




Date: July 16, 2021

To: Thomas B. Modica, City Manager 

From: John Keisler, Director of Economic Development 
Brent Dennis, Director of Parks, Recreation and Marine 

For: Mayor and Members of the City Council

Subject: **Update to Eviction Moratorium Impacts on Real Estate Revenue**

On April 6, 2021, the City Council received a written [memorandum](#) regarding impacts on real estate revenue from the eviction moratorium enacted in response to the COVID-19 emergency and subsequent “Safer at Home” directive. The purpose of this memorandum is to provide the City Council with an update to rent deferment requests and next steps regarding the County moratorium.

Background

On March 4, 2020, California Governor Gavin Newsom declared a State of Emergency to make additional resources available and prepare emergency actions for State agencies and departments in response to the spread of illness caused by the novel coronavirus (COVID-19). On March 10, 2020, the City Council adopted a Resolution ratifying the City Manager’s Proclamation of Local Emergency regarding the serious and imminent threat of a COVID-19 outbreak. On March 16, 2020, Governor Newsom issued [Executive Order N-37-20](#) that allowed local governments to impose an eviction moratorium within their jurisdictions. More than 80 local governments in the State of California (State) have since passed some version of a temporary ban on evictions to assist those experiencing a decrease in income or inability to pay their rent due to COVID-19.

On March 24, 2020, the City Council adopted [Ordinance No. 20-0010](#) (Ordinance) temporarily prohibiting evictions of residential and commercial tenants who experienced a substantial decrease in business income, due to non-payment of rent resulting from adverse impacts associated with the COVID-19 emergency and subsequent “Safer at Home” directive. The Ordinance was further extended on May 26, 2020 and July 29, 2020 with the City Ordinance expiring September 30, 2020. On September 1, 2020, the Los Angeles County Board of Supervisors expanded the County’s own temporary eviction moratorium to incorporated Cities within the County, which includes the City of Long Beach. The County Moratorium was set to expire June 30, 2021. On June 22, 2021, the County extended the Moratorium to September 30, 2021.

Status Of Rent Deferments

The Economic Development and Parks, Recreation and Marine Departments currently manage approximately 100 commercial leases and agreements (Agreements) for the use and/or tenancy of City-owned property located throughout Long Beach, including the City’s parks and Tidelands area. As of March 1, 2021, the City had received 21 requests for deferment. Of those requests, nine Agreements are managed by the Economic Development Department, seven are managed by the Parks, Recreation and Marine Department, and five requests were either not City Tenants

or did not have a valid Agreement with the City. Further, ten tenants have been able to pay back some or all rent originally requested for deferment. While tenants with deferment requests on file have added additional months of deferred rent, the City has not received any new requests from tenants as of the date of this communication. It is possible that City Tenants will request additional deferment.

The following tables provide an update to the summary of City Tenant-requested rent deferments through the date of this memorandum and by Fund:

Table 1: Rent Deferment Summary: Moratorium Period March 4, 2020 through June 30, 2021

	Requests	Amount of Deferments Requested	Amount of Deferments Repaid	Amount of Remaining Deferments Due
Economic Development	9	\$2,453,608	\$847,567	\$1,606,041
Parks, Recreation and Marine	7	\$499,933	\$55,277	\$444,656
Totals:	16	\$2,953,541	\$902,844	\$2,050,697

Table 2: Rent Deferment Summary By Fund

	Requests	Amount of Deferments Requested	Amount of Deferments Repaid	Amount of Remaining Deferments Due
General Fund	3	\$1,385,584	\$37,500	\$1,348,084
Tidelands Operating Fund	13	\$1,567,957	\$865,344	\$702,613
Totals:	16	\$2,953,541	\$902,844	\$2,050,697

Repayment Period

With the County moratorium extended to September 30, 2021, City Tenants have additional time to extend deferment if needed. However, should City Tenants determine additional deferment is not required, City Tenants will have outstanding deferment balances that will enter the repayment period beginning October 1, 2021. In accordance with the County Ordinance, any rents deferred through either the City or County moratoriums are subject to the County Ordinance repayment periods, which are as follows:

- Commercial tenants with nine (9) or fewer employees:
 - Twelve (12) months from the end of the County’s moratorium (October 1, 2021 to October 1, 2022).
 - Rent can be paid in any installment amount, in any month within those 12 months.

