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TO: The Honorable Detroit City Council

FROM: David Whitaker, Director
Legislative Policy Division (LPD) Staff

DATE: May 5, 2020

RE: RESOLUTION IN SUPPORT OF A MORATORIUM
ON RENT AND MORTGAGE PAYMENTS

Council Member Castañeda-López has directed Legislative Policy Division (LPD) to draft the attached resolution in light of the extreme financial hardships being suffered by low income residents of the City of Detroit in the Covid-19 crisis.

Council may wish to request a formal legal opinion from the Law Department as to the legality of the proposed moratorium on rent and mortgage payments, in terms of impairment of contracts, preemption, due process of law or other issues.

If Council has any other questions or concerns regarding this subject, LPD will be happy to provide further research and analysis upon request.

**RESOLUTION IN SUPPORT OF A MORATORIUM
ON RENT AND MORTGAGE PAYMENTS**

By Council Member Castañeda-López

WHEREAS, The Novel Coronavirus COVID-19 first appeared in December 2019 and has spread throughout the world; and

WHEREAS, On March 11, 2020, the World Health Organization formally declared that the COVID-19 is an outbreak a global pandemic; and

WHEREAS, On April 28, 2020, Detroit City Council unanimously passed a resolution opposing premature lifting of physical distancing measures and urging adoption of business policies to limit the spread of the COVID-19 pandemic until a reasonable degree of public health protection can be ensured; and

WHEREAS, On April 30, 2020, Michigan Governor Gretchen Whitmer extended her restrictions on large public gatherings to limit the contagion of the COVID-19 pandemic, until May 20, 2020; and

WHEREAS, The City of Detroit and the State of Michigan are necessarily and appropriately responding in strong and definitive ways to slow the pandemic's spread and save lives, ordering residents to remain in their homes except for essential activities; and

WHEREAS, Because of these orders and their impact on service and other industries, many workers in sectors of the economy where working remotely is impractical or even impossible will lose or have already lost their jobs, including the hospitality, entertainment, travel, retail, and other service sectors, while unemployment filings in Michigan and other states have skyrocketed; and

WHEREAS, Those workers who are eligible for unemployment insurance are drawing only a fraction of what they would otherwise earn with a maximum of \$450 per week, and many workers may not be 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 78 percent of American workers said they were living paycheck to paycheck; and

WHEREAS, Low income Detroiters and their households continue to be among the very large number of families and households facing severe housing cost burdens; and

WHEREAS, Maintaining the obligation to pay rent and mortgage debts for housing during the public health crisis created by this pandemic would mean that those who defer payments will accumulate significant personal debt; and

WHEREAS, When the public health crisis subsides, Detroiters must be able to resume everyday activities, including going back to service sector and other jobs; and

WHEREAS, It is critically important that Detroiters who currently have housing are not made homeless or destitute because of this public health crisis; and

WHEREAS, One of the first responses to the economic impact of the COVID-19 crisis by the US 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 rent relief program is in place and 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 will be eased; and

NOW, THEREFORE, BE IT RESOLVED THAT The Detroit City Council calls on Governor Whitmer and the State Legislature to use emergency powers to impose an immediate moratorium on rent payments, such that no Detroiters should be required to pay rent during this health emergency, nor should they accumulate debt for unpaid rent; and

BE IT FURTHER RESOLVED THAT The Detroit City Council calls on federal legislators and President Trump's administration to impose an immediate moratorium on mortgage payments, such that no owner of Detroit real property should be required to pay mortgage during this health emergency, nor should they accumulate additional debt for unpaid mortgage payments; and

BE IT FURTHER RESOLVED THAT Copies of this resolution shall be provided to members of the Detroit delegation in the State Legislature, members of the Michigan delegation in Congress, constituents and media representatives.