



State of California

BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY

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Tenant, Homeowner, and Small Landlord Relief and Stabilization Act of 2020 (AB 3088) Stakeholder Engagement

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Alcoholic Beverage Control Appeals Board | California Horse Racing Board | California Housing Finance Agency | Cannabis Control Appeals Panel
California Alcoholic Beverage Control | Department of Business Oversight | Department of Consumer Affairs | Department of Fair Employment & Housing
Department of Housing and Community Development | Department of Real Estate | Homeless Coordinating and Financing Council

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1.0 Overview

The Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed by Congress and signed into law on March 27th, 2020. Over \$2 trillion in economic relief was allocated in response to the public health and economic impacts of the COVID-19 pandemic. In the housing space, direct state allocations were administered by the Department of Housing and Urban Development (HUD) through the existing Emergency Solutions Grant Program (ESG) in two tranches, and the Community Development Block Grant Program (CDBG) in three tranches. In addition, the State of California was allocated flexible Coronavirus Relief Funds (CRF) with an expiration date of December 31, 2020. The State programed \$750 million of its CRF dollars to acquire permanent housing solutions through the newly established Homekey program. Local entitlement jurisdictions also received direct allocations of ESG-CV, CDBG-CV and CRF.

On August 31, 2020 the Legislature passed and the Governor signed into law California Assembly Bill (AB) 3088 (Chapter 37, Statutes of 2020), the Tenant, Homeowner, and Small Landlord Relief and Stabilization Act of 2020. AB 3088 was passed as an urgency measure and took effect upon signature. The new law includes eviction protections that apply to all residential tenants, including mobile home tenants, regardless of immigration status. It provides protection from eviction for tenants unable to pay rent due to the financial impact of COVID-19 pandemic so long as certain steps are taken until February 1, 2021, including an attestation of hardship and from September 1, 2020 to February 1, 2021 at least 25% of rent owed. It also makes illegal until February 1, 2021 evictions where the landlord does not state a legally-valid reason. AB 3088 also encourages homeowners and small landlords with fewer than four properties to request forbearance from their lenders. The law also requires mortgage providers to provide a detailed description explaining why the forbearance request was denied. AB 3088 does not provide financial relief to either tenants or landlords, and all missed rent is still collectable starting February 1, 2021.¹

AB 3088 also requires that “California’s Business, Consumer Services and Housing Agency (BCSH) shall, in consultation with the Department of Finance (DOF), engage with residential tenants, landlords, property owners, deed restricted affordable housing providers, and financial sector stakeholders about strategies and approaches to direct potential future federal stimulus funding to most effectively and efficiently provide relief to distressed tenants, landlords, and property owners, including exploring strategies to create access to liquidity in partnership with financial institutions or other financial assistance. Subject to availability of funds and other budget considerations, and only upon appropriation by the Legislature, these strategies should inform implementation of the funds. In creating these strategies, special focus shall be given to low-income tenants, small property owners, and affordable housing providers who have suffered direct financial hardship as a result of the COVID-19 pandemic.” (AB 3088, Section 21).

¹ For guidance, resources and tools related to AB 3088 visit <https://www.landlordtenant.dre.ca.gov>

It also clarifies that for the purposes of this requirement, “future federal stimulus funding does not include funding identified in the 2020 Budget Act.”

On October 20, 2020 BCSH will commence a stakeholder engagement process to meet the requirements of AB 3088. BCSH will also solicit feedback on non-budgetary recommendations for housing stabilization and eviction and foreclosure prevention after AB 3088 expires on February 1, 2021. Due to the unclear timing of federal relief as well as logistical considerations of COVID-19, the initial phase of the stakeholder feedback process will be expedited and managed virtually and electronically. BCSH envisions completing this process by mid-November 2020. Should there be opportunity at the end of the year or more clarity related to pending federal legislation, BCSH will re-engage on specific topics as necessary.

2.0 Status of COVID-19 Congressional Legislation to Date

From March 6, 2020 to April 24, 2020 the United States Congress authorized four spending packages in response to the COVID-19 pandemic. As illustrated in Figure 2.1, of the four funding packages authorized, H.R. 748 – Coronavirus Aid, Relief, and the Economic Security Act (CARES) included housing provisions. CARES also include direct stimulus checks to households, expanded Unemployment Insurance by \$600 per week until July 31, 2020 and provided flexible dollars to States and localities. Phase 4 includes four proposals that have been introduced by either the House or Senate, but none of which have been enacted into law. The Heroes Act (HEROES, (May, \$3.4 Trillion), The Health, Economic Assistance, Liability Protections & Schools Act (HEALS, July, \$1 Trillion) and HEROES Act 2.0 (September, \$2.2 Trillion) all include housing provisions as well as flexible dollars to States and localities.