- Commercial tenants with ten (10) to one hundred (100) employees:
 - Six (6) months after the end of the County’s moratorium (October 1, 2021 to March 31, 2022).
 - Rent is due and payable in equal monthly installments.

Commercial tenants with more than 100 employees were not eligible for deferment and thus are not subject to a repayment period.

Of the 16 City Tenants with initial deferment requests on file, four have repaid their balances in full. Nine City Tenants fall within the 10-100 employees category and would be required to pay their balance in 6 equal monthly installments. The remaining three City Tenants have 9 or fewer employees and would have a full year in which to repay their total amount due. Per the repayment period set forth by the moratorium, \$1,693,336 of the deferment due will be repaid by March 31, 2022. The remaining \$357,361 will be repaid by October 1, 2022. City staff continue to work with each affected City Tenant regarding their deferment and next steps should the moratorium expire.

The following table summarizes anticipated revenue by Fund for both repayment periods:

Table 3: Anticipated Revenue by Repayment Period

	9 or fewer employees (12 month repayment) (10/1/21 – 10/1/22)	10-100 employees (6 equal payments) (10/1/2021 – 3/31/2022)
General Fund	\$0	\$1,348,084
Tidelands Operating Fund	\$357,361	\$345,252
Totals:	\$357,361	\$1,693,336

Assistance Programs

While programs offering assistance to commercial tenants are not abundantly available, the City recently launched the Commercial Rental Assistance Grant Program (Program) aimed at helping small businesses pay their commercial rent if they experienced a loss in revenue due to the COVID-19 pandemic and Health Order that restricted their business operations. The Program was funded by the third round of emergency grant funds from the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act Community Development Block Grant Coronavirus allocation. Approximately \$1.5 million is available for the Program and offers grant assistance in the amount of \$4,000 to help businesses pay commercial lease payments that are outstanding or will become due in the 2021 calendar year. Applicants must meet the following requirements:

- Be a for-profit business with Long Beach as its location of business.
- Have a Long Beach business license.
- Have 50 or fewer full-time employees.
- Have experienced financial hardship resulting from the COVID-19 pandemic and State and local Health Orders.
- Have a physical location with a current, active commercial lease.
- Be in a [Community Development Block Grant \(CDBG\) area](#).
- Be in compliance with local Health Orders.
- Not be permanently closed.

The Grant Application period closes July 22, 2021. To apply, businesses may visit the City’s [Commercial Rental Assistance Grant webpage](#), review eligibility requirements and submit an application and all required documentation. Currently, City Tenants who have requested deferment are not located within CDBG areas and, therefore, are not eligible for the Commercial

Rental Assistance Grant. As additional programs become available, City staff will continue outreach to notify City Tenants of opportunities to address outstanding balances.

In response to the moratorium, the County, through its Department of Consumer and Business Affairs, maintains its [website](#) with information regarding eviction defense and other rent relief programs that may be available. Furthermore, discussions continue at the federal, state and local level regarding additional assistance for both residential and commercial tenants. Funding through the American Rescue Plan Act (ARPA) may allow cities and counties to initiate programs for commercial tenants to assist with rent, business license fees, permit fees, etc. It is unknown at this time, what if any, restrictions there may be in terms of City Tenants receiving City grants funded by ARPA that can be used to pay back deferred rent to the City. On March 16, 2021, the City Council [approved](#) the Long Beach Recovery Act (LBRA) plan that is designed to address the public health and economic impacts of the COVID-19 pandemic. The plan included the following small business grant programs that City tenants may benefit from:

Restaurant, Brewery, and Bar Grant - a \$4 million program that will provide working capital grants of up to \$25,000 to owners of restaurants, breweries, and bars. Eligible uses of funding will include, but are not limited to, commercial rent, payroll, fixed costs and utilities, outstanding debts, inventory and supplies, and related expenses required to operate a business.

