MEETING CALLED TO ORDER

ROLL CALL

1. PUBLIC COMMENTS ON NON-AGENDA ITEMS

2. CONDUCT OF BUSINESS

2A. 20-693 Receive Report and Direct Staff Regarding Implementation of a Landlord Relief Fund Program in Response to COVID-19

   **Attachments:** 04132020 Landlord Assistance Staff Report
                     Att 1 - Urgency Eviction Moratorium Ordinance
                     Att 2 - Mortgage Relief Program Staff Report
                     Att 3 - Application

4. MATTERS FROM COMMITTEE / STAFF

ADJOURNMENT

STATE OF CALIFORNIA )
 )ss.
COUNTY OF MENDOCINO )

I declare, under penalty of perjury, that I am employed by the City of Fort Bragg and that I caused this agenda to be posted in the City Hall notice case on April 10, 2020.

_______________________________________________
Joanna Gonzalez, Administrative Assistant

NOTICE TO THE PUBLIC

In compliance with the Shelter-In-Place Orders of the County and State, this meeting will be closed to the public. The meeting will be live-streamed on the City’s website at city.fortbragg.com and on Channel 3. Public Comment regarding matters on this agenda are restricted to electronic and written communications. Comments should be emailed to Administrative Assistant Joanna Gonzalez, jgonzalez@fortbragg.com, at any time prior to the meeting.

Written comments may be delivered by using the drop-box for utility payments to the right of the front door at City Hall, 416 N. Franklin Street. All comments will be read aloud at the meeting. Any comment exceeding three minutes will be included in the public record as part of the agenda packet the next business day after the meeting.

We appreciate your patience and willingness to protect the health and wellness of our community. If you have any questions regarding this meeting, please contact the City at (707) 961-2827 ext. 111 or jgonzalez@fortbragg.com.

DISTRIBUTION OF ADDITIONAL INFORMATION FOLLOWING AGENDA PACKET DISTRIBUTION:

- Materials related to an item on this Agenda submitted to the Council/District/Agency after distribution of the agenda packet are available for public inspection in the lobby of City Hall at 416 N. Franklin Street during normal business hours.
- Such documents are also available on the City of Fort Bragg’s website at http://city.fortbragg.com subject to staff’s ability to post the documents before the meeting.

ADA NOTICE AND HEARING IMPAIRED PROVISIONS:

It is the policy of the City of Fort Bragg to offer its public programs, services and meetings in a manner that is readily accessible to everyone, including those with disabilities. Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities.

If you need assistance to ensure your full participation, please contact the City Clerk at (707) 961-2823. Notification 48 hours in advance of any need for assistance will enable the City to make reasonable arrangements to ensure accessibility.

This notice is in compliance with the Americans with Disabilities Act (28 CFR, 35.102-35.104 ADA Title II).
Receive Report and Direct Staff Regarding Implementation of a Landlord Relief Fund Program in Response to COVID-19
BACKGROUND AND OVERVIEW:
In response to the State of Emergency resulting from COVID-19, Governor Newsom authorized, and encouraged, cities to enact moratoriums on residential and commercial evictions due to lost income stemming from COVID-19. City Council adopted such an ordinance on March 30, 2020 (Attachment 1 – Urgency Eviction Moratorium Ordinance).
In addition to supporting renters, City Council expressed the need to provide assistance to property owners impacted by the loss of rental income and directed staff to develop a mortgage relief program. At the special meeting held on April 6, 2020 staff presented a report for Council’s consideration. The report provided information regarding how the City might take to develop and implement a Mortgage Relief Program (Attachment 2 – Mortgage Relief Program Staff Report).
After receiving the report, City Council directed staff to scale back the scope of the program and bring forward an assistance program utilizing the $23k from the City Council’s special project fund. This “Landlord Assistance Fund Program” is presented to the Community Development Committee for review and approval.

SUMMARY:
The City of Fort Bragg’s Landlord Relief Fund Program would provide assistance to local property owners severely impacted by a loss of revenue due to a tenant/lessee’s inability to pay rent, as a result of COVID-19. Property owners requesting assistance from this financial hardship would be eligible for up to $2,000 in the form of a zero interest loan.
The City would file a lien on subject property to secure repayment, which the borrower is required to pay back within 180 days of the Shelter-in-Place mandate being lifted.

