



Monterey Bay
ECONOMIC PARTNERSHIP

DATE: March 30, 2020
SUBJECT: COVID-19 Housing Response Position Paper

Background & Analysis

The purpose of this Position Paper is to establish a clear set of recommendations that local governments in the Monterey Bay region can implement in order to help stabilize housing conditions as we respond to the COVID-19 pandemic.

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, including in the United States and our local communities. As of March 30, 2020, the CDC has confirmed a total of 140,904 positive cases and 2,405 deaths in the United States¹ and The California Department of Public Health has confirmed 4,643 positive cases and 101 deaths in the State of California.² Confirmed cases continue to increase across the country and in all three Monterey Bay counties.^{3 4 5}

While the outbreak is spreading at unprecedented rates, so too is the response from federal, state, and local lawmakers. On March 18, 2020, the United States Senate Congress approved an emergency relief package titled H.R. 6201 Families First Coronavirus Response Act. The bill provides sick leave, unemployment benefits, free coronavirus testing, and food and medical assistance to people impacted by the pandemic.⁶ On March 26, the Senate passed a \$2 trillion aid package economic relief package, and the House passed it as well on March 27. Additional congressional stimulus packages are being considered daily. In California, Governor Gavin Newsom has taken measures to distinguish the state's approach, issuing a statewide Shelter at Home order and urging local officials to take proactive measures to protect the health and financial safety of their constituents. On March 27, the Governor took executive action to establish a statewide moratorium on evictions effective immediately and will apply through May 31.⁷ Before adjourning until April 13th, the California State Legislature unanimously voted to approve \$1.1 billion in emergency funds to activate and provide support to public health facilities.^{8 9}

Many jurisdictions, including Monterey, Santa Cruz, and San Benito counties, have attempted to ramp up containment efforts by shutting down schools and restaurants. All three counties have

¹ [Centers for Disease Control and Prevention](#)

² [California Department of Public Health COVID-19 Updates](#)

³ [Monterey County Weekly: Monterey County in the Time of Coronavirus](#)

⁴ [County of Santa Cruz Health Services Agency](#)

⁵ [San Benito County Health and Human Services Agency](#)

⁶ [Congress.Gov](#)

⁷ [Office of Gavin Newsom](#)

⁸ [California Legislative Information](#)

⁹ [California Legislative Information](#)



enacted emergency Shelter at Home orders.^{10 11 12} Residents in these Central Coast counties who are employed by businesses that are considered “non-essential” will inevitably lose work and income, while others will be burdened by facing the choice to go into work and risking exposure or staying home without paid leave. Among many other economic repercussions, loss of income will compromise many residents’ ability to pay rent or mortgage payments. Property owners, especially those who rely on income from rentals will also be impacted.

On March 16, 2020, the Governor issued an executive order (Executive Order N-28-20) suspending any provision of state law prohibiting a local government from exercising its police power to impose substantive limitations on residential or commercial evictions. Several local governments including Monterey County, Marina, Salinas, Watsonville, and Seaside have taken action using this authority and others continue to follow suit. Our goal is to evaluate the local, state, and federal housing related responses and develop recommendations that our local governments can take in the near term.

Given the fluidity of the current situation, the MBEP Housing Team will remain diligent in tracking and communicating the rapid development of local and state policy initiatives, and the ramifications of these decisions while continuing to pursue our goal to preserve and increase housing supply in the region for long-term prosperity.

Regional Needs

Despite recognizing and prioritizing the regional housing crisis, local governments have yet to meet their Regional Housing Needs Assessment (RHNA) goals--figures which represent annual projected increases in need, rather than actual compounded need. As of 2019, the Monterey Bay Region had achieved 39% of their RHNA goal of 3,035 total affordable units created. Between the three counties, San Benito has made the most progress having achieved 60% of their goal, while Monterey and Santa Cruz counties have achieved 35% and 36% respectively.¹³ With many local governments adjourning or limiting legislative sessions, or focusing on crisis mitigation measures, key policy decisions to further these goals could be stalled.

The affordability gap could widen for households who lose income during this health crisis. Santa Cruz County is already one of the least affordable places in the world according to a recent study.¹⁴ As of 2018, only about 15% of households can afford to purchase the median priced home while a monthly rental cost of \$3,200 is almost 55% of monthly median income--far above the advocated

¹⁰ [Monterey County Shelter in Place Order](#)

¹¹ [Santa Cruz County Shelter in Place Order](#)

¹² [San Benito County Shelter in Place Order](#)

¹³ [CAHCD Maps](#)

¹⁴ 13th Annual Demographia International Housing Affordability Survey: 2017



standard of 30%.¹⁵ Monterey County residents face similar affordability challenges. Presently, the average rent for an apartment in Monterey is \$2,234, a 10% increase from the previous year. As of 2018, 43% of all households in the county spent more than 30% of their income on housing.¹⁶ The median rent in San Benito County was \$2,450 as of February 2020.¹⁷ The County needs more affordable rental housing stock.