Personal Services and Fitness Resiliency Grant - a \$4 million program that will provide working capital grants of up to \$25,000 to owners of gyms/fitness facilities, barbershops, salons, nail salons, and other personal services. Eligible uses of funding will include, but are not limited to, commercial rent, payroll, fixed costs and utilities, outstanding debts, inventory and supplies, and related expenses required to operate a business.

Small Business Relief Grant - a \$1.6 million program that will provide working capital grants of up to \$10,000 to assist businesses impacted by COVID-19 that are not identified as eligible businesses for other direct relief grants. Eligible uses of funding will include, but are not limited to, commercial rent, payroll, fixed costs and utilities, outstanding debts, inventory and supplies, and related expenses required to operate a business.

Staff will also make every attempt to educate City Tenants about other grant programs that may be administered by the County, State or Federal agencies. As programs become available, the Economic Development Department will continue to communicate directly with City Tenants but also continue extensive outreach through its BizCare Popups, website, and social media.

Equity Lens

Consistent with the recommendations from the Equity Toolkit, City Council sought to partner with those City Tenants most affected by “Safer at Home” closures created by the COVID-19 emergency. Upon adoption of the Ordinance, City staff reached out to each City Tenant with information related to the components of the Ordinance, including applications, documentation, and potential programs available. City staff remain in communication with each City Tenant to ensure they have been notified of moratorium extensions and impact to their deferment. With the extension to the moratorium now set to expire on September 30, 2021, City staff will update each City Tenant on their deferment request and confirm the appropriate repayment period applicable

to their deferment. Implementation of these procedures will assist with economic recovery as the State continues reopening and Health Orders are lifted.

Conclusion

The rent deferments currently requested by City Tenants on City-owned property managed by the Economic Development and Parks, Recreation and Marine Departments have a significant fiscal impact to the General Fund, Tidelands Operating Fund, and the Tidelands Area Fund Groups. The General Fund has \$1,348,084 in remaining rent deferments while the Tidelands Funds total \$702,613. In accordance with the Ordinance, all deferment requests are required to be paid with either 6 or 12 months following the end of the County Ordinance, which is now set to expire September 30, 2021. Should no additional deferments be requested, \$1,693,336 will be subject to 6 equal installments and will be paid in full by March 31, 2022; and \$357,361 will be subject to a 12 month repayment period and will be repaid by October 1, 2022.

As public health restrictions lift and the State reopens for business, further extension of the moratorium is unknown. The scope and scale of the economic damage to the City's commercial tenants from the public health emergency continues to change and communication will continue in order to assist businesses to navigate recovery in the local economy. Staff will continue to look for resources from the State and Federal governments, such as those provided through the ARPA, that may be recommended to provide City Tenants with relief.

Thank you for your consideration of this important matter. Please contact me by phone at (562) 570-5282 or by email at john.keisler@longbeach.gov with additional questions.

ATTACHMENT: ORDINANCE NO. ORD-20-0010

CC: CHARLES PARKIN, CITY ATTORNEY
LAURA L. DOUD, CITY AUDITOR
LINDA F. TATUM, ASSISTANT CITY MANAGER
TERESA CHANDLER, DEPUTY CITY MANAGER
KEVIN J. JACKSON, DEPUTY CITY MANAGER
REBECCA G. GARNER, ADMINISTRATIVE DEPUTY CITY MANAGER
MONIQUE DE LA GARZA, CITY CLERK (REF. [FILE #031720-NB-27SR](#))
DEPARTMENT DIRECTORS

1 20 which, among other things, suspended the application of certain state laws which might
2 limit a municipality's ability to exercise its police powers in connection with temporary
3 eviction moratoriums;

4 NOW, THEREFORE, The City Council of the City of Long Beach ordains as
5 follows:
6

7 Section 1. Chapter 8.100 is added to the Long Beach Municipal Code to
8 read as follows:

9 Chapter 8.100

10 TEMPORARY PROHIBITION OF EVICTIONS DUE TO COVID-19
11

12 8.100.010 Purpose.

