



# Economic Stabilization Task Force

Appointed by the City & Borough of Juneau's Mayor

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April 13, 2020

Dear Mayor Weldon and Assembly Members:

You tasked the Economic Stabilization Task Force (ESTF) with evaluating Emergency Resolution Serial No. 2889, "An Emergency Appropriation Resolution Appropriating \$200,000 to the Manager for an Emergency Rental Assistance Program; Funding Provided by the Affordable Housing Fund."

We understood your expectation for the ESTF was to provide recommendations to you preferably in time for consideration at your April 13, 2020 special Assembly meeting.

The Task Force has had very little time to adequately assess the scope and impact of the Emergency Resolution. Thus far we can report to you the following:

- The Family First Coronavirus Response Act (FFCRA) creates a safety net to support those whose employment is adversely impacted by the virus by:
  - Adding \$600/week to Alaska's regular unemployment amount.
  - Establishing \$600/week unemployment benefit for those who would not normally qualify, including the self-employed and gig workers.
  - Creating 2 weeks paid leave at either 2/3 or full salary, depending on cause, for those employed but unable to work. There are coverage gaps in this provision, as being "sheltered at home" is not necessarily a qualifying cause.
  - Creating 10 weeks of FMLA type leave at 2/3 salary for those employed but unable to work due to lost childcare, and issuing funds for up to \$1200 per person, \$500 per child. All people eligible for the Emergency Resolution funds should receive this full amount. The first wave of these deposits was issued Saturday, April 11<sup>th</sup>, but further dates are unclear.
- Unemployment benefits may take time to process, and the State has had challenges handling the volume and the new types of applicants eligible under the CARES Act. However, the benefits are retroactive.

Our work thus far shows that these provisions will provide levels of support over varying periods of time, but that urgent need cannot be assumed based upon a lost job or lost childcare. Rather, the determination of the nature and amount of support needed will truly be a case-by-case evaluation.

Further, the Alaska Court System has directed that no eviction or foreclosure processes be considered before June 1, 2020. SB 241, signed into law on April 10, 2020 as Chapter 10, SLA 20, provides similar short-term relief and does prevent landlords from even beginning the process of eviction for non-payment of rent. Finally, any person with a federally backed mortgage (which applies to more than half of the mortgages in the country) cannot begin eviction proceedings for failure to pay until the end of July, and then must give 30 days' notice. (CARES Act Section 4024(b))

Some of the questions that we believe warrant further review include but are not limited to the following:

- Is AHDC poised to remit funds based upon the gap in reimbursement and not the full rental amounts for 60-75 renters for 2-3 months? This may extend the grant monies for a larger population of renters.
- Emergency Resolution 2889, Section 3(b) states that the assistance is prioritized for “people” who earn less than 120% AMI, but we are unclear whether the standard is household/family AMI or individual. What are the implications both financially and upon the number of people served by the choice of one standard or the other?
- What is the date that Alaska signed the unemployment agreement with the Federal Government, which starts the clock for the extra \$600 payment for those receiving state unemployment. Further, what is the time frame before funds from both those programs will actually be in people’s hands? The press is reporting potential delays.
- The CARES Act only extends protections to US Citizens and legal residents. What is the estimated number of individuals or households in Juneau left unprotected by this standard? Is it the Assembly’s intent that these individuals or households be eligible for this assistance?
- How would this program intersect with housing assistance provided by other federal, state or tribal organizations? What new programs are coming online that will provide this or similar relief? For instance, is there opportunity with AK Can Do initiative led by Rasmuson Foundation, Alaska Community Foundation and United Way?
- What ways can we assist with people’s anxiety, both renters and landlords, as they wait for these funds? In this regard, the Task Force is reaching out to Alaska’s credit unions and banks to seek their voluntary support for mortgage forbearance for people whose mortgages are not protected under the CARES Act.

We hope that you find this information useful and have attached a more comprehensive accounting of information we looked as reference. If it is the will of the Assembly that we pursue these questions, we respectfully request that you permit us the remainder of the week to do so. We are mindful that there are many citizens who await positive action on this resolution and are under stress because of the uncertainty of their respective short-term and long-term lease arrangements.

Sincerely,



**Appointed Task Force Members**

Max Mertz, Co-Chair • Linda Thomas, Co-Chair • Theresa Belton • Bruce Botelho • Eric Forst  
Ken Koelsch • Lauren MacVey • Laura Martinson • Terra Peters

# Rental Assistance

## Summary of current information

One of the three stated purposes of the task force is to examine state and federal government financial assistance program and identify gaps that exist. On the topic of needed rental assistance, this document is intended to be a summary of our current state of information.

