CITY COUNCIL STAFF REPORT

DATE: MARCH 19, 2020

LEGISLATIVE

SUBJECT: TEMPORARY MORATORIUM ON EVICTIONS FOR NONPAYMENT OF RENT DURING COVID-19 PANDEMIC

FROM: David H. Ready, City Manager

BY: Jeff Ballinger, City Attorney
    Todd Leishman, Deputy City Attorney

SUMMARY:
The City Council will consider adding an Urgency Item to the March 17, 2020 Agenda to adopt an ordinance imposing a moratorium on evictions for failure to pay rent during the current state of emergency caused by the COVID-19 pandemic.

In order for this item to be added to the Agenda as an Urgency Item, it must be approved by a four-fifths vote of the City Council upon finding that the need to take action came to the City's attention after posting of the agenda and that the matter requires immediate action. The Urgency ordinance requires four-fifths vote of the city council and if approved, will take effect immediately.

RECOMMENDATION:
Adopt Urgency Ordinance No. _____, AN URGENCY ORDINANCE OF THE CITY OF PALM SPRINGS, CALIFORNIA ENACTING A TEMPORARY MORATORIUM ON EVICTIONS DUE TO NONPAYMENT OF RENT FROM TENANTS WHERE THE FAILURE TO PAY RENT RESULTS FROM INCOME LOSS RESULTING FROM THE NOVEL CORONAVIRUS (COVID-19), AND SETTING FORTH THE FACTS CONSTITUTING SUCH URGENCY

BACKGROUND / ANALYSIS:
On March 8, 2020, the Riverside County Health Officer declared a local and public health state of emergency in response to the increased spread of COVID-19, the disease caused by the novel coronavirus. As of March 16, 2020, there are at least three confirmed deaths in the Coachella Valley due to COVID-19.

In response to the global pandemic, experts are urging all individuals — even those who are not displaying symptoms — to practice social distancing, which refers to avoiding
close contact with other individuals in order to avoid catching the virus yourself and to avoid passing it on to others. The Centers for Disease Control and Prevention recommends that people who are mildly ill with COVID-19 or other similar illnesses self-isolate to avoid interacting in public. The State of California has also issued a policy that large gatherings should be rescheduled or canceled, while smaller events can proceed only if the organizers can implement social distancing of six feet per person. Public and private schools in the Palm Springs region have closed for several weeks in order to try to slow the spread of the virus.

On March 17, 2020, the City Manager, as the City's Emergency Services Director, issued a shelter in place order, ordering that individuals living in the City of Palm Springs to shelter at their place of residence, excluding activities necessary to provide or receive certain essential services or engage in certain essential activities and work for essential business and government service.

While these measures are necessary to fight the global pandemic, they can have extreme economic impacts. Fear of the widening public health crisis has impacted consumer behavior with fewer people going out to restaurants, shops, and bars; events being cancelled; and people reducing their traveling. As a result of this social distancing, people in our community may see their incomes reduced or may have to take time off work to care for their health or the health of family members. In the face of this uncertainty, people may need to make difficult financial decisions and may be unable to pay rent due to reduced income.

This urgency ordinance proposes a moratorium on evictions for failure to pay rent during this emergency period, if the tenant demonstrates that the tenant is unable to pay rent due to financial impacts related to COVID-19. Under the proposed ordinance, a landlord knows of a tenant’s inability to pay rent for the covered reasons if the tenant, within 30 days after the date that rent is due, notifies the landlord in writing of lost income and inability to pay full rent due to financial impacts related to COVID-19, and provides documentation to support the claim. Notification “in writing” includes email or text communications to a landlord or the landlord’s representative with whom the tenant has previously corresponded by email or text. Any medical or financial information provided to the landlord shall be held in confidence, and only used for evaluating the tenant’s claim.