Eligibility Requirements

Loans would be available to property owners meeting the eligibility requirements listed below. Submitting an application would not guarantee financial assistance, as the funding limit for this program is limited to $23k and it is unknown how many requests the City will receive.

- Rented properties impacted by the Moratorium must be located within Fort Bragg city limits
- Requester must be a Mendocino Coast resident
- Property owners with four (4) or more Fort Bragg rental units must hold a current City of Fort Bragg business license
- Financial request must be a valued at 50% or less of delayed rental payment(s)

Application Period

Applications would be accepted electronically, via a Survey Monkey application, between April 15 and April 30, 2020. Applicants would be contacted the first week of May and funds released by May 15, 2020.

Documentation Necessary

If a request for funding is awarded, the following supporting documentation shall be provided by the borrower prior to disbursement of funds:

1. Picture ID
2. Proof of Ownership
3. Documented proof of delayed rental payment.
4. Written notice from tenant that rent could not be paid because of a COVID-19 reason.
5. Signed Agreement and associated lien, provided by City.

RECOMMENDATION:

Provide direction to staff regarding any changes to the proposed Landlord Assistance Fund Program for implementation of said program.

ATTACHMENTS:

1. Urgency Eviction Moratorium Ordinance
2. Mortgage Relief Program Staff Report
3. Application
BEFORE THE CITY COUNCIL OF THE CITY OF FORT BRAGG

AN URGENCY ORDINANCE OF THE CITY OF FORT BRAGG RELATING TO A TEMPORARY MORATORIUM ON EVICTING TENANTS AND DECLARING THE ORDINANCE TO BE AN EMERGENCY MEASURE TO TAKE EFFECT IMMEDIATELY UPON ADOPTION

URGENCY ORDINANCE NO. 960-2020

WHEREAS, on March 4, 2020, the Governor declared a State of Emergency in California due to the threat of Coronavirus Disease 2019 (“COVID-19”).

WHEREAS, on March 4, 2020, the Mendocino County Board of Supervisors and Department of Public Health declared a public health emergency in Mendocino County due to COVID-19.

WHEREAS, on March 16, 2020, the Governor issued Executive Order N-28-20. The order suspends any state law that would preempt or otherwise restrict the City’s exercise of its police power to impose substantive limitations on evictions based on nonpayment of rent resulting from the impacts of COVID-19.

WHEREAS, a copy of the Governor’s executive order is attached hereto as Exhibit 1.

WHEREAS, on March 17, 2020, the Fort Bragg City Manager, acting as the Director of Emergency Services, declared a local emergency due to COVID-19, which was ratified by the City Council at its March 24, 2020 City Council meeting.

WHEREAS, on March 18, 2020, the Mendocino County Health Official issued a Shelter-in-Place Order.

WHEREAS, on March 19, 2020, the Governor issued Executive Order N-33-20 which orders California Residents to stay at home except for certain critical activities. Due to directives from federal, state, and local health officials, residents have been advised to avoid public gatherings and stay at home to prevent the spread of this disease.

WHEREAS, the City has been impacted by the health crisis of this global pandemic. Essentially all upcoming social gatherings and events have been cancelled. Mendocino School Districts have issued closures which may extend beyond April 14, 2020. Employees have been advised to work at home. As a result, restaurant and retail business has significantly declined and workers have been impacted by lost wages and layoffs. Parents have had to miss work to care for home-bound school-age children. As the virus spreads, workers may have to stay home for extended periods.

WHEREAS, many tenants have experienced sudden income loss, and further income
impacts are anticipated. The loss of wages caused by the effects of COVID-19 may impact tenants’ ability to pay rent when due, leaving tenants vulnerable to eviction.

WHEREAS, evictions resulting from the conditions identified in Executive Order N-28-20 present an immediate threat to the public peace, health and safety, as described in Government Code section 36937(b) in that they will potentially cause the irregular and increased displacement of residents and commercial businesses, contribute to an increase in the homeless population in City of Fort Bragg, and make it more difficult for the City to enforce the shelter-in-place order designed to promote public health through social distancing to combat the negative effects of the COVID-19 pandemic.

