



City of Culver City

Mike Balkman Council
Chambers
9770 Culver Blvd.
Culver City, CA 90232

Staff Report

File #: 22-818, **Version:** 1

Item #: A-5.

CC - ACTION ITEM: (1) Discussion of the Commercial Tenant Eviction Moratorium and; (2) Direction to the City Manager as Deemed Appropriate

Meeting Date: March 14, 2021

Contact Person/Dept: Elizabeth Garcia/ CDD, Economic Development
Todd Tipton/ CDD, Economic Development
Heather Baker/ City Attorney's Office

Phone Number: (310) 253-5708
(310) 253-5783
(310) 253-5660

Fiscal Impact: Yes ☐ No ☒

General Fund: Yes ☐ No ☐

Attachments ☒

Commission Action Required: Yes ☐ No ☒ **Date:**

Public Notification: (E-Mail) Meetings and Agendas - City Council (03/09/2022); Interested tenants and property owners (03/09/2022)

Department Approval: Sol Blumenfeld, Community Development Director (3/08/2022); Heather Baker, City Attorney (03/09/2022)

RECOMMENDATION

Staff recommends the City Council (1) discuss the Commercial Tenant Eviction Moratorium (CTEM); and (2) provide direction to the City Manager as deemed appropriate.

BACKGROUND

On March 14, 2020, pursuant to the authority granted by Culver City Municipal Code ("CCMC") Section 3.09.020.B1.a, the City Manager, as Director of Emergency Services, issued a Proclamation of Local Emergency ("Local Emergency") due to the outbreak and spread of the coronavirus respiratory disease ("COVID-19") pandemic.

During this time, various orders have been issued by the State of California and the Los Angeles County Department of Public Health, as well as neighboring communities, designed to protect both

residential and commercial tenants from eviction during the COVID-19 pandemic.

On March 20, 2020, the City Manager issued a First Supplement to the Public Order, which included, among other things, protections for commercial tenants against evictions based on an inability to pay rent due to COVID-19 related circumstances (“Commercial Tenant Eviction Moratorium” or “CTEM”). The CTEM has been extended eight times, with the most recent extension being issued on February 25, 2021.

On February 22, 2021, the City Council provided direction to, among other things, extend the CTEM through the termination of the Local Emergency. On February 25, 2021, the City Manager issued the Thirty-Fourth Supplement to Public Order consistent with the City Council’s direction (Attachment 1), and on March 10, 2021, the City Manager issued the related Ninth Amended Implementation Measures (“Implementation Measures”) (Attachment 2).

Currently, the CTEM:

- Prohibits tenant evictions for nonpayment or late payment of rent if the tenant has an inability to pay rent due to circumstances related to COVID-19, but does not preclude a landlord from seeking payment, by other lawful means, of current or past due rent.
- Prohibits late charges, fees, or interest when the payment of rent is late during the CTEM due to COVID-19 related circumstances.
- Excludes multi-national companies, publicly traded companies, or a company that, together with that company’s parent, subsidiary, affiliated, and related companies, employed 200 or more employees on March 20, 2020.
- Requires tenants to provide notice and supporting documentation demonstrating their inability to pay rent is due to circumstances related to COVID-19.
- Requires tenants to pay 25% of current rent effective April 1st, 2021, to receive protection from eviction under the CTEM. If the landlord and tenant already have another payment arrangement in place for current rent, that agreement will supersede this condition.
- Is in effect through the termination of the Local Emergency.
- Provides a 12-month grace period for the repayment of back rent, commencing after the CTEM expires, which protects a tenant from eviction based on nonpayment of back rent (accrued under the CTEM) during the grace-period.

The Implementation Measures contain additional details regarding the restrictions, implementation, and enforcement of the CTEM (see Attachment 2).

On February 14, 2022, the City Council directed staff to agendize a discussion of the CTEM.

DISCUSSION:

Many cities in the region have ended their commercial tenant eviction moratoria. The status of those cities’ moratoria and how each city addresses unpaid rent is summarized below:

Beverly Hills ***Expired: July 31, 2020***, for large commercial tenants that employ more than 100 employees; or have annual gross receipts of more than \$15 million over the past three years; or has business operations, other sales conducted solely through online channels, in three or more countries, including the United States; or a business whose payment of rent is guaranteed by a business falling within the above list. For all other tenants the moratorium expired on September 30, 2020. *Unpaid Rent:* The repayment deadline for all large commercial tenants was September 1, 2020. The repayment deadline for all other commercial tenants was March 1, 2021.

Burbank ***Expired: September 30, 2021***
Unpaid Rent: Commercial tenants have until March 31, 2022 to repay unpaid rent (six months from the expiration of the moratorium).

Downey ***Expired: July 31, 2021***
Unpaid Rent: The repayment period for unpaid rent began August 1, 2021. Commercial tenants who owe unpaid rent have a 16-month period to repay their landlord. No late fees are to be applied. There is no repayment deadline if the landlord and tenant entered into a repayment plan/agreement.

Glendale ***Expired: September 30, 2021***
Unpaid Rent: Commercial tenants have until March 31, 2022 to repay unpaid rent (six months from the expiration of the moratorium).

Santa Monica ***Expired: September 30, 2021***
Unpaid Rent: Santa Monica's unpaid rent policy mirrors LA County's tiered repayment policy - commercial tenants with nine employees or fewer shall have twelve months following the end of the moratorium to repay their landlords for rent and related charges that were not paid during the moratorium. Tenants with 10 or more, but fewer than 100, employees shall have six months following the expiration of the moratorium to pay back rent owed during the moratorium. For commercial tenants with more than 100 employees, or a multinational or publicly traded company, unpaid rent was due on June 1, 2020, unless the tenant and landlord have an agreed upon repayment plan/agreement.

West Hollywood ***Expired: September 30, 2021.***
Unpaid Rent: Commercial tenants with 20 or fewer employees have 12 months to repay, and commercial tenants with 21 or more employees have six months to repay. Landlords and tenants are encouraged to enter into a repayment plan/agreement. The City's website provides repayment options that include a graduated repayment plan over 24 months or scheduled repayment at 1.5 times the monthly rent for 30 months.

Next Steps

If the City Council provides direction to modify and/or terminate the CTEM, the City Manager will issue a supplemental public order consistent with such direction. Any supplemental public order

issued will return to City Council for confirmation at the next City Council meeting. If applicable, the CTEM Implementation Measures would also be amended consistent with any further supplemental order that may be issued.

FISCAL ANALYSIS

There is no fiscal impact associated with the discussion of this item. There may be staff costs associated with the enforcement of the CTEM; however, it is not estimated to be material at this time.

ATTACHMENTS

1. 2022-03-14_ATT 1_Thirty-Fourth Supplement to the Public Order
2. 2022-03-14_ATT 2_Ninth Amended CTEM Implementation Measures

MOTION

That the City Council:

1. Discuss the Commercial Tenant Eviction Moratorium; and
2. Provide Direction to the City Manager as deemed appropriate.