For purposes of this ordinance “financial impacts related to COVID-19” include, but are not limited to, tenant lost household income as a result of any of the following: (1) being sick with COVID-19, or caring for a household or family member who is sick with COVID-19; (2) lay-off, loss of hours, or other income reduction resulting from business closure or other economic or employer impacts of COVID-19; (3) compliance with a recommendation from a government health authority to stay home, self-quarantine, or avoid congregating with others during the state of emergency; (4) extraordinary out-of-pocket medical expenses; or (5) child care needs arising from school closures related to COVID-19.
The ordinance does not relieve the tenant from eventually paying the rent within six months after the expiration of the local emergency. The landlord may not charge any interest or late fees on the rent. The ordinance is intended to be narrow and no other legal remedies available to landlord are affected by this ordinance.

If approved, the ordinance will go into effect immediately upon adoption and will remain in effect for sixty days, and authorizes the City Manager (Director Emergency Services) to further extend the ordinance during the period of local emergency. In order to prevent inconsistencies in the law, the City Manager (DES) may also suspend the local ordinance if a similar federal or state law is adopted.

Other cities in California, including San Jose, Hayward, Oakland, Sacramento, Los Angeles, San Diego, and Santa Monica have approved, or are considering, similar urgency measures.

California State Senator Scott Wiener and Assembly Member Phil Ting have called on California and the federal government to immediately place an emergency moratorium on evictions — for both renters and businesses — as well as home foreclosures. Any legislation introduced would need a supermajority vote (two-thirds of the Legislature) in both houses of the Legislature to take effect immediately. The City Attorney's Office will continue to track and monitor these proposals at the state level to determine how it may impact Palm Springs residents and businesses.

During a state of emergency, it is a crime for a landlord to take advantage of the situation by evicting a tenant and then raising the rent above the existing tenant's rent under Penal Code section 396(f). This ordinance will provide additional protections to tenants. In addition to the City's general police power and charter authority under article XI, section 5 of the California Constitution, during a local emergency, Government Code, § 8634 (and WHMC Chapter 2.80) also authorize the City to promulgate orders and regulations necessary to provide for the protection of life and property. The coronavirus outbreak presents a health and financial crisis to all and this situation is unprecedented and constantly evolving.

This urgency measure will provide protections to those who have had unforeseen financial impacts due to COVID-19. Displacement through eviction creates undue hardship for tenants through additional relocation costs, stress and anxiety, and the threat of homelessness due to the lack of alternative housing, and lack of moving services and supplies as stores and businesses close. During the COVID-19 pandemic outbreak, affected tenants who have lost income due to impact on the economy or their employment may be at risk of homelessness if they are evicted for non-payment as they will have little or no income and thus be unable to secure other housing if evicted.

People experiencing homelessness are especially vulnerable to the spread of COVID-19 due to an inability to practice social distancing and a lack of access to health care. The Governor has ordered the State to take extraordinary measures to secure shelter for homeless populations during this emergency to limit exposure to and spreading of
COVID-19. Widespread evictions of tenants vulnerable to eviction due to financial hardship occurring due to COVID-19 would exacerbate the challenge of sheltering the homeless during this emergency, and increase the risk of spread of COVID-19.

This situation is unprecedented and the circumstances are changing hourly. The situation is evolving so rapidly that it is hard to capture the full scale of the business and employment closures. However, many city residents will be unable to work at any job that requires physical presence. Businesses are expected to see a sharp drop in revenue, making it difficult to pay workers. Wages are expected to drop sharply and this ordinance will allow individuals to follow the national, state and local directives to stay home without fear of losing their home during this emergency.

ENVIRONMENTAL ASSESSMENT:
No known environmental impact.

FISCAL IMPACT:
No fiscal impact.

