

# State CDBG and CDBG-CV Rental Relief Program – Policy Considerations



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April 2022

## 1. Introduction

These policy considerations apply to non-entitlement jurisdictions that elect to use all or a share of their CDBG and/or CDBG-CV award for subsistence payments (emergency grant payments) for rental relief activities.

Grantees should use these policy considerations to establish local program guidelines prior to the implementation of rental relief activities. Grantees should ensure that all programs are operated in accordance with this guidance and the Housing and Community Development Act, as amended. Grantees utilizing their CDBG-CV award, fiscal year 2019, or fiscal year 2020 CDBG award to prevent, prepare for, or respond to coronavirus must also implement their programs in a manner consistent with the CDBG-CV Federal Register Notice (FR 6218-N-01).

Prior to carrying out such activities, grantees must ensure that the Scope of Work in Exhibit E of their Standard Agreement and the resolution from their governing body allows for, or is revised, to make subsistence payments in the form of rental relief eligible.

Grantees may elect to combine rental relief subsistence activities with other subsistence activities being carried out in their jurisdiction, such as utility or mortgage assistance, so long as these are allowed in their Standard Agreement Exhibit E, governing body resolution, and program guidelines.

## 2. Policy Considerations

Grantees should ensure that the following elements are addressed in both the program guidelines and application process. As indicated, the State has provided specific guidance for certain requirements. For other requirements, grantees have discretion on how to establish such policies so long as they align with the Housing and Community Development Act, as amended. Grantees utilizing their CDBG-CV award, fiscal year 2019, or fiscal year 2020 CDBG award to prevent, prepare for, or respond to coronavirus must also ensure their program is consistent with the CDBG-CV Federal Register Notice (FR 6218-N-01).

Grantees' program guidelines should, at a minimum, address all policy considerations summarized below.

### 2.1. Policy Considerations for all Rental Relief Activities

#### **Applicant Eligibility**

*HCD Requirement:* Grantees must collect the necessary demographic information from applicants for reporting activity accomplishments.

*HCD Requirement:* Grantees must enter into a written agreement with the applicant prior to issuing funds on the applicant's behalf.

*Grantee Policy:* Establish the requirements for how they will confirm the applicant is an eligible tenant or subtenant of the property.

*Grantee Policy:* Establish methodology for the order in which applications will be reviewed, including prioritization of applicants in the event of a waitlist.

*Grantee Policy:* Establish additional requirements or thresholds for applicants.

**Low-Mod Income National Objective**

*HCD Requirement:* At a minimum, at least 51% of the assisted families must have incomes at or below 80% Area Median Income. Household income must be evaluated using the Part 5 definition.<sup>1</sup>

*Grantee Policy:* Target funding to assist a greater share of low- or moderate-income families.

**Unit Eligibility**

*Grantee Policy:* Establish the definition for housing units eligible under the program and the types of housing units available for assistance (e.g., mobile home plot rentals, accessory dwelling units, etc.).

*Grantee Policy:* May establish habitability standards for units assisted through the rental relief program.

**Cross-Cutting Requirements**

*HCD Requirement:* All activities must comply with all applicable cross-cutting requirements such as ADA compliance, conflict of interest, environmental reviews, equal access, fair housing, limited English proficiency, Uniform Relocation Act, and other such requirements required by HUD and HCD.

*HCD Requirement:* Grantees must maintain records and documentation as set forth in their Standard Agreement and submit reporting, as required by HCD.

*HCD Requirement:* Grantees must implement procedures to protect personally identifiable information of applicants.

**Lead-Based Paint**

*HCD Requirement:* If rental assistance is provided for a period of more than 100 days, a lead-based visual inspection must take place to determine whether there are lead-based paint hazards in the unit. If necessary, this inspection can be conducted remotely.

**Start Date**

*HCD Requirement:* Funds can be used to pay prospective rent incurred on or after April 1, 2022. Rental relief funds can also be used to pay for arrears if arrears are for months after April 2022.

**Grant Payments**

*HCD Requirement:* Payments must be made directly to the landlord, property owner, management company or other entity responsible for the unit and cannot be made directly to the assisted household.

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<sup>1</sup> <https://www.ecfr.gov/current/title-24/subtitle-A/part-5/subpart-F/subject-group-ECFR174c6349abd095d/section-5.609>

**Necessary / Reasonable Costs**

*HCD Requirement:* All costs must be considered necessary and reasonable for the operation of the program.

*Grantee Policy:* Define how costs are and are not determined to be reasonable and necessary.

*Grantee Policy:* Establish how ongoing rental assistance will be considered necessary and reasonable (i.e., confirming household still requires assistance, household is still residing in housing unit, and that providing assistance will result in stability for the household).

**Period of Assistance**

*HCD Requirement:* CDBG rental relief assistance may be provided for a period not exceeding three consecutive months. If a household or individual previously received CDBG subsistence payments for any other assistance, such as utility payments, the total period of CDBG subsistence assistance is limited to three consecutive months.

*Grantee Policy:* Provide assistance for a shorter period of time to maximize assistance to the greatest number of households in need.

**2.2. Policy Considerations for COVID-19 Response Activities Only**

Grantees utilizing their CDBG-CV award, or fiscal year 2019 or fiscal year 2020 CDBG funds to prevent, prepare for, and respond to coronavirus must also address the following policy considerations in their program guidelines.

**Period of Assistance (COVID-19 response only)**

*HCD Requirement:* Rental relief assistance may be provided for a period not exceeding six consecutive months. If a household or individual previously received CDBG-CV subsistence payments for any other assistance, such as utility payments, the total period of CDBG-CV subsistence assistance is limited to six consecutive months.

**COVID-19 Tieback (COVID-19 response only)**

*HCD Requirement:* The rental relief activity must be used to prevent, prepare, or respond to the impact of COVID-19. The grantee must document the tieback for each household benefitting from the program.

*Grantee Policy:* Establish the threshold for determining how each assisted household meets the COVID-19 tieback requirement and the documentation required to show such threshold is met.

**Duplication of Benefits (COVID-19 response only)**

*HCD Requirement:* Grantee’s policies and procedures must establish and follow processes to ensure that funds do not duplicate other assistance resulting in a duplication of benefits.

## CDBG and CDBG-CV Rental Relief Policy Considerations

*Grantee Policy:* Use a subrogation agreement with the tenant or landlord or other means to ensure that funds will be repaid if a duplication of benefits occur.

*Grantee Policy:* Establish policies as part of the application process to evaluate other assistance received by the applicant.

### **3. Resources**

HUD has developed a range of resources to provide clarity on the regulations guiding emergency grant payment programs and strategies on how to implement them.

[CDBG-CV Federal Register Notice](#)

[Using CDBG Emergency Payments for Rental Assistance in Coronavirus Response](#)

[Subsistence Type Payments of Rent or Mortgage and Arrears FAQs \(3/30/2021\)](#)

[CDBG-CV COVID Tieback Quick Guide](#)

[CDBG-CV Preventing Duplication of Benefits Resources](#)