



**DATE:** August 12, 2020  
**SUBJECT:** COVID-19 Housing Response Position Paper

## **Executive Summary**

This paper establishes a framework that local housing stakeholders can follow in order to help stabilize housing conditions during COVID-19 pandemic and related economic recession. It provides a comprehensive overview of housing and homelessness efforts since the March 2020 release of our COVID-19 Housing Response Position Paper and identifies remaining housing needs in our region. The last section provides nine recommended policies and practices based on these needs. These actions are collectively aimed at preventing widespread eviction and foreclosure, ensuring that existing affordable housing initiatives are continued, creating permanent housing solutions for people experiencing homelessness, and reducing overcrowded housing conditions.

As California and our Monterey Bay region endure the slow and fitful process of reopening businesses and lifting emergency protections, there is growing concern for the short and long-term stability of our housing and rental markets. Renters, property owners, and landlords have been financially impacted to various degrees by the economic recession brought on by COVID-19. While some will recover income quickly, others will struggle to resume rent and mortgage payments. This is particularly true for lower income residents.

The pandemic has highlighted and exacerbated issues of inequality in our region. Low-income and minority populations are disproportionately affected both in terms of health and finances, particularly low-income Hispanic/Latinx<sup>1 2</sup> and undocumented populations<sup>3</sup> who have restricted access to financial and medical resources. This is also true of people experiencing homelessness.

Rental assistance and homeless response efforts have been bolstered by emergency Community Development Block Grants (CDBG and CDBG-CV), Emergency Solutions Grants (ESG), FEMA, HAP and HEAP funds, and private funds. All of these sources are severely limited. It is unclear how far local governments will be able to stretch these dollars and the extent to which at-risk populations will receive the help they need. Additionally, as enhanced unemployment benefits and emergency renter and homeowner protections expire, housing advocates are increasingly concerned about a looming eviction and foreclosure crisis.<sup>4</sup>

The MBEP Housing Team remains diligent in tracking and communicating the development of our housing and homeless response to COVID-19 while continuing to pursue increased housing supply in the region for long-term prosperity. The following analysis and framework is derived from research and continued conversations with housing partners, landlord groups, elected officials, and direct service providers.

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<sup>1</sup> [Monterey County Weekly](#)

<sup>2</sup> [New York Times](#)

<sup>3</sup> [Voice of Monterey Bay](#)

<sup>4</sup> [Los Angeles Times](#)



## Background

The Center for Disease Control (CDC) is currently monitoring a pandemic outbreak of the novel coronavirus (COVID-19), a respiratory illness that is spreading to populations across the globe. While the outbreak is spreading at unprecedented rates, so too is the response from federal, state, and local lawmakers who are working to contain the spread of the virus and mitigate the economic consequences. In Monterey Bay, hundreds of residents have lost work and income,<sup>5</sup> while others face the choice of going to work and risking exposure or staying home without paid sick leave. Job loss has and will compromise many residents' ability to make rent and mortgage payments leaving them at risk of eviction and foreclosure, and overcrowding as households increasingly consolidate to combine their incomes.

The pandemic compounds upon a pre-existing housing crisis. Low-income residents that are hurt most by pervasive housing unaffordability and overcrowding in Monterey Bay are also disproportionately affected by the COVID-19 pandemic. In Santa Cruz County, there are 11,365 extremely low income households, 76.3% of which are severely cost-burdened and 11.2% of which are over-crowded according to the National Low Income Housing Coalition. In Monterey County, there are 10,810 extremely low income households. 80.8% are severely cost-burdened and 20.3% are over-crowded. In San Benito County there are 1,305 extremely low income households. 59.4% are severely cost-burdened and 14.6% are over-overcrowded.<sup>6</sup> These households have already begun to suffer the consequences of the crisis which has forced the closure of businesses and spiked rates of unemployment.

