AD HOC COVID

MOTION

The rising cost of housing in Los Angeles, coupled with wage stagnation at the middle and lower end of the income spectrum, has led to a protracted affordability crisis. Currently, more than 60 percent of Angelenos rent their homes and over half spend at least 30 percent of their income on housing. The city's poorest households have borne the brunt of this trend, many of whom are severely rent burdened and paying more than 50 percent of their incomes toward rent. In spending such a large portion of their incomes on rent, these households have little extra money to support monthly expenses such as healthcare, childcare, groceries, transportation, and utilities.

The economic impact of COVID-19 as well as statewide and local public health orders have only exacerbated this trend. According to LAHSA, homelessness starts rising when median rents in a region exceed 22 percent of median income and rises even more sharply at 32 percent – in Los Angeles, the median rent is over 46 percent or nearly half of median income. For many Angelenos, however – particularly those who work in LA's informal economy – these are more than statistics. As of May 9, according to research conducted by the UCLA Luskin Institute on Inequality and Democracy, roughly 599,000 workers in Los Angeles County had lost their jobs, are ineligible for unemployment insurance and have no source of income replacement. 449,000 of these workers live in 365,000 units of rental housing, and as many as 120,000, according to the study, could end up on the streets when eviction safeguards expire – including up to 184,000 children.

The City of Los Angeles has implemented a number of protections in an attempt to stave off these impacts, such as offering rental assistance, prohibiting water and power shutoffs, small dollar loans and grants, and an eviction moratorium that prevents landlords from evicting tenants during the local emergency and for 12 months after the emergency ends for failure to pay rent if that non-payment is tied to COVID-19. Unfortunately, the California Judicial Council, which oversees courts in the state, recently decided to end its emergency moratorium which temporarily halted legal eviction proceedings during the state's emergency stay-at-home order. That moratorium expires on September 1, and while Los Angeles' eviction moratorium remains in effect, the filing of unlawful detainers, the expiration of federal unemployment benefits, mounting household debt, and the very real possibility of widespread evictions when the City's moratorium ends, could result in human, health, and economic impacts never before experienced in Los Angeles.

The U.S. Federal Reserve recently established the Municipal Liquidity Facility to help state and local governments better manage cash flow pressures and continue to serve households and businesses in their communities. The Facility will purchase up to $500 billion of short-term notes directly from U.S. states, counties, and cities with a population of at least 250,000 residents. Eligible notes are tax anticipation notes (TANs), tax and revenue anticipation notes (TRANs), bond anticipation notes (BANs), revenue anticipation notes (RANs), and other similar short-term notes, provided that they mature no later than 36 months from the date of issuance. Cities may borrow up to 20 percent of their gross revenues from Fiscal Year 2019.

The debt facing renters is not something they could have anticipated, nor is it something they can be blamed for. Given the disproportionate household costs made up by rent in Los Angeles, the growing debt incurred by renters, and the need to prevent evictions and more Angelenos from entering homelessness, the City has a responsibility to explore all options available to provide rent forgiveness.

I THEREFORE MOVE that the City Administrative Officer, with the assistance of the Housing and Community Investment Department, be instructed to report to Council on the feasibility of applying for Municipal Liquidity Facility loan assistance in order to provide rent forgiveness to those within the City of Los Angeles who have been impacted by COVID-19, as well as with a cost analysis and options for potential program structure and implementation.

I FURTHER MOVE that the Department of Water and Power (DWP), with the assistance of the Ratepayer Advocate and City Administrative Officer, be requested to report to the Council on the feasibility of applying for Municipal Liquidity Facility loan assistance in order to provide utility related debt forgiveness to

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ratepayers within the City of Los Angeles who have been impacted by COVID-19, as well as with a cost analysis and options for potential program structure and implementation.

PRESENTED BY: ______________________
DAVID E. RYU
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SECONDED BY: ______________________
MARQUEECE HARRIS-DAWSON (verbal)
Councilmember, 8th District