



CITY COUNCIL AGENDA STATEMENT



July 14, 2020

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TITLE

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA RATIFYING EMERGENCY ORDER 005-2020 ISSUED BY THE CHULA VISTA DIRECTOR OF EMERGENCY SERVICES (EFFECTIVE JULY 1, 2020) AND EXTENDING THE CITY'S EVICTION MORATORIUM ORDINANCE (EMERGENCY ORDINANCE NO. 3489-A) THROUGH JULY 31, 2020

RECOMMENDED ACTION

Council adopt the resolution.

SUMMARY

The rapid transmission rate of COVID-19 and ongoing increases of positive cases has changed the very nature of how we work, live, and protect ourselves against the spread of this virus. With public/private gatherings prohibited and businesses closed and some only starting to slowly open, thousands of residents are faced with layoffs and reduced work hours. These measures are directly impacting residents' ability to afford the basic and fundamental necessities of life and commercial tenants' economic sustainability. On March 17, 2020, Chula Vista City Council adopted an Eviction Moratorium Ordinance (the "Eviction Moratorium") as a temporary measure during this state of emergency to help stabilize and avoid unnecessary displacement of financially impacted residential and commercial tenants in the interests of protecting the public health and preventing transmission of the coronavirus. These economic impacts are anticipated to continue into the future leaving tenants (both commercial and residential) vulnerable to eviction.

This item requests that the Council ratify the City Manager/Director of Emergency Services Order No. 005-2020 and extend the Eviction Moratorium through July 31, 2020. City staff will return to the City Council on July 28, 2020 with a more detailed report and a recommendation on whether or not the Eviction Moratorium should be further extended.

ENVIRONMENTAL REVIEW

The activity is not a "Project" as defined under Section 15378 of the California Environmental Quality Act State Guidelines; therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

Not applicable.

DISCUSSION

In January 2020, countries around the world began dealing with a historic global pandemic, known as COVID-19. On March 13, 2020, the United States declared a national emergency as a result of the COVID-19 virus.

Locally, on March 13, 2020, due to the escalating number of COVID-19 virus cases, the City of Chula Vista Director of Emergency Services issued a Proclamation declaring a Local Emergency, which was subsequently ratified and adopted by the City Council on March 17, 2020. As of July 7, 2020, there were 289,468 confirmed cases in California, including 17,580 cases in San Diego County or 6% of the total cases and 399 deaths. The number of cases has continued to grow with San Diego County placed on the State's monitoring list on July 6, 2020, with San Diego County reporting 129.3 cases per 100,000 on July 6, 2020, well above the State's metric of 100 per 100,000. Chula Vista's rates of infection have been among the highest in San Diego County, with 2,290 positive COVID-19 cases as of July 6, 2020, representing 13% of the 17,580 County cases.

Based upon significant scientific evidence regarding the most effective approaches to slow the transmission of communicable diseases in general and specifically, COVID-19, the State issued stay-at-home orders, with the exception of critical public safety and essential businesses beginning March 19, 2020, with the Public Health Officer of San Diego County issuing consistent Orders of the Health Officer and Emergency Regulations (the "Orders"). While both the State's and the County of San Diego's Orders have since been amended, many restrictions still apply with the State and San Diego County moving slowly towards economic re-opening.

Due to the public health emergency declaration and corresponding health authority directives, public and private gatherings are prohibited; entertainment businesses, bars and nightclubs are closed; restaurants are limited to take-out service only; and nearly all other businesses are closed or suspended, except those deemed essential or allowed for re-opening with strict protocols. As result, many low-wage and service-oriented earners are left without work and are experiencing a sudden and unexpected loss of income and health care coverage. These households are at risk of losing housing and falling into homelessness. According to guidance released from HUD on March 9, 2020, housing instability and frequent mobility place individuals at greater risk of exposure to infectious disease, such as COVID-19¹. Limited access to health care services and poor living conditions further compound this risk.

On March 16, 2020, Governor Newsom issued [Executive Order N-28-20](#) for the purpose of protecting residential and commercial tenants and homeowners suddenly facing financial hardship as a result of the COVID-19 pandemic. The order authorizes local governments to halt rental and foreclosure related evictions when the eviction is based on nonpayment of rent because of documented and substantial decrease in income caused by layoffs or reduction in paid work hours as a result of the COVID-19 pandemic or by any local, state, or federal government response to COVID-19. Subsequently on March 27, 2020, the Governor issued [Executive Order N-37-20](#) banning the enforcement by law enforcement or courts of eviction orders against residential tenants affected by COVID-19. Executive Order N-37-20 requires tenants to declare in