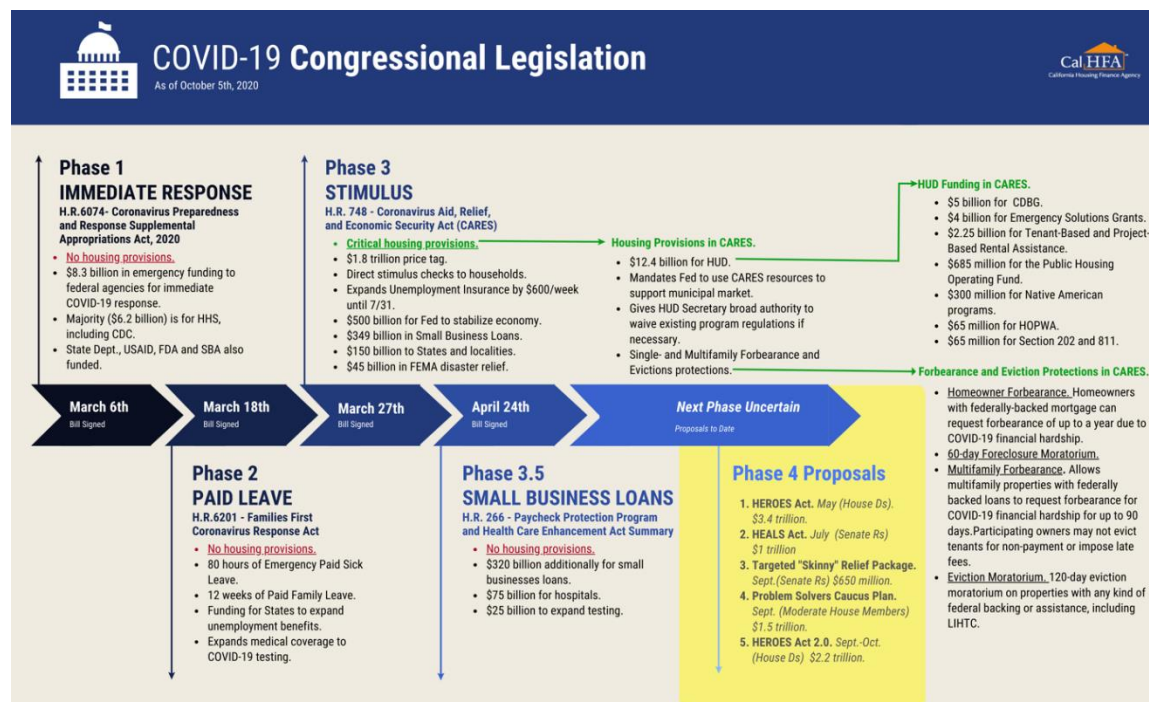


Figure 2.1: COVID-19 Congressional Legislation to Date. Enacted and Proposed Allocations Show US\$ Totals.

California’s allocations from the CARES Act are show in Figure 2.2. For the ESG-CV and CDBG-CV funds, most of the allocation methodology and eligible uses were pre-determined by HUD or restricted by existing program guidelines. Two public engagement processes were run by California’s Department of Housing and Community Development (HCD) from April 15 through April 22, 2020 and again from August 31 through September 8, 2020 to receive input on the areas where the State had discretion prior to publishing Guidance and Notices of Funding Availability (NOFA). Appendix 1 provides a summary of the final allocation methodology, eligible use and status of each funding stream. In addition to the state administered funds, HUD provided portions of each funding stream directly to Entitlement jurisdictions for their direct use. While the State was not involved in funding decisions at the local level, the State did create and support the Project Roomkey strategy for local jurisdictions to provide non-congregate shelter to individuals experiencing homelessness who were also at risk of COVID-19. The California Homeless Coordinating and Financing Council (HCFC) produced the *Guide to Strategic Uses of Key State and Federal Funds to Reduce Homelessness During the COVID-19 Pandemic* (https://bcsh.ca.gov/hcfc/documents/covid19_strategic_guide.pdf) to inform, coordinate and help jurisdictions make strategic funding decisions across the various state and local programs.