The same low-income populations that are hurt most by pervasive housing unaffordability will be 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.¹⁸

Many low-income households in the region will be even more cost burdened as a result of the economic repercussions of COVID-19. Low-wage workers are likely to lose income due to forced closure of nonessential businesses while Shelter In Place orders remain in effect. This includes workers in the service and agricultural industries who are essential to our regional workforce and many of which are undocumented. Monterey and San Benito counties have the largest percentage of undocumented residents in California, making up 12.8% of the population.¹⁹ In addition to facing obstacles in accessing healthcare and loss of income, many of these individuals will not benefit from the unemployment relief, paid sick leave, or direct financial assistance included in federal and state stimulus packages.²⁰

While H-2A Temporary Agricultural Workers make up a small percentage of all farmworkers in our region, they are vital to maintain normal productivity levels. The halt of H2A visa processing by Mexican consulates in response to COVID-19 has made the timeline for new applications uncertain.²¹ In addition, the pandemic also adds to the existing challenge of inadequate farmworker housing as they will now be competing with other vulnerable populations for emergency housing space, like hotels and motels, which were previously considered to be significant housing options for H-2A housing.

Homeless and low-income senior populations face unique challenges as well. In Santa Cruz County, there are an estimated 2,167 homeless individuals under the HUD Continuum of Care. There are an estimated 2,704 homeless individuals within Monterey and San Benito counties. Despite Shelter In Place Orders, many of these individuals will remain on the streets or in crowded temporary housing.

¹⁵ [Santa Cruz County](#)

¹⁶ [United Way California: The Real Cost Measure in California](#)

¹⁷ [Zillow Home Values and Market Overview](#)

¹⁸ [NLIHC Rental Housing Instability and COVID-19 Dashboard](#)

¹⁹ [Santa Cruz Sentinel](#)

²⁰ [New York Times](#)

²¹ [National Council of Agricultural Employers](#)



Low-income seniors who identify paying their rent or mortgage as one of the top challenges in Santa Cruz and San Benito counties²² are now at higher-risk of serious illness.²³ Even those already living in affordable housing communities cannot afford to stock up on food and supplies which could compromise food security.²⁴

In 2019, the California legislature adopted AB 1482, the Tenant Protection Act, whose statewide provisions went into effect in January 2020. The bill establishes an annual rent cap of 5% plus CPI, in addition to establishing just causes for eviction.²⁵ Various studies regarding stabilization do not indicate a negative correlation between the adoption of the policies and new housing production.^{26 27} ²⁸ Instead, the research and many housing advocates situate these policies as part of a broader effort that also includes facilitating new production (through policy and funding) and maintaining existing housing stock.²⁹ This “3 P’s” framework (production, preservation, protection) underscores the need for holistic policy-making in addressing our housing crisis and ensuring that our vulnerable community members are not displaced.

The COVID-19 pandemic reminds us now more than ever that housing *is* healthcare. Every effort to increase the supply of affordable housing for these vulnerable populations is vital to maintaining the economic, environmental and overall health of our region’s communities at this time. On March 19, 2020, Governor Newsom designated construction, including but not limited to affordable housing projects, as an essential service to be continued during the Shelter In Place period.³⁰ Supply oriented solutions that were in approval processes should continue to move forward where possible. Scarce planning and building resources should be prioritized to help keep long term affordable housing developments on track to start construction as soon as possible.

Most immediate policy efforts at this time should be aimed primarily at keeping everyone housed and securing emergency housing options. While existing policies at the state and local levels have begun to answer this critical need, the COVID-19 outbreak necessitates broader intervention to protect those who have been swiftly and profoundly impacted. Local government leaders should be encouraged to take immediate, decisive action toward meeting our local RHNA goals, minimizing the economic impact on low-income families, and protecting our most vulnerable residents.

²² [Area Agency on Aging for Santa Cruz and San Benito Counties](#)

²³ [UC Health Today](#)

²⁴ [Brookings](#)

²⁵ [National Law Review](#)

²⁶ Veronica Beaty, Cathy Creswell, Aileen Joy, Beilul Naizghi. February 2019. “Rent Stabilization: An Overview of the Possibilities for the City of Sacramento.” Sacramento Housing Alliance. www.sachousingalliance.org.

