2018), there have been calls for a universal voucher program to extend housing assistance to those who already qualify. An Urban Institute analysis found that extending assistance to an additional 19.7 million people (representing 8.2 million households) would cost about \$62 billion a year, and that cost could be closer to \$100 billion to cover additional renters with income loss during the COVID-19 pandemic.<sup>14</sup> The National Low Income Housing Coalition estimated that it would cost about \$100 billion to extend rental assistance to all current and projected extremely- and very low-income renters who spend more than 30 percent of their income on rent (Aurand, Emmanuel, and Threet 2020). Additional households not currently receiving rental assistance must also be considered as part of an effective response to this crisis.

The CARES Act also provides \$50 million for the Section 202 Supportive Housing for the Elderly program, \$15 million for the Section 811 Supportive Housing for Persons with Disabilities program, and \$200 million for the Native American Housing Block Grant program to maintain normal operations and services during the pandemic.

## Emergency Food and Shelter Program

In March, almost 10 million Americans filled claims for unemployment.<sup>15</sup> Hawaii, Michigan, and Pennsylvania's labor markets were hit the hardest.<sup>16</sup> The Emergency Food and Shelter Program, which provides funding for housing and food assistance to families facing financial emergencies, will provide additional assistance to places where unemployment is surging. Funded by the Federal Emergency Management Agency, the program distributes grants proportional to the rate of unemployment and poverty in an area. The \$200 million provided by the CARES Act will help service organizations around the country assist those whose livelihoods have been affected by this crisis.



# Conclusion

Although the CARES Act provides much-needed investment to critical housing, homelessness, and community development programs, it is clear that more will soon be needed as the pandemic continues. As we discuss in this brief, the CARES Act funding will only go so far. Public housing agencies will need more funding to protect staff and current residents. As households currently receiving rental assistance continue to lose employment income during this crisis, more funding will be needed to preserve their assistance to account for lost rental income. Households not currently receiving rental assistance, including those that would have been eligible for such assistance even before the pandemic, will also need support, especially as households face a sustained loss of income and when current moratoria on evictions end. Given their increased vulnerability, people experiencing homelessness will need more support in the form of medical care, short-term rental assistance, and housing stabilization. As the crisis continues, it will become necessary to broaden our assessment of what constitutes an effective response, intentionally prioritizing protections for the most vulnerable and providing sufficient support.

## Notes

<sup>1</sup> Brett Theodos and Christina Plerhoples Stacy, “We Need to Know More about Block Grant Programs to Improve Them”, *Urban Wire* (blog), Urban Institute, April 12, 2017.

<sup>2</sup> “CPD Program Formula Allocations and CARES Act Supplemental Funding for FY 2020,” US Department of Housing and Urban Development, accessed April 6, 2020, [https://www.hud.gov/program\\_offices/comm\\_planning/budget/fy20/](https://www.hud.gov/program_offices/comm_planning/budget/fy20/).

<sup>3</sup> Monique King-Viehland, “Increased CDBG Funding Only Works If Grantees Have Flexibility in How They Use It,” *Urban Wire* (blog), Urban Institute, April 9, 2020.

<sup>4</sup> “Quick Guide to CDBG Eligible Activities to Support Coronavirus and Other Infectious Disease Response,” US Department of Housing and Urban Development, April 6, 2020, <https://files.hudexchange.info/resources/documents/Quick-Guide-CDBG-Infectious-Disease-Response.pdf>.

<sup>5</sup> Wayne Vroman and Daniel Kuehn, “The COVID-19 Relief Bill Improves Access to Unemployment Insurance, but Further Steps Could Fill Remaining Gaps,” *Urban Wire* (blog), Urban Institute, March 20, 2020.

<sup>6</sup> Mary K. Cunningham and Samantha Batko, “Immediate Federal Action Is Needed to Keep People Housed in the Face of the Pandemic,” *Urban Wire* (blog), Urban Institute, March 19, 2020.

<sup>7</sup> “Eligible ESG Program Costs for Infectious Disease Preparedness,” US Department of Housing and Urban Development, March 5, 2020, <https://files.hudexchange.info/resources/documents/Eligible-ESG-Program-Costs-for-Infectious-Disease-Preparedness.pdf>.

<sup>8</sup> “Coronavirus Disease 2019 (COVID-19): Cases in the U.S.,” Centers for Disease Control and Prevention, accessed April 6, 2020, <https://www.cdc.gov/coronavirus/2019-ncov/cases-updates/cases-in-us.html#2019coronavirus-summary>.

<sup>9</sup> “CPD Program Formula Allocations and CARES Act Supplemental Funding for FY 2020,” accessed April 6, 2020, [https://www.hud.gov/program\\_offices/comm\\_planning/budget/fy20/](https://www.hud.gov/program_offices/comm_planning/budget/fy20/).