CARES Act	ESG CV1	ESG CV2	CDBG CV1	CDBG CV2	CDBG CV3	CRF	Homekey Program
California Total	\$118M	\$831M	\$235M	\$113M	\$294M	\$15B	\$750M
Entitlement / Direct Allocation	\$74M	\$559M	\$215M	\$0	\$276M	\$7.5B	\$0
State Allocation	\$43M	\$271M	\$19M	\$113M	\$18M	\$7.7B	\$750M

Figure 2.2: California Allocation from CARES Act, Enacted March 27, 2020

Within the CARES Act CRF resources, the State prioritized using one-time resources to acquire permanent housing investments for the most vulnerable Californians, and allocated \$750M of the State’s direct allocation to the newly created Homekey, (<https://hcd.ca.gov/grants-funding/active-funding/homekey.shtml>) administered through HCD. Grant funding will be made available to local public entities, including cities, counties, or other local public entities, including housing authorities or federally recognized tribal governments within California to purchase and rehabilitate housing, including hotels, motels, vacant apartment buildings, and other buildings and convert them into interim or permanent, long-term housing. These funds are required to be expended by December 31, 2020, and will be returned to the federal government if unexpended at that time.

While five proposals have been introduced in, or passed by, either the House or the Senate in “Phase 4”, no proposal has yet to pass both houses and be signed into law. In October 2020, Legislators and the White House have been negotiating a package that lands between the HEALS Act (Senate Republicans, \$1 Trillion) and the HEROES Act 2.0 (House Democrats, \$2.2 Trillion). While there are many uncertainties in terms of if a deal will be reached, and if so, the contents and values, for the purpose of this process BCSH will be using the structure of the HEROES Act 2.0 to receive feedback and input on how California can best allocate direct flexible funds to support housing stabilization

goals. Figure 2.3 provides an overview of the proposed HEROES Act 2.0 California allocations.

HEROES Act 2.0	ESG HEROES	CDBG HEROES	ESG Rental Assistance	Homeowner Assistance Fund	CRF
California Total	\$950M	\$643M	\$9.5B	\$2.5B	\$52.3B
Entitlement / Direct Allocation	\$634M	\$492M	\$6.4B	\$0	\$21.4B
State Allocation	\$316M	\$151M	\$3.1B	\$2.5B	\$30.8B State / Several B for Housing

Figure 2.3: California Proposed Allocation from HEROES 2.0

In order to maximize potential future resources and use them most strategically, BCSH is requesting high-level input, when possible and allowable, into the housing funds that may be allocated in this package and administered through HUD. While HCD will also conduct detailed programmatic stakeholder engagement in the drafting of guidance and NOFAs if a package is approved, this higher level outreach will facilitate a more holistic state strategy for expending finite and critical one-time resources.

Important Note: It is important to note that the ESG, CDBG and Homeownership Assistance Fund Programs in both CARES and HEROES are one-time, distinct and separate from the annual ongoing programs.

3.0 Available and Known Data – COVID-19 Impact on Renters and Homeowners

3.1 Pre-COVID-19 Conditions

Prior to COVID-19, many tenants in California were already struggling with housing instability because of high rents, overcrowding, and a lack of housing options. According to the Department of Housing and Urban Development (HUD) 2017 Comprehensive Housing Affordability Strategy (CHAS) data (<https://www.huduser.gov/PORTAL/datasets/cp.html>), 21 percent of all households in California were paying between 30 percent and 50 percent of gross monthly wages on housing, and an additional 19 percent of all households were paying more than 50 percent of gross monthly income on housing. The percentages for renting households with a housing cost burden is higher than the state as a whole, with a total of more than 51 percent of all renting households paying more than 30 percent of gross monthly income in housing costs. Additionally, according to the U.S. Census American Community Survey, housing costs in California had risen significantly between 2013 and 2018. Median rents in California increased 8.5 percent between 2013 and 2018, adjusted for inflation, compared to 5.1 percent nationally, and median home values increased 20.6 percent in California, compared to 7.7 percent nationally.