### 1. INCOME SUPPORT FOR INDIVIDUALS

The Family First Coronavirus Response Act (FFCRA) (signed 3/18/20, effective 4/1/20, expires 12/31/20) creates two provisions for families impacted by the virus:

#### Emergency Paid Sick Leave Act (EPSLA)(29 CFR 826)

Employers impacted: Private employers with less than 500 Employees, as well as public agencies. Employers with fewer than 50 employees can be exempted from providing this leave if providing it would jeopardize the viability of the business as a going concern. Employers are reimbursed for the benefit through refundable tax credits.

Employees who qualify:

1. Quarantine order
2. Health care advice
3. Symptomatic
4. Caring for individual in 1 or 2
5. Caring for child whose school or day care is closed
6. Substantially similar issue

Benefit – up to 80 hours of paid sick leave (for part time, average worked over a 2 week period).

- If subject to quarantine or symptomatic, pay will be greater of regular pay or minimum wage up to \$511/day.
- If other reason, entitled to 2/3 pay.

#### Emergency Family Medical Leave Expansion Act (EFMLEA)

The FFCRA extended FMLA type provisions to protect people who are unable to work due to loss of childcare.

Employers impacted: Private employers with less than 500 Employees, as well as public agencies. Federal government has some restrictions. Employers with

fewer than 50 employees can be exempted from providing this leave if providing it would jeopardize the viability of the business as a going concern.

Employees who qualify:

- Unable to work because caring for child under the age of 18 whose school or place of care is closed due to public health emergency (CV19)

Benefit – up to 12 weeks of leave, first two weeks of which are unpaid under this program. Next 10 weeks must be paid at 2/3 pay. Capped at \$200/day.

Employees must be guaranteed comparable job and end of leave period.

*To Summarize* – these two provisions ensure at least 2/3 income for people who have jobs but cannot be at them because of CV19 impacts. People who work for businesses with over 500 people, or businesses under 50 employees who were exempted, will be a potential gap (if not covered by the PUC unemployment program). For those receiving 2/3 income, if they are no longer paying childcare expense, the loss of the expense might offset the lost income. However, for those with school age kids that did not have RALLY in their budget, the loss of 1/3 income will create a shortfall that does not appear to be covered by other assistance programs. Further, for people whose employers are exempted from the protections provided, or who have been with their employer for less than 30 days, will most likely have to turn to unemployment.

<https://www.federalregister.gov/documents/2020/04/06/2020-07237/paid-leave-under-the-families-first-coronavirus-response-act>

#### CARES Act Economic Impact Payments:

- To be eligible:
  - Must be US Citizen or legal resident
  - Has work eligible Social Security number
  - Is not a dependent, or eligible to be a dependent, of another tax payer
- The amount of the check depends on income
  - Single-filers with AGI of \$75,000 or less will receive \$1,200.
  - Married taxpayers filing jointly with AGI of \$150,000 or less will both receive \$1,200.
  - Single-filers who are head of households with AGI of \$112,500 or less will receive \$1,200.
  - The amount of the check will decrease by \$5 for every \$100 by which AGI exceeds the threshold for a taxpayers' tax filing status.

The first wave of these payments is going to arrive the week of April 13<sup>th</sup>. Those taxpayers who used ACH with their 2018 or 2019 tax returns will receive payment first. There is no published schedule for subsequent waves of payments.

## Unemployment enhancements

The CARES Act extends normal unemployment benefits in two fashions:

### Federal Pandemic Unemployment Compensation program Section 2104

- Provides an extra \$600/wk in addition to regular state provided unemployment benefits. The Alaska maximum weekly amount is \$370/week, minimum is \$56/week. There is a dependent allowance of \$24/week per dependent for up to three.
- The benefits starts (and can be retroactive to) the date on which Alaska enters into the agreement with the Federal Government. We do not know when that agreement was signed, so do not know the effective date of this benefit.
- This benefit cannot be paid out after 7/31/20.

### Pandemic Unemployment Assistance program Section 2102

This benefit significant expands unemployment to those not normally eligible. It is payable for CV19 related unemployment starting January 27, 2020 and program runs through 12/27/20

- Provides up to 39 weeks of unemployment benefits of \$600/week
- Intended to provide benefit to:
  - Those who have exhausted their entitlement to regular unemployment
  - Those not normally eligible to unemployment because self-employed or limited recent work history. May include gig economy workers, clergy, working for religious organizations and those not covered by the unemployment under some state laws.
  - Those who have had to quit work because not covered under the EFMLEA program would qualify under this provision.

### To Summarize

Unemployment benefits have been significantly enhanced and expanded under the CARES Act. We understand that unemployment benefits in Alaska typically arrive within three weeks, and are retroactive. HOWEVER, the state was not prepared for the influx in applicants or the expanded programs. Alaska unemployment went from quite low to these current very high levels, and the department is struggling to serve the current volume. As of April 8<sup>th</sup>, the state application didn't even allow for those who would qualify under the Section 2102 program to apply.

There is significant relief available even to those who wouldn't normally qualify for unemployment, but access to the funds is slow.

