



## STAFF REPORT

### To the Honorable Mayor and City Council From the City Manager

**DATE:** March 23, 2020

#### **SUBJECT**

Discuss COVID-19 impacts on housing and actions to avoid evictions of Redwood City residents financially impacted by COVID-19

#### **RECOMMENDATION**

Discuss Redwood City's response to COVID-19 impacts on housing and:

1. Receive update on potential San Mateo County efforts to prevent evictions on residents throughout the County and, if necessary, direct staff to develop an urgency ordinance to implement a moratorium on the eviction of residential tenants for non-payment of rent due to the COVID-19 pandemic;
2. Adopt a Resolution Allocating \$150,000 from Existing Transient Occupancy Tax (TOT) Collected from Short-Term Rental Uses to Fund a COVID-19 Emergency Rental Assistance Fund, and by motion, authorize the City Manager to create program parameters for use of the COVID-19 Emergency Rental Assistance Fund; and
3. Direct staff to research opportunities to defer or eliminate late payment penalties for utility payments and present recommendations to the City Council at a future meeting.

#### **STRATEGIC PLAN GUIDING PRINCIPLE**

Housing

#### **BACKGROUND**

On March 11, 2020, the World Health Organization declared the coronavirus outbreak a pandemic. On March 12, 2020, the City of Redwood City joined many cities, San Mateo County, the State of California, and the federal government, in declaring an emergency due to the impacts of COVID-19. On March 16, 2020, the public health officers of Alameda, Contra Costa, Marin, San Francisco, San Mateo, and Santa

Clara counties announced, with the City of Berkeley, a legal order directing their respective residents to shelter at home for three weeks from March 17 to April 7, 2020. The order limits activity, travel and business functions to only the most essential needs. On March 19, 2020, Governor Gavin Newsom issued Executive Order N-33-20, ordering individuals living in California to stay home or at their place of residence except as needed to maintain continuity of operations of federal critical infrastructure sectors. These public health directives have created significant impacts to Redwood City residents and businesses with many businesses losing business, at risk of closing and many residents experiencing reduced work hours or layoffs, especially in the service sector. These financial impacts could result in reduced ability to pay rent or mortgage payments, and increase risk of homelessness for individuals and families in Redwood City. In the last week, the City has received over 180 inquiries from residents concerned about losing housing. Without stable housing, individuals and families could be forced into crowded living situations or become homeless, making them much more susceptible to contracting COVID-19. Reducing that risk improves health outcomes for the entire community.

Additionally, on March 16, 2020, the Governor signed an Executive Order suspending laws that would preempt or otherwise restrict local agencies from imposing a moratorium on residential and commercial evictions, when the basis is nonpayment of rent, or a foreclosure, due to COVID-19.

In the immediate term, San Mateo County has suspended the Superior Court unlawful detainer calendar, which means no evictions will be processed by the court between the period of March 18, 2020 and April 7, 2020. In addition, the San Mateo County Sheriff will not be performing any eviction-related duties (such as processing a court order to remove a tenant from their residence). Given the fluid nature of the health crisis, these dates could be extended.

On March 18, 2020, the U.S. Department of Housing and Urban Development (HUD) authorized the Federal Housing Administration (FHA) to implement an immediate foreclosure and eviction moratorium for single family homeowners with FHA-insured mortgages for the next 60 days. Additionally, the Federal Housing Finance Agency (FHFA) has directed Fannie Mae and Freddie Mac to suspend foreclosures and evictions for at least 60 days.

## **ANALYSIS**

### **Countywide Eviction Prevention Efforts**

City staff have been informed that County of San Mateo officials are in the process of developing a County-wide moratorium on residential evictions in order to provide protection to tenants during this COVID-19 situation. City staff expects that the County Board of Supervisors will consider the emergency regulation on March 24, 2020, and that the emergency eviction protection measures would apply to incorporated and unincorporated areas in San Mateo County, thereby protecting Redwood City residents. Staff will provide the City Council with a verbal update on the status of these efforts at the March 23, 2020 City Council meeting. Anticipated action by San Mateo County may provide protections desired by the City Council, or the City Council may determine that the City should take action and direct staff to develop an urgency ordinance for the City Council's consideration at a future meeting.

## COVID-19 Emergency Rental Assistance Fund

Parks, Recreation and Community Services staff at the Fair Oaks Community Center currently administer the following emergency rental assistance programs. Approximately \$94,000 in existing funding is currently available.

Additionally, the Redwood City Education Foundation (RCEF) has recently committed \$150,000 to provide emergency rental assistance for families with children attending Redwood City School District schools affected by COVID-19. These funds would be distributed through the Fair Oaks Community Center emergency rental assistance program. The Silicon Valley Community Foundation is leading an effort with other Bay Area philanthropic partners and has created a COVID-19 Regional Response Fund. Funds for San Mateo County for emergency housing, rent and mortgage aid, utility assistance, and medical and transportation support for residents at-risk of facing homelessness due to coronavirus-related hardships will be channeled through the seven Core Agencies of San Mateo County, of which Fair Oaks Community Center is one. Total current funding and eligibility requirements are listed below. Many of these programs are currently updating their eligibility criteria and program guidelines to provide greater flexibility to support people impacted by COVID-19