WHEREAS, nothing in this Ordinance waives a tenant’s obligations to pay back rent owed once this Ordinance is no longer effective.

WHEREAS, the City Council has the authority to adopt this Ordinance under Government Code Section 8630, and also its authority under California Constitution Art XI, section 7, and pursuant to the Governor’s Order N-28-20.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF FORT BRAGG DOES ORDAIN AS FOLLOWS:

SECTION 1. Findings and Emergency Declaration.

The City Council finds and declares as follows:

A. The provisions of the Governor’s Executive Order N-28-20, including its recitals, are incorporated herein as if fully set forth.

B. The above recitals, and the recitals in the Governor’s Executive Order N-28-20, are true and correct.

C. In order to address the immediate threat to the public peace, health and safety, this ordinance temporarily prohibits evictions throughout the City of Fort Bragg related to the existence of the COVID-19 pandemic emergency.

D. This ordinance is an emergency measure, to take effect immediately upon adoption pursuant to California Government Code section 36934 based on the facts recited above.

SECTION 2. Moratorium on evictions due to nonpayment of rent during the COVID-19 emergency.

Pursuant to the general police power of the City to protect the health, safety and welfare of its citizens, the authority of any landlord to commence evictions on any residential or commercial property within the incorporated area for the following reasons is hereby suspended through May 31, 2020, including any extensions unless otherwise terminated:

A. The basis of the eviction is non-payment of rent, or a foreclosure, arising out of a
substantial decrease in household or business income (including but not limited to, a substantial decrease in household income caused by layoffs or a reduction in the number of compensable hours of work, or a substantial decrease in business income caused by a reduction in opening hours or consumer demand), or substantial out-of-pocket medical expenses; and

B. The decrease in household or business income or the out-of-pocket medical expenses described in subparagraph (a) was caused by the COVID-19 pandemic, or by any local, state, or federal government response to COVID-19, and is documented; and

C. To take advantage of the protections afforded under this Ordinance, a tenant must do all the following:
   a. Notify the landlord in writing seven (7) days before the day rent is due that the tenant has a covered reason for delayed payment, except rent due April 1, 2020;
   b. Provide the landlord with verifiable documentation to support the assertion of a covered reason for delayed payment within thirty (30) days of the day the rent is due.

Nothing in this ordinance shall relieve a tenant of the obligation to pay rent, nor restrict a landlord’s ability to recover rent due.

SECTION 3. Other Provisions.

A. All public housing authorities operating in the City are requested to extend deadlines for housing assistance recipients or applicants to deliver records or documents related to their eligibility for programs, to the extent that those deadlines are within the discretion of the housing authority.

B. Financial institutions in the City holding home or commercial mortgages, including banks, credit unions, government-sponsored enterprises, and institutional investors, are requested to implement an immediate moratorium on foreclosures and related evictions when the foreclosure or foreclosure-related eviction arises out of a substantial decrease in household or business income, or substantial out-of-pocket medical expenses, which were caused by the COVID-19 pandemic, or by any local, state, or federal government response to COVID-19.

C. This ordinance shall be liberally construed to provide the broadest possible protection for the citizens of the City.

D. The City Manager and all other City officers and department heads are authorized and directed to take such other and further actions as may be necessary or appropriate to implement the intent and purposes of this ordinance.

E. Tenants may use the protections afforded in this ordinance as an affirmative defense in an eviction action, including but not limited to an action for unlawful
This ordinance may be enforced as stated in the provisions of this ordinance, as a violation of City Code, as a nuisance, or by any other available and legal enforcement mechanism.

SECTION 4. 180-Day Repayment Period.

Tenants who were afforded eviction protection under Section 2 of this ordinance shall have up to 180 days after the expiration on May 31, 2020, including any extensions, to pay their landlord all unpaid rent accrued during the term covered by this ordinance. During that 180-day period, the protections against eviction found in Section 2 of this Ordinance apply for such tenants, and provided the tenant pays all rent due by this deadline, shall not be liable for payment of any late fees or penalties for the delay in payment.

SECTION 5. Severability. If any portion of this Ordinance is found to be unenforceable, each such provision shall be severed, and all remaining portions of this Ordinance shall be enforced to the maximum extent legally permissible.

