HUD CDBG regulations authorizing use of CDBG funds for emergency shelter/housing and related payments

Emergency one time payments to a provider for up to three months are CDBG eligible as a public service income payment under 24 CFR 570.207(b)(4).

(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.

The above is confirmed in HUD's publication "Basically CDBG for Entitlements", which is posted on its website:

https://www.hudexchange.info/resource/19/basically-cdbg-training-guidebook-and-slides/

Section 7.1.2 of this publication reads as follows:

7.1.2 Ineligible Public Service Activities | The provision of “income payments” is an ineligible CDBG activity if these payments are provided as a grant. Income payments are payments to an individual or family, which are used to provide basic services such as food, shelter (including payment for rent, mortgage, and/or utilities) or clothing. However, such expenditures are eligible under the following conditions: | The income payments do not exceed three consecutive months; and | The payments are made directly to the provider of such services on behalf of an individual or family. Income payments that are provided as a loan are permissible within the public services cap.

In addition, Section 7.3.4 contains additional/alternative justification for use of the funds to provide shelter:

7.3.4 Urgent Needs | It is possible for public service activities to qualify under this National Objective if the public service is designed to alleviate existing conditions that pose a serious and immediate threat the health or welfare of the community and following conditions are met: | The conditions are of recent origin or recently became urgent (generally within the past 18 months); | The grantee is unable to finance the activity on its own; and | Other sources of funding are not available.