²⁷ “Rent Control in the City of Berkeley, 1978-1994,” Berkeley Planning & Development Department, 1998, 76.

²⁸ Leslie Gordon. “Strengthening Communities Through Rent Control and Just Cause Evictions: Case Studies from Berkeley, Santa Monica and Richmond.” January 2018. Urban Habitat. www.urbanhabitat.org, 9.

²⁹ [Non-Profit Housing Association of Northern California](#)

³⁰ [California Coronavirus Response](#)



Actions-To-Date and Remaining Needs

Federal and State governments have begun to pass legislation that temporarily protects renters and homeowners from the economic repercussions of COVID-19. Congressional bill H.R. 6201 was passed on March 13th to mobilize emergency funding for the COVID-19 response. It includes two weeks of paid sick leave and up to three months of paid family and medical leave for some workers. It also directs more funding to unemployment and food assistance.³¹ The National Low Income Housing Coalition (NLIHC) notes while this may help low-wage workers and families, it does not include critical resources for homeless populations.³² On March 18, 2020, the Federal Housing Finance Agency (FHFA) ordered the suspension of foreclosure and foreclosure-related evictions for at least two months.³³ While this protects single family homeowners with federally backed mortgages, it does not help all homeowners or the vast majority of renters. On March 25, 2020, the United States Senate passed a \$2.2 trillion emergency relief package that includes direct financial assistance for most individuals and families.³⁴ The bill also includes more than \$12 billion in funding for homelessness assistance including: \$4 billion for Emergency Solutions Grants, \$1.25 billion for the Housing Choice Voucher program, \$1 billion for project based rental assistance, \$685 million for public housing, \$300 million for tribal nations, and more.³⁵

On March 16, 2020, California Governor Gavin Newsom issued an executive order for local jurisdictions to pass moratoriums on evictions and foreclosure, saying that “People shouldn’t lose or be forced out of their home because of the spread of COVID-19. Over the next few weeks, everyone will have to make sacrifices -- but a place to live shouldn’t be one of them.”³⁶ While the rhetoric gave clear direction to county and city administration regarding evictions and foreclosures, it did not mandate that measures be put in place.

In response, the Monterey County Board of Supervisors unanimously approved a moratorium that will allow renters in unincorporated areas of Monterey County to be exempt from “failure to pay rent” evictions through May 31, 2020. The moratorium did not apply to incorporated cities in the county.³⁷ Several incorporated cities in our region also took action including Carmel,³⁸ Salinas,³⁹

³¹ [H.R. 6201](#)

³² [NLIHC](#)

³³ [Federal Housing Finance Agency](#)

³⁴ [S. 3548](#)

³⁵ [National Low Income Housing Coalition](#)

³⁶ [Office of Governor Gavin Newsom](#)

³⁷ [Monterey County Meeting Agenda](#)

³⁸ [Monterey Herald](#)

³⁹ [City of Salinas EOC Director Executive Order No. 01-2020](#)



Marina,⁴⁰ Seaside,⁴¹ Del Rey Oaks, Santa Cruz⁴² and Watsonville passing their own moratoriums. The Board of Supervisors in Santa Cruz County passed a similar moratorium on March 24, 2020.⁴³

Pivoting from incremental passage of moratoriums on the local level, Governor Newsom issued an executive order on March 27, 2020 to ban the enforcement of eviction orders for renters affected by COVID-19 through May 31, 2020. The statewide moratorium was passed in part on the pretense that “minimizing evictions during this period is critical to 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-33-20.”⁴⁴

Recommendations:

MBEP’s Housing Advocacy Initiative aims to preserve and increase the quality of life and economic vibrancy of the Monterey Bay region by increasing housing supply, encouraging homeownership, supporting adequate funding, and fostering political will.

The health and economic impacts of the COVID-19 pandemic will be most severe now, but will last for an indeterminate period of time. Local leaders must work to understand these effects and respond with policy solutions that will safeguard the region’s lowest income renters, homeowners, undocumented workers, seniors, and homeless populations. Though legislation is being generated on national, state, and local levels, additional action is needed to protect these groups and minimize the delay of policy decisions around housing solutions in our region.

