

Capitola City Council

Agenda Report



Meeting: March 24, 2022

From: City Manager Department

Subject: Eviction Moratorium and Housing Is Key Funding

Recommended Action: Receive report and direct staff to repurpose remaining \$105,000 in CDBG-CV funds toward rental assistance.

Background: At the March 10 City Council meeting, Council Member Bertrand requested a discussion item regarding evictions.

Discussion: On March 16, 2020, Governor Newsom signed Executive Order N-28-20, which permitted local governments to enact eviction moratoria to protect tenants from evictions for nonpayment of rent through May 31, 2020. Subsequent Executive Orders extended that deadline until September 30, 2020, for residential evictions. With these Executive Orders, the Governor suspended provisions of state law that restrict the power of local governments to impose prohibitions on evictions. Again, the Executive Orders that permitted local governments to enact eviction moratoria for residential tenants expired on September 30, 2020.

Thereafter, California Assembly Bill 3088 replaced local ordinances in providing eviction protections for residential tenants. The Bill took effect August 31, 2020, and was set to expire on February 1, 2021, but was extended by California Senate Bill 91, which was set the expiration as July 1, 2021. Subsequently, California Assembly Bill 832 extended eviction protections under certain circumstances until March 31, 2022¹.

The *Housing is Key Rental Assistance Program* covers 100% of unpaid rent and utilities for qualifying households. Anyone who has fallen behind on rent and is earning below the 80% of the Area Median Income (AMI) is eligible to apply. Priority is given to very low-income household with income below 30% AMI. According to the California COVID-19 Rent Relief Dashboard (https://housing.ca.gov/covid_rr/dashboard.html), less than half of the Housing is Key applicants in Santa Cruz County have received funds. Also, \$15.3 million of the \$17.8 million allocated to Santa Cruz County has been distributed, leaving only \$2.5 million in available funds countywide. In total, Santa Cruz County residents requested more than \$55.5 million in assistance from the Housing Is Key program.

In Capitola, 113 households applied and 50 have been served. The average household assistance in Capitola is \$14,379. City staff does not know if the remaining 63 unserved households have pending applications, failed to qualify, or moved. Staff has requested more information from the state on the 63 remaining households.

The City has received communication from several local nonprofit groups who provide aid to this community expressing concern that, when AB 3088 expires on March 31, individuals who have applied for, but not received funds, will be vulnerable to eviction.

In response, staff reached out to Santa Cruz County staff who indicated that on March 22, 2022, the County Board of Supervisors will be considering contract amendments with local partners to

¹ Prior to March 31, 2022, evictions of residential tenants for rental debt accumulated due to COVID-19 cannot proceed unless the landlord has applied for and been denied rental assistance funding to cover the rental debt.

administer additional services related to eviction protections. The County is proposing to designate approximately \$500,000 of one-time funding from existing grants and approved budgets that can be used for strategic investments in legal assistance and mediation, flexible finance assistance, tenant rights education and counseling, and brief housing-related problem solving and case management. These services would be available to Capitola residents.

Staff was notified by the California Department of Housing and Community Development (HCD) that they anticipate the Housing is Key Rental Assistance Program to end on March 31, 2022. While the program was in effect, local jurisdictions cannot use Community Development Block Grant (CDBG) funds to provide rental assistance programs to avoid the duplication of benefits. In the recent notification, HCD informed jurisdictions that CDBG grantees with funding awards for Emergency/Subsistence Payment Programs will be able to administer rental assistance once the Housing is Key Program ends.

The City currently has \$105,000 of CDBG-CV funds, including \$20,000 remaining in CDBG-CV1 funds of unutilized mortgage assistance and \$85,000 remaining in CDBG-CV2 funds from small business assistance. These funds may be repurposed for rental assistance for households not served through the state program. If directed by City Council, staff will return to Council at a future date with a proposed resolution to redirect the funds.

Fiscal Impact: None. If Council votes to redirect funds, existing CDBG grant funding will be used.

Attachments:

1. California COVID-19 Rent Relief Dashboard

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Report Prepared/Approved By: Jamie Goldstein, City Manager