3.2 Employment Income Loss

Based on data from the U.S. Census Household Pulse Survey for September 16 – 28, 2020 (<https://www.census.gov/programs-surveys/household-pulse-survey/data.html>), about 51 percent of the population 18 and older in California have experienced loss of employment income in their household since March 13, 2020, and almost 61 percent expect a loss of employment income in the next month. Of those households that experienced a loss of employment income, 57 percent typically earn less than \$75,000 a year. Median household incomes in California in 2019 were \$80,440 according to the U.S. Census American Community Survey (www.data.census.gov), indicating that loss of household income has had a severe impact on lower income households across the state. Additionally, 91 percent of individuals who reported a loss of household income since March have reported using credit cards, savings, proceeds from the sale of assets, and borrowing from family and friends to pay for basic daily household necessities. To compound the loss of household income reflected in high unemployment reports, an increasing number of job losses are becoming permanent, as reported by the Federal Reserve Bank Economic Research (<https://fred.stlouisfed.org/series/LNS13026638>), resulting from business that have had to dramatically scale back or shut down operations permanently due to the economic impacts from COVID-19 related business closures. The data collected so far indicates wide-spread and deepening economic insecurity that disproportionately impacts lower-income households.

3.3 Rental Housing Instability

Eviction moratoriums have delayed the most severe impacts from lost household income on rental housing costs, however, data shows that a large number of households are still falling behind in rent and at risk of eviction if moratoriums are lifted. The Household Pulse Survey data for September 16th – 28th (<https://www.census.gov/programs-surveys/household-pulse-survey/data.html>) indicates that about 15 percent of survey respondents in California are behind in rents, which is about one in seven renter households. Of those that are behind in rents, 53 percent are households of four people or more, indicating increasing instability in households with children, and 90 percent earn less than \$75,000 annually, which supports the disproportionate impacts that the loss of employment income and increased housing insecurity is having on lower-income households. Eviction fears underscore the widespread sense of housing insecurity, even among households that are current on their rents. An estimated 41 percent of renters in California feel that it is very or somewhat likely that they will be evicted from their rental unit in the next two months. Again, families and lower-income households are severely impacted by the threat of eviction; 58 percent of renters who feel they are very or somewhat likely to be evicted in the next two months are in households of four or more, and 91 percent of them earn less than \$75,000 annually.

While statistics indicating that 85 percent of renter households have managed to stay current on rent may seem encouraging, analysis of the employment and income data shows that many of those households are using up savings, assets, and incurring credit card debt to maintain their housing. Those are limited resources, and the loss of savings and increased high-interest household debt will slow economic recovery. For

many households, especially lower-income households and households with children, each month of the ongoing pandemic forces a choice between housing stability and other necessities, such as food. About 10 percent of households and 13 percent of household with children have reported not having enough food in the last seven days, according to the Household Pulse Survey data.

3.4 COVID-19 and Racial Equity

COVID-19 has disproportionately impacted people of color across the state of California. According to the Turner Center report “COVID-19 and California’s Vulnerable Renters” posted on August 4, 2020 (<https://turnercenter.berkeley.edu/blog/COVID-19-and-vulnerable-renters-california>) nearly three-quarter of renter households that have experienced a COVID-19 related job loss include at least one person of color.

According to HUD’s 2017 CHAS data

(<https://www.huduser.gov/PORTAL/datasets/cp.html>), about 61 percent of renters in California are either people of color or Latinx. Data collected by the Center for Disease Control (CDC) on COVID-19 infection and hospitalization rates by race and ethnicity (<https://www.cdc.gov/coronavirus/2019-ncov/covid-data/investigations-discovery/hospitalization-death-by-race-ethnicity.html>) shows that people of color are up to 2.8 times more likely to test positive for COVID-19, and up to 5.3 times more likely to require hospitalization. COVID-19 has disproportionately impacted the health, employment, and housing security of people of color and risks additional destabilization of lower-income neighborhoods and communities that will result in a deeper economic recession and delayed recovery. According to the Center on Budget and Policy Priorities October 7th report “Latest Data: 1 in 3 Adults Having Trouble Paying Expenses” (<https://www.cbpp.org/blog/latest-data-1-in-3-adults-having-trouble-paying-expenses>), nationally about 1 in 3 adults are struggling to cover daily expenses.

Analysis of the data shows that nearly half of Black and African American adults and 45 percent of Latinx adults are having difficulty with basic household expenses, further emphasizing the outsized impact of COVID-19 on people of color.

