



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