13 In order to protect the public health and mitigate the economic impacts
14 of the novel coronavirus and the COVID-19 disease resulting therefrom, this
15 Chapter shall temporarily prohibit certain evictions as more particularly
16 described herein.
17

18 8.100.020 Definitions.

19 The following words and phrases, whenever used in this Chapter,
20 shall be construed as defined in this Section:

21 A. COVID-19. The term "COVID-19" shall mean the novel
22 coronavirus SARS-CoV-2 and disease resulting therefrom.

23 B. Owner. The term "owner" shall mean any person or entity,
24 acting as principal or as an agent, renting residential or commercial real
25 property.

26 C. Pay-or-quit notice. The term "pay-or-quit notice" shall mean the
27 notice to be delivered to a tenant resulting from non-payment of rent as
28 required by, and in accordance with, California law, including without

1 limitation Section 1161 et seq of the Code of Civil Procedure.

2
3 8.100.030 Prohibition on Evictions.

4 A. The owner of residential or commercial real property shall not
5 take action to evict a residential or commercial tenancy if (1) the basis for the
6 eviction is non-payment of rent which became due between March 4, 2020
7 and May 31, 2020, or a foreclosure, arising out of a substantial decrease in
8 household or business income (including, but not limited to, a substantial
9 decrease in household income caused by layoffs or a reduction in the number
10 of compensable hours of work, or a substantial decrease in business income
11 caused by a reduction in opening hours or consumer demand), or substantial
12 out-of-pocket medical expenses; and (2) the decrease in such household or
13 business income or such out-of-pocket medical expenses was caused by the
14 COVID-19 pandemic, or by any local, state or federal government (including
15 school districts) response to COVID-19, and is documented and
16 communicated to the owner in accordance herewith.

17 B. In order to take advantage of the protections included in
18 subsection 8.100.030.A., a tenant must do each of the following before the
19 expiration of the pay-or-quit notice: (1) notify the owner that the tenant may
20 not be able to make its rental payment (or portion thereof); and (2) provide
21 documentation supporting and/or evidencing such substantial decrease in
22 household or business income or out-of-pocket medical expenses.
23 Notwithstanding the foregoing, a tenant which received a pay-or-quit notice
24 served on or after March 4, 2020 but before March 25, 2020 shall provide the
25 notification and documentation required by this subsection (B) prior to the
26 final adjudication of the subject eviction proceedings.

27 C. Nothing in this Chapter shall relieve a tenant of the obligation
28 to pay rent, nor restrict an owner's ability to recover rent due; provided,

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however, an owner may not recover late fees which would have otherwise been applicable to rental payments validly delayed and repaid in accordance with this Chapter.

8.100.040 Pay-or-Quit Notices.

Any pay-or-quit notices dated between March 25, 2020 and May 31, 2020 shall include the following language (or substantially similar): "The City of Long Beach has declared a state of emergency in response to COVID-19. If you cannot pay your rent due to a loss of income or medical expenses resulting from COVID-19, you need to notify and provide supporting documentation to [provide owner or agent contact information] immediately. You may qualify for protections against eviction and you may have a right to delay your rent payment and to repay such delayed rent over a six-month period".

8.100.050 Grace Period.

Tenants which are protected against eviction under this Chapter shall have until November 30, 2020 to pay all delayed rent (without any associated late charges); provided, however, that all of such delayed and unpaid rent shall become immediately payable should a tenant fail to make a regularly scheduled monthly rental payment after May 31, 2020, and such failure to make a regularly scheduled payment persists after the expiration of a pay-or-quit notice applicable thereto.

8.100.060 Affirmative Defense.

This Chapter may be asserted as an affirmative defense in an unlawful detainer action.

1 8.100.070 Application.

2 , This Chapter shall apply retroactively to March 4, 2020, except to the
3 extent a tenant has surrendered possession of its premises or an eviction
4 lawsuit has been finally adjudicated, prior to March 25, 2020.