## 2. PAYCHECK PROTECTION PROGRAM

The PPP is a loan portion of the CARES Act (section 1102) targeted at small business relief. While it is a loan, there is a forgiveness feature that rewards employers by forgiving the debt if they keep their employee count and salaries up. If employers did have to lay people off between February 15<sup>th</sup> and April 26<sup>th</sup>, they have until June 30<sup>th</sup> to return to prior salary levels in order to have the debt fully forgiven.

These loans first became available on April 3<sup>rd</sup>, and financial institutions have been struggling to get them out the door. There is far more volume than the FI's have bandwidth (and perhaps liquidity) to process, but progress is being made and money is starting to flow.

To summarize – there is reason to hope that the introduction of PPP funds to local business will slow future layoffs and perhaps get some of those who were let go back to work.

## 3. MORATORIUMS AND FORBEARENCE

### SB 241

This is the Alaska CV19 Relief bill. It was signed into law April 10, 2020. It contains several related provisions that apply to natural persons.

#### **Section 21** – Moratorium on Evictions for Non-payment of Rent

- Protection through June 30, 2020
- Statutory causes of action for eviction are suspended for persons suffering financial hardship as a result of CV19
- Person seeking protection shall provide Landlord a sworn statement
- No moratorium on eviction for other reasons
- Does not relieve obligation to pay rent owed

#### **Section 24** – Moratorium on Foreclosures

- Statutory cause of action for foreclosure is suspended thru June 30<sup>th</sup>
  - Person seeking protection shall provide State a sworn statement
  - Debt is still owed.
- Doesn't apply to vacant or abandoned property

### AK Court Orders

AK Supreme Court Order 1957 indicates judges should suspend/relax certain court rules and allows judges to suspend cases that are not high priority. Eviction and foreclosure are not considered high priority cases.

AK Supreme Court Order 8131 (now extended through May 31<sup>st</sup>) suspended all superior and district court proceedings between March 23 and May 31<sup>st</sup>, except a defined list (all safety oriented, foreclosure and eviction are not included in the list).

An Administrative order was issued April 3<sup>rd</sup> that in Section 29 explicitly states eviction hearings will not be held during the suspension period.

Alaska eviction process requires the Landlord to give the tenant notice, and then go through the court system to secure the eviction order to vacate the premises. If the courts won't hear the case, the Landlord can provide the notice, but cannot secure the actual order requiring tenants to vacate the premises.

Further, this restriction goes beyond SB 241 protections, because it means no foreclosure for any cause, not just failure to pay rent.

#### [CARES Act provisions on Forbearance, Foreclosure and Eviction](#)

The CARES Act has several provisions regarding eviction and foreclosure, but these protections only extend to federally "backed" mortgages. Loosely defined, these are loans securitized by Fannie and Freddie, or run through VA, USDA or other federal programs. These categories account for well over half of the mortgages in the US.

- Borrower on 1-4 family property (Section 4022(b)) can request forbearance up to 180 days, with another 180 days available.
- Borrower on multifamily properties (5+) (section 4023(b)), if current as of 2/1/20, must be provided at least 30 days forbearance on request, and extend that period 2 more times if requested by borrower. Further, if owner is receiving forbearance, tenants cannot be evicted.
- Foreclosure Moratorium (Section 4022(c)) – effective until May 17<sup>th</sup>, no servicer of a federally backed mortgage can initiate a foreclosure process, move for a foreclosure judgment, or execute a foreclosure related eviction or foreclosure sale. This isn't limited to CV19 related hardship, but doesn't apply to vacant or abandoned property.
- Eviction Moratorium (section 4024(b)) provides that until July 25<sup>th</sup>, a landlord cannot file a court action for eviction. After that 120 day period, they must give tenant 30 day notice to quit before pursuing eviction.

In Summary – Through June 30<sup>th</sup>, people can prevent landlords from pursuing eviction by attesting to CV19 related financial hardship. Further, Landlords cannot get a hearing in the courts to obtain an eviction notice (for any eviction proceeding) until June.

#### 4. POTENTIAL STIMULUS DOLLARS FOR CITY

##### CARES Act Coronavirus Relief Fund (Section 5001)

- Allocates 1.25Billion to Alaska for:
  - Necessary expenditures due to CV19
  - That were not accounted for in the budget most recently approved prior to the virus
  - That were incurred between March and December 2020.
- These funds will be remitted to the Governor for distribution throughout the state. There is discussion about direct payment to communities under 500,000 in a future federal relief bill, but that's still up in the air.

##### SB241

SB 241 contain the following provision:

**Section 30** – AHFC shall provide financial assistance on a statewide, regional or community basis as necessary to address or prevent homelessness caused by COVID 19.

- Through end of emergency or November 15<sup>th</sup>
- Subject to appropriation

We have no information on how Section 30 will be implemented.