SUBMITTED BY:

Jeffrey S. Ballinger
City Attorney

Marcus L. Fuller, MPA, P.E., P.L.S.
Assistant City Manager/City Engineer

David H. Ready, Esq., Ph.D.
City Manager

Attachments:
A. Urgency Ordinance
ORDINANCE NO. _____

AN URGENCY ORDINANCE OF THE CITY OF PALM SPRINGS, CALIFORNIA, ENACTING A TEMPORARY MORATORIUM ON EVICTIONS DUE TO NONPAYMENT OF RENT FROM TENANTS WHERE THE FAILURE TO PAY RENT RESULTS FROM INCOME LOSS RESULTING FROM THE NOVEL CORONAVIRUS (COVID-19), AND SETTING FORTH THE FACTS CONSTITUTING SUCH URGENCY

City Attorney’s Summary

This is an urgency ordinance of the City of Palm Springs, California, enacting a temporary moratorium on evictions due to nonpayment of rent from tenants where the failure to pay rent results from income loss resulting from the novel Coronavirus (COVID-19) and setting forth the facts constituting the urgency.

WHEREAS, international, national, state, and local health and governmental authorities are responding to an outbreak of respiratory disease caused by a novel coronavirus named “SARS-CoV-2” and the disease it causes has been named “coronavirus disease 2019,” abbreviated COVID-19 (“COVID-19”); and

WHEREAS, on March 8, 2020, the Riverside County Health Officer declared a local emergency and local public health emergency to aid the regional healthcare and governmental community in responding to COVID-19; and

WHEREAS, on March 4, 2020, the Governor of the State of California declared a state of emergency to make additional resources available, formalize emergency actions already underway across multiple state agencies and departments, and help the state prepare for broader spread of COVID-19; and

WHEREAS, on March 13, 2020, the President of the United States of America declared a national emergency and announced that the federal government would make emergency funding available to assist state and local governments in preventing the spread of and addressing the effects of COVID-19; and

WHEREAS, on March 16, the Governor of the State of California issued an Executive Order temporarily reducing limits on local governments’ ability to impose their own “substantive limitations on residential or commercial evictions” through May 31, 2020; and

WHEREAS, on March 13, 2020, the City Manager, as the City’s Emergency Services Director, proclaimed the existence of a local emergency to ensure the availability of mutual aid and an effective the City’s response to the novel coronavirus (“COVID-19”); and
WHEREAS, the federal Centers for Disease Control and Prevention, the California Department of Health, and the Riverside County Department of Public Health have all issued recommendations including but not limited to social distancing, staying home if sick, canceling or postponing large group events, working from home, and other precautions to protect public health and prevent transmission of this communicable virus; and

WHEREAS, on March 17, 2020, the City Manager, as the City’s Emergency Services Director, issued a shelter in place order, ordering that individuals living in the City of Palm Springs to shelter at their place of residence, excluding activities necessary to provide or receive certain essential services or engage in certain essential activities and work for essential business and government service; and

WHEREAS, as a result of the public health emergency and the precautions recommended by health authorities, many tenants in Palm Springs have experienced or expect soon to experience sudden and unexpected income loss; and

WHEREAS, the Governor of the State of California has stated that individuals exposed to COVID-19 may be temporarily unable to report to work due to illness caused by COVID-19 or quarantines related to COVID-19 and individuals directly affected by COVID-19 may experience potential loss of income, health care and medical coverage, and ability to pay for housing and basic needs, thereby placing increased demands on already strained regional and local health and safety resources, including shelters and food banks; and

WHEREAS, local schools are closed to prevent further spread of COVID-19. These school closures will cause children to have to remain at home, leading to many parents adjusting their work schedules to take time off work, whether paid or unpaid. Hourly wage earners are unlikely to be paid for time off. The inability to work due to school closures will economically strain those families who cannot afford to take off time from work to stay at home; and

WHEREAS, the situation is unprecedented and evolving rapidly. Further economic impacts are anticipated, leaving tenants vulnerable to eviction; and

WHEREAS, this Ordinance is only intended to be temporary in nature, to promote stability and fairness within the residential rental and non-residential real estate markets in the City during the COVID-19 pandemic outbreak, and to prevent avoidable homelessness and widespread business disruption, thereby serving the public peace, health, safety, and public welfare and to enable tenants in the City whose income and ability to work is affected due to COVID-19 to remain in their homes and places of business; and