The Monterey Bay Economic Partnership recommends endorsement of the following policy initiatives:

Local Policy & Practice:

1. Support the implementation of moratoriums on evictions and foreclosures and promote resources to Monterey Bay residents regarding Governor Newsom’s executive order.⁴⁵ Moratoriums should protect renters and homeowners. Relief measures should last as long as the Shelter at Home orders are in place and evaluated for extension if needed. The MBEP housing team will coordinate with regional partners who are leading outreach efforts to ensure residents have access to educational materials.
2. Promote the implementation of procedures for local governments’ permits, plan reviews, inspections and code enforcement that will enable the maximum number of housing

⁴⁰ [Monterey County Weekly](#)

⁴¹ [City of Seaside Councilman Jon Wizard](#)

⁴² [Santa Cruz City Council Meeting 02/24/2020](#)

⁴³ [Santa Cruz Sentinel](#)

⁴⁴ [Executive Department State of California: Executive Order N-37-20](#)

⁴⁵ [Office of Governor Newsom](#)



developments to continue through the approval process during COVID-19. This includes moving city planning and development functions online and conducting home inspections via videoconferencing, among other procedures similar to those outlined in the City of San Jose's "Remote Procedures for COVID-19" plan.⁴⁶ These procedures will allow for the continuation of affordable housing planning efforts.

3. Implement the National Health Care for the Homeless Council's immediate policy action recommendations for local response systems, which includes: identifying appropriate isolation/quarantine venues, preventing loss of housing and health care services, expanding shelter capacity, ensuring providers have supplies and protective equipment, and expanding medical respite care programs.⁴⁷
4. Support evaluating and if appropriate utilizing as of now-shuttered community centers and public spaces, such as the Oldemeyer Center in Seaside, the Sports Center in Monterey, Sherwood Hall in Salinas, Loudon Nelson etc., to become shelters for either essential personnel who may be exposed to infected persons and wish not to return home to then infect their families or for unsheltered people who can put up tents and stay out of the elements. K-12 partners should consider taking similar actions with their gyms and auditorium buildings in partnership with local governments.

State Policy & Practice:

5. Support the passage of AB 828: Ting to provide a temporary statewide ban on commercial and residential evictions and foreclosures during the declared state of emergency related to COVID-19, plus 15 days afterward. The bill would allow courts to set up a repayment plan for monies owed and allow tenants to remain in the residence. If economic hardship due to COVID-19 can be proven, the payment recovery period may last through May 2021.⁴⁸
6. Ask landlords to follow the California Apartment Association's "Safe At Home Guidelines" to alleviate financial pressure on renters and provide safe homes for millions of Californians. These guidelines call on housing providers to support renters experiencing health and economic hardship from now through May 31st. They include freezing rent, halting evictions, waiving late fees, offering flexible payment plans, directing renters to available resources, and communicating with renters proactively.⁴⁹
7. Support Non Profit Housing of Northern California (NPH)'s proposal to develop a new state bill to establish the Keep Immigrant Families Housed Fund which will provide \$200 million to prevent the direct displacement of immigrant families due to enforcement of HUD's Mixed Status Rule. This fund will provide \$35 million for immigration legal assistance,

⁴⁶ [San Jose "Remote Procedures for COVID-19"](#)

⁴⁷ [National Health Care for the Homeless Council](#)

⁴⁸ [Assemblymember Phil Ting](#)

⁴⁹ [CAA Safe at Home Guidelines](#)



\$150 million for rental assistance, and \$15 million for Public Housing Authorities to administer their programs, thereby protecting mixed-status households in which one or more members serve as key members of our regional workforce.⁵⁰

8. Leverage all state properties and facilities for the immediate creation of emergency housing and support Governor Newsom's initiative to deploy \$50 million for the purchase of trailers and the lease or purchase of hotels throughout the state to provide emergency housing for Californians experiencing homelessness.^{51 52} The now-vacated student housing available through the California State University and the University of California may also provide additional avenues of temporary and immediate housing relief. The state, and local jurisdictions, should leverage these assets through the duration and after the resolution of the pandemic in order to provide additional pathways for emergency housing. We must balance the need for emergency housing with the ongoing need for H2A Housing for temporary farm workers which currently absorbs much of the hotel occupancy in our region.

Federal Policy & Practice:

9. In addition to our primary advocacy efforts on regional and statewide policy initiatives we support federal action that provides more security to homeowners, renters, and homeless individuals during this time of crisis. Current examples include providing resources through McKinney-Vento Emergency Solutions Grants, short-term rental assistance through the Disaster Housing Assistance Program and other emergency funds, and extending moratoriums and providing emergency funds to all federally owned, insured, and subsidized housing.⁵³ We should also support federal funding requests aimed at filling investment gaps created by major banks and Federal Low Income Housing Tax Credit investors who are citing COVID-19 and now refraining from new investments and loans in affordable rental housing production which could potentially be as financially damaging as the great recession.

⁵⁰ NPH Letter of Support for the Keep Immigrant Families Housed 2020 State Budget Request

⁵¹ [Office of Governor Newsom](#)

⁵² [KCRA](#)

⁵³ [National Low Income Housing Coalition](#)