¹ https://files.hudexchange.info/public/resources/documents/Specific-Considerations-for-Public-Health-Authorities-to-Limit-Infection-Risk-Among-People-Experiencing-Homelessness.pdf?utm_source=HUD+Exchange+Mailing+List&utm_campaign=8b1f3959f9-Infectious_Disease_Guidance_Homeless_3.9.20&utm_medium=email&utm_term=0_f32b935a5f-8b1f3959f9-19553749

writing, no more than seven days after the rent comes due, that the tenant cannot pay all or part of their rent due to COVID-19. Under Executive Order N-37-20, tenants are required to retain documentation but not required to submit such documentation to the landlord in advance of notification of eviction protection. On June 30, 2020, the Governor issued [Executive Order N-71-20](#) extending such protection through September 30, 2020 (Executive Orders N-28-20, N-37-20, and N-71-20 known collectively as the “Executive Orders”), The Executive Orders explicitly state tenants remain obligated to repay full rent in a timely manner. Landlords still can recover rent that is due once the enforcement moratorium is lifted, and tenants still can face eviction at that time. The Executive Orders take effect immediately and their protections are in effect until September 30, 2020.

Following [Executive Order N-28-20](#), on March 17, 2020, City Council adopted Ordinance 3483A (the “Ordinance”) to provide eviction protections during this volatile period of time for vulnerable residents and commercial enterprises. Amendments to this Ordinance were made on April 7, 2020 to remain consistent with [Executive Order N-37-20](#), provide greater clarity to tenants and landlords in implementing the eviction moratorium and protections provided by the Ordinance, and extend the Ordinance through May 31, 2020. The City Manager, acting as the Director of Emergency Services, has additionally signed Order 03-2020 approving and adopting Eviction Moratorium Regulations (the “Regulations”) to assist in implementing the Ordinance, effective April 1, 2020. Subsequently on May 26, 2020, the Ordinance was amended to extend the Moratorium through June 30, 2020.

With continued rising positive COVID-19 cases in San Diego County and Chula Vista and placement of San Diego County on the State’s monitoring list placing restrictions over the next few weeks, further economic impacts are anticipated to continue beyond June 30, 2020, leaving tenants (both commercial and residential) vulnerable to eviction. Therefore, on July 1, 2020, the Chula Vista Director of Emergency Services issued Emergency Order No. 005-2020 extending those protections afforded to tenants and homeowners against eviction or foreclosure as set forth in Ordinance No. 3489-A of the City of Chula Vista until 12:00 a.m. on July 31, 2020. Tonight’s action seeks to implement this Order with approval of a City Council Resolution extending the Eviction Moratorium through July 31, 2020.

Staff will return to Council on July 28, 2020 to consider extension of the Eviction Moratorium through September 30, 2020 consistent with the State’s Executive Order N-71-20 and based upon further information related to ongoing needed for tenant protections and impacts on the Chula Vista rental market.

ANALYSIS

During this rapidly changing environment caused by the COVID-19 pandemic, stay-at-home orders were issued nationwide, encouraging isolation measures to prevent the spread of the coronavirus. As a result, of these orders, residents and businesses are facing direct and significant financial impacts to income that jeopardize stability during this public health emergency.

Loss of Income and Work Hours

The San Diego County region is home to a variety of sectors and industries, with significant employment within the tourist, service and military sectors. Since the COVID-19 outbreak, conferences, events, attractions and businesses have been cancelled, closed or reduced. These businesses would otherwise support a large

number of employee work hours. With stay at home orders in place since March 2020, there has been a significant loss of business opportunity locally, impacting both direct and indirect spending and creating a ripple effect within the local economy. While the State has gradually moved to early Phase 2 of its Resilience Roadmap to re-opening of the economy, where retail, related logistics and manufacturing, office workplaces, limited personal services, outdoor museums, childcare, and essential businesses can open with modifications, rising positive COVID-19 cases present setbacks. Business and worker income losses are mounting as this crisis continues in the upcoming weeks and months.

The nation and the State are feeling the economic impact of COVID-19. The United States Department of Labor reported an insured unemployment rate of 12.4 percent as of June 27, 2020. Initial unemployment insurance claims totaled 1,399,699 in the week ending July 4, 2020 compared to 231,995 initial claims in the comparable week in 2019, representing a 503% increase. For the week ending June 20, 2020 California was among the highest insured unemployment rates in the nation at 16.7 percent, ranking the 6th highest.² As of July 2, 2020, SANDAG reported the unemployment rate for the San Diego region at 14.8 percent, higher than the national rate, with roughly 250,000 unemployed people in the region, compared to about 50,000 pre-COVID. Chula Vista's unemployment rate (based on ZIP code) is higher than the region's, with the unemployment rate varying between 16 and 19 percent.³ In a study by the San Diego Workforce Partnership, it is anticipated that San Diego County may lose up to 350,000 jobs as a result of the COVID-19 virus⁴.

Many Chula Vista residents, particularly those within low wage and service industries, are left without work and are experiencing sudden and unexpected loss of income and health care. These households are at risk of losing housing and falling into homelessness and may have limited access to health care, placing them at greater risk of exposure to COVID-19.

