RESOLUTION

NO. R-20-135

CITY HALL: May 21, 2020

BY: COUNCILMEMBERS BANKS AND GISLESON PALMER

Resolution calling on Governor Edwards to impose immediate rent relief for impacted New Orleans tenants and urging him to call directly on federal legislators and the Trump administration to impose immediate rent relief for impacted tenants in conjunction with an immediate moratorium on mortgage payments.

WHEREAS, Novel Coronavirus (COVID-19) first appeared in December 2019 and has spread throughout the world, and on March 11, 2020, the World Health Organization declared the outbreak a global pandemic; and

WHEREAS, On March 16, 2020, New Orleans Mayor LaToya Cantrell declared a state of emergency to ramp up the city’s efforts to prepare for and respond to local cases of coronavirus; and

WHEREAS, On March 11, 2020, Louisiana Governor John Bel Edwards declared a state of emergency to help the state prepare for the broader spread of COVID-19; and

WHEREAS, New Orleans and Louisiana are responding in strong and definitive ways to slow the spread and save lives, with the New Orleans Department of Health Director Dr. Jennifer Avegno taking direct action and ordering residents to shelter-in-place and cease non-essential activities as of March 20, 2020, and Louisiana Governor John Bel Edwards following on March 23, 2020 to issue Proclamation Number 25 JBE 2020, ordering residents to remain in their homes except for essential activities; and

WHEREAS, Because of these orders, and ones like them in other states and municipalities, and because of their impact on service and other industries, 80 percent or more of hospitality workers nationwide are estimated to lose their jobs, along with thousands of entertainment, travel, retail, and service workers; and

WHEREAS, Record numbers of Americans have filed claims for unemployment benefits, resulting in a staggering 14.7 percent national unemployment rate, including the loss of 7.7 million hospitality jobs in April alone; and
WHEREAS, Louisiana, which already led the nation in unemployment rates, has seen hundreds of thousands of new filings, exacerbating an already debilitating problem; and

WHEREAS, Louisiana’s weekly unemployment benefits are the lowest in the nation, when measured as a percent of what the average worker earns; and

WHEREAS, Those workers who are eligible for unemployment insurance are drawing only a fraction of what they would otherwise earn, at $610 to $847 per week including the additional $600 provided by the CARES Act, and many workers are not eligible for any unemployment benefits at all; and

WHEREAS, Forty percent of Americans do not have cash on hand to cover an unexpected expense of $400; and

WHEREAS, New Orleans Mayor LaToya Cantrell has extended the moratorium on evictions for nonpayment of rent due to COVID-19 loss of income to June 5, but renters are still obligated to pay landlords, and mortgage-holders are still obligated to pay lenders; and

WHEREAS, Louisiana Governor John Bel Edwards has similarly suspended evictions through June 5, leaving in place the obligation for renters to pay landlords; and

WHEREAS, The average monthly rent on an apartment in New Orleans is just under $1200, which remains unaffordable for most New Orleanians; and

WHEREAS, Extremely low-income New Orleanians (earning less than 30 percent of area median income) and very low-income households (earning less than 50 percent of area median income) continue to be the overwhelming majority of households facing severe housing cost burdens, costing at least 50 percent of monthly income; and

WHEREAS, Retaining the obligation to pay would mean that those who defer payments will accumulate significant personal debt; and

WHEREAS, When the public health crisis subsides, New Orleanians must be able to resume everyday activities, including going back to service sector and other jobs; with it being critically important that New Orleanians who currently have housing are not made homeless or destitute because of this public health crisis; and

WHEREAS, Louisiana’s economy is heavily based on tourism and hospitality, with approximately 16,000 to 20,000 New Orleanians depend on hospitality and gig economy for
employment, which is being especially hard-hit by the mass cancellations of events and business closures as a result of the health crisis; and

WHEREAS, The Brookings Institute reports that New Orleans is among the top five largest metro areas in the nation expected to be facing a COVID-19 caused recession, especially due to its reliance on hospitality; and

WHEREAS, Louisiana Governor Edwards proclaimed a State of Emergency on March 11, 2020, opening the opportunity to use certain emergency powers under the Louisiana Health Emergency Powers Act (La. R.S. 29:760, et. seq.); and

