Date: April 6, 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: Eviction Moratorium Impacts on Real Estate Revenue

The purpose of this memorandum is to provide the City Council with a status update on the eviction moratorium impacts on real estate revenue and rent deferment requests received as of March 1, 2021.

BACKGROUND

On March 4, 2020, California Governor 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 an 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 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.

Locally, the City issued its eviction moratorium (Ordinance No. 20-0010) on March 24, 2020, temporarily prohibiting evictions and allowing tenants to defer any rents due between March 4, 2020 and May 31, 2020, to November 30, 2020, provided they notify the landlord and provide supporting documentation. On May 26, 2020, an extension to the moratorium was approved, extending the rent deferment period for 60 days to July 31, 2020, and the repayment period to July 31, 2021. The additional 60-day deferment did not apply to multinational companies, publicly traded companies, companies with 500 or more employees, all tenancies managed by the Long Beach Airport and Harbor Departments, and those tenants located in the Tideland area. On July 29, 2020, the Ordinance was further extended to September 30, 2020, and made applicable to the Tideland area. The extension did not apply to multinational companies, publicly-traded companies, companies with 500 or more employees, and all tenancies managed by the Long Beach Airport and Harbor Department.

On September 1, 2020, the Los Angeles County Board of Supervisors expanded the County’s temporary eviction moratorium to incorporated cities within the County, which include the City of Long Beach. This action made the County’s temporary eviction moratorium immediately
applicable to commercial tenants/landlords in Long Beach along with the City’s moratorium through September 30, 2020. Effective October 1, 2020, tenants could apply for protection under the County’s temporary eviction moratorium to defer rent owed after October 1, 2020. However, the County moratorium does not apply to multinational companies, publicly-traded companies, companies with 100 or more employees, and all tenancies managed by the Long Beach Airport and Harbor Department. The current expiration date for the County’s moratorium is June 30, 2021.

Any rents deferred through either the City or County moratoriums are now subject to the repayment period under the County ordinance. Rent is due and payable 12 months from the end of the County’s moratorium for commercial tenants with 9 or fewer employees and 6 months after the end of the County’s moratorium for employers with 10 to 100 employees, payable in equal monthly installments. Commercial tenants with more than 100 employees are not eligible for rent deferment.

**IMPACT 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 throughout Long Beach, including the City’s parks and the Tidelands area. After the adoption of the Ordinance on March 24, 2020, and with every extension of either the City or County moratorium, City staff notified their respective City tenants of the actions taken by City Council and the County Board of Supervisors and released an online application for those City tenants affected by COVID-19 to submit their request to defer rental payments during the grace period.

As of March 1, 2021, the City received 21 requests for deferment, of which 9 Agreements are managed by the Economic Development Department, 7 are managed by the Parks, Recreation and Marine Department, and 5 requests were either not City tenants or did not have a valid Agreement with the City. Further, 10 tenants have been able to pay back some or all rent originally requested for deferment.

The following tables provide a summary of City tenant-requested rent deferments for the period covering the moratorium (March 4 through March 1, 2021) and by Fund:

**Table 1: Rent Deferment Summary: Entire Moratorium Period**

<table>
<thead>
<tr>
<th></th>
<th>Requests</th>
<th>Amount of Deferments Requested</th>
<th>Amount of Deferments Repaid</th>
<th>Amount of Remaining Deferments Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Development</td>
<td>9</td>
<td>$2,371,232</td>
<td>$647,567</td>
<td>$1,523,665</td>
</tr>
<tr>
<td>Parks, Rec. and Marine</td>
<td>7</td>
<td>$547,514</td>
<td>$102,384</td>
<td>$445,130</td>
</tr>
<tr>
<td>Totals:</td>
<td>16</td>
<td>$2,918,746</td>
<td>$949,951</td>
<td>$1,968,795</td>
</tr>
</tbody>
</table>
Table 2: Rent Deferment Summary By Fund

<table>
<thead>
<tr>
<th>Fund</th>
<th>Requests</th>
<th>Amount of Deferments Requested</th>
<th>Amount of Deferments Repaid</th>
<th>Amount of Remaining Deferments Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>3</td>
<td>$1,385,584</td>
<td>$37,500</td>
<td>$1,348,084</td>
</tr>
<tr>
<td>Tidelands Operating Fund</td>
<td>13</td>
<td>$1,533,162</td>
<td>$912,451</td>
<td>$620,711</td>
</tr>
<tr>
<td><strong>Totals:</strong></td>
<td><strong>16</strong></td>
<td><strong>$2,918,746</strong></td>
<td><strong>$949,951</strong></td>
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</tr>
</tbody>
</table>

In accordance with the County Ordinance, the deferments requested are required to be paid within either 6 or 12 months from the end of the County moratorium. City staff will continue to work with each affected City tenant regarding their deferment requests. Should any requests for rent abatement be received, City staff will work with the requesting City tenants to evaluate supporting documentation. Any abatement or forgiveness of rent owed would require City Council approval.

**EQUITY LENS**

Consistent with the recommendations from the Equity Toolkit, City Council sought to partner with City Tenants most affected by the Safer at Home Health Order 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 a link to an online application where City tenants could submit their rent deferment request and supporting documentation. Within three business days, City staff confirmed receipt of the City tenant’s application and clarified any information, if needed. City staff has remained in communication with each City tenant to ensure they have been kept informed of the Ordinance extensions and impact to their deferment. City staff will continue to work with each City tenant on their deferment request and due date once the moratorium expires. Implementation of these procedures will assist with economic recovery as the Safer at Home Health Order is 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 $620,711. In accordance with the Ordinance, all rent deferment requests are required to be paid within either 6 or 12 months following the end of the County Ordinance, which is still to be determined but currently scheduled to expire on June 30, 2021.

While vaccinations and safety protocols have allowed public health restrictions to ease, the length of the declared emergency is unknown and may necessitate extension of the Ordinance or possible conversion of deferment requests into abatement requests for City tenants to recover
from the COVID-19 emergency. No recommendation to provide rent abatement or forgiveness is proposed at this time. However, as the scope and scale of the economic damage to the City's commercial tenants from the public health emergency continue to be monitored, updates to the City's revenue stream will be reported to the City Council through a monthly communication and other resources from the State and federal governments such as the American Recovery Act may be recommended to provide City tenants with relief.

Please contact John Keisler by phone 8-5282 or by email john.keisler@longbeach.gov with additional questions.

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