



April 3, 2020

The Honorable Mary Salas, Mayor & Councilmembers
Attn: Mr. Glen Googins, City Attorney
City of Chula Vista
276 Fourth Ave.
Chula Vista, CA 91910

The Pacific Southwest Association of REALTORS® (“PSAR”) and the Chula Vista Chamber of Commerce (“Chamber”) each reviewed and discussed the current provisions of the Chula Vista Eviction and Foreclosure Moratorium Emergency Ordinance and collectively recommend that Chula Vista City Council adopt a balanced approach in addressing the COVID-19 pandemic and its impacts on tenants, homeowners and small businesses. The “balance” assures that those who are unable to pay a portion of their rent during this crisis are afforded a temporary reprieve while ensuring that tenants who are able to pay some or all of the rent are required to do so pursuant to their agreements with property owners.

We deeply appreciate the diligent efforts of the Chula Vista City Attorney to develop regulations and modifications to make the implementation of the current Emergency Ordinance fair, reasonable, effective, and workable.

We appreciate your intent to work with PSAR, the Chamber, and the Southern California Rental Housing Association, (formerly, the San Diego Apartment Owners Association) to mitigate severe economic impacts and potential unintended consequences of the City’s currently adopted eviction moratorium on property owners, recognizing that many landlords are small property owners and rely on rents as their primary source of income. Please take note that this ordinance affects approximately \$ 1-1.2 billion in annual rents/business activity in the City of Chula Vista. You are likely to have no greater single impact on the City’s economy. If the final ordinance and regulations stimulate an additional 3% deferral of rental income activity, beyond what is actually needed, this action will cause \$9 million in reduced income over that short period of time imposing undue economic hardship on the property owners of Chula Vista, many of whom are small property owners, living on a fixed income. It is incumbent upon all of our government officials to ensure that the impacts of these well-intended actions are fully understood. It is important that the City take great care in crafting an ordinance and regulations that will not financially cripple the small property owners that have trusted, invested, and supported the Chula Vista economy for decades

We would recommend the following steps be taken to avoid bankrupting rental property owners by adopting regulations and provisions that will not create a long-term hardship for property owners.

Since the courts have decided to limit their operations and have suspended non-emergency operations through April 3rd, we believe this will preclude the courts from holding eviction hearings in the short term.

Comments and recommendations relative to:

The Chula Vista Eviction and Foreclosure Moratorium Emergency Ordinance and Proposed Regulations

The City has already helped define the process and a suggested format for notifying landlords which specifies the following to prove substantial loss of income and advance notification if rent will be reduced or deferred:

- Letter from an employer citing COVID-19 as a reason for reduced work hours or termination.
- Paycheck stubs from before and after the COVID-19 outbreak.
- Bank statements showing the financial situation before and after the outbreak.


Ordinance or regulation provisions should include the following:

- The City shall suggest reasonable standards for rent mitigation such as acceptable percentage ratios of rent to income to be used as a guideline for temporary rent deferral adjustments. For example, suggested, adjusted rent payments could be capped at 50 percent of gross tenant income.
- Tenants and borrowers shall be required to submit formal notification to landlords and mortgage service companies that they have been adversely impacted by the COVID 19 emergency and provide a written statement to document and justify the extent of the relief requested.
- In the event that a tenant misrepresents the amount of their reduced income, an owner shall be allowed to begin an eviction and shall be entitled to their normal late charges and penalties associated with non-payment of rent.
- Tenants shall submit a minimum, 7-day advance notice to the rental owner that the tenant will not be able to pay the next month's rental payment.
- Tenants and borrowers must submit written support documentation (layoff notices / hour reductions) to landlords and mortgage service companies, validating that they have been adversely impacted by the COVID 19 emergency.
- Tenants and borrowers must report, in writing, all deferred payments and rent relief received from the landlord or lender, including a promise to repay.
- Notwithstanding anything to the contrary, the maximum aggregate amount of rent which may be deferred by a tenant under this ordinance is equal to three months of rent.
- A landlord may require that the deferred rental total be repaid in equal monthly installments of not less than 6 months beginning with the first of the month after the termination of the COVID-19 State of Emergency. If the emergency is abated in a time frame of less than six months, then the deferred rent repayment period shall not be less than the length of the declared emergency (to the nearest full number of months), or upon move out, whichever is earlier.
- If requested by the Owner, tenants as a condition of receiving a rent deferral, must execute a promissory note and repayment agreement.
- Nearly all individuals and families will have the ability to pay some rent during the emergency, which could help offset large balloon amounts coming due when the moratorium is lifted. Language should be included to affirm a rental property owner and/or manager's ability to collect that portion of the rent determined to be affordable and that non-payment of that portion continues to be a violation allowing an owner to proceed with an unlawful detainer and eviction.

