

Memorandum

TO: RULES AND OPEN GOVERNMENT
COMMITTEE

FROM: Councilmember Esparza

SUBJECT: SEE BELOW

DATE: 06/15/2020

Approved *Maya Esparza*

Date: 6/15/2020

**SUBJECT: RENT RELIEF THROUGH CARES ACT EMERGENCY SOLUTIONS
GRANT FUNDING**

RECOMMENDATION

Direct the City Manager to return with an expenditure plan for the \$32.8 million in CARES Act Emergency Solutions Grant Round 2 Funding which dedicates fifty percent of this funding for direct rental assistance for our residents who are struggling from the public health and economic crises caused by the COVID-19.

BACKGROUND

As we prepare to enter the fourth month of this unprecedented global pandemic and the consequent economic disaster it has brought upon our communities, thousands upon thousands of our families continue to struggle with meeting their basic needs. According to the most recently available American Community Survey data, San Jose's renters make up nearly 45 percent of our population¹. We also know from our Council Study Session on Displacement held in October, 2019, that 40 percent of San Jose's total population is low-income, and that many of these low-income renters were already severely rent-burdened before COVID-19². Therefore, rent relief must play a central role in stabilizing our communities, not only for the much needed aid it provides to our vulnerable tenants, but for the relief it will provide to our landlords, many of whom are mom and pop rentals that depend on rental income to survive. Our rental market constitutes one of the vital backbones of our economy, and stabilizing it will serve to strengthen our local recovery efforts more broadly, which also providing needed rent relief to our residents. Providing stability in housing, for both our renters and our property owners, is a crucial foundation upon which to build our economic recovery.

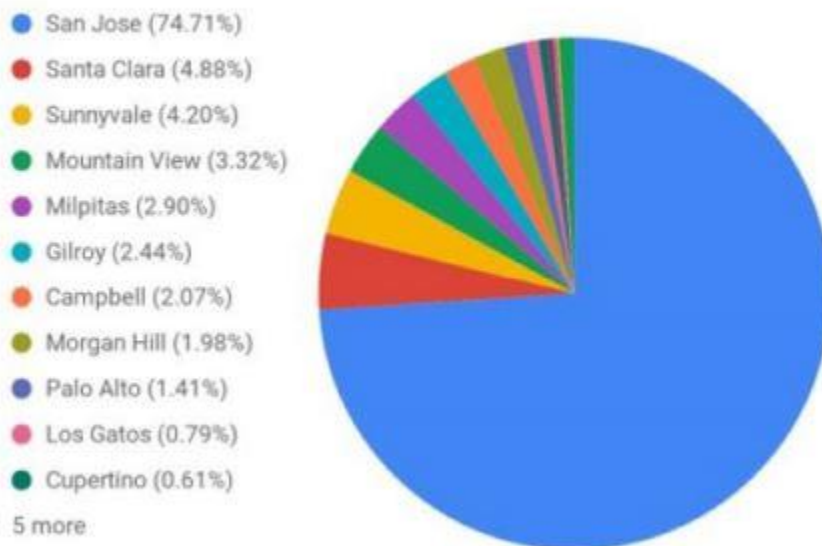
¹https://data.census.gov/cedsci/table?q=housing%20san%20jose&g=1600000US0668000&tid=ACSDP1Y2018.DP04&t=Housing&layer=VT_2018_160_00_PY_D1

²<https://sanjose.legistar.com/View.ashx?M=F&ID=7744946&GUID=6B3BD73F-FF1D-4BD0-B283-FF8CC4117178>

Over the past two months, Destination: Home and Sacred Heart Community Service have been working in partnership with a dozen community-based partners to disburse financial assistance to vulnerable families as quickly as possible through the Homeless Prevention System COVID-19 Financial Assistance Program, totaling over \$10 million in direct cash assistance to over 4,000 low-income households throughout the first phase of the program.

However, this represents only a fraction of the need in the community. The program’s existing Interest List has grown to 21,000 households, with 2,200 additional applications received so far for the second phase of the program and there are many more neighbors in desperate need of assistance. The program’s second phase included partnering with fifty smaller grass roots organizations that each have their own lists of residents in need of assistance. We learned from an update to Council on June 9th, 2020 that nearly seventy-five percent of the applicants for direct financial assistance countywide have been San Jose residents, as illustrated in the graphic below.

Applicants by City



Source: Destination: Home Presentation to Council 6/9/2020³

As the economic impacts of this crisis continue, while temporary measures such as the enhanced unemployment benefits and eviction moratoria begin to expire or are phased out, we know that many of our families will face a desperate situation, and Destination: Home has identified

³ <https://sanjose.legistar.com/View.ashx?M=F&ID=8598594&GUID=E850A757-F901-4D88-81D9-D7BDB1D1F581>

addressing this coming wave of need through additional funding as a critical next step for the program.

The Treasury Department has confirmed via its May 28, 2020 Updated FAQs that Coronavirus Relief Fund payments may be used “to provide emergency financial assistance to individuals and families directly impacted by a loss of income due to the COVID-19 public health emergency... Such assistance could include, for example, a program to assist individuals with payment of overdue rent.”⁴ We need to continue and expand financial assistance efforts, providing critical direct payments for our families and individuals who are in the most dire need of this assistance, including both Extremely Low Income and Very Low Income residents, due to this unparalleled crisis.

We know that this crisis has put incredible strain on communities already facing economic hardship and a dearth of resources. It has also placed significant strain on our landlords, particularly our mom and pop landlords, who have no relief from their mortgage payments, while facing a loss of income from their tenants impacted by the crisis. Aiding our residents struggling to make rent not only keeps our most vulnerable residents housed, it keeps our most vulnerable landlords whole and able to provide critically needed housing in our communities during this challenging time.

The signers of this memorandum have not had, and will not have, any private conversation with any other member of the City Council, or that member's staff, concerning any action discussed in the memorandum, and that each signer's staff members have not had, and have been instructed not to have, any such conversation with any other member of the City Council or that member's staff.

⁴ <https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Frequently-Asked-Questions.pdf> (pg. 5)