

# #HealthyLA

## Los Angeles Rent and Mortgage Cancellation Policy Platform

*A three-part policy framework for local action to protect public health, maintain housing stability, and facilitate economic recovery by cancelling rent obligations, providing mortgage relief for vulnerable homeowners and landlords, and providing targeted financial relief to impacted landlords.*

### Why?

The COVID-19 pandemic is a historic and devastating public health and economic emergency. In the first eight months of the pandemic, more than 375,000 people in Los Angeles County have been infected and over 7,500 people have died.<sup>1</sup> And in late November, a grim, record-breaking surge in cases began. The economic fallout caused by the pandemic has been a catastrophe. More than half of all people in Los Angeles experienced a COVID-related loss of household income and hundreds of thousands of tenants are behind on rent.<sup>2,3</sup> Food insecurity is at an all-time high.<sup>4</sup>

This crisis is not affecting everyone equally - those at the lowest income levels, tenants, and people of color are bearing the brunt on all fronts.<sup>5</sup> Low-income communities of color have higher infection rates and worse outcomes.<sup>6</sup> They have also disproportionately experienced job losses and are more likely to be behind on rent.<sup>7</sup> Many are making the impossible choice between paying rent or feeding their families. At the same time, many low-income workers have jobs that require them to leave home and are risking their lives every day so they can keep a roof over their heads. Meanwhile, those at the top have continued to thrive and stay safely home.

This catastrophe demands strong government intervention. While eviction moratoriums and limited rental assistance have helped keep some Angelenos sheltered, these measures do not go far enough to stabilize households in this ongoing pandemic, control the spread of COVID-19, or facilitate economic recovery. At some point, the bill for unpaid rent will be due, and low-income tenants who are already severely rent burdened and still without steady income simply will not be able to pay it back. They will end up homeless or mired in a cycle of debt for years. Without further action, the story of this pandemic will be that the communities who sacrificed the most were the least protected and excluded from economic recovery.

Rent cancellation, along with targeted assistance for low-income homeowners and landlords, is the only just and scaled policy solution that upholds public health and shifts the rent debt burden away from tenants while maintaining housing stability and stopping a wealth transfer to corporations.

### Cancel Rent

Suspension of all existing rent debt and future rent obligations for tenants who are experiencing financial hardship due to COVID-19 for the duration of the emergency until there is substantial economic recovery and public health metrics are met.

- **Eligibility:** All tenants who are experiencing financial hardship due to COVID-19, regardless of immigration status.
- **Rent cancelled:** All existing rent debt accrued since March 2020 and all future rent obligations should be suspended.

<sup>1</sup> [LA County Daily COVID-19 Data](#) (as of Nov. 25, 2020).

<sup>2</sup> Employment Table 1, Week 17, Oct. 14-26, Census Bureau, Household Pulse Survey.

<sup>3</sup> Housing Table 1b, Week 17, Oct. 14-26, Census Bureau, Household Pulse Survey.

<sup>4</sup> [The Impact of COVID-19 on Food Insecurity in Los Angeles County: April to July 2020](#), Public Exchange at the USC Dornsife College of Letters, Arts and Sciences (Sept. 2020).

<sup>5</sup> See [California Neighborhoods and COVID-19 Vulnerabilities](#), UCLA Center for Neighborhood Knowledge (Oct. 2020).

<sup>6</sup> [Health Equity Considerations & Racial & Ethnic Minority Groups](#) (July 2020), Centers for Disease Control and Prevention.

<sup>7</sup> See, e.g., [The Just Recovery Series: The Los Angeles Housing Crisis in the Wake of the COVID-19 Global Pandemic](#), Strategic Actions for a Just Economy (Nov. 2020); [Systemic Racial Inequality and the COVID-19 Renter Crisis](#), The UCLA Luskin Institute on Inequality and Democracy (Aug. 2020); [Covid-19 and Renter Distress: Evidence From Los Angeles](#), UCLA Lewis Center for Regional Policy Studies and USC Lusk Center for Real Estate (Aug. 2020).

- **Duration:** For the duration of the emergency until substantial economic recovery across income levels *and* the local jurisdiction has reached the “minimum” COVID-19 risk tier under the Governor’s Blueprint for a Safer Economy with a free vaccine widely available, or the state of emergency has concluded.
- **Enforcement:** All rent that has been cancelled should not be grounds for unlawful detainers; tenants should have a private right of action to enforce their rights and the City/County should vigorously investigate and prosecute violations; landlords that engage in harassment of tenants who have had rent cancelled should face significant penalties.

### **Cancel Mortgages**

A suite of policies and programs providing mortgage relief within the City/County’s legal authority to mitigate economic impact being felt by homeowners and landlords during the pandemic.

- **Policies and programs** such as: (1) Local funded programs to provide mortgage relief and expand HUD counseling; (2) Using the City/County’s power to put pressure on banks to provide mortgage relief (such as a Responsible Banking Ordinance); (3) Penalizing predatory mortgage lending and servicing practices; and (4) Official actions calling on state and federal governments to provide mortgage cancellation, modification, forbearance, or relief.
- **Eligibility:** All borrowers who submit a hardship declaration; eligibility may vary according to the specific mortgage relief program.
- **Duration:** Retroactive/prospective application may vary according to specific relief program.

### **Landlord Hardship Fund**

A local fund to provide financial relief to vulnerable landlords to mitigate the economic impact of rent cancellation as necessary to ensure housing stability and prevent the corporate takeover of housing, with conditions attached that are sufficient to protect tenants and ensure safe and healthy housing.

- **Eligibility:** Small landlords (who own 4 units or less) and nonprofit affordable housing providers who can demonstrate financial hardship due to rent cancellation and need for reimbursement of lost rent payments in order to keep up with maintenance, operations, and services. Large corporate landlords should not be eligible.
- **Relief available:** Fund payments shall not exceed the amount of rent cancelled and should be offset based on other relief received.
- **Application requirements:** Eligible landlords must provide qualifying documentation demonstrating eligibility, financial impact, need based on lack of assets, and exhaustion of other forms of relief. Good landlords without a history of tenant harassment or habitability issues should be prioritized for relief.
- **Conditions attached:** Receipt of relief should be conditioned on the landlord and their agents meeting tenant protection and habitability standards. Conditions should be attached to the property as a covenant.
- **Source of funding:** All potential sources should be explored. First priority for funds redirected from law enforcement; as well as federal relief money, state mortgage settlement funds, and the Federal Reserve Municipal Liquidity Facility (if terms revised). Must include safeguard against redirecting funds from social justice and safety net programs.
- **Process to receive just compensation:** An additional process should be created for landlords to receive just compensation based on a showing with substantial evidence that rent cancellation would result in an unconstitutional taking or otherwise have an unconstitutional application to the property. This process should not result in the waiver of rent cancellation benefits for tenants.
- **Enforcement:** Funds should be audited to ensure proper use; plus penalties and clawback provisions for violations.