<sup>10</sup> “Coronavirus Disease 2019 (COVID-19): Homelessness, Interim Guidance,” Centers for Disease Control and Prevention, accessed April 8, 2020, <https://www.cdc.gov/coronavirus/2019-ncov/need-extra-precautions/unsheltered-homelessness.html>.

- <sup>11</sup> “COVID-19 FAQs for the Public Housing, Housing Choice Voucher (HCV) (including the Project-based Voucher Program (PBV)) and Native American Programs,” US Department of Housing and Urban Development, March 13, 2020, [https://www.hud.gov/sites/dfiles/PIH/documents/COVID19\\_FAQ\\_PIH\\_Final.pdf](https://www.hud.gov/sites/dfiles/PIH/documents/COVID19_FAQ_PIH_Final.pdf).
- <sup>12</sup> Although minimum rent can vary across public housing agencies, we assume a minimum rent of \$25 a month across programs.
- <sup>13</sup> “Public Housing Authorities Need \$8.5 Billion in Emergency COVID-19 Funds Plus Regulatory Relief,” news release, the Council of Large Public Housing Authorities, March 19, 2020.
- <sup>14</sup> Mary K. Cunningham, “It’s Time to Reinforce the Housing Safety Net by Adopting Universal Vouchers for Low-Income Renters,” *Urban Wire* (blog), Urban Institute, April 7, 2020.
- <sup>15</sup> “Small-Business Relief Effort ‘a Mess,’” *New York Times*, April 2, 2020.
- <sup>16</sup> Thomas Franck and John W. Schoen, “This Map Shows Which States Are Seeing the Most Job Losses Due to the Coronavirus,” *CNBC*, April 2, 2020.

## References

- Aurand, Andrew, Dan Emmanuel, and Daniel Threet. 2020. “NLIHC Research Note: The Need for Emergency Rental Assistance during the COVID-19 and Economic Crisis.” Washington, DC: National Low Income Housing Coalition.
- CDBG Coalition. 2019. *Community Development Block Grants: Impact and Funding Need*. Washington, DC: National Community Development Association.
- Cecire, Michael H., and Joseph V. Jaroscak. 2020. *Responding to the COVID-19 Outbreak with Community Development Block Grant (CDBG) Authorities*. Washington, DC: Congressional Research Service.
- Culhane, Dennis P., Dan Treglia, Kenneth Steif, Randall Kuhn, and Thomas Byrne. 2020. *Estimated Emergency and Observational/Quarantine Capacity Need for the US Homeless Population Related to COVID-19 Exposure by County; Projected Hospitalizations, Intensive Care Units and Mortality*. Philadelphia: University of Pennsylvania.
- Jaroscak, Joseph V. 2020. *Community Development Block Grants and the CARES Act*. Washington, DC: Congressional Research Service.
- Kingsley, G. Thomas. 2017. “Trends in Housing Problems and Federal Housing Assistance.” Washington, DC: Urban Institute.
- Sally, Corianne Payton, Samantha Batko, Susan J. Popkin, and Nicole DuBois. 2018. *The Case for More, Not Less: Shortfalls in Federal Housing Assistance and Gaps in Evidence for Proposed Policy Changes*. Washington, DC: Urban Institute.

## Errata

This brief was corrected on May 22, 2020. In figure 1, CARES Act funding for public housing is \$685 million, not \$658 million. All other estimates are unaffected.

## About the Authors

**Matthew Gerken** is a research analyst in the Metropolitan Housing and Communities Policy Center at the Urban Institute. His areas of interest include affordable housing, homelessness, and community development.

**Abby Boshart** is a policy assistant in the Metropolitan Housing and Communities Policy Center.

## Acknowledgments

The views expressed are those of the authors and should not be attributed to the Urban Institute, its trustees, or its funders. Funders do not determine research findings or the insights and recommendations of Urban experts. Further information on the Urban Institute's funding principles is available at [urban.org/fundingprinciples](https://urban.org/fundingprinciples).

The authors are grateful for comments and suggestions from Martha Galvez, Samantha Batko, and Mary Cunningham.



500 L'Enfant Plaza SW  
Washington, DC 20024

[www.urban.org](https://www.urban.org)

### ABOUT THE URBAN INSTITUTE

The nonprofit Urban Institute is a leading research organization dedicated to developing evidence-based insights that improve people's lives and strengthen communities. For 50 years, Urban has been the trusted source for rigorous analysis of complex social and economic issues; strategic advice to policymakers, philanthropists, and practitioners; and new, promising ideas that expand opportunities for all. Our work inspires effective decisions that advance fairness and enhance the well-being of people and places.

Copyright © April 2020. Urban Institute. Permission is granted for reproduction of this file, with attribution to the Urban Institute.