*Comments and recommendations relative to:
The Chula Vista Eviction and Foreclosure Moratorium Emergency Ordinance and Proposed Regulations*

In addition, those rents can be a landlord's only source of income to cover food, medication, and self-maintenance expenses.

We urge the City of Chula Vista to continue to work with PSAR and our community partners to adopt ordinance changes and new regulations that will strike a balance for both renters and rental owners.

Sincerely,


Robert Cromer
President, Pacific Southwest Association of REALTORS®



Eric Johnson
President and Chairman, Chula Vista Chamber of Commerce

April 7, 2020

The Honorable Mary Salas, Mayor & Councilmembers
City of Chula Vista
Attn: Chula Vista City Clerk
276 Fourth Ave.
Chula Vista, CA 91910

Dear Madam Mayor and Councilmembers:

SUBJECT: Written Comments - April 7th Council Agenda, Items 2 & 12 Related to
Emergency Ordinance and Regulations Regarding Evictions

You had a first reading of the aforementioned Ordinance in early March and are conducting the second reading of the Ordinance today. The ordinance has some provisions which hopefully the Council will address either now or in the immediate future. Some of those issues are identified in the Implementing regulations. The general problem with those implementing regulations is that many of the provision are advisory ONLY and not mandatory and therefore are not enforceable. Below are nmy continuing issues with the Ordinance and the implementing regulations:

1. Section I(1) (A) makes it unlawful for a landlord to issue a notice to Pay Rent or Quit if he "knows" that a tenant cannot pay the rent. "Knowing" is defined as receiving a notice within 30 days after the date the rent is due. Does that mean landlords are simply prohibited from issuing a 3 day notice until 30 days after the rent is due since one cannot know if a tenant will submit a notice until 30 days have passed? Or, can a landlord issue a 3 day notice on the fifth day of the month, as is customary, if no notice of income drop is received from the tenant by the owner?
2. There is no means test regarding partial rental payments in the Ordinance. With the adoption of implementing regulations (Item 12) a drop of 30% of the tenant's prior income will be that test. If their income has dropped less than 30%, it is presumed that a tenant is not protected under the ordinance and can be evicted for non-payment of the full rent during the moratorium period. Is that true?
3. Mandatory partial rent payment needs to be covered with the ordinance. The regulations somewhat address the idea of partial payment but partial rent payment is only advisory. Therefore, if a tenant's income has dropped, the Ordinance still completely protects a tenant who pays nothing at all even if their income has only been partially reduced, as will be the case with nearly all tenants. Tenants must be required to make partial payments. Your regulations advise 40% of income toward rent. That needs to be mandatory and you need to allow a property owner to evict if a tenant is not paying that portion.

4. There needs to be a maximum aggregate amount of rent that can be deferred by any tenant. A suggestion would be an amount equal not more than 3 months of rent. Landlords, particularly small landlords are not able to simply defer huge amounts of rent while still paying for all services, repairs, taxes, insurance and debt. The average rent in Chula Vista is around \$1,815. Therefore, three months of deferred rent to a single tenant would total \$5,445. A landlord should not have to “lend” more money than that to any tenant. How do you expect the owner to stay in business?
5. Even with the 2nd reading, there is no expiration date on this Ordinance. There needs to be an expiration date and the Council needs to revisit this matter in the very near future.
6. The Council needs to monitor the impact of this Ordinance. Nothing in item requires anyone in the City to provide periodic reporting to the Council on how this Ordinance is affecting Chula Vista property owners.

