

CITY MANAGER'S OFFICE

CITY OF CULVER CITY

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Thirty-Fourth Supplement to Public Order Under City of Culver City Emergency Authority

Issue Date: February 25, 2021

Subject: Extension of and Modifications to Commercial Tenant Eviction

Moratorium

On March 14, 2020, I issued a Proclamation of Local Emergency, as a result of a positive coronavirus respiratory disease (COVID-19) case in our City as well as a rapid increase in cases throughout Los Angeles County ("Local Emergency"). Since that time, I have ordered a number of additional measures to be taken across the City to protect the public and City workers from an undue risk of contracting the COVID-19 virus.

During this unprecedented time, various orders have been issued by the State of California and the Los Angeles County Department of Public Health, as well as a number of our neighboring communities, designed to protect both residential and commercial tenants from eviction during the COVID-19 pandemic.

On March 16, 2020, I issued a Public Order enacting new City measures to protect members of the public and City workers from undue risk of COVID-19, which included the imposition of a moratorium on residential tenant evictions ("Residential Tenant Eviction Moratorium" or "RTEM"). On March 27th, the RTEM was expanded in scope and extended to May 31, 2020.

Subsequently, on March 20, 2020, I issued a First Supplement to Public Order, which included 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 RTEM and the CTEM are collectively referred to as "Eviction Moratoria."

On April 7, 2020, as economic impacts continued, affecting both residential and commercial tenants and their ability to fulfill their financial obligations, including the payment of rent, I issued a Fifth Supplement to Public Order extending the Commercial Tenant Eviction Moratorium through May 31, 2020 to align with the Residential Tenant Eviction Moratorium.

On April 27, 2020, the City Council considered and discussed concerns of a slow financial recovery once the stay at home orders are lifted and tenants are able to go back to work or reopen a business, as the case may be, and the challenge for tenants to repay unpaid

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rent that accrued during the Eviction Moratoria ("Back Rent") while keeping up with current rent due; and the City Council directed the City Manager to extend the period for the payment of Back Rent from 6 months to 12 months, finding there to be a public interest in ensuring tenants have a sufficient recovery period once the Eviction Moratoria have expired, preserving and increasing housing security and stability, and preventing residents from falling into homelessness due to this health crisis.

On April 28, 2020, I issued an Eighth Supplement to Public Order extending the grace period within which a tenant has to repay Back Rent to 12 months after the expiration of the Eviction Moratoria, consistent with the City Council's direction.

On May 11 and May 18, 2020, the City Council discussed possible options for including repayment plan provisions in the Eviction Moratoria, in order to ensure that tenants are not faced with unmanageable "balloon payments" at the end of the 12-month grace period, and risk eviction for nonpayment of Back Rent, and directed the City Manager to include provisions in the Eviction Moratoria to encourage and incentivize a landlord and tenant to negotiate a repayment plan over the 12-month grace period. The respective Implementation Measures for the Eviction Moratoria were updated accordingly.

Also on May 18, 2020, the City Council considered extension of the Eviction Moratoria and exceptions to the Commercial Tenant Eviction Moratorium for larger companies, and directed the City Manager to issue a public order to (1) extend the Eviction Moratoria to August 31, 2020 or the end of the Local Emergency, whichever occurs earlier; (2) exclude from the CTEM multi-national companies, publicly traded companies, or companies that employ 200 or more employees; and (3) reduce the grace period for the repayment of Back Rent from 12 months to 6 months for commercial tenants that have 10 or more, but less than 200, employees.

On May 19, 2020, I issued a Twelfth Supplement to Public Order consistent with the City Council's direction.

On May 26, 2020, the City Council amended the May 19, 2020 Order to strike the provision, which reduced the grace period for the repayment of Back Rent from 12 months to 6 months for commercial tenants that have 10 or more, but less than 200, employees.

