



**COUNCILMEMBER CHRISTOPHER WARD  
THIRD COUNCIL DISTRICT**

**M E M O R A N D U M**

DATE: April 29, 2020

TO: Council President Georgette Gómez

FROM: Councilmember Chris Ward

SUBJECT: COVID-19 Council Policy Response Opportunities

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The global COVID-19 crisis has presented unprecedented challenges to the City of San Diego, including the need for a wide range of emergency responses to help residents remain safe and healthy while also working to mitigate the destabilizing economic impacts on constituents in every corner of our local economy. The early action and leadership from the Council has been critical to establishing the vital first tier of responses, and we must build on that momentum now.

While most council committee action is currently suspended as part of our COVID-19 response, we must still move forward swiftly to refine and expand our emergency response for those facing economic hardship as a result of the pandemic, and begin the process of building the structures that will shape San Diego's local recovery from this crisis. I respectfully offer the below policy goals as several important next steps for consideration as the entire Council continues to build out our response.

**Paid Sick Leave**

The recently passed Families First Coronavirus Response Act provides for expanded paid sick leave up to 80 hours per employee through December 31, 2020 for employees impacted by Coronavirus through a variety of means including medical diagnosis, forced quarantine, caring for a family member with a medical diagnosis or forced quarantine, and child care. However, federal action only applies to public employers and private employers with fewer than 500 employees. Neither quarantine requirements nor the virus itself distinguishes based on the size of one's employer, and nationally we have seen large employers become major hot spots for spread of the virus. The City of San Diego should join other local jurisdictions, including the City of Los Angeles, in applying the existing sick leave standard to all employees regardless of the size of their employer.

**Rental Subsidy Program**

To aid San Diegans during this crisis, I urge the City to work with the Housing Commission to create a COVID-19 Rental Subsidy Program to provide a minimum of \$10 million in forgivable loans to renters affected by the economic fallout from COVID-19. These loans should be capped at a specified level and prioritized for low-income families (perhaps <80% AMI) who have experienced a significant loss of income due to COVID-19, and prioritizing those who are ineligible for other forms of housing assistance and/or not currently receiving public housing

assistance. To facilitate the payment process, the Housing Commission verifies with landlords the amount of rent due, and payments are made directly to landlords on tenants' behalf with notification of payment made to tenant.

Additionally, the data tracking from this program could be used to begin implementing the framework for a full rent registry in the future. Our current crisis has underscored the importance of actionable data for the City's housing market, and while it's most likely that our current budget will not allow the creation of a full, city-wide registry, beginning the process of creating the structure for gathering this important information will help the City create stronger housing policy and better targeted response measures in the future.

### **Right of Recall**

Many of the hardest hit businesses in San Diego - particularly in the hospitality and tourism industry - have been forced by the COVID-19 crisis to engage in large-scale layoffs or furloughs of staff members. Thousands of local workers in these sectors have been cut off from their livelihoods through no fault of their own, and are now among those San Diegans struggling to make ends meet.

As we all work together to help this critical sector of our economy rebuild, we all have a vested interest in assuring the most skilled and experienced workers are the first hired back during recovery. A right of recall policy to prioritize rehiring the most senior and experienced employees first will help ensure the smoothest and most effective reopening process as San Diego begins greeting travelers once again.

### **Small Business Grant Update and Expansion**

*Expanded Small Business Grant and Loan Funding:* CARES Act criteria specifically include small business financial support to address the negative impacts of COVID-19. The City should move quickly on a significant expansion of the available funding support for local small businesses, at least double, which should include increasing the total dollar amount and the range of supports as described below. Additionally, prior to any expansion or updates, criteria for grant eligibility should be established and broadly communicated to ensure clarity for applicants in advance of submitting their application.

*Tiered Access to Funding:* The City should further break down the size of businesses applying for and receiving financial assistance, to tiers for 1-50 employees; 51-250 employees; and 251-500 employees. This ensures that available funding is equitably distributed among businesses of different sizes and that larger businesses are not advantaged in the application process.

*Non-Profit Support:* As the primary focus of relief is keeping San Diegans on payroll and able to cover basic expenses, all future small business support should be expanded to include 501(c)3 non-profit organizations in all the same ways as for-profit small businesses.

*Home-Based Businesses:* Small business grants and loans should be expanded to apply to home-based businesses, so long as they meet other eligibility requirements for the funding support.

*Forgivable Re-Opening Loans:* Business relief has thus far been primarily focused on supporting businesses to keep employees on payroll during this crisis. However, we should not overlook businesses who were forced into layoffs or furloughs because of conditions related to COVID-19 – or the employees of these businesses. The City should establish a forgivable loan program for re-startup costs targeting businesses who have already been forced into layoffs, furloughs, or closure and are thus ineligible for other sources of small business assistance. These loans could be targeted for payroll costs associated with re-opening at the appropriate time and conditioned on a right of recall requirement to prioritize the rehiring of the most senior and experienced employees first.

While this is far from an exhaustive list of appropriate policy responses, they would each be meaningful steps forward to achieve immediate relief and long-term structure for the strongest possible recovery. I look forward to working with you on these and other recovery priorities as the Council continues its work to rebuild our economy even stronger than it was before.

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