

City of Sacramento

Legislation Text

File #: 2020-00777, Version: 1

Title:

Amending Ordinance No. 2020-0015 Regarding Temporary Moratorium on Eviction of Commercial Tenants and Declaring the Ordinance to be an Emergency Measure (COVID-19) [Two-Thirds Vote Required] {To be published in its entirety upon adoption}

File ID: 2020-00777

Location: Citywide

Recommendation:

Adopt an Ordinance by two-thirds vote amending Ordinance No. 2020-0015 to limit the temporary moratorium on evicting commercial tenants impacted by COVID-19 to retail tenants located on first floor of buildings, and declaring the Ordinance to be an emergency measure to take effect immediately and to be published in its entirety within ten days of adoption.

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Presenter: Danielle Foster, Housing Policy Manager, (916) 808-1869, Office of the City Manager

Attachments:

1-Description/Analysis

2-Ordinance

Description/Analysis

Issue Detail: On March 4, 2020, the Governor declared a State of Emergency in California due to the threat of Coronavirus Disease 19 (“COVID-19”). On March 5, 2020, the Sacramento County Public Health Officer declared a public health emergency in Sacramento County from COVID-19 and on March 19, 2020 issued an order to Stay At Home or Place of Residence. This order imposed strong restrictions on the activities of persons and the operation of businesses throughout the county. Businesses were ordered to close and residents directed to stay at home to prevent the spread of this disease.

On March 16, 2020, the Governor issued Executive Order N-28-20, suspending any state law that would preempt or otherwise restrict the city’s exercise of its police power to impose substantive limitations on evictions based on nonpayment of rent resulting from the impacts of COVID-19. On March 24, 2020, the City Council adopted Sacramento City Ordinance No. 2020-0017, amending the residential eviction ordinance No. 2020-0015, to establish a moratorium on

eviction of commercial tenants due to nonpayment of rent during the COVID-19 emergency. Ordinance No. 2020-0015 extends until Executive Order No. N-28-20 expires. On May 29, 2020, the Governor issued Executive Order N-66-20, which extended the protections set forth in Executive Order N-28-20 an additional 60 days, to July 28, 2020.

Restaurant and retail business has significantly declined since March and the revenue losses caused by the effects of COVID-19 have impacted tenants' ability to pay rent when due, leaving tenants vulnerable to eviction. On June 12, 2020, the Sacramento County Public Health Officer issued a new order to relax restrictions on low-risk businesses consistent with the direction from the State of California Public Health Officer to proceed into later phases of Stage 2 and into Stage 3. This new order allows retail businesses to reopen but under restrictions that limit patronage.

At the June 16, 2020 council meeting, staff was directed to bring an amendment to the commercial eviction ordinance to limit the protections to ground floor commercial tenants, which are primarily retail "storefront" businesses, as opposed to general commercial uses such as office. The council also requested staff to revisit the need for this ordinance in July after the council recess.

The proposed amendment would end the commercial eviction protections for commercial businesses that do not qualify as "retail" under the City's Zoning Code as of July 1st, and limit the protection to only retail businesses located on the first floor (i.e., street level) of a building. However, the business would not have to front a street, so all first-floor tenants in a retail shopping center would have the same protections.

Policy Considerations: There will be a transitional effort in notifying commercial tenants whether they qualify under the revised ordinance, which will require staff resources. Council may also wish to consider if any other retail establishments should be included, such as basement, mezzanine, or second floor retail.

Economic Impacts: Landlords would still be entitled to collect back rent owed when the Governor's order suspending state laws that limit local agencies from enacting eviction moratoriums expires. Ordinance No. 2020-0015, as amended by Ordinance No. 2020-0017, allows for a 120-day payback period and waiver of late fees. The goal of this moratorium is to provide more of a transition to local tenant businesses in resuming business and paying regular expenses again.

Environmental Considerations: The ordinance is an administrative activity that does not result in a direct or indirect physical change to the environment. Therefore, this action is exempt from environmental review under CEQA per the CEQA Guidelines section 15378(b)(5).

Sustainability: Not applicable.

Commission/Committee Action: Not applicable.

Rationale for Recommendation: The City Council needs to act to continue to assist “storefront” retail tenants facing eviction because they are unable to pay the full amount of rent due to revenue losses caused by the COVID-19 health emergency. This amendment will end the protections for other commercial tenants so that landlords can start to receive the full amount of rent due in July and establish the 120-day repayment period that will extend to October 28, 2020. The urgent enactment is needed so that the commercial tenants protected by the eviction moratorium can be limited to retail businesses on the first floor of buildings.

Financial Considerations: Not applicable.

Local Business Enterprise (LBE): Not applicable.