In late June and during the month of July, 2020, due to increases in the daily reported COVID-19 cases, hospitalizations, and the testing positivity rates, the Los Angeles County Public Health Officer issued revised orders, in alignment with the California Governor's announcements, requiring the closure of specific activities and business sectors, superseding previous orders (which had allowed many businesses to reopen), to address the serious regression of COVID-19 indicators within Los Angeles County. Such closures of certain higher risk businesses, recreational sites, commercial properties, and activities, where more frequent and prolonged person-to-person contacts are likely to occur, superseded any previous openings permitted in Culver City.

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On August 3, 2020, the City Council discussed an extension of the Eviction Moratoria based on concerns that although the City is in a "recovery" period, these recent closures will have a significant financial impact on many individuals and businesses. While some people have been able to go back to work or reopen a business, many others are still out of work and many businesses have been ordered to close once again. As a result, it will be a slow financial recovery and may be challenging for many tenants, both residential and commercial, to begin paying rent on September 1, 2020, if the current Eviction Moratoria expire on August 31, 2020. As such, the City Council directed the City Manager to extend the Eviction Moratoria to September 30, 2020.

On August 4, 2020 I issued a Twenty-Second Supplement to Public Order consistent with the City Council's direction.

On August 31, 2020, the Governor signed AB 3088, the Tenant, Homeowner, and Small Landlord Relief and Stabilization Act of 2020, urgency legislation which took effect immediately. The Act consists of two components, the COVID-19 Small Landlord and Homeowner Relief Act of 2020, which addresses mortgage relief; and the COVID-19 Tenant Relief Act of 2020 ("CTRA"), which addresses non-payment of rent due to COVID-19. Under AB 3088 the City's Residential Tenant Eviction Moratorium will remain in effect until its current expiration date of September 30, 2020; however, any extension or modification would not become effective until February 1, 2021.

On September 14, 2020, the City Council discussed the status of the Eviction Moratoria and the current financial climate for Culver City's residential and commercial tenants. Due to the preemption by AB 3088, the City Council did not direct any extension of the Residential Tenant Eviction Moratorium at this time. However, the City Council directed extension of the Commercial Tenant Eviction Moratorium through January 31, 2021. In addition, City Council directed staff to work with the Economic Recovery Task Force (ERTF) to explore potential classifications or modifications to the current moratorium relative to reopening parameters outlined by the State and County.

On September 17, 2020, I issued a Twenty-Sixth Supplement to Public Order consistent with the City Council's direction.

During October 2020, the County of Los Angeles Public Health Officer revised its Orders and protocols to continue to phase in additional limited reopenings; however, businesses continue to experience a slow financial recovery. According to a September 2020 Economic Impact Report issued by Yelp, there has been a 34% increase in permanent business closures since mid-July. Further, there is extremely limited financial assistance available to both landlords and tenants of commercial property.

On November 9, 2020, the City Council discussed the ERTF's comments and recommendations regarding the Commercial Tenant Eviction Moratorium with the goal of determining if modifications to the CTEM could facilitate current rent payment and reduce large and likely untenable payments triggered at the termination of the Moratorium and

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expiration of the 12-month grace period for the repayment of back rent. After thorough deliberation of the matter, the City Council (1) determined that further discussion and analysis is needed and directed staff to work with the City Council Economic Development Subcommittee on the issues of (a) potential mediation program, (b) redefining rent to exclude common area maintenance (CAM) fees, (c) tiered payment structure, and (d) increased advocacy for federal and state forbearance intervention; (2) directed staff to return to City Council in January 2021 for further discussion of the CTEM; and (3) directed the City Manager to extend the CTEM through March 31, 2021.

On November 12, 2020, I issued a Thirtieth Supplement to Public Order consistent with the City Council's direction.

