



MONICA MONTGOMERY STEPPE

SUPERVISOR, FOURTH DISTRICT
SAN DIEGO COUNTY BOARD OF SUPERVISORS

AGENDA ITEM

DATE: Tuesday, April 30th, 2024

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TO: Board of Supervisors

SUBJECT

INITIATE EXPLORATION OF OPTIONS ADDRESSING PREDATORY REAL-ESTATE LENDING AND EXPLOITATIVE CONSUMER PRACTICES AFTER THE DECLARATION OF AN EMERGENCY (DISTRICTS: ALL)

OVERVIEW

On January 22, 2024, San Diego County faced unprecedented rainstorms that led to widespread flooding and a proclamation of a State of Emergency by the Governor for San Diego County on January 23, 2024. An additional State of Emergency was proclaimed on February 4, 2024. The floods caused immense property damage and devastation throughout the county, including many District 4 communities. The damage was extensive, resulting in over 1,200 displaced San Diegans, and ultimately led to a Major Disaster Declaration by the Biden Administration February 19, 2024. This created an environment that left our residents vulnerable to predatory real estate practices and lending schemes as flood survivors were left with limited options to provide for the well-being of themselves and their families.

When natural disasters occur, those impacted are often left with inadequate supports and the support that is provided is often not provided in a timely manner. Following a natural disaster, predatory lenders and investors often prey on vulnerable individuals and communities grappling with the aftermath. Exploitative investors and lenders may target those in urgent need of financial assistance for rebuilding, repairs, and/or basic necessities. They may also offer high-interest loans with hidden fees and unfavorable terms or engage in price gouging, supply hoarding, or other fraudulent business practices. Such practices can trap victims in cycles of debt, exacerbating the financial strain already imposed by the natural disaster, or can result in a family losing their property entirely. It is crucial that the county act to protect these residents from exploitation in their time of vulnerability.

RECOMMENDATION(S)

SUPERVISOR MONICA MONTGOMERY STEPPE

1. Direct the Interim Chief Administrative Officer to work with staff to explore options to extend the protections of Penal Code Section 396 addressing predatory real-estate and

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other exploitative consumer practices after the declaration of an emergency, including but not limited to an ordinance.

EQUITY IMPACT STATEMENT

Decades of inadequate and inequitable infrastructure investments left communities of color and low-income communities throughout District 4 vulnerable to devastation from a natural disaster such as the hundred-year rainstorm that hit San Diego County in Winter 2024. Residents from these communities deserve an opportunity to return to their pre-flood living conditions without the fear of financial hardship from predatory lending practices, price gouging, supply hoarding, or other unfair, unlawful, or fraudulent business acts.

SUSTAINABILITY IMPACT STATEMENT

The adoption of this recommendation, directing CAO and with staff to explore options addressing predatory real-estate practices after the declaration of an emergency will enhance the health and social wellbeing of San Diego County residents impacted by the winter storms by allowing them to concentrate on recovering from the disaster, securing housing, food, healthcare, and property repairs, rather than being concerned about potential financial harms from predatory lending and investment practices.

FISCAL IMPACT

There is no fiscal impact associated with these recommendations. There will be no change in net General Fund cost and no additional staff years. There may be future fiscal impacts based on recommendations following from today's action. Any such recommendation(s) would return back for consideration and approval by the Board. Upon return by staff, funding for future costs will need to be identified by the department.

BUSINESS IMPACT STATEMENT

N/A

ADVISORY BOARD STATEMENT

N/A

BACKGROUND

San Diego County faced unprecedented rainstorms on January 22, 2024 that led to widespread flooding and a proclamation of a State of Emergency by the Governor for San Diego County on January 23, 2024. The floods inflicted disproportionate damage to some of San Diego County's most vulnerable and impoverished communities including many in District 4. An additional State of Emergency was declared on February 4, 2024 following more unprecedented rain fall in early February, which caused continued property damage and devastation in these District 4 communities. On February, 19, 2024 a Major Disaster Declaration was declared by the Biden Administration for San Diego County.

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The flooding caused the displacement of over 1,200 San Diegans from their homes. According to damage assessments, which total 2,911 as of January 30, 2024, District 1 and District 4 were the most impacted districts. The majority of the damage has occurred within the City of San Diego. To date, the Federal Emergency Management Agency (FEMA) has inspected 4,200 properties, received over 5,500 applications for assistance and have provided \$14.4 million to flood survivors. Many of the storm survivors were without flood insurance leaving them in a vulnerable position without coverage to provide necessities such as housing, clothing, and food.

When natural disasters occur, survivors often struggle with minimal and untimely support. Survivors must bear the weight of immense mental stress from the trauma of experiencing a natural disaster, as well as deep concerns for the physical, mental, and financial well-being of their families in the present and long into the future. Basic human necessities that were once secure including adequate shelter, food to eat, and clean water to drink are no longer a given. These struggles combined with the urgency to take action to protect themselves and their families make natural disaster survivors prime targets for predatory lending and investment practices. This risk was exacerbated in the case of the January floods as most property owners in the highly impacted areas did not have flood insurance coverage. This added to the significant stress on families regarding their fiscal security and the urgency with which they may have felt compelled to act to secure their physical and financial present and future.

This action by the board will empower county staff to find effective ways to protect community members impacted by the recent floods as well as future natural disasters. Creating a layer of protection from predatory real estate lending and exploitative consumer practices is a first step to securing the financial and social well-being of present and future natural disaster survivors.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today's proposed actions support the County of San Diego's 2024-2029 Strategic plan by supporting the Strategic Initiatives of Justice and Equity. Justice is supported in the area of Safety ensuring a fair and equitable justice system in the defense and prosecution of crimes, investigations of abuse and neglect, and support and services for victims. Equity is supported in the area of Economic Opportunity by dismantling barriers to expanded opportunities in traditionally underserved communities and businesses, especially communities of color and low income.

Respectfully submitted,



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MONICA MONTGOMERY STEPPE
Supervisor, Fourth District

ATTACHMENT(S)

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