WHEREAS, One of the first responses to the economic impact of the COVID-19 crisis by the U.S. federal government was to inject $1.5 trillion on March 12, 2020, in loans to banks to stabilize the economy; and

WHEREAS, To date, no statewide or national rent relief program is in place; and

WHEREAS, The City of New Orleans, in partnership with Total Community Action, is offering rental relief, but only on a limited basis serving about 600 households; and

WHEREAS, Mortgage forbearance guidance for single-family homeowner mortgages has been issued by Freddie Mac, but remains subject to individual banks to decide how and if to implement; and

WHEREAS, Banks are therefore able to withstand nonpayment of debt during this emergency and work out extensions and other ways for debt to be refinanced when the health emergency is over; and

WHEREAS, By halting mortgage payments during this time, the urgent need for landlords to collect rent may be relieved; and

WHEREAS, Many landlords’ financial burdens will not be mitigated, leaving the need for tenants to continue contributing at least a limited portion of their income; NOW, THEREFORE

BE IT RESOLVED, That the New Orleans City Council calls on Governor Edwards to use emergency powers to impose immediate rent relief for any tenant who has lost earned income, been forced to close a place of business, or had business activities substantially curtailed, so that no such impacted New Orleanian should be required to pay rent amounting to
more than thirty percent of their current income or the contractual rent, whichever is less, during this health emergency, nor should they accumulate debt for unpaid rent or late fees.

**BE IT FURTHER RESOLVED,** That New Orleans City Council calls on Governor Edwards to call on federal legislators and President Trump's administration to impose immediate rent relief for tenants, in the form of reduced rent for impacted tenants or a total moratorium on rental payments, in conjunction with an immediate moratorium on mortgage payments, such that no impacted tenant nor owner of New Orleans property should be required to pay full rent or mortgage during this health emergency, nor should they accumulate additional debt for unpaid rent or mortgage payments or late fees.

**BE IT FURTHER RESOLVED,** That the New Orleans City Council calls on members of the United States Congress, specifically Representative Cedric Richmond, House Minority Whip Stephen Scalise, and Financial Services Committee Chair Maxine Waters, and Senators John Kennedy and William Cassidy, to impose immediate rent relief for tenants as outlined above and an immediate moratorium on mortgage payments, such that no owner of property in the nation should be required to pay mortgage during this health emergency, nor should they accumulate additional debt for unpaid mortgage payments or late fees, and no renter in the nation should be required to pay full rent during this health emergency, nor should they accumulate debt for unpaid rent or late fees.

**BE IT FURTHER RESOLVED,** That the New Orleans City Council calls on President Trump to issue an executive order to impose immediate rent relief for tenants as outlined above and an immediate moratorium on mortgage payments, such that no owner of property in the nation should be required to pay mortgage during this health emergency, nor should they accumulate additional debt for unpaid mortgage payments or late fees, and no renter in the nation should be required to pay rent during this health emergency, nor should they accumulate debt for unpaid rent or late fees.

**BE IT FURTHER RESOLVED,** That for any program to be successful, both rent relief and a mortgage moratorium must be implemented concurrently to ensure that the needs of renters and property owners, especially small landlords, are met.

**BE IT FURTHER RESOLVED,** That any program established with these two measures must be extended to tenants in long-term living arrangements at hotels and motels.

**BE IT FURTHER RESOLVED,** That a program, including tax credits and deductions, must be established for the many rental property owners who have already paid off mortgages and use rents as a primary source of income, so that these small landlords may continue to house
tenants and maintain the properties of those who cannot meet their rental obligations due to COVID-19.

BE IT FURTHER RESOLVED, That the Clerk of Council shall transmit this resolution to Governor John Bel Edwards; members of U.S. Congress Cedric Richmond, Stephen Scalise, Maxine Waters, John Kennedy, William Cassidy, and Nancy Pelosi; and President Donald Trump.

THE FOREGOING RESOLUTION WAS READ IN FULL, THE ROLL WAS CALLED ON THE ADOPTION THEREOF, THE RESULT WAS AS FOLLOWS:

YEAS:

NAYS:

ABSENT:

AND THE RESOLUTION WAS ADOPTED.