



# Memorandum

**TO:** CITY COUNCIL

**FROM:** Councilmember Pam Foley

**SUBJECT:** SEE BELOW

**DATE:** March 9, 2020

Approved

Date

*Pam Foley ML*

03/09/2020

**SUBJECT: ACTIONS RELATED TO INCOME LOSS AND EVICTIONS DUE TO NOVEL CORONAVIRUS**

## RECOMMENDATION

Adopt Mayor Liccardo and Councilmember Diep's memorandum with the following directions:

1. Explicitly include small businesses under the COVID-19 eviction moratorium ordinance.
  - A. Align the definition of a small business with the U.S. Small Business Administration's definition of what constitutes a small business by industry.
2. Direct staff to create an initial \$1 million funding pool for San José renters and small businesses to access as needed.
  - A. Direct staff to collaborate with Destination: Home and other stakeholders to advertise and implement this program.
  - B. Align the qualifications of the eviction moratorium ordinance with the qualifications for the \$1 million funding pool.
  - C. Use Measure E dollars to reimburse the general fund for any household rental assistance provided.
  - D. Direct City Staff to fund small business rental assistance grants through another means as deemed appropriate by staff.

3. Direct the City Manager to implement the COVID-19 eviction moratorium ordinance only if/when the \$1 million funding pool is exhausted.
4. Leverage the Housing Department and the Office of Economic Development and other relevant stakeholders to advertise the City's \$1 million funding pool program for both rental households and small businesses.

### **BACKGROUND**

In early 2019, the federal government shut down. This left federal employees without a paycheck for the work they had completed. In response, the City Council unanimously directed the city manager and the director of aviation to move forward with a plan to assist about 500 federal employees through a short term loan program.

This COVID-19 \$1 million funding pool as envisioned is inherently different. This is not a short-term loan program, this program would provide rental assistance to those directly and indirectly impacted by COVID-19. As more individuals suffer the consequences of this pandemic, the City of San José should mitigate these effects.

There are numerous concerns about the eviction moratorium raised by many homeowners and property owners. Most prominent is how the moratorium would simply move one debt burden from renters to the homeowners and property owners. These homeowners and property owners use rent payments to pay their mortgage, their property taxes, homeowner association dues, and in some cases the very utilities that these renters rely upon for water, gas, and electricity. A moratorium may turn out to be necessary, but the City of San José should attempt to absorb the impacts of COVID-19, not San José homeowners, not San José property owners, and most definitely not San José renters.

Funding for rental assistance should be paid back into the general fund by Measure E dollars. To maintain the public's trust, Measure E dollars shall not be given to small businesses. Measure E explicitly stated these dollars were intended to be used for "affordable housing for seniors, veterans, disabled, and low-income families, and helping homeless residents move into shelters/permanent housing." We cannot stray from that promise we made to San José voters.

We can use this \$1 million funding pool to gauge just how necessary the eviction moratorium is. If the fund is exhausted, then the moratorium should be implemented without hesitation.