On February 22, 2021, the City Council considered recommendations from the Economic Development Subcommittee with regard to proposed modifications to the CTEM and directed the City Manager (1) to extend the CTEM through the end of the Local Emergency; (2) to modify the definition of "Commercial Tenant" to exclude, effective March 1, 2021, any company that, together with that company's parent, subsidiary, affiliated, and related companies, employed 200 or more employees on March 20, 2020; (3) effective April 1, 2021, to require commercial tenants to pay 25% of the current rent due each month in order to qualify for eviction protection under the CTEM; and (4) to refer landlords and tenants to mediation services at LA Represents, a coalition of law firms, bar associations and attorneys who will provide COVID-19-related legal services free of charge as part of their pro bono commitments. The City Council further directed staff to use its discretion to enhance the documentation requirements of the CTEM Implementation Measures in order to facilitate a clearer understanding of those requirements by landlords and tenants.

By virtue of the authority vested in me as the Director of Emergency Services, pursuant to the provisions of CCMC Section 3.09.020.B.1.h(2), to make and issue rules and regulations on matters reasonably related to the protection of persons, property and the environment as affected by such emergency, I hereby declare the following orders to be necessary for the protection of life and property and I hereby order ("Public Order"):

- 1. The Commercial Tenant Eviction Moratorium shall be extended through the termination of the Local Emergency, as determined by resolution of the City Council.
- 2. The definition of Commercial Tenant shall be amended as follows:

"Commercial Tenant" means any individual, agency, association, branch, corporation, estate, group, partnership, or other entity or organization entitled by Lease or by sufferance, to the use or occupancy of a Commercial Property, provided that such person holds a valid business license issued by the City of Culver City, unless exempt from business license requirements under the Culver City Municipal Code. Effective June 1, 2020,

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"Commercial Tenant" shall not include a multi-national company, publicly traded company, or a company that employed 200 or more employees on March 20, 2020. Effective March 1, 2021, "Commercial Tenant" shall not include a multi-national company, publicly traded company, or a company that, together with that company's parent, subsidiary, affiliated, and related companies, employed 200 or more employees on March 20, 2020.

- 3. Effective April 1, 2021, commercial tenants shall be required to pay 25% of the current rent due in order to qualify for eviction protection under the Commercial Tenant Eviction Moratorium.
- 4. In situations where the City is no longer able to provide assistance to a landlord and tenant in resolving their dispute, City staff may refer the parties to mediation services LA Represents: https://corona-virus.la/LARepresents.
- 5. The CTEM Implementation Measures shall be amended to:
 - a. Further enhance the documentation needed for a tenant to demonstrate an inability to pay rent due to COVID-19 related circumstances, and to facilitate a clearer understanding of such requirements by landlords and tenants.
 - b. Further clarify that it is the intent of the CTEM to protect Commercial Tenants from eviction due to an inability to pay rent due to COVID-19related circumstances, provided that they meet certain conditions of the CTEM and its Implementation Measures; and it is not the intent of the CTEM to preclude a landlord from seeking payment, by other lawful means, of current rent due or back rent owed.
- 6. The CTEM Implementation Measures shall be further amended to be consistent with this Public Order in all other respects, including any amendments that may enhance the clarity of the procedures established therein.
- All other provisions of the Commercial Tenant Eviction Moratorium not specifically amended herein shall remain in full force and effect through the termination of the Local Emergency.

Pursuant to the authority set forth in Ordinance No. 2020-007, each and every violation of the Eviction Moratoria may be subject to an administrative fine of up to \$1,000. Each separate day, or any portion thereof, during which any violation occurs or continues, constitutes a separate violation.

Any violation of this Public Order may also be enforced under the CCMC, which provides for criminal penalties not to exceed \$1,000 or imprisonment not to exceed six months or both. Individual officers should use their discretion in enforcing this Public Order and always keep the intent of this Public Order in mind.

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This Public Order shall be effective immediately and shall remain in effect through the termination of the Local Emergency, as determined by resolution of the City Council. This Public Order may be superseded, amended, modified, extended or rescinded prior to termination of the Local Emergency.

Date: _02/25/2021

John M. Nachbar, City Manager Director of Emergency Services

City of Culver City