

COMMERCIAL TENANT EVICTION MORATORIUM FACTSHEET

The West Hollywood City Council approved a temporary moratorium on evictions for commercial tenants on April 6, 2020. This order has been revised on May 4, 2020, July 15, 2020, and most recently on September 21, 2020.. Tenants whose net income has been impacted by COVID-19 are protected from eviction due to non-payment of rent between the period of March 16, 2020 and January 31, 2021.

This moratorium only applies to evictions for non-payment of rent due to financial impact or hardship related to COVID-19 during the local emergency. All parties involved are advised to act in good faith and communicate frequently throughout the period of emergency and repayment period.

Important Dates

- Date of the declaration of local emergency: **March 16, 2020**
- Temporary Commercial Eviction Moratorium ordinance is **effective until January 31, 2021**
- Commercial tenants have **up to 30 days** to provide landlord documentation of financial impact.

Tenants are eligible for the protections provided by the Commercial Tenant Eviction Moratorium, if:

- Tenants were required to close, or modify business operations and/or schedule as part of State of California's Orders or LA County's "Safer at Home" Order, or;
- Tenants voluntarily closed businesses in an effort to ensure the health and safety of the public and prevent the spread of the virus, and;
- Tenants are able to provide financial documentation that demonstrates a loss of net income from March 16, 2020 to January 31, 2021..

If the tenant suffered a partial loss of income, the tenant must pay a pro-rated share of rent that corresponds to the income generated during the rental period.

Rent Repayment

- **After January 31, 2021**, commercial tenants are provided time to repay deferred rent based on number of employees:
 - Tenants with 20 or fewer employees must repay deferred rent within **12 months**.
 - Tenants with 21 or more employees must repay deferred rent withing **6 months**.
- The landlord **may not charge a late fee or interest** on the deferred rent payment.
- The landlord may use the tenant's **security deposit as the rent payment**.

Eviction protection for nonpayment of rent during the local emergency extends through the repayment period if tenant is paying the back rent and current rent during the six-month repayment period.

The West Hollywood Chamber of Commerce in partnership with the City of West Hollywood, is offering mediation services for West Hollywood commercial tenants and their landlords. This service is a complimentary and confidential process to provide counseling, conciliation, and mediation services to parties that have been impacted by COVID-19. For more information, visit: www.wehochamber.com/mediationservices

What impacted tenants should do:

- Notify landlords in writing as soon as possible of inability to pay rent and no later than 30 days after the rent is due.
- Provide documentation that demonstrates the business' financial impact (net income) as soon as that documentation is available, this can include:
 - Year-Over-Year sales from January to May, comparing 2019 with 2020
 - Gross sales receipts from January to May 2020
 - Any other supporting documentation that demonstrates a loss in net income.
 - Tenants have up to 30 days to provide full documentation of financial impact.
 - Financial information submitted to landlord is confidential.
- Assess the impact to net income and renew the notice to landlord each month, if necessary.
- Work with landlord on a payment plan, which includes paying as much rent as the tenant can now and deferring only that amount of rent that corresponds to the documented loss in net income.
- Do not ignore any communication from landlord, this includes eviction paperwork or other legal demands. Seek legal advice immediately.

What impacted landlords should do:

- Work with the tenant to negotiate a best-case scenario for both parties.
- Offer payment plans to tenants, which can go beyond the six-month or twelve-month period, if both parties agree to the payment terms.
- Landlords are prohibited from:
 - Charging a late fee or interest for delayed payment
 - Seeking deferred rent through the eviction process if tenant has complied with terms of ordinance
 - Start an eviction during the repayment period, on the basis of non-payment, if tenant is paying current and deferred rent
 - Commencing an unlawful detainer action for non-payment during this period if tenant has complied with the terms of this ordinance.
- Landlords are permitted to:
 - Use their tenant's security deposit as rent payment and replenish the security deposit funds as repayments are made.
 - Request supporting documentation that demonstrates their tenant's claim of financial impact and loss of net income as a result of COVID-19.
 - Require a partial rent payment that corresponds to the tenant's net income that was generated during the period of loss.