SECTION 6. Certification. The City Clerk shall certify to the passage and adoption of this Ordinance as required by law.

The foregoing Urgency Ordinance was introduced by Councilmember Norvell and adopted at a special meeting of the City Council of the City of Fort Bragg held on March 30, 2020 by the following vote:

AYES: Councilmembers Albin-Smith, Morsell-Haye, Norvell, Peters and Mayor Lee.
NOES: None.
ABSENT: None.
ABSTAIN: None.
RECUSED: None.

__________________________
William V. Lee,
Mayor

ATTEST:

__________________________
June Lemos, CMC
City Clerk

PUBLISH: April 9, 2020 (by summary).
TITLE:
Receive Report and Consider Establishing a COVID-19 Mortgage Assistance Program

ISSUE:
On March 30, 2020 the City adopted an Urgency Ordinance protecting tenants who are unable to pay rent as a result of the financial impacts of COVID-19. The Urgency Ordinance protects commercial and residential tenants from evictions through May 31, 2020, unless extended. While considering the moratorium on evictions and deferral of rent payments, Council directed staff to bring forward a Mortgage Relief Program to assist property owners, who will not receive rental payments for April and May.

ANALYSIS:
Although not exhaustive, staff researched how other cities have enacted mortgage relief programs and did not find any examples outside of charitable foundations and private sector organizations. Most municipal programs are geared to helping tenants and those at risk of eviction. Cities that have enacted renter assistance as a result of the current economic crisis, appear to have experienced an overwhelming interest and were not able to meet the true need. That said, the manner in which renter assistance programs are implemented transfers well when considering how the City of Fort Bragg might implement a Mortgage Relief Program.

Potential Approaches

During this time of social distancing and the current Shelter-in-Place mandate, requests for financial assistance from property owners to help pay mortgages, would best be taken electronically. Depending on the approach, this could be a simple form demonstrating ownership and need or it could be a sophisticated questionnaire taking into account details such as, individuals typical income, size of household, amount owed on principle, number of properties owned, whether there are pre-existing debts or back taxes owed, etc., etc. Similarly, how these requests are processed could take several approaches, such as a lottery system, or on a first come, first served basis.

Potential Participants

The national average of those residing in homes they own verses rent is: 64% owners to 36% renter occupied. In the City of Fort Bragg this ratio is flipped: 36% owner occupied and 64% of homes are rented. For the sake of placing a number on how many property owners could potentially want to participate in a Mortgage Relief Program, staff used 64% renter occupied statistic for residential property owners and the number of existing commercial water meters for the number of commercial property owners.
### Potential Participants

<table>
<thead>
<tr>
<th>RESIDENTIAL Property Investment</th>
<th>COMMERCIAL Property Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number Residential Properties (1)</td>
<td>1,803</td>
</tr>
<tr>
<td>Average Home Value (2)</td>
<td>$352k</td>
</tr>
<tr>
<td>Estimated Two Months Relief (5)</td>
<td>$3,520</td>
</tr>
<tr>
<td>Total</td>
<td>$6.3M</td>
</tr>
</tbody>
</table>

**Estimated Total of Properties with Tenants: $9.8M**

Source:
2. California Department of Housing and Community Development
3. City of Fort Bragg, Finance Department, Water Consumption and Fees by Type of Use, 2019
4. Mendocino County Assessor’s Office
5. Based on a ratio of 6% Capitalization Rate for Estimated/Assessed value.

Of course it is unlikely that all property owners with tenants would seek mortgage relief funds through such a program. The Table below illustrates usage rate scenarios to provide a better idea of the amount of funds that might be necessary to successfully implement a Mortgage Relief Program.

