

# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Jacky Morales-Ferrand

**SUBJECT: SEE BELOW**

**DATE:** January 29, 2021

Approved



Date

01/29/21

## INFORMATION

**SUBJECT: CANCELLATION OF PUBLIC HEARING SCHEDULE FOR THE PROPOSED MODIFICATIONS TO THE SPENDING PLAN FOR MEASURE E TAX REVENUES FOR FY 2020-2021 PURSUANT TO COUNCIL POLICY 1-18**

This informational memorandum explains the reasoning for the cancellation of the public hearing schedule initially planned for February 2, 2021 and February 16, 2021, regarding the proposed modifications to the spending plan for Measure E tax revenues for FY 2020-2021 pursuant to [Council Policy 1-18](#).

## BACKGROUND

On [November 10, 2020](#), City Council approved a plan to allocate money from Measure E to fund affordable housing and homelessness prevention, with 45% for permanent supportive housing for extremely low-income families, 35% for low-income rentals, 10% for middle-income housing, and 10% for homelessness prevention programs. As a part of this discussion, staff was asked to initiate the process for possible amendments to the Measure E spending priorities by reallocating funds to rent relief based upon concerns of an impending rent cliff due to the pending expiration of State eviction moratoriums and the lack of financial assistance available to tenants and landlords.

In order to modify the spending allocation of Measure E funds, City Council Policy 1-18 requires 60-days' notice and at least two public hearings held by the legislative body prior to the City Council approving by two-thirds vote any changes to the annual spending plan. These requirements comply with City Council Policy 1-18 to ensure the use of Measure E funds are consistent with the City Council's original intent.

On December 9, 2020, the Rules Committee approved a memorandum setting a schedule for public hearings to review and approve proposed modifications to the spending plan for Measure E Tax Revenues for FY 2020-2021 pursuant to City Council Policy 1-18.

**Public Hearing Schedule for Proposed Modifications to Measure E Spending Plan**

<b>Date</b>	<b>Action/Event</b>
<b>December 9, 2020</b>	<b>Rules Committee to set the public hearings.</b> <i>Begin public comment period.</i>
<b>February 2, 2021</b>	<b>Public Hearing #1: City Council</b>
<b>February 9, 2021</b>	<b>Public Hearing #2: City Council</b> <i>End public comment period.</i>

**ANALYSIS**

On December 27, 2020, the President signed H.R. 133, the Coronavirus Response and Relief Supplemental Appropriations Act of 2021. This federal action results in \$30 million in federal funds for rent relief for San José residents and includes \$26.9 million in federal funds to the County of Santa Clara, mitigating the potential impact of unpaid rent on future evictions. In addition, the State is working on establishing a Rental Assistance Program to allocate the state share of the federal rental assistance fund. It is anticipated that this would include an additional set-aside of rental assistance for the City and Santa Clara County.

Additionally, the city, county, state and federal eviction moratoriums are being extended providing immediate protections and housing stability to residents. As a response to the pandemic, in 2020, the City of San José, Santa Clara County, the State of California and the federal government each took action to protect renters. The City Council passed an Eviction Moratorium on January 26, 2021, to providing immediate protections in order to protect the health and safety of San José residents at greatest risk of losing their housing. The Santa Clara County Board of Supervisors also passed an eviction moratorium on January 26, 2021, contingent on the State not taking action related extending the Statewide eviction moratorium, known as COVID-19 Tenant Relief Act of 2020 (AB 3088, Chiu). However, on January 29, 2021, both houses of the State legislature approved Senate Bill 91, the Budget Act of 2021. The Governor is expected to quickly sign the bill into law, with eviction protections taking effect from February 1, 2021 through July 1, 2021. Tenants who have accrued, or continue to accrue rent debt, between September 1, 2020 and June 30, 2021, will owe 25% of that rent by June 30, 2021. Additional protections and details of Senate Bill 91 will be reported to Council. At the federal level, on January 21, 2021, the United States Department of Housing and Urban Development issued an extension of eviction and foreclosure protections for all FHA-insured (federally backed) mortgages until March 31, 2021.

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The Housing Department will continue to monitor both the eviction moratorium and the rental relief programs to ensure the needs of our residents are considered when moving forward with future spending plans for Measure E funds.

## **CONCLUSION**

Staff will not be holding public hearings to make the changes to the Measure E spending plan due to the recent news that the City will be receiving \$30 million in federal funds the County will be receiving 26.9 million, and the state will be setting aside additional funding for the Santa Clara residents, and eviction moratoriums will most likely be extended. The Administration will be providing an update to the City Council on the federal rental assistance programs in early February.

/s/

**JACKY MORALES-FERRAND**  
Director, Housing Department

For questions, please contact Deputy Director, Rachel VanderVeen at (408) 535-8231.