Prior to the anticipated financial economic impact of COVID-19, Chula Vista's population was already vulnerable to any shift in economic circumstances. According to the U.S. Department of Housing and Urban Development's (HUD) [Comprehensive Housing Affordability Strategy \(CHAS\)](#) released in August 2019 for the 2012-2016 planning period, 47 percent of Chula Vista's total households are of lower income, earning 80% of the Area Median Income or less (\$68,000 annual income for a family of four). Thirty-seven percent of lower income homeowners pay more than 50% of their income towards housing costs. When looking at the rental housing market, 42 percent of Chula Vista's housing stock is rental housing. A significant portion of renters (59%) are lower income, with 44 percent of them paying more than 50% of their income towards housing costs. Given average pre-COVID-19 salaries and the existing high cost of housing in San Diego County, further reductions in income only exacerbate existing housing affordability issues.

Rental Assistance Program

To combat the economic effects on lower income residents, in May and June 2020, the City approved the use of its local housing funds totaling \$1,250,000 and an additional \$200,000 from the County of San Diego CARES funding to provide these residents with rental assistance for any back rent owed and to assist with future

² <https://www.dol.gov/ui/data.pdf>

³ https://www.sandag.org/uploads/publicationid/publicationid_4685_27681.pdf

⁴ <https://workforce.org/news/potential-impact-of-covid-19-on-employment-in-san-diego-county/>

rent. South Bay Community Services (SBCS), in partnership with the City, is administering the program. Information related to the rental assistance program can be found on SBCS' website at <https://southbaycommunityservices.org/rental-assistance-for-chula-vista-families-affected-by-covid-19/>. In addition, SBCS has forwarded program information to all local school districts, Southwestern Community College, the Community Collaborative and its Family Resource Centers, Pacific Southwest Association of Realtors, advertised on its own social media accounts for Facebook, Instagram, and Twitters and email distribution lists, outreach to local affordable housing property owners/managers, and local media announcements and interviews.

Community Outreach and Education

Since the approval of the Eviction Moratorium on March 17, 2020, City staff has reached out to affected stakeholder groups such as CSA San Diego County, the City's contractor for providing fair housing and landlord-tenant information and services to Chula Vista residents, representatives of citizen groups, social service providers working with low income residents such as SBCS, Pacific Southwest Association of Realtors, Chula Vista Chamber of Commerce, and South County Economic Development Corporation. The Ordinance, sample Notices for Eviction Protection and other related resources have been posted on the City's website at <https://www.chulavistaca.gov/departments/development-services/housing/eviction-moratorium#Eviction%20Moratorium>. A press release highlighting the Eviction Moratorium and the resources available to businesses and residents was issued by City on Monday, March 30, 2020. The Eviction Moratorium was also highlighted in the City's April 2020 edition of its Community Connections and in several news broadcasts and articles.

As the COVID-19 pandemic continues and as more residents and businesses are affected, City staff will continue to communicate with the local community about the Eviction Moratorium and other resources that may be available to assist during this challenging time, such as the Rental Assistance Program.

Method of Delivery	Target Audience
Email List Serve	All landlords and property managers registered with DSD Housing as an affordable housing community
Social Media	Landlords/lenders and tenants/homeowners throughout the City
Non-Profit & Community Partners	Landlords/lenders and tenants/homeowners throughout the City facing financial hardship.
Schools	Coordination information sharing with school districts
Professional Associations	Coordination of information sharing with Apartment Association, Pacific Southwest Association of Realtors and other organizations
City Website	Web page provides simplified information on the moratorium

To better understand the impact of COVID-19 on the Chula Vista rental market and to inform the community of the City's Eviction Moratorium and rental assistance provided through SBCS, on July 8, 2020, such information and a survey was distributed to 375 rental properties and mobilehome parks with business licenses in Chula Vista. Staff has also contacted all property owners/managers of affordable housing developments with such information, with many stating that only a few residents per complex are behind in rent and such tenants were referred to SBCS.

Staff will return to Council with an update on the Rental Assistance Program, contacts to CSA San Diego County related to landlord-tenant issues, and results received from outreach to rental properties. Such information will be presented in consideration of future actions to further extend the Eviction Moratorium through September 30, 2020.

DECISION-MAKER CONFLICT

Staff has reviewed the decision contemplated by this action and has determined that Councilmember McCann has a disqualifying conflict of interest under the Political Reform Act (Cal. Gov't Code § 87100, et seq.) due to his ownership of rental properties that may be foreseeably impacted by the proposed extension of the Eviction Moratorium. Accordingly, staff is recommending that Councilmember McCann recuse himself from the vote on this item. Staff is not independently aware and has not been informed by any City Council member, of any other fact that may constitute a basis for a decision-maker conflict of interest in this matter.

CURRENT-YEAR FISCAL IMPACT

All costs associated with preparing this staff report are including in the fiscal year 2020-21 operating budget.

ONGOING FISCAL IMPACT

There is no ongoing fiscal impact as a result of this action.

ATTACHMENTS

None.

Staff Contact: Leilani Hines, Housing Manager