### Program Usage Rates Scenarios

<table>
<thead>
<tr>
<th>Estimated Value of Residential Participants</th>
<th>5%</th>
<th>15%</th>
<th>25%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated Value of Residential Participants</td>
<td>$315k</td>
<td>$945k</td>
<td>$1.575M</td>
</tr>
<tr>
<td>Estimated Value of Residential Participants</td>
<td>$175k</td>
<td>$525k</td>
<td>$875k</td>
</tr>
</tbody>
</table>

### Fiscal Impact

There is currently $23k available in City Council’s special project fund. The City’s Unassigned General Fund fund balance is approximately $625k. The City is experiencing a dramatic loss of revenue as a result of the COVID-19 pandemic and the long-term financial impact is uncertain. Federal relief money has been given to States, but there is no directive attached that states need to allocate money to cities with less than 500,000 people. Sales tax and Transient Occupancy Tax (TOT) makes up 48% of the City’s General Fund revenue. Both sources have been dramatically impacted by the COVID-19 pandemic and are not expected to rebound until after businesses reopen. Further, on April 2, 2020 Governor Newsom announced that businesses with under $5 million in taxable sales annual, can take advantage of a 12-month, interest free payment plan of up to $50,000. This will delay the already reduced sales tax revenue payments to the City.
Existing Financial Assistance to Property Owners

The Federal Government has passed three bills in response to COVID-19 and more are expected:

- Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020
- Families First Coronavirus Response (FFCR) Act
- The Coronavirus Aid, Relief, And Economic Security (CARES) Act

This legislation includes protections against foreclosure and provides low interest loans for small business owners (rental/investment property is considered a business). Governor Newsom enacted additional protections to property owners by negotiating an agreement with four of the nation’s top banks to provide a 90-day grace period for mortgage payments, with no negative credit impact.

**RECOMMENDED ACTION:**
Provide staff guidance on developing and implementing a Mortgage Relief Program for property owners and provide direction to staff.

**ALTERNATIVE ACTION(S):**
Direct staff to look for no or alternative ways to assist the business community in Fort Bragg

**FISCAL IMPACT:**
There will likely be long-term fiscal impacts to individuals, the City, State, Country and World as a result of COVID-19. The fiscal impacts of implementing a Mortgage Relief Program is discussed at length in this report.

**GREENHOUSE GAS EMISSIONS IMPACT:**
It is unlikely that greenhouse gas emissions would be impacted by implementing a Mortgage Relief Program.

**CONSISTENCY:**
N/A

**IMPLEMENTATION/TIMEFRAMES:**
If implemented, a Mortgage Relief Program could be implemented within two-week time.

**ATTACHMENTS:**
1. N/A

**NOTIFICATION:**
1. Affordable Housing, Notify Me subscriber list
2. Homeless, Notify Me subscriber list
3. Economic Development Planning, Notify Me subscriber list
City of Fort Bragg
Landlord Assistance Fund Program

Applications accepted between April 15th and April 30th, 2020

The Fort Bragg City Council has created a program to assist local property owners impacted by a loss in revenue due to a tenant’s inability to pay rent, as a result of COVID-19. Eligible property owners can apply for up to $2,000 in a zero interest loan, to be paid back within 180 days of the Shelter-in-Place mandate being lifted.

Eligibility Requirements:
- Mendocino Coast Resident
- Rented properties impacted by the Eviction Moratorium must be located within Fort Bragg city limits
- Property owners with four (4) or more Fort Bragg rental units must hold a current City of Fort Bragg business license
- Financial request must be a valued at 50% or less of delayed rental payment(s)

Supporting Documentation:
- Picture ID
- Proof of Ownership
- Documented proof of delayed rental payment
- Written notice from tenant that rent could not be paid because of COVID-19 reason
- Signed Agreement with associated lien on property, provided by the City
1. Property Owner Information:

First Name
Last Name
Street Address
City
State/Province
Postal Code
Email Address
Phone Number

2. How much loan money are you requesting?


3. How many and what type of RESIDENTIAL properties do you rent?

<table>
<thead>
<tr>
<th></th>
<th>1 property</th>
<th>2 properties</th>
<th>3 properties</th>
<th>4 properties</th>
<th>5 or more properties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accessory Dwelling</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unit</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Single Residential</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dwelling</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Multifamily</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(3 or less dwelling</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>units)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Multifamily</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(4 or more dwelling</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>units)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4. How many and what type of COMMERCIAL properties do you rent?

<table>
<thead>
<tr>
<th></th>
<th>1 property</th>
<th>2 properties</th>
<th>3 properties</th>
<th>4 properties</th>
<th>5 or more properties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Tenant</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Three or Less Tenants</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Four or more Tenants</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5. What was your household adjusted gross income in 2019?


6. Is there anything else you want us to know?


[Submit Application]