<b>Funding Source</b>	<b>Funding Available</b>	<b>Eligibility Requirements</b>
San Francisco Chronicle Season of Sharing	\$35,000	- Seniors 60+ - Disabled Individuals - Low to Moderate Income Families with Children - Transitioning Foster Youth
Housing Industry Foundation (HIF)	Funding is available until it is exhausted each month, there isn't a designated funding amount for the City	No specified income or household composition requirement but must demonstrate a critical need for assistance
Measure K	\$9,000	Very-low income (50% AMI) households
Sunlight Giving	\$50,000	Household must be homeless or at-risk of homelessness
Community Action Agency	Funding is currently pending and won't be available for another 1-2 months.	Households earning 100% of the federal poverty level or less
Redwood City Education Foundation	\$150,000	Families with children attending an RCSD school and who are experiencing income loss due to COVID-19 and have no other remedy available to replace income
<b>Total Estimated Funding Available</b>	<b>\$244,000</b>	

Despite these existing and new funding sources, staff anticipates that there will be a far greater need in the community for rental assistance than what the current funding sources can provide. With the current funding that's available, staff estimates that 80-100 households could receive assistance. Fair Oaks Community Center staff have experienced a significant increase in the number of calls from residents seeking rental assistance help and is averaging about 50 calls per day for rental assistance.

In 2018, the City Council committed the Transient Occupancy Tax (TOT) it collects from short-term rental uses (e.g. Airbnb) to the Affordable Housing Fund (Fund 299), which is intended to provide affordable housing to extremely-low to moderate income households. The City has \$150,000 available in short-term rental TOT funds that could be used to support a COVID-19 emergency rental assistance fund. This would increase the funding available for rental assistance to approximately \$400,000.

The COVID-19 emergency rental assistance fund would be implemented through the Fair Oaks Community Center and would help households who have no other remedies (e.g. paid leave, unemployment insurance) to replace lost income due to COVID-19. Staff recommends the following program parameters based on input from Fair Oaks Community Center staff:

- COVID-19 impacted households who qualify as low income (earning 80% or less of area median income)
- Rental assistance up to \$3,000 per household
- Demonstrated COVID-19 impact (e.g. a copy of the employer notification about reduced work hours and/or layoff)
- Rental assistance funds would be made available through May 31, 2020

Staff will continuously evaluate the needs of the community and usage of the funds, and recommend that the City Council authorize the City Manager or her designee to modify program parameters to better serve the community, if needed.

### **Utility Payment Research**

Most Redwood City residents receive water, sanitary sewer, and solid waste (trash and recycling services) from the City in concert with Silicon Valley Clean Water and Recology. To preserve public health, water service will not be shut off for any residential customer while shelter in place orders are in effect. Staff recommends conducting additional research about the feasibility and impact of deferring and/or eliminating late payment penalties for late payment of utilities related to COVID-19 financial impacts to residents. With City Council support, staff will return at a future date with recommendations for the City Council's consideration.

### **General Outreach/Education to Residential & Commercial Tenants**

Staff will work with Bay Area Legal Aid, California Apartment Association, Community Legal Services of East Palo Alto, Fair Rents for Redwood City, Faith in Action, Legal Aid Society of San Mateo County, Project Sentinel, One Redwood City, Redwood City Tenants Union, and other tenant/landlord stakeholders to

notify tenants and landlords about their rights and responsibilities, and resources available. Additionally, staff will work to provide information in Spanish and other languages, as needed.

Staff will work to promote the existing and any new rental assistance programs through the City's website and social media, legal service providers, neighborhood associations, affordable housing providers, tenant and landlord advocacy groups, Redwood City 2020, etc. Staff will also share information about federal efforts to prevent foreclosures and evictions.

## **FISCAL IMPACT**

Should the City Council allocate \$150,000 to create a COVID-19 emergency rental assistance fund, it is likely to require additional Parks, Recreation, and Community Service (PRCS) as well as Finance staff time to implement and administer the program. Additionally, it would reduce the amount of funding in the Affordable Housing Fund. This Fund is used to support the production and/or preservation of affordable housing. An appropriation in the amount of the allocation will be requested as part of the year-end budget amendment process, if the City Council approves the creation of a COVID-19 emergency rental assistance fund.

## **ENVIRONMENTAL REVIEW**

This activity is not a project under California Environmental Quality Act (CEQA) as defined in CEQA Guidelines, section 15378, because it has no potential for resulting in either a direct or reasonably foreseeable indirect physical change in the environment.

## **PUBLIC NOTICE**

Public notification was achieved by posting the agenda, with the agenda items being listed, at least 72 hours prior to the meeting.

## **ALTERNATIVES**

The City Council may choose to only take action on one of the following or a combination of the following:

- Direct staff to develop an urgency ordinance to implement an eviction moratorium for residential tenants when the basis for eviction is non-payment of rent due to COVID-19,
- Adopt a resolution allocating \$150,000 from existing Transit Occupancy Tax (TOT) collected from short-term rental uses to fund a COVID-19 emergency rental assistance fund,
- Direct staff to research opportunities to defer or eliminate late payment penalties for utility payments and present recommendations to the City Council at a future meeting.

The City Council may also choose to take no action at this time, or provide alternate direction to staff.

**ATTACHMENTS**

Attachment A – Resolution allocating funds for COVID-19 Emergency Rental Assistance Fund

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