WHEREAS, in the interest of public health and safety, as affected by the emergency caused by the spread of COVID-19, it is necessary to exercise authority to adopt this ordinance related to the protection of life and property, to ensure that residential
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renters can remain in their homes and that tenants of non-residential properties can remain in their places of business and prevent proliferation of homelessness and further spread of COVID-19. Displacement through eviction creates undue hardship for tenants through additional relocation costs, stress and anxiety, and the threat of homelessness due to the lack of alternative housing and employment and lack of moving services and supplies as stores and businesses close. During the COVID-19 pandemic outbreak, affected tenants who have lost income due to impact on the economy or their employment may be at risk of homelessness if they are evicted for non-payment as they will have little or no income and thus be unable to secure other housing if evicted. Businesses and other tenants of non-residential properties will be similarly harmed, with significant consequences for the public health, safety, and welfare; and

WHEREAS, people experiencing homelessness are especially vulnerable to the spread of COVID-19 due to an inability to practice social distancing and a lack of access to health care. The Governor has ordered the State to take extraordinary measures to secure shelter for homeless populations during this emergency to limit exposure to and spreading of COVID-19. Widespread evictions of tenants vulnerable to eviction due to financial hardship occurring due to COVID-19 would exacerbate the challenge of sheltering the homeless during this emergency, and increase the risk of spread of COVID-19; and

WHEREAS, the City desires to prohibit evictions due to nonpayment of rent for tenants of all types of properties where the failure to pay rent results from income loss resulting from COVID-19; and

WHEREAS, the City has authority to adopt this Ordinance under the City's police power and the powers afforded to the city in time of national, state, county and local emergency during an unprecedented health pandemic, such powers being afforded by the State Constitution, State law and Sections 312 and 315 of the Palm Springs Charter to protect the peace, health, and safety of the public. The Palm Springs City Council finds that this ordinance is necessary for the preservation of the public peace, health, and safety of residents living within the City and finds urgency to approve this ordinance immediately based on the facts described herein, and detailed in the staff report. Under Government Code Section 8634, this ordinance is necessary to provide for the protection of life and property.
THE CITY COUNCIL OF THE CITY OF PALM SPRINGS DOES ORDAIN AS FOLLOW

SECTION 1. Temporary Moratorium on Evictions for Non-Payment of Rent by Tenants Impacted by the COVID-19 Crisis.

A. Notwithstanding anything to the contrary in Palm Springs Municipal Code, during the period of local emergency declared in response to COVID-19, no landlord shall endeavor to evict a tenant for nonpayment of rent if the tenant demonstrates that the tenant is unable to pay rent due to financial impacts related to COVID-19.

B. A landlord who knows that a tenant cannot pay some or all of the rent temporarily for the reasons set forth above shall not serve a notice pursuant to CCP 1161(2), file or prosecute an unlawful detainer action based on a pay or quit notice, or otherwise seek to evict for nonpayment of rent. A landlord knows of a tenant’s inability to pay rent within the meaning of this ordinance if the tenant, within 90 days after the date that rent is due, notifies the landlord in writing of lost income and inability to pay full rent due to financial impacts related to COVID-19, and provides documentation to support the claim. For purposes of this ordinance, “in writing” includes email or text communications to a landlord or the landlord’s representative with whom the tenant has previously corresponded by email or text. Any medical or financial information provided to the landlord shall be held in confidence, and only used for evaluating the tenant’s claim.

C. For purposes of this ordinance “financial impacts related to COVID-19” include, but are not limited to, tenant lost household or business income as a result of any of the following: (1) being sick with COVID-19, or caring for a household or family member who is sick with COVID-19; (2) lay-off, loss of hours, or other income reduction resulting from business closure or other economic or employer impacts of COVID-19; (3) compliance with a recommendation from a government health authority to stay home, self-quarantine, or avoid congregating with others during the state of emergency; (4) extraordinary out-of-pocket medical expenses; or (5) child care needs arising from school closures related to COVID-19.