One of our region's most impacted populations are those who work in our tourism,<sup>7</sup> service and certain agriculture sectors. These individuals are essential to our regional workforce and are in many cases immigrants and/or undocumented. Monterey and San Benito counties have the largest percentage of undocumented residents in California, making up 12.8% of the population.<sup>8</sup> In addition to facing obstacles in accessing healthcare and loss of income, many are not eligible for unemployment relief, paid sick leave, or other public assistance.<sup>9</sup> Farmworkers across the region, particularly in Salinas Valley,<sup>10</sup> face the additional challenge of overcrowded housing conditions which is proven to exacerbate disease spread.<sup>11</sup> In Monterey County alone, agriculture workers make up more than a third of confirmed COVID-19 cases and almost 80% of them are Latinx.<sup>12</sup>

People experiencing homelessness also face unique challenges. In Santa Cruz County, there are an estimated 2,167 people experiencing homelessness while in Monterey and San Benito County, there

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<sup>5</sup> [The Mercury News](#)

<sup>6</sup> [NLIHC Rental Housing Instability and COVID-19 Dashboard](#)

<sup>7</sup> [Monterey Herald](#)

<sup>8</sup> [Santa Cruz Sentinel](#)

<sup>9</sup> [New York Times](#)

<sup>10</sup> [The Californian](#)

<sup>11</sup> [CalMatters](#)

<sup>12</sup> [Los Angeles Times](#)



are an estimated 2,704 people experiencing homelessness. Crowded shelters and encampments, outdoor sleeping arrangements, and housing instability make it difficult for these individuals to follow protocols for preventing spread. Studies also show that living without a home can "accelerate negative health consequences."<sup>13</sup>

The COVID-19 pandemic reminds us that housing *is* healthcare. Every effort to increase the supply of affordable, adequate, and accessible housing for these vulnerable populations is vital to the economic and physical health of our region. While existing policies at the state and local levels have begun to answer some critical needs, the COVID-19 outbreak necessitates broader intervention to protect those who are most severely impacted. Elected officials must take immediate, decisive action toward minimizing the immediate economic impact while continuing to plan for and develop more affordable housing.

### **Actions-To-Date and Remaining Needs**

The largest stimulus package in U.S. history was passed on March 25, 2020. The Coronavirus Aid, Relief, and Economic Security, also known as the CARES Act was issued to “provide relief to virtually every rung of the U.S. economic ladder.” It included a moratorium on evictions and foreclosure for federally assistance or financed properties, direct financial assistance for most individuals and families in the form of a \$1,200 stimulus checks and expanded unemployment benefits<sup>14</sup> and \$339.8 billion in state and local government funding.<sup>15</sup> \$12 billion was also directed to assist those experiencing homelessness while \$5 billion was dedicated to bolstering the Community Development Block Grant (CDBG) program which aims to support low-income families and individuals within a given jurisdiction. The CARES Act also eliminated the 15% cap on the amount of a jurisdiction’s grant that is obligated in a program year for public services, allowing local governments to allocate funds according to their unique emergency needs.<sup>16</sup>

On the state level, Governor Gavin Newsom issued a statewide moratorium on evictions and foreclosures on March 27, 2020 that prohibited landlords from filing or serving an eviction notice through the end of May 2020.<sup>17</sup> The statewide moratorium was passed with the intention of “minimizing evictions during this period...[and] reducing the spread of COVID-19 in vulnerable populations by allowing all residents to stay home or at their place of residence in compliance with Executive Order N-37-20 [Shelter-In-Place].” While this statewide protection has expired, the governor has issued a series of executive orders that authorizes city and county governments to enact and extend local moratoriums as they see fit.<sup>18</sup>

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<sup>13</sup> [NLIHC “Tenant Talk”](#)

<sup>14</sup> [S. 3548](#)

<sup>15</sup> [NPR](#)

<sup>16</sup> [NLIHC](#)

<sup>17</sup> [Executive Order N-37-20](#)

<sup>18</sup> [Executive Department State of California Executive Order N-28-20](#)



Most cities and counties in the region have exercised this authority.<sup>19</sup> This includes Monterey County,<sup>20</sup> Santa Cruz County,<sup>21</sup> San Benito County,<sup>22</sup> the City of Carmel,<sup>23</sup> the City of Salinas,<sup>24</sup> the City of Marina,<sup>25</sup> the City of Seaside,<sup>26</sup> the City of Del Rey Oaks, the City of Santa Cruz<sup>27</sup> and the City of Watsonville. Some of these moratoriums mandate payback periods for owed rents, while most others left it up to the landlord and renter to decide. Most moratoriums are set to expire at the end of a given month unless extended by the governing body,<sup>28</sup> while some city councils have chosen to tie the end of the moratorium a certain number of days after the end of the declared state of emergency. Beyond local moratoriums, a ruling issued by the California Judicial Council in early April is the only protection in place. This ruling suspends the entry of unlawful detainer actions and judicial foreclosures and is effective until 90 days after the governor lifts the state of emergency related to the COVID-19 pandemic, or until it is amended or repealed.<sup>29</sup>

