



CITY COUNCIL STAFF REPORT

TO: Honorable Mayor and City Council **DATE:** August 24, 2020
FROM: Matthew Bronson, City Manager
PREPARED BY: Matthew Bronson, City Manager
SUBJECT: Eviction Moratorium Policy Direction

RECOMMENDATION

Receive information about expiration of eviction moratoriums and provide policy direction to staff on a potential City position on efforts to extend a moratorium at either the state or local level.

BACKGROUND

At the July 20th Council meeting, the Council provided direction to staff to schedule an agenda item to discuss the expiration of a State Executive Order establishing a moratorium on rental evictions tied to financial impacts due to COVID-19. The statewide order was issued on March 27 and prevented such evictions until May 31. The Judicial Council of California (the policy-making body governing California courts) subsequently halted court proceedings involving evictions through August 14 which provided additional relief to tenants. Due to public and legislative pressure, this deadline was recently extended to September 1 to provide additional time for the Legislature and Governor to develop a longer-term strategy for rental eviction and payment due to COVID-19.

There are two primary bills currently in the Legislature addressing this situation:

- *AB 1436*: This bill proposes extending eviction moratoriums for either 90 days after the termination of the COVID-19 state of emergency or April 1, 2021 whichever is earlier and includes extra time for landlords and any homeowners to pay their mortgages in the form of forbearance. The bill largely has the backing of tenants groups and labor unions among other groups.
- *SB 1410*: This bill would offer tax credits to property owners to make up for unpaid rent due to the pandemic and allow tenants and landlords to make voluntary, written repayment agreements. SB 1410's backers include advocacy groups representing property owners such as the California Apartment Association and other groups.

Legislative discussions are underway to develop a compromise solution that can be approved by the Legislature and signed by the Governor prior to the resumption of eviction proceedings on September 1. The Judicial Council has indicated that it will not extend this deadline again and stated that it was up to the executive and legislative branches to develop a remedy. This is a significant issue facing the state as an estimated 4 million renters are at risk for eviction by the end of September. At the same time, there is also a financial impact to landlords in paying their housing costs which SB 1410 is intended to address though with an estimated cost of \$12 billion through lost tax revenue. At this time, the League of California Cities has not taken a position on either AB 1436 or SB 1410.

On a local level, the County enacted a temporary eviction moratorium on March 18 through an Executive Order at the beginning of the COVID-19 pandemic. This countywide moratorium expired on May 31 similar to the Governor's Executive Order and has not been reauthorized unlike some counties in the Bay Area and Southern California which have extended their countywide moratoriums until the end of September as allowed by the State. No individual cities within the county have enacted city-specific eviction moratoriums.

Given this background and the continued financial impacts of COVID-19, the Council is asked to consider providing policy direction for a potential City position on efforts to extend an eviction moratorium at either the state or local level. While the County Board of Supervisors has not taken up this issue, the County's Homeless Services Oversight Committee (HSOC) on August 19 approved sending a letter to the Board of Supervisors asking for their consideration to support both AB 1436 and SB 1410 and reinstate the earlier countywide moratorium if the statewide efforts are not successful. This letter is shown as Attachment 1 to the staff report. Council Member Shah is the current HSOC chair and can provide further information to the Council on this position letter and the HSOC discussion. Lastly for the Council's reference, the City sent a letter to the Governor in June urging his action to approve rent and mortgage relief for both renters and property owners (see Attachment 2).

FISCAL IMPACT

There is no fiscal impact from this action.

ALTERNATIVES

The City Council has the following alternatives to consider:

1. Receive information about expiration of the eviction moratoriums and provide policy direction to staff on a potential City position on efforts to extend a moratorium at either the state or local level; or
2. Provide alternative direction to staff.

PUBLIC NOTIFICATION

The agenda was posted in accordance with the Brown Act. A copy of this staff report was provided to both proponents and opponents of this project.

ATTACHMENTS

1. HSOC Position Letter
2. City Letter to Governor Newsom on Rent Relief

August 19, 2020

Board of Supervisors
County of San Luis Obispo
1055 Monterey Street
San Luis Obispo, CA 93408

Dear Supervisors,

I write on behalf of the San Luis Obispo County Homeless Services Oversight Council. On August 13, 2020, the California Judicial Council voted to shorten the duration of two critical Judicial Council rules preventing evictions in California during the current COVID-19 pandemic. This means that landlords will be able to return to court on **September 1, 2020** to seek evictions.

This could significantly impact our community. The spread of COVID-19 has led to substantial increases in unemployment locally. According to the San Luis Obispo County Workforce Development Board, the countywide unemployment rate in June 2020 was 11.6% -- or 15,600 persons -- compared to a 3% unemployment rate in June 2019.

For those who have lost jobs or who have seen significant decreases in income, it will become much harder to pay their mortgage and many households have fallen behind on their rent. This has led to a growing number of households at risk of losing their homes or apartments. The resulting impact on homelessness may be substantial. A recent analysis by Columbia University economist Brendan O'Flaherty estimated that homelessness may increase nationwide by as much as 40-45% by the end of this year, based on rates of homelessness increase related to unemployment in the prior recession that occurred from 2007-2009.¹ Applying this formula to San Luis Obispo County, **as many as 1,000 persons could become newly homeless by the end of the year absent intervention. Other studies suggest that an additional 3,500 to 4,500 could also be at risk of eviction.**

Local programs are already experiencing increased demand, as households are seeking help after falling behind on their rent. The 5Cities Homeless Coalition reports requests for homelessness prevention assistance in July were more than double the requests in January, and that was before the threat of eviction became more imminent due to the Judicial Council's actions. Once a household becomes homeless due to unemployment, it will be difficult to place them back into housing, even with security deposit assistance, as landlords are hesitant to rent to people who do not have a job or reliable source of income. Yet without housing, it will be more difficult for these persons to find a job.

