



Memorandum

TO: HONORABLE MAYOR AND COUNCIL **FROM:** Councilmember
Magdalena Carrasco

SUBJECT: SEE BELOW

DATE: March 9, 2020

Approved by:

Date:

3/10/20

SUBJECT: COVID-19 RESPONSE

RECOMMENDATION

1. Support the Mayor's memo dated March 6, 2020, enacting a moratorium on evictions.
2. Explore the option of a moratorium on evictions for commercial leases for small businesses
3. Support Councilmember Lan Diep's memo dated March 10, 2020, expanding the documents used to prove a substantial loss-of-income.
4. Develop a Small Business Stabilization Fund to assist small and micro businesses that can demonstrate a direct loss due to the COVID-19 outbreak through no-interest loans for small businesses and grants for microbusinesses
5. Direct the Office of Economic Development narrow the definition of small business to ensure we utilize our resources efficiently.
6. Direct Office of Economic Development to develop a single point of contact that has a multilingual capability for small businesses to provide a robust outreach to the small business community, including information about the availability of loan subsidies, unemployment assistance, tax relief, and technical support.

BACKGROUND

As we are responding to an unprecedented viral outbreak in our community, those who are most impacted are families in vulnerable populations such as East San José.

Our housing conditions require many families to live two to three families in one home that includes seniors and children. Our working parents rely on multiple minimum wage jobs that are in the retail, restaurant industry, and the gig economy. Our families most likely rent their home rather than own.¹

The impact of the cancellation of events, quarantines, and illness can push so many of our families that are rent-burdened into homelessness. Many of the CDC guidelines for managing COVID-19 will not work for a household with no spare bedrooms for isolation. As daycare providers begin to close, and our K-12 system becomes impacted, many families will be forced to forgo paychecks to care for their children and loved ones.

Our communication regarding any assistance programs that we develop needs to come early and often to prevent families and business owners from taking out predatory loans that can have devastating impacts on their financial future.

I am glad that we are responding to the devastating impacts of a continued outbreak will have on our community. The economy has been affected by the outbreak in ways large and small, including stock market declines, supply chain backups, and company cancellations of business travel and meetings in the United States and elsewhere. But for small businesses, there could be long-term effects on daily life and work in local communities.

Congress has passed the Coronavirus Preparedness and Response Supplemental Appropriations Act, which provides \$8.3 billion in new funding to establish a robust response to this public health emergency. The legislation also includes a provision that allows \$1 billion in loan subsidies to be made available to help small businesses that suffer economic damage from the spread of the virus. State lawmakers are calling for legislation to provide reimbursement to workers who must take sick leave. This funding could enable the Small Business Administration to provide an estimated \$7 billion in loans to these entities and provides \$20 million to the SBA to administer these loans.

In New York, the City will provide relief for small businesses across the City, seeing a reduction in revenue because of COVID-19. Businesses with fewer than 100 employees who have seen sales decreases of 25% or more will be eligible for zero-interest loans of up to \$75,000 to help mitigate losses in profit. The City is also offering small businesses with fewer than five employees a grant to cover 40% of payroll costs for two months (an average of \$6,000) to help retain employees. We could model a similar program in San José to maintain the fabric of our business community.

¹ According to the City of San Jose's Rent Registry from 2019 Quarter 3, renters must earn \$53/hour or \$110,360 a year to afford the average effective monthly rent for a 2-bedroom apartment of \$2,759. The average household income for eastside residents is significantly lower than the amount needed to rent.