3.5 Single-Family and Small Multi-Family Rentals

Households occupying single family rental units and smaller multi-family buildings with four or fewer units are also at increased risk of housing instability. The 2019 U.S. Census American Community Survey (www.data.census.gov) data on housing types in California tabulates that about 50 percent of the rental housing in the state is four or fewer units. In total, about 28 percent of rental units are single family units, and 22 percent are attached units and small multi-family buildings. The 2018 update to the Rental Housing Finance Survey (<https://www.census.gov/programs-surveys/rhfs.html>), produced in partnership between HUD and the U.S. Census, which was released September 2020, provides additional insight into who owns rental properties in the United States. The survey estimates that of total rental properties in the U.S. about 41 percent are owned by an individual investor. However, of single-unit rentals, about 73 percent are owned by individual investors, and about 72 percent of properties with two to four units are owned by individual investors. Unlike larger investors and property management companies, individual investors are often more vulnerable to economic instability when tenant households are unable to pay rent. Many rely on rents to cover property mortgages, maintenance, and operating costs, and an ongoing loss of rent

revenue could contribute to property turn-over, foreclosures, and deferred maintenance that can further destabilize tenant households and have a negative impact on economic recovery state-wide.

3.6 Homeowners

Homeowners are also at risk of housing instability due to COVID-19 impacts. According to the Household Pulse Survey data for September 16 – 28, 2020 (<https://www.census.gov/programs-surveys/household-pulse-survey/data.html>) about 47 percent of homeowners have experienced a loss of employment income. State and federal governments have taken action to prevent foreclosures on federally backed mortgages. The CARES Act provides homeowners with federally backed mortgages the right to mortgage forbearance due to economic hardship resulting from loss of income due to COVID-19. However, forbearance is a limited time option and homeowners will be expected to repay missed payments once the forbearance periods end. While only about 10 percent of homeowners in California are currently behind on their mortgages, according to the Household Pulse Survey, 42 percent of those who are behind earn less than \$75,000 annually. Homeowners who were housing cost burdened before COVID-19 are more likely to have difficulty absorbing the additional cost of missed payments once the forbearance periods end, and will be at higher risk of foreclosure. Additionally, not all lenders are obligated to offer the forbearance option available through the CARES Act. About 14 percent of homeowners reported that it was very or somewhat likely they would need to leave their homes due to foreclosure in the next two months. Those numbers are expected to increase as forbearance periods lapse, especially if economic recovery lags and more and more homeowners become housing cost burdened by the additional cost in making up back-payments on their monthly mortgages. A wave of foreclosures would further deepen the recession, slow economic recovery, and put increased pressure on an already strained rental housing market, exacerbating the housing crisis in California.

4.0 Timeline for Stakeholder Engagement

As mentioned in Section 2.0, it is still unknown if and when a federal funding package will be passed. For this reason, BCSH and DOF will be working on an expedited timeline to collect a baseline of input from stakeholders. Should additional time be available between the completion of the October 20-30, 2020 Stakeholder Engagement Survey, BCSH and DOF will evaluate if additional topical engagement sessions are feasible. Additionally, should a package be passed that differs substantially from the HEROES 2.0 Act, BCSH and DOF will evaluate appropriate and feasible further outreach and engagement. Figure 4.1 provides an overview of the timeline and steps planned within this stakeholder engagement process.

Stakeholder Engagement Activity	Date
Stakeholder Kick-off Meeting	October 20, 2020 10:00am PDT
Survey Opens	October 20, 2020 10:00am PDT
Survey Closes	October 30, 2020 5:00pm PDT
Stakeholder Debrief on Key Engagement Findings and Responses	~November 12, 2020 Time TBD PST
Evaluation of Federal Situation and Conduct Additional Workshops and Stakeholder Sessions as Appropriate and Feasible	TBD
Deliverable: BCSH/DOF Memo to Governor Newsom on Key Findings and Recommendations	TBD

Figure 4.1: Stakeholder Engagement Timeline

5.0 Instructions for Stakeholder Engagement

BCSH and DOF have elected to use a survey format on the Survey Monkey platform to support the initial phase of the stakeholder engagement process. The survey includes five sections and stakeholders can answer any or all of the questions based on their interest, expertise and discretion. The Survey will be live from October 20, 2020 at 10:00 am PDT until October 30, 2020 at 5:00 pm PDT.