While the County will be receiving federal funding to help prevent at least some of the evictions, it has not yet received the contracts from the state and federal government needed to implement the

¹ Available at <https://community.solutions/analysis-on-unemployment-projects-40-45-increase-in-homelessness-this-year/>. The O'Flaherty analysis assumes an unemployment rate of 16% in the third quarter.

programs. Depending on the timing of this receipt, the County's subrecipient agencies may not be able to provide this funding to households in need by September 1. Even when the funding arrives, households that owe back rent may still be in the same situation again in a few months if they are not able to find work.

The Homeless Services Oversight Council has authorized the HSOC Executive Committee to send a letter to the Board of Supervisors requesting the Board take action. The Executive Committee recommends the Board take the following steps:

- 1) Consider directing the County lobbyists to support passage of AB1436 and SB 1410 that would prevent evictions during the COVID-19 emergency, would give tenants 15 months from the end of the emergency in which to pay back rent, and allow tenants and landlords to make voluntary, written repayment agreements.
- 2) Should the legislature or Governor fail to act to prevent evictions before the September 1, 2020 deadline, consider re-instating the County Emergency Order and Regulation No. 3, that would establish certain restrictions on residential and commercial evictions.
- 3) Consider tax credits or supporting other options at the state and federal level to assist landlords who are unable to collect rents from their tenants and who may be facing financial hardships as a result.

Thank you for your consideration of this important matter.

Sincerely,

Mariam Shah
Chair, San Luis Obispo County Homeless Services Oversight Council

Cc: Wade Horton
Dr. Penny Borenstein



City of Grover Beach

*Mayor Jeff Lee Mayor Pro Tem Karen Bright,
Council Member Desi Lance, Council Member Barbara Nicolls, Council Member Mariam Shah*

*Matthew Bronson
City Manager*

June 1, 2020

Honorable Gavin Newsom
Governor, State of California
State Capitol
Sacramento, CA 95814
VIA E-mail: ExternalAffairs@gov.ca.gov

Dear Governor Newsom:

The City of Grover Beach thanks you for your ongoing leadership and efforts to protect and support Californians during this unprecedented public health crisis. Under your leadership, State actions have enabled us to rise to the challenge to meet this crisis head-on. However, the resulting economic impact has and will severely affect all Californians and threatens the progress that we are making as a state to provide housing for those in need and to protect those in jeopardy of becoming homeless.

Grover Beach has taken several steps to help address these needs. Our City Council waived late fees for utility bill payments from February through May to help customers who needed flexibility in paying their bills given lost income. We have applied for \$465,000 in Community Development Block Grant funds for Eviction Prevention and Security Deposit programs and previously received \$645,000 for these programs to help our residents. Our city is committed to helping people stay in their homes while also taking steps to help increase housing production in the future. In addition, our City Council is considering a small business microgrant program to help businesses safely reopen consistent with COVID-19 guidelines and address immediate funding needs.

To this end, on behalf of the Grover Beach City Council, we urge you to work with the Legislature to support all residents, tenants, and homeowners from impacts of this coronavirus pandemic on housing needs. Such statewide actions include but are not limited to the following:

- Creation of emergency direct assistance programs for rent and mortgage payments and other housing-related expenses such as utilities, property taxes, and insurance;
- Requiring banks and financial institutions to suspend rent and mortgage collections;
- Creation of emergency programs that provide homes and expanded services for people experiencing homelessness.

154 South Eighth Street ❖ Grover Beach, California 93433 ❖ FAX (805) 489-9657 ❖ www.groverbeach.org

Administrative Services/Water (805) 473-4550 ❖ City Council/City Manager (805) 473-4567 ❖ City Clerk (805) 473-4568
Community Development - Building, Planning & Economic Development (805) 473-4520 ❖ Human Resources (805) 473-4564
Parks & Recreation (805) 473-4580 ❖ Police/Non-Emergency (805) 473-4511 ❖ Public Works (805) 473-4530

In addition, the City requests your consideration of a related rent stabilization program advanced by the State Senate to keep people from being evicted due to COVID-19 related inability to pay rent. The program would give tax credits to landlords who forgive rent of tenants because of COVID-related hardships. The tax credits would begin in 2024 and be equal to the amount of rent while tenants would pay back their rent interest-free to the state also over the course of 10 years. While this proposal will undoubtedly evolve through the legislative process, we appreciate the efforts of the State Senate in advancing a way to help both landlords and tenants and urge your consideration of this concept along with other concepts from stakeholder groups.

The City of Grover Beach appreciates your consideration of our requests and look forward to further consideration of statewide approaches to help Californians with their housing needs in these difficult times. Thank you again for your leadership and partnership.

Sincerely,



Jeff Lee
Mayor
City of Grover Beach

Cc: State Senator Bill Monning
Assembly Member Jordan Cunningham
David Mullinax, League of California Cities, dmullinax@cacities.org