While these moratoriums prevent eviction and foreclosure due to failure to pay, they do not relieve renters and homeowners from monies owed. Unless a payback period is outlined in the moratorium, renters and homeowners are expected to pay what is owed for rent or mortgage upon expiration of these protections. This could oblige many to pay off several months worth of rent and mortgage arrears in addition to regular rent when all protections expire. State and federal lawmakers are currently negotiating COVID-19 adjusted budgets and stimulus packages to prevent an eviction and foreclosure crisis, though a policy solution that supports and satisfies at-risk renters, landlords, and small financial institutions has yet to emerge.

Nationwide, it is estimated that 1,062,889 extremely low income renters and 439,128 very low income renters will be severely cost-burdened during the recession that ensues from COVID-19.<sup>30</sup> Though it is unclear exactly how this breaks down within our region, community and workplace, data from United Way's 211 line points to an unprecedented demand for rent relief. Since April, rental assistance is one of the top two requested services next to food. With transmission currently on the rise in all three parts of our region,<sup>31</sup> and the expiration benefits from the CARES act, including the national moratorium on eviction and foreclosures and expanded unemployment benefits, the demand is not expected to diminish anytime soon.

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<sup>19</sup> [Monterey Bay Aquarium "Eviction Moratorium Details by City"](#)

<sup>20</sup> [Monterey County Board of Supervisors](#)

<sup>21</sup> [Santa Cruz Sentinel](#)

<sup>22</sup> [BenitoLink.com](#)

<sup>23</sup> [Monterey Herald](#)

<sup>24</sup> [City of Salinas EOC Director Executive Order No. 01-2020](#)

<sup>25</sup> [Monterey County Weekly](#)

<sup>26</sup> [City of Seaside Ordinance No. 1079](#)

<sup>27</sup> [Santa Cruz City Council Meeting 02/24/2020](#)

<sup>28</sup> [Executive Order N-66-20](#)

<sup>29</sup> [Legal Aid Society of San Diego](#)

<sup>30</sup> [National Low Income Housing Coalition](#)

<sup>31</sup> [KABC-TV](#)



Many local governments have used emergency Community Block Development Grants (CDBG) to set up emergency rental assistance funds in an effort to get ahead of the impending eviction and foreclosure crisis. While many programs are now operating, funding and administration capacities are limited and many are seeking further financial support from the state and federal governments.

The California State Legislature is considering two bills that aim to keep residents housed during the state of emergency. Under Senate Bill 1410, landlords and tenants would enter into a voluntary agreement with the Franchise Tax Board. Renters would be able to defer rent and repay it over a ten year period beginning in 2024, while landlords would receive tax credits equal to the amount of owed rent over the same ten year period which could be sold for immediate cash.<sup>32</sup> Assembly Bill 1436 would suspend all evictions until April 2021 or three months after the state of emergency ends, whichever comes first, and bans evictions for unpaid rent due to COVID-19 indefinitely as long as the tenant can provide proof of financial impact. Landlords would still be able to collect rent through other means like small-claims court.

Neither of these bills have proven to be a viable statewide strategy to protect renters, homeowners, affordable housing developers and financial institutions as neither provide the direct rental and mortgage assistance needed to avoid an overinflated tax credit market that could cripple both for profit and non profit landlords. Financial institutions have also indicated that loan payment deferrals could have a long term impact to our economic recovery. Affordable housing advocates also warn that losing rental income could inhibit their ability to make payments to lenders and fund projects that are currently in the pipeline. While all parties prefer direct payment programs, no current state proposal includes this feature.