D. Violation of this ordinance shall be punishable as set forth in Sections 1.01.140 and 2.20.100 of the Palm Springs Municipal Code. In addition, this ordinance grants a defense in the event that an unlawful detainer action is commenced in violation of this ordinance.

E. Nothing in this ordinance shall relieve the tenant of liability for the unpaid rent, which the landlord may seek after expiration of the local emergency and the tenant must pay within six months following the expiration of the local emergency. A landlord may not charge or collect any interest or any late fee for rent that is delayed for the reasons stated in this ordinance; nor may a landlord seek rent that is delayed or the reasons stated in this ordinance through the eviction process.

F. No other legal remedies available to landlord are affected by this ordinance.
G. This ordinance shall remain in effect through May 31, 2020, unless extended by the City Council or the City’s Director of Emergency Services. Notwithstanding the foregoing, and in order to prevent inconsistencies, the Director of Emergency Services may suspend the effectiveness of this ordinance in the event that the President of the United States, Congress, Governor of the State of California, or California State Legislature adopts an order or legislation that similarly prohibits evictions for failure to pay rent by individuals impacted by the COVID-19 crisis.

SECTION 2. Severability.

A. If any section, subsection, sentence, clause, phrase or word of this Chapter is found to be unconstitutional or otherwise invalid by any court of competent jurisdiction, such decision shall not affect the remaining provisions of this Ordinance.

SECTION 3. Environmental Review.

A. The City Council finds that adoption and implementation of this ordinance is not a “project” for purposes of the California Environmental Quality Act (CEQA), as that term is defined by CEQA guidelines (Guidelines) sections 15061(b)(3), and 15378(b)(5). The effect of the proposed amendment will be to maintain the status quo. No new development will result from the proposed action. No impact to the physical environment will result. The City Council also alternatively finds that the adoption and implementation of this ordinance is exempt from the provisions of CEQA as an administrative activity by the City of Palm Springs, in furtherance of its police power, that will not result in any direct or indirect physical change in the environment, per sections 15061(b)(3), and 15378(b)(5) of the CEQA Guidelines, as well as CEQA Guidelines section 15064(e) (economic regulations).

SECTION 4. Urgency Declaration; Effective Date.

A. The City Council finds and declares that the adoption and implementation of this ordinance is necessary for the immediate preservation and protection of the public peace, health and safety as detailed above and as the City and public would suffer potentially irreversible displacement of tenants resulting from evictions for failure to pay rent during the COVID-19 crisis. During this local emergency, and in the interest of protecting the public health and preventing transmission of COVID-19, it is essential to avoid unnecessary housing displacement, to protect the City’s affordable housing stock, and to prevent housed individuals from falling into homelessness. Loss of income as a result of COVID-19 may inhibit City residents and businesses from fulfilling their financial obligations, including payment of rent. Under Government Code Section 8634 and WHMC Chapter 2.80, this ordinance is necessary to provide for the protection of life and property for the reasons set out herein. The Council therefore finds and determines that the immediate preservation of the public peace, health and safety, and protection of life and property, require that this Ordinance be enacted as an urgency ordinance pursuant to Government Code section 36937 and take effect immediately upon adoption by four-fifths of the City Council.
PASSED, APPROVED, AND ADOPTED BY THE PALM SPRINGS CITY COUNCIL
THIS 19TH DAY OF MARCH, 2020.

__________________________
GEOFF KORS
MAYOR

ATTEST:

__________________________
ANTHONY J. MEJIA, MMC
CITY CLERK
STATE OF CALIFORNIA )
COUNTY OF RIVERSIDE ) ss.
CITY OF PALM SPRINGS )

I, ANTHONY J. MEJIA, City Clerk of the City of Palm Springs, California, do hereby certify that Ordinance No. ____ is a full, true, and correct copy, and was introduced at a regular meeting of the Palm Springs City Council on ________ and adopted at a regular meeting of the City Council held on ________ by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of Palm Springs, California, this _____ day of ____________, ________.

______________________________
ANTHONY J. MEJIA, MMC
CITY CLERK