The link to the survey is posted on BCSH’s website: <https://www.bcsch.ca.gov/ab3088> or can be accessed via this direct link: <https://www.surveymonkey.com/r/PYRQYBD>

Questions can be sent to Housing@bcsch.ca.gov

5.1 ESG-Rental Assistance, ESG HEROES, CDBG HEROES and Homeowner Assistance Fund

Stakeholders are invited to provide feedback on key areas within each housing related funding stream (ESG Rental Assistance, ESG HEROES, CDBG HEROES, Homeowner Assistance Fund) where the State has decision making authority. [Appendix 1](#) provides a summary of the housing related programs included in HEROES Act 2.0. Survey questions are designed to specifically collect feedback on these key areas. For each program there is the opportunity to provide additional open-form feedback on unmet need or allocation approaches.

ESG Rental Assistance – Provides short and medium term rental assistance to low- and moderate-income households impacted by COVID-19 to cover rents, utilities, arrears, late fees, and security deposits. Managed through the Emergency Solutions Grant (ESG) regulatory framework (<https://www.hudexchange.info/programs/esg/>), with substantial waivers, as administered by HUD. The HEROES Act includes ESG Rental Assistance as both a direct allocation to urban entitlement areas and a state allocation.

ESG HEROES – Provides funding for persons experiencing homelessness, focusing on rapid re-housing, shelter operations, homelessness outreach, data reporting through the Homelessness Management Information System (HMIS), and homelessness prevention for persons at immediate risk of homelessness. Managed through the ESG regulatory

framework (<https://www.hudexchange.info/programs/esg/>), with minor waivers, as administered by HUD. ESG HEROES is proposed to be provided as both a direct allocation to urban entitlement areas and a state allocation.

CDBG HEROES – Provides funding for a wide range of activities intended to prepare, prevent, and respond to COVID-19, including public services, economic development, and public facility and infrastructure improvements. Funds can be used for short term rental assistance and to support persons experiencing homelessness. Managed through the Community Development Block Grant (CDBG) (<https://www.hudexchange.info/programs/cdbg/>) regulatory framework, with minor waivers, as administered by HUD. CDBG HEROES is proposed to be provided as both a direct allocation to urban entitlement areas and a state allocation.

Homeowner Assistance Fund – Provides funding to State housing finance agencies to prevent homeowner mortgage defaults, foreclosures, and displacement of families facing hardship due to COVID-19. Funds can be used for mortgage assistance, taxes, insurance, utilities, Homeowners Association fees, as well as eviction and foreclosure prevention. Funds are provided from the U.S. Treasury and managed through State Housing Finance Agencies per statewide plans. Funds will only be provided to state agencies.

5.2 Coronavirus Relief Funds (CRF) Housing Related Funds

The HEROES Act 2.0 includes \$257 Billion in CRF direct allocation to the States. Assuming California receives 12 percent of these funds, California's allocation is approximately \$30.8 Billion. For the purpose of the AB 3088 stakeholder engagement, DOF is estimating several billion may be available in CRF for housing related purposes.

When providing input into approaches and strategies for California's portion of the proposed housing related CRF, the following guidance is being set by BCSH and should be considered when shaping your response:

- CRF resources should be used to fill critical gaps.
- CRF are one-time resources with an expenditure date of likely twelve months; identify projects and services that can be achieved within this timeframe.
- When possible, CRF should target those who have been most heavily impacted by COVID-19 and are facing the greatest instability.
- When possible, CRF should be used to make one-time investments that will create longer-term or permanent solutions (i.e. jobs, capacity, capital, permanent housing outcomes, etc.)

California May Budget 2020/21 established a four point strategy to guide the strategic and holistic use of future federal funds. The state's Housing Advance Planning subcommittee, working to support the state's COVID-19 response efforts, developed specific CRF funding concepts for stakeholder consideration that align with this response and recovery framework. Stakeholders are invited to provide feedback on the following funding concepts:

1. Protect Californians: Ensure Californians Achieve and Maintain Stable Housing

- Payment of arrears (rent and/or utilities) beyond state/local Emergency Solutions Grant (ESG) - Rental Allocation for low income households and landlords to help keep people housed and reduce rent-based debt carried by Californian households.
- Provide direct project-based rental assistance to vulnerable tax credit or bond-financed multifamily properties that have suffered rental shortfalls due to tenant non-payment related to COVID-19.
- Fund eviction legal services for tenants who have been served with an eviction notice.

2. Preserve and Produce Homes for Californians

- Add funding to Homekey to acquire more deeply affordable properties, including interim and permanent supportive housing sites as well as innovative models such as hotel/motel conversions, Accessory Dwelling Units (ADUs) and tiny homes.
- Provide funding to preserve affordability on properties with expiring covenants.