While the need for rent relief has been nationally recognized, such a package is entangled in the deadlock between Congressional Democrats and Republicans. On May 15, 2020, the U.S. The House of Representatives passed the HEROES Act, a \$3 trillion aid package which would provide direct housing resources and protections that were left out of the last package. This includes a national moratorium on evictions and \$100 billion in emergency rental assistance to support renters and homeowners through the Emergency Rental Assistance and Market Stabilization Act ([H.R. 6820/S. 3685](#)). Senate Republicans released their own proposal at the end of July titled the HEALS Act, which includes only \$2.2 billion for tenant-based rental assistance and \$1 billion for a public housing operating fund.<sup>33</sup> Though it remains unclear what level of assistance will be provided, Senate Majority Leader Mitch McConnell has signaled that this will be the final relief package.

On the homelessness front, Governor Newsom is piloting a multi-million dollar program called Project Roomkey that provides the means for cities and counties to rent hotels and motels and convert them into housing for individuals and families experiencing homelessness. It also provides a number of state-owned trailers for the same use. The Governor recently announced the next phase in the program called “Project Homekey.” This initiative provides \$600 million in grant funding for

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<sup>32</sup> [SB 1410](#)

<sup>33</sup> [Housing Wire](#)



public entities to purchase and rehabilitate hotels, motels, vacation apartment buildings, etc.<sup>34</sup> Cities and counties are also taking steps to move forward with the development of new shelters and converting now-shuttered spaces to temporary housing that allows for physical distancing.

Santa Cruz County was awarded \$800,000 from the state for Project Roomkey initiatives. So far, the county has leased three motels with 117 rooms and is working to open a fourth in Watsonville that would provide private rooms for those who are confirmed or suspected to be COVID-19 positive.<sup>35</sup> Ten of these trailers have been set aside for transition-aged youth. The county is also offering hotel vouchers to low income individuals and their families through CalWorks and has adjusted its shelter referral process for the isolation and congregate shelters that are opening throughout the county.

In Monterey County, Grower-Shipper Association members are working to identify homeless residents and farmworkers who are positive or at high risk for COVID-19 and unable to self-isolate. A few locations have been identified as options for housing these individuals, including a number of motels located in Marina secured through Project Roomkey and 15 trailers that were received from the state. The county has placed nearly 170 vulnerable people experiencing homelessness so far. The City of Salinas has received eight trailers and has approved funding to construct the County's first spring structure in Chinatown, which would in total create as many as 65 beds. A number of sites have been approved and converted by the county to be used as Alternative Housing Sites.

Undocumented residents, many of whom are members of our vital agriculture and service industries, are a top area of concern for housing advocates. Many are at higher risk of infection due to overcrowded conditions and unregulated rental situations. The state's Disaster Relief Assistance for Immigrants and UndocuFund Monterey Bay are among the few programs providing direct financial assistance to undocumented residents. As of July 22, 2020, both of these funds have been exhausted and are seeking additional resources.

### **COVID-19 Housing Response Framework:**

MBEP's Housing Advocacy Initiative aims to preserve and increase the quality of life and economic vibrancy of Monterey Bay by increasing housing supply, encouraging homeownership, supporting adequate funding, and fostering political will. As the COVID-19 induced economic recession takes hold in our region, these goals and strategies must be fortified. Leaders at all levels of government must work to understand how the pandemic impacts rental and home sale markets and respond with proactive policies and programs that will safeguard the region's most at-risk renters, homeowners, affordable housing developers, and financial institutions. The Monterey Bay Economic Partnership offers the following framework to guide this effort:

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<sup>34</sup> [California Department of Housing and Community Development](#)

<sup>35</sup> [Santa Cruz Sentinel](#)



## Local Emergency Measures

### **1. Mobilize Emergency Rental Assistance Funds**

City and county governments should dedicate a substantial portion of discretionary emergency funds to create emergency rental assistance programs in order to support both renters and landlords in the wake of eviction and foreclosure moratoriums. Private and community foundation funds should also be secured with flexible eligibility requirements to support undocumented residents and nontraditional renters.

### **2. Enact and Extend Moratoriums on Evictions and Foreclosures if Needed**

Enactment and extension of local moratoriums should be evaluated on a monthly basis until the financial stability of renters, landlords, property owners, and financial institutions is discerned through robust community outreach. Local governments should consider including payback periods of at least six months and local governments should fund educational initiatives to inform residents and landlords of their rights and obligations under these policies.

