



Legislation Text

File #: 20-0558, **Version:** 2

Recommendation to direct City Attorney to prepare an ordinance amending Chapter 8.100 of the Long Beach Municipal Code to require that residential and commercial rent deferred due to COVID-19 impacts be repaid according to a schedule. (Citywide)

On March 24, 2020 the City Council adopted an ordinance codified as Chapter 8.100 of the LBMC (the "Ordinance") temporarily prohibiting evictions of residential and commercial tenants due to non-payment of rent resulting from adverse impacts associated with COVID-19. On May 26, 2020 the City Council adopted an ordinance which, among other things, extended the application of the Ordinance, subject to certain exceptions.

On May 26 the City Council also gave direction to the City Attorney's Office to consider the possibility of further amendments to the Ordinance which would require tenants to make partial payments of deferred rent according to a set schedule, and to bring back potential schedules for the Council's consideration and adoption. The Ordinance currently expires on July 31, 2020, and as such, assuming no further extensions of the Ordinance, tenants will be required to begin making regularly-scheduled rent payments under their leases on August 1, 2020, and will have until July 31, 2021 to repay all deferred rent in its entirety. It is important for landlords and tenants alike to have sufficient advance notice of a potential repayment schedule so that both parties may calculate and plan future rent payments accordingly.

We present, in no particular order, for your consideration and discussion the following three potential repayment schedule options:

1. Require tenants to make twelve (12) equal payments of all deferred rent over the year-long rent deferment period on the last day of each calendar month, beginning on August 31, 2020 (assuming the Ordinance is not extended) and continuing on the last day of each month thereafter.
2. Require tenants to make four (4) equal payments of all deferred rent over the year-long rent deferment period on the last day of each calendar quarter, beginning on October 31, 2020 and continuing on the last day of each quarter thereafter (January 31, 2021, April 30, 2021 and July 31, 2021).
3. Require tenants to make four (4) unequal payments so that the majority of the deferred rent repayment is delayed until closer to the rent repayment deadline under the current Ordinance. We propose a schedule requiring at least 15% of deferred rent be paid on the last day of the first calendar quarter, at least 35% of deferred rent (inclusive of previous payments) be paid on the last day of the second calendar quarter, at least 60% of deferred

rent (inclusive of previous payments) be paid on the last day of the third calendar quarter, and 100% (inclusive of previous payments) be paid by the end of the calendar year.

It is important to note that these proposed schedules are not meant to limit discussion or direction. There are dozens of possible permutations of deferred rent payment dates and amounts which could be the basis of any schedule adopted by the Council. Alternatively, the Council may decline to take any action on potential repayment schedules and simply leave the Ordinance as is. Our office welcomes any direction of the Council on proposed repayment schedules and looks forward to discussing the same.

Approve recommendation.

CHARLES PARKIN
CITY ATTORNEY

BY:
RICHARD F. ANTHONY
DEPUTY CITY ATTORNEY