



## SBRPA President Betty Jeppesen

### Letter to S.B. City Council – Temporary Moratorium on Evictions



DATE: March 24, 2020

TO: Santa Barbara City Council

RE: TODAY'S AGENDA ITEM #4: An uncoded emergency ordinance of the council of the city of Santa Barbara enacting a temporary moratorium on evictions for non-payment of rent by residential and commercial tenants who have been harmed financially as a result of COVID-19

Dear Santa Barbara City Council Member:

We have all been financially affected by COVID-19. I know that I have and I'm certain that you have, too.

Who should bear the burden of this financial hardship for the tenants of our community? Should it be the landlords?

#### TENANT EXPENSES

1. Rent
2. Utilities (some)
3. Income tax
4. Food
5. Clothing
6. Entertainment

#### LANDLORD EXPENSES

1. Mortgages (first, second, third)
2. Tenant's utilities (some or all)
3. Income tax
4. Property tax
5. Real Property insurance
6. Real Property maintenance
7. Gardener's salary
8. Laundry room maintenance
9. Tenant's requested repairs to plumbing, electrical, rain leaks, etc.
10. Tenant's requested replacement of stoves, refrigerators, etc.
11. Property Manager's salary
12. Food
13. Clothing
14. Entertainment

It is important to consider that many if not most of the Santa Barbara landlords are "Mom and Pop" who have only the one unit or one building to either build income for retirement and/or supplement their social security check each month.

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These private landlords have the expenses listed in items 1 through 14 to live with. Now, you will be considering adding the burden of not receiving any rent from the tenants for a period of time with a longer time for repayment. How is this "deferred rent" supposed to be paid? If it is within 6 months, then can the tenant wait the entire time of 6 months and then tender the rent? What if the tenant at that time tenders only a portion of the rent? What if the tenant doesn't tender any rent at all? How is the landlord going to collect his/her money owed?

We have heard that Fanny Mae and Freddie Mac, the government-sponsored enterprises that back millions of mortgages, have this week said that loan servicers "COULD" suspend payments for a time. But, will they? What about landlords who have mortgages not government-sponsored? Their mortgage payments will continue. Will we then have another run of foreclosures as we did a decade ago? Will the landlords lose their properties? Quite possibly. It is not just the tenants who are in danger of losing properties contrary to what many believe. It is easy to say that tenants shouldn't have to pay their rent when there is this pandemic. But, the landlords are also facing the financial burden of this pandemic.

We have heard that California property tax is still due April 10. That is less than a month away. California county tax collectors cannot extend the April 10 deadline for making the second half of the 2019-2020 property tax payments. So what is the landlord to do? Where will the money come from if not the rent?

Income tax payments have been declared delayed until July 15 instead of April 15 for the landlords but it is the SAME for the tenants. Their income tax payments have also been delayed.

Most landlords pay some if not all of the tenants' utilities. All that I am aware of pay at least for water and garbage. Those payments will continue for the landlord despite the lack of rent if that is to be approved. According to California law, landlords are not allowed to cut off utilities nor do they want to. But, where will the money come from when there is no rent payment?

Landlords pay for tenants' requested repairs such as plumbing stoppage, garbage disposal malfunction, leaks, electrical, etc. Can the landlord ignore a tenant's request for repairs? Presumably not. The current penalty is that if the landlord does not make the repairs, the tenant can repair and deduct from the rent payment for such repair after notice and reasonable time to take action. Since the rent may now be deferred, may the landlord defer repairs?

If a landlord owns a property consisting of 16 units, there must be a property manager according to California Regulations. Oh, I know, it can be a gardener but there must be someone on the premises. That means an apartment for that person that is not generating any rent for the landlord. This is in addition to that person's salary. Onemight think that if a landlord owns a property containing that many units that landlord must be rich. Think again, please. Now, ALL 16 units will not be paying rent. There will be zero dollars coming in to pay for the more expensive mortgage for that building. There will be zero dollars coming in to pay for the more expensive property tax for that building. There will be zero dollars coming in to pay for the property manager, etc.

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**"California Awards \$100 Million to Cities, Counties and Continuums of Care to Help People Experiencing Homelessness During COVID-19 Pandemic"**

This was the press headline from Governor Gavin Newsom yesterday for immediate release.

So, if the cities and counties are getting money, why shouldn't the cities and counties set up a fund for the tenants for their payment of rent?

Why should the landlords who are not being offered money during this pandemic bear the burden?

Please consider your options very carefully today as you consider what is best for your entire community of constituents. It is kind and considerate to think only of the "most vulnerable members of our society" but take care that the landlords do not by your actions themselves become a part of that group. There are unintended consequences which must not be ignored.

Thank you for your consideration.

Yours sincerely,

*Betty L. Jeppesen*

President

Santa Barbara Rental Property Association