3. Sustain and Strengthen California's Homelessness Crisis Response and Rehousing System

- Support creation and operation of expanded supply of safe interim/sheltering options, including supporting the conversion of large congregate shelters into other models.
- Provide resources to sustain the hotel/motel leasing operations of Project Roomkey sites.
- Provide local jurisdictions with additional rehousing resources, including flexible rental assistance resources, to support people as they exit Project Roomkey sites, other shelter or interim settings, and unsheltered homelessness.
- Create a landlord incentive program to incentivize leasing to people exiting homelessness from Project Roomkey sites and other locations.

4. Develop and Connect People to Jobs and Reactivate a More Resilient Economy

- Provide workforce development and job quality standards grants to new housing projects in areas with high impact from Covid19 to subsidize the development of a housing related workforce and create new jobs.

5.3 Strategies and Approaches to Reach and Assist the Hardest Hit

AB 3088 also identifies three groups as those suffering the greatest direct financial hardship that could undermine housing stability and the supply of affordable housing options as a result of the COVID-19 emergency:

- Low-income tenants
- Small property owners
- Affordable housing providers.

The survey requests input into strategies and approaches to specifically reach and support those within these groups that have been the most impacted.

5.4 Strategies and Approaches to Create Access to Liquidity

The CARES Act and AB 3088 included new requirements that encourage the use of forbearance, mortgage refinancing and loan restructuring to help landlords and property owners be better positioned to service their debt and either stay housed or keep tenants housed. Stakeholders in the financial industry have indicated that the short-term commitments to forbearance may have longer-term impacts on the financial sector's ability to make transactions (buying and selling of properties) as well as generate new loans for mortgages, including affordable housing developments, essentially tightening access to credit. Liquidity in the market is important to the state's goals of housing market stability, household equity preservation and new construction. As part of the AB 3088 Stakeholder Engagement requirement, BCSH is tasked with exploring strategies to create access to liquidity in partnership with financial institutions or other financial assistance.

Terminology:

- **Forbearance:** Forbearance is a temporary postponement of mortgage payments. It is a form of repayment relief granted by the lender or creditor in lieu of forcing a property into foreclosure.
- **Mortgage refinancing:** To refinance your home means to replace your current mortgage loan with a new one.
- **Loan / Debt restructuring:** A process used by companies to avoid the risk of default on existing debt or lower available interest rates. Individuals on the brink of insolvency also restructure their debt.
- **Market Liquidity:** Market liquidity is a market feature whereby an individual or firm can quickly purchase or sell an asset without causing a drastic change in the asset's price.

The survey requests open-form feedback into strategies and approaches to achieve access to liquidity to support homeowners, property owners, affordable housing providers in being able to secure future mortgages and financing in the housing space.

5.5 AB 3088 Expiration Planning

On August 31, 2020 the Legislature passed and the Governor signed into law California Assembly Bill (AB) 3088, the Tenant, Homeowner, and Small Landlord Relief and Stabilization Act of 2020. AB 3088 was passed as an urgency measure and took effect upon signature. The new law includes eviction protections that apply to all residential tenants, including mobile home tenants, regardless of immigration status. It provides protection from eviction for tenants unable to pay rent due to the financial impact of COVID-19 pandemic so long as certain steps are taken until February 1, 2021, including an attestation of hardship and from September 1, 2020 to February 1, 2021 at least 25% of rent owed. It also makes illegal until February 1, 2021 evictions where the landlord does not state a legally-valid reason. AB 3088 also encourages homeowners and small landlords with fewer than four properties to request forbearance from their lenders. The law also requires mortgage providers to provide a detailed description explaining why the forbearance request was denied. AB 3088 does not provide financial relief to either tenants or landlords, and all missed rent is still collectable starting

February 1, 2021. AB 3088 expires February 1, 2021, at which time the protections and obligations under this bill no longer apply.

While not called for specifically in AB 3088, BCSH and DOF are interested in stakeholder feedback on non-budgetary policy changes that should be considered should AB 3088 expire in February 2021 without additional federal funding. The survey asks stakeholders to consider what policy changes the State and Legislature should pursue to reduce evictions, foreclosures, and insolvency of housing projects.

APPENDIX 1: CARES ACT Funding Distribution and HEROES Act 2.0 Proposed Funding Distribution Table

[Click here for Appendix 1](#)

APPENDIX 2: Survey Content and Instructions

[Click here for Appendix 2](#)