My wife and I are small property owners. We rely on our rental property income for about 75% of our total income and we are not eligible for income support from unemployment insurance or anything else for that matter. We live a modest life. Our home is a 40 -year old 1600 square foot track home in the oldest subdivision in Rancho Del Rey. We understand the dire circumstances and threat that we all face related to the Covid-19 virus and property owners, like everyone in the community, need to share in the pain caused by this pandemic. Notwithstanding that fact, the Council needs to adopt a balanced approach where small property owners like myself are not overburdened with unfair obligations to shoulder an inordinate share of the financial burden of this pandemic on our community.

Respectfully Submitted,



Mitch Thompson
Chula Vista Small Property Owner



cc: Mr. Glen Googins, City Attorney

April 7, 2020

The Honorable Mary Salas, Mayor & Councilmembers
City of Chula Vista
Attn: Chula Vista City Clerk
276 Fourth Ave.
Chula Vista, CA 91910

Dear Madam Mayor and Councilmembers:

SUBJECT: Written Comments - April 7th Council Agenda, Items 2 & 12 Related to
Emergency Ordinance and Regulations Regarding Evictions

I recently found out that you had a first reading of the Ordinance in early March and are conducting the second reading of the Ordinance today. The ordinance has some provisions which hopefully the Council will address either now or in the immediate future. I know that the implementing regulations on item 12 of today's agenda are meant to address some of the issues. The general problem with those implementing regulations is that many of the provision are advisory ONLY and not mandatory and therefore are not enforceable. I have brought this up to a few fellow rental property owners and below are the continuing issues that we found with the Ordinance and the implementing regulations:

1. Section I (1) (A) makes it unlawful for a landlord to issue a notice to Pay Rent or Quit if he "knows" that a tenant cannot pay the rent. "Knowing" is defined as receiving a notice within 30 days after the date the rent is due. Does that mean landlords are simply prohibited from issuing a 3 day notice until 30 days after the rent is due since one cannot know if a tenant will submit a notice until 30 days have passed? Or, can a landlord issue a 3 day notice on the fifth day of the month, as is customary, if no notice of income drop is received from the tenant by the owner?
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advise 40% of income toward rent. That needs to be mandatory and you need to allow a property owner to evict if a tenant is not paying that portion.

4. There needs to be a maximum aggregate amount of rent that can be deferred by any tenant. A suggestion would be an amount equal not more than 3 months of rent. Landlords, particularly small landlords are not able to simply defer huge amounts of rent while still paying for all services, repairs, taxes, insurance and debt. The average rent in Chula Vista is around \$1,815. Therefore, three months of deferred rent to a single tenant would total \$5,445. A landlord should not have to "lend" more money than that to any tenant. How do you expect the owner to stay in business?
5. Even with the 2nd reading, there is no expiration date on this Ordinance. There needs to be an expiration date and the Council needs to revisit this matter in the very near future.
6. The Council needs to monitor the impact of this Ordinance. Nothing in item requires anyone in the City to provide periodic reporting to the Council on how this Ordinance is affecting Chula Vista property owners.

I am a small property owner, and my rental income provides 100% of my total income and I am not eligible for income support from unemployment insurance, health insurance or anything else. My two children and I live in a house that could be considered inhabitable because the maintenance and repair costs of the rental have absorbed most if not all my profits. Our home is a 50 -year old 1900 square foot track home in west Chula Vista. I understand the dire circumstances and threat that we all face related to the Covid-19 virus and property owners, like everyone in the community, I need to share in the pain caused by this pandemic. It is a fact that the Council needs to adopt a balanced approach where small property owners like myself are not punished with unfair obligations to take on more than our share of the financial burden of this pandemic on our community.

Respectfully Submitted,

[REDACTED]

[REDACTED]
Chula Vista Small Property Owner
Chula Vista, CA 91910

cc: Mr. Glen Googins, City Attorney