



PIH

OFFICE OF PUBLIC & INDIAN HOUSING

How CDBG Can Support HCV Utilization November 2023

The Consolidated Appropriations Act of 2023 provides an increase in Housing Choice Voucher (HCV) program funding of 10.5 percent (\$2.9 billion). This historic increase is intended to help Public Housing Authorities (PHAs) adjust to recent inflationary pressures and expand HCV leasing. The funding presents a unique opportunity for communities to expand the availability of affordable housing assistance by addressing barriers to HCV program participation. This document highlights steps communities can take to leverage Community Development Block Grant (CDBG) funds to improve HCV utilization.

Here are some examples of how CDBG funds can be used in coordination with the HCV program to further affordable housing assistance in your community:

- **Use CDBG for voucher holder security deposit assistance as part of emergency homeless prevention.** The HCV program does not provide direct funding for security deposit assistance, which creates a barrier for some program participants who do not have sufficient cash for security deposits. CDBG may be used to prevent homelessness by providing first/last month rent and security deposits to a housing provider (such as a landlord) on behalf of a HCV voucher holder. The CDBG term for this is an “emergency grant payment”.
- **Use CDBG for building improvements necessary to meet HCV standards.** Voucher holders cannot lease a unit that does not meet HUD’s Housing Quality Standards (HQS). CDBG grantees could help by using program funds to cover repairs necessary to meet HQS. The CDBG term for this is “housing rehabilitation” and it can be as little as a smoke detector, roof, or ramp or as much as reconstruction of a housing unit. CDBG rehabilitation activities are usually carried out by grantee staff, a landlord, a private contractor, or a nonprofit subrecipient.
- **Promote landlord engagement in the HCV program and establish landlord training programs.** CDBG funds can be used to improve the availability of quality rental housing and promote economic development by establishing landlord training programs. The CDBG funds can also be used to hold events with new and existing landlords that dispel stereotypes about voucher holders and highlight the rental income stability associated with landlord participation in the HCV program. *(This could be done under the general administration category of CDBG as a fair housing activity.)*
- **Grantees may require that any landlord that benefits from CDBG accept HCV as a source of payment.** CDBG grantees could explore HCV acceptance as a requirement for landlords who benefit from CDBG funding through building repairs, local utility investments, or building energy saving investments. While this is not a legal mandate, a CDBG grantee may choose to encourage HCV acceptance as a source of payment, by including the expectation as part of their policy.



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What CDBG program constraints do CDBG Grantees need to be mindful of? Since HCV voucher holders are low to moderate income, they meet the income requirements of CDBG. However, CDBG grantees may be limited to limits on the amount of funding they can use for public services and general administration and must still follow regular program planning and implementation requirements available at 24 CFR 570 and 24 CFR 91.

What is the next step for communities that want to use CDBG funds to support HCV utilization? CDBG grantees should be in regular communication with their local Public Housing Authorities to discuss local affordable housing needs, the local success rate of voucher holders in finding a lease, and how CDBG and HCV funds can be leveraged to support the local community. *(This can be part of the required ConPlan consultation requirements.)*