### **3. Partner With the State to Implement ‘Project Homekey’**

Monterey, Santa Cruz, and San Benito Counties should work in partnership with the State of California under ‘Project Homekey’ to acquire and rehabilitate local hotels, motels, vacant apartment buildings, residential care facilities, and other tiny homes to serve people experiencing homelessness in our region. This would entail identifying, negotiating price, and purchasing these buildings using state funds, which will amount to \$500 million to be distributed across the state.

## Local Best Practices

### **4. Promote the California Apartment Association’s “Safe At Home Guidelines”**

Local governments and housing organizations should promote the California Apartment Association’s “Safe At Home Guidelines” in order to support renters and landlords experiencing health and economic hardship at this time. Under this framework, landlords are encouraged to consider freezing rent, halting evictions, waiving late fees, offering flexible payment plans, directing renters to available resources, and communicating with renters proactively.<sup>36</sup> Local governments should formally adopt these guidelines through their respective legislative processes.

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<sup>36</sup> [CAA Safe at Home Guidelines](#)



## **5. Improve Online Governance Strategies**

MBEP recognizes the critical role civic engagement plays in the policy decision process as it relates to development of emergency programs and affordable housing. Since the onset of COVID-19, we've seen the impacts of inadequate online community engagement systems which could stifle both opponents or supporters housing initiatives. Local governments should provide options for public participation by phone or computer, outlined instructions for participation, and timely updates of the meeting agenda and minutes for public viewing. They should also promote public participation through email, social media, and other digital platforms. This should be complemented with efforts to provide city and county wide broadband access as outlined in MBEP's "[COVID-19 Response Broadband Position Paper](#)."

## **6. Use Available Space to House and Isolate Homeless and Other At-Risk Groups**

Local governments should continue to consider the utilization of now-shuttered community spaces as alternative care and housing sites for infected, at-risk and unsheltered people. K-12 and university partners should consider converting empty dormitories, gyms, and auditoriums for this same purpose. Space repurposing has been exemplified and proven effective in Monterey County's Alternate Care and Housing Sites,<sup>37</sup> and Santa Cruz County's alternative care sites.<sup>38</sup> Housing stakeholders should continue to advocate for federal and state funding to bolster Emergency Solutions Grants (ESG), Community Development Block Grants (CDBG), and other community based programs to support the conversion and maintenance of these spaces.

### State & Federal Policy:

## **7. Implement Payback Periods for Renters and Homeowners Statewide**

The California State Legislature should pass legislation that will provide renters and homeowners with an extended period of time to pay back amounts due on rent and mortgages. It should also provide a mechanism to ensure that landlords are able to pay bills for the property on time, such that is outlined in Senate Bill 1410. If and when appropriate, MBEP will track this bill and produce a separate position paper to outline the pros and cons and recommended amendments.

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<sup>37</sup> [Monterey County Care and Shelter](#)

<sup>38</sup> [KION](#)





## **8. Increase Funding for Undocumented Individuals and Families**

Local and state assistance programs for undocumented individuals and families have been exhausted as of July 21, 2020, and only a fraction of the total eligible households were assisted. The State of California must provide more support to these populations, who make up a large portion of our region’s essential workforce. Increased rental assistance and innovative distribution plans for undocumented populations must be pursued. Charitable non-profit organizations are the most viable option for administering these funds so long as they do not require the verification of immigration status.<sup>39</sup>

## **9. Pass the Emergency Rental Assistance and Rental Market Stabilization Act**

Support our Congressional Representative, Jimmy Panetta in his advocacy to pass the Emergency Rental Assistance and Rental Market Stabilization Act ([S. 3685/H.R. 6820](#)), which would enact a nationwide moratorium on eviction and foreclosures and provide \$100 billion in emergency rental assistance, \$11.5 in Emergency Solutions Grants (ESG), and other funding for housing stability.<sup>40</sup> State and local grantees would be able to use these funds to provide short and medium-term rental assistance for up to 24 months or to cover up to 6 months of back rent and late fees. Payments would be made directly to the housing provider on behalf of the tenant, and any funds that are not expended after three years can be reinvested in affordable rental housing.<sup>41</sup>

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<sup>39</sup> [NLIHC State & Local Implementation Working Group Notes July 8, 2020](#)

<sup>40</sup> [NLIHC “Responding to Coronavirus”](#)

<sup>41</sup> [NLIHC “Emergency Rental Assistance”](#)