

## **Rent and Mortgage Relief FAQs**

### **What are our Demands?**

We call on all San Luis Obispo County municipalities to urge Governor Newsom, California state legislators, and our U.S. Senators and Representatives to enact comprehensive legislation to further protect residents, tenants, homeowners and small businesses from the adverse health, safety and economic impacts of this crisis. This includes, but is not limited to, the following:

- A moratorium on mortgage foreclosures;
- A moratorium on residential and commercial rent increases;
- Creation of emergency direct assistance programs for rent and mortgage payments and other housing-related expenses such as utilities, property taxes, and insurance;
- Requiring banks and financial institutions to suspend rent and mortgage payments;
- Creation of emergency grant programs to small businesses and nonprofits; and
- Creation of emergency programs that provide homes and expanded services for people experiencing homelessness.

We further call on all San Luis Obispo County elected officials and Governor Newsom to insist that banks and other financial institutions suspend mortgage payments, foreclosures, and late fees for low-income homeowners and landlords, with immediate forgiveness, and to provide zero-interest emergency unsecured loans and grants to small businesses and non-profits in San Luis Obispo that are unable to meet rent, mortgage, or other fixed operating costs.

### **Why Do We Need Rent and Mortgage Relief?**

The head of the St. Louis Federal Reserve, James Bullard, predicted that in the second quarter of 2020, the U.S. economy could see a 30 percent unemployment rate and a 50 percent drop in gross domestic product (GDP). Both of these numbers far surpass their respective equivalencies during the Great Depression. This drop in GDP would be 10 times as great as the crash of the 2008.

As most workers in this country live paycheck to paycheck—some surveys place that number at half of the workforce, others surveys reach closer to 80 percent—Bullard's predictions point to an economic disaster that will likely hit people hardest in the area that consumes the majority of

their paychecks: housing. Millions of people have filed for unemployment in the last week, with several states' unemployment and Medicare websites crashing due to the rise in applicants.

Even with some supports from the stimulus bill, renters are still scrambling to come up with rent money. A \$1,200 government check, if it ever arrives, won't mean much when it won't even cover a month's rent in many cities. In San Luis Obispo, 11,182 households (59%) are renter-occupied while 7,526 (40%) are owner-occupied. The average rent is \$2,177.00.

Resolving the complex economic situation resulting from the Pandemic will require direct assistance programs for renters and mortgage holders. In addition to that, we need to help business owners so we can restart our local economy and assure our continued economic recovery.

### **These Seem Like Broad Based Requests, Why?**

Direct assistance programs for rent and mortgage payment would be more effective and useful than some other proposed solutions, such as a rent freeze or forgiveness. For our current situation, we can't look at the economic data or resources that used to be meaningful. The sheer rate of unemployment and financial insecurity coupled with the health risks make this situation hard to navigate with one size fits all solutions. Money in the hands of renters and mortgage holders would be the most helpful response.

### **What About the Mortgage the Landlords Must Pay?**

We are calling for emergency direct assistance to renters and mortgage holders. By halting mortgage payments during this time, the urgent need for landlords to collect rent will be paused. No owner of residential property should be required to pay a mortgage during this health emergency, nor should they accumulate additional debt for unpaid mortgage payments, and no renter should be required to pay rent during this health emergency, nor should they accumulate debt for unpaid rent.

### **I don't have a mortgage and rely on the rents I receive to supplement my small retirement income. I can't afford to lose those rents? Will I be protected?**

Yes. Direct cash assistance to renters will allow them to stay in their homes and continue paying rents.

### **Won't This Hurt Our Economy?**

One of the first responses to the economic impact of the COVID-19 crisis by the US federal government was to inject \$1.5 trillion in loans to banks to stabilize the economy. Banks are therefore able to withstand nonpayment of debt during this emergency, and can work out extensions and other ways for debt to be refinanced when the health emergency is over. For now, it remains up to individual banks to decide how to implement assistance. We need governmental pressure to help renters, mortgage holders, and small business owners in our community.

Rent relief will actually help our economy. By ensuring the health, safety, and economic stability of all Californians, we will promote economic recovery locally and around the world. California's economy is the largest among individual US states, and, if it were an independent country, would place fifth in the ranking of national economies. Our ability to rebuild successfully will be integral to the United States and worldwide economic recovery after the health crisis has ended.

### **Aren't these Demands Illegal and Unconstitutional?**

No. The language of our petition has been reviewed and vetted by the Western Center on Law and Poverty and passes constitutional tests. These specific demands and language have already been adopted by the City of Oakland as part of its comprehensive Eviction Moratorium. Other cities are currently considering adopting the same language.