



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Vice Mayor Chappie Jones,
Council Member Magdalena Carrasco

**SUBJECT: ACTIONS RELATED TO
A MORATORIUM ON EVICTIONS AND
INCOME LOSS DUE TO COVID-19**

DATE: March 13, 2020

Approved

Date 3/13/2020

RECOMMENDATION

Approve staff recommendation; and include the following recommendations in support of business continuity, as well as landlord and renter relief.

Small Business Continuity of Service

1. Direct Staff to include a moratorium on evictions for commercial leases for small businesses.
2. Establish an Office of Small Business, or full-time point of contact, within OED and/or City Hall that would provide assistance and guidance to small businesses in emergency situations such as the COVID-19 outbreak; designate a full-time employees for this role or partner with a nonprofit organization to provide direct and timely communication to small businesses, including recommended management practices in response to COVID-19, resources available to help mitigate the impact of the health crisis and preserve business continuity, such as federal loan opportunities through SBA, unemployment assistance through State's Employment Development Department (EDD), tax relief, and technical support.
3. To complement federal and state funding, reserve funds to establish a Business Continuity Fund of \$2 million that would support small businesses, which includes "mom and pop" landlords, that can demonstrate a direct loss due to the COVID-19 outbreak through no-interest loans for small businesses and grants for micro-businesses (new enterprises or sole proprietorships with no more than two employees).

Tenants and Landlords

4. Per Council Member Arenas' memo of March 9, 2020, direct the City Manager to bring forward emergency budget changes to allocate additional funding for Destination:

Home's homelessness prevention program, specifically for families facing COVID-19 related loss of income. Release the \$2 million currently held for next fiscal year.

5. Direct staff to develop a communications strategy to ensure tenant relief resources are accessible and available in multiple languages.
6. Direct staff to propose a strategy on how unpaid or deferred rent payments will be handled.

BACKGROUND

Considering the escalating impacts of the COVID-19 on the health and economic vitality of our businesses, residents, and employees, it is imperative that we prepare for circumstances to get worse before they get better. With limited international travel, and the Santa Clara County Public Health Department's advisory of social distancing and hygiene protocol, our economy and society has changed for the short-term but will recover in the long-term. It is imperative that we provide support to our local businesses, tenants, and landlords now; for, it is more difficult for a business to re-start after closing or for a tenant to find a new home after losing it due to loss of income, versus supporting a business during a short-term business disruption or helping a tenant stay in their home until their income is restored.

Relief for Renters and Landlords

Providing relief to both landlords and renters will help families in need and protect mom and pop landlords from the challenges that coincide with losing rental income. Staff should work to compliment the efforts from the County, State, and Federal Government to provide relief and cash assistance to tenants at risk of eviction due to the COVID-19 pandemic. Additionally, staff should provide guidance on how, or if, landlords should expect to recoup lost income due to tenants' failure to pay as a result of this crisis.

Service workers and individuals whose livelihood are at risk due to the loss of business during this crisis should be a priority for our City to avoid homelessness and further income disparity in our communities. Many of these individuals may not speak English as a first language or have access to information on City resources. For this reason, it is imperative that, once a fund is established for rental assistance, a communications strategy is developed to get this information to those who need it.

We echo the point raised by Councilmember Arenas in her memorandum dated 3.9.2020, that the City should, utilize the \$2 million in Homeless Emergency Aid Program (HEAP) funds as early as possible to aid in reducing evictions caused by this pandemic crisis.

Relief for Businesses

It is important that assistance is provided to ensure continuity of business while dealing with potential consequences of the spreading effects of the virus. We commend OED for responding to this emergency situation by creating a website of resources that provides critical information to employers, employees and small businesses (<https://www.sjeconomy.com/newsroom/covid-19-guidance>) and for acquiring special access to the City's decentralized database of businesses

including emails) to distribute the information and reach out to businesses directly. We recommend for the continued ability for departments and Council Members to have access to this database and the businesses they represent in order to communicate on appropriate matters. We encourage city staff to continue to work closely with the Small Business Advisory Task Force, which is made up of chambers of commerce, minority chambers of commerce, and small business trade association, to formulate strategies to support small businesses.

In emergency response times such as this, we further recommend a full-time point-of-contact within OED to be responsible for providing multi-lingual guidance for small businesses on how to modify business and management practices, access resources regarding county, state, and federal funding programs available for small businesses at risk for loss of income, and timely updates on this fluid situation. If city funding is limited, it is imperative that we designate a current employee or establish a partnership with nonprofit organizations, such as Score or Silicon Valley Small Business Development Center, and provide a physical space for them to be that point-of-contact within City Hall. As noted by the federal administration, billions of dollars are available in SBA funding for small businesses along with federal tax relief and other State and local resources, and they will likely need technical assistance with consideration to language and cultural competencies when applying for the needed funding.

In addition to providing an in-house point-of-contact, it is imperative that the City considers including commercial leases for small businesses in the temporary moratorium and provide funding for small businesses, including “mom and pop” landlords, to prevent loss of their business during this pandemic and global crisis through a Small Business Continuity Fund. For example, New York City has stated it will be providing 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 5 employees a grant to cover 40% of payroll costs for two months (an average of \$6,000) to help retain employees. To supplement federal and state funding programs, the City should consider establishing or reserving funds for a Small Business Continuity Fund with an appropriation of at least \$2 million and assess if additional funds are needed.

CONCLUSION

It is important that we take bold action in a time of global and pandemic proportion to prevent homelessness, loss of income, and help preserve the businesses and homes that maintain the fabric of our society.

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.