5
6 8.100.080 Severability.

7 If any provision of this Chapter is found to be unconstitutional or
8 otherwise invalid by any court of competent jurisdiction, that invalidity shall
9 not affect the remaining provisions of this Chapter which can be implemented
10 without the invalid provisions, and to this end, the provisions of this article are
11 declared to be severable. The City Council hereby declares that it would
12 have adopted this Chapter and each provision hereof irrespective of whether
13 any one or more provisions are found invalid, unconstitutional or otherwise
14 unenforceable.

15
16 Section 2. This ordinance is an emergency ordinance duly adopted by the
17 City Council by a vote of five of its members and shall take effect at 12:00 a.m. on March
18 25, 2020. The City Clerk shall certify to a separate roll call and vote on the question of the
19 emergency of this ordinance and to its passage by the vote of five members of the City
20 Council of the City of Long Beach, and cause the same to be posted in three conspicuous
21 places in the City of Long Beach.

22
23 Section 3. This ordinance shall also be adopted by the City Council as a
24 regular ordinance, to the end that in the event of any defect or invalidity in connection with
25 the adoption of this ordinance as an emergency ordinance, the same shall, nevertheless,
26 be and become effective on the thirty-first (31st) day after it is approved by the Mayor. The
27 City Clerk shall certify to the passage of this ordinance by the City Council of the City of
28 Long Beach and shall cause the same to be posted in three (3) conspicuous places in the

OFFICE OF THE CITY ATTORNEY
CHARLES PARKIN, City Attorney
411 West Ocean Boulevard, 9th Floor
Lona Beach, CA 90802-4664

1 City of Long Beach.

2

3 I hereby certify that on a separate roll call and vote which was taken by the
4 City Council of the City of Long Beach upon the question of emergency of this ordinance
5 at its meeting of March 24, 2020, the ordinance was declared to be an emergency by the
6 following vote:

7 Ayes: Councilmembers: Zendejas, Pearce, Price, Supernaw,
8 Mungo, Andrews, Uranga, Austin,
9 Richardson.

10 Noes: Councilmembers: None.
11 _____

12 Absent: Councilmembers: None.
13 _____

14 Recusal(s): Councilmembers: None.
15 _____

16 I further certify that thereafter, at the same meeting, upon a roll call and
17 vote on adoption of the ordinance, it was adopted by the City Council of the City of Long
18 Beach by the following vote:

19 Ayes: Councilmembers: Zendejas, Pearce, Price, Supernaw,
20 Mungo, Andrews, Uranga, Austin,
21 Richardson.

22 Noes: Councilmembers: None.
23 _____

24 Absent: Councilmembers: None.
25 _____

26 Recusal(s): Councilmembers: None.
27 _____

28 ///

OFFICE OF THE CITY ATTORNEY
CHARLES PARKIN, City Attorney
411 West Ocean Boulevard, 9th Floor
Lana Beach, CA 90802-4664

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I further certify that the foregoing ordinance was thereafter adopted on final reading by the City Council of the City of Long Beach at its meeting of _____, 2020, by the following vote:

Ayes: Councilmembers: _____


Noes: Councilmembers: _____

Absent: Councilmembers: _____

Recusal(s): Councilmembers: _____


Clerk

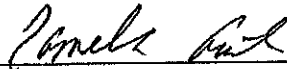
Approved: 3/25
(Date)


Mayor

AFFIDAVIT OF POSTING

STATE OF CALIFORNIA) ss
COUNTY OF LOS ANGELES)
CITY OF LONG BEACH)

Tamela Austin being duly sworn says: That I am employed in the Office of the City Clerk of the City of Long Beach; that on the 24th day of March, 2020, I posted three true and correct copies of Emergency Ordinance No. ORD-20-0010 in three conspicuous places in the City of Long Beach, to wit: One of said copies in the lobby of Civic Chambers; one of said copies in the Main Library; and one of said copies on the front counter of the Office of the City Clerk.



Subscribed and sworn to before me
This 24th day of March 2020.



CITY CLERK