



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Councilmember Magdalena Carrasco  
Councilmember Raul Peralez

**SUBJECT: SEE BELOW**

**DATE: April 3, 2020**

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Approved by:

Date: April 3, 2020

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**SUBJECT: RENT SUSPENSION**

## **RECOMMENDATION**

1. Enact an emergency resolution for a residential rent suspension for 90 days for all units if the tenant can demonstrate a direct financial impact due to the coronavirus pandemic and;
2. The rent suspension will be retroactive to April 1st, 2020
3. Direct staff to return in 90 days if further action is required.

## **BACKGROUND**

We must stay on top of the fast-changing consequences of our efforts to contain the virus, and the millions of tenants in our state cannot be left behind. Suspending rents is a critically important step to help San Jose residents survive this unprecedented difficult time. While our eviction moratorium is keeping families in place, it is just delaying the pain and hardship. Many of our families will be unable to access the financial resources necessary to pay the back rent.

We understand that the need is deep and broad. In less than four days the \$11 million allocated to the Sacred Heart low income resource fund was exhausted. This great need speaks to the desperation that our community is feeling. Many have been laid off and will not have opportunities to get employed for quite some time. Mandating that those who are directly impacted by this pandemic continue to pay rent without an income source is guaranteeing mass displacement of our lowest income and vulnerable families.

The federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, signed into law March 27, 2020, includes significant mortgage payment relief. Servicers of federally-backed loans must grant mortgage forbearance of 180 days if asked by a borrower who has directly or indirectly been affected by the COVID-19 emergency, and must extend an additional 180 days upon request. This relief is available to all borrowers with single- and multifamily loans owned, insured, or guaranteed by one of five federal agencies.

Likewise, Governor Newsom and President Trump have negotiated agreements with banks and lenders for forbearance on mortgages for our homeowners. Wells Fargo, U.S. Bank, JPMorgan Chase, and Citi agreed to waive payments for COVID-19-affected homeowners for 90 days. More than 200 state-chartered banks have agreed to do the same.

Many of our families live paycheck to paycheck in the highest rental market in the nation we cannot expect our lowest income residents to collect tens of thousands of dollars in a very weak economic job market. San José's average rent is \$3,941, if tenants are unable to pay their rent for three months back rent in July, they will owe \$15,764. This would be an insurmountable for families who are making minimum-wage salaries. We must protect our renters to ensure their continued livelihood within San José. Our current eviction moratoriums at the state and local level will open up the floodgates to evictions following this crisis. We cannot continue to kick this can down the road. Our city must issue an emergency suspension of rents right now so that people will remain in their home without the fear and anxiety of becoming homeless.

Many states throughout the nation are looking to implement similar policies and we should lead the way in the highest rental market in the nation.

We thank staff and their respective departments for their countless hours proactively researching and tackling this crisis.