

June | 2020

SANTA BARBARA RENTAL PROPERTY *news*

CALIFORNIA'S CENTRAL COAST RESOURCE FOR RENTAL PROPERTY OWNERS, MANAGERS & SUPPLIERS

What's Ahead?



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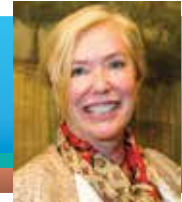
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Overview

Executive Director's Introduction

Laura Bode



In all my travels around the world, rarely have I found a place as beautiful and relaxing as a beach in Santa Barbara. One of the few places in the world with an east-west coastline, we are naturally protected from most onslaughts. However, in the last two months we have been hit with a tsunami of new Covid-19 regulation.

And just when we're getting our heads above water from the first wave, the next wave hits.

We've never experienced this before. I know from hearing from many of you personally, that you are struggling to stay afloat. Just remember. You're not alone. SBRPA, your state association CalRHA, and your national association NAA are all spending every available minute of our time lobbying to fight for us and create life preservers for our business.

- [What Just Hit Us?: Summary of local, state and national legislative activity](#)
- [A Quick View to the Horizon: What is coming next?](#)
- [Preparing for the Next Rogue Wave: What you can do to prepare yourself and your](#)

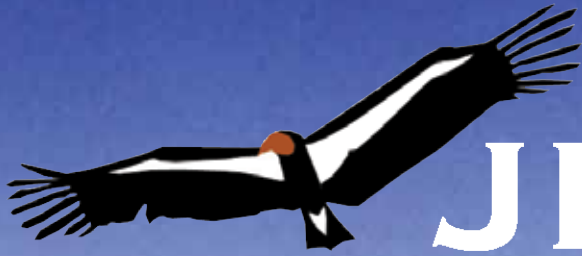
I also wanted to let you know that to protect the health of our members and staff, the SBRPA office is WORKING REMOTELY. Please email me at laura@sbrpa.org for any assistance I can provide you.

The highlight of my job is interacting with you members personally. However, I do not want any of you exposed to Covid-19 by a non-symptomatic carrier-- like I personally encountered in March. SBRPA's offices are located in a building accessed by tenants from a number of other organizations. The common doors and areas are not sterilized after each visitor. As many SBRPA members meet the criteria of "especially vulnerable", to protect the health of all members I am trying to meet all your needs through email.

Thus, if satisfactory to you, please email me your questions. Please realize that together we have over 1,000 members, so a phone call response will not be as quick as email. I look at each of your questions carefully. Your email allows me to analyze your issues, research your question and decide if I need to contact an expert to get you the best advice. For example, if you are asking a legal question, SBRPA's insurance policy does not allow me to respond, so I will ask our legal expert, Board President and Attorney Betty Jeppesen, if she can advise. If you still wish to speak by phone, I will contact you as soon as possible.

To protect SBRPA members and staff, we have not had anyone in the office for the past 2 months. However, if you feel you need an in-person meeting we will schedule a time where we can sterilize access to the office in advance of scheduled meeting with you. If you make an appointment, please wear a mask, and we will provide you with gloves to wear. Excessive protection perhaps? However, there is nothing more valuable to us than the safety of our members.

Laura Bode
SBRPA, Executive Director



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What Just Hit Us?

A summary of local, state and federal legislation



Want the latest updates?

Go to the sbrpa.org website or watch your emails for updates by SBRPA.

LOCAL: As we go to press both the City and County of Santa Barbara have extended their Eviction Moratoriums contingent upon Governor Gavin Newsom extending his Executive Order N-20-28, (which allows cities and counties the power to set eviction protection ordinances.) If Newsom does not extend his order, both the City and County's ordinance will expire with it.







Please note, SBRPA is now using "Mailchimp" to send email alerts.

*If you did not receive several emails from SBRPA in May,
please take a moment to check your spam folder.*

If you have a new or updated email address, please send it to Admin@sbrpa.org



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What Just Hit Us?

LOCAL: SBRPA's President's Message



Betty L. Jeppesen Esq.

These are dire times but we WILL get through this together!

California started out the year with a 6 billion dollar budget surplus and as of now has a budget deficit of 54 billion dollars.

On a positive note, we are in the latter stages of phase 2!

Here are this month's updates.

1. State of the Courts.

As I write this month's President's Message, I have just attended a Zoom Town Hall with Darrel Parker, the Superior Court's Chief Executive Officer, Presiding Judge Michael Carrozzo and staff with 147 attorneys in attendance concerning the state of the local courts.

With permission from attorney, Diana Lytel, I quote here her excellent summary of the meeting:

"The Town Hall was well attended by over 147 people via Zoom. The court responded to over 35 questions submitted prior to the meeting. Judge Carrozzo began by stating that the court has a plan in place (which is available on the court website) but there will be changes almost immediately. Society is looking to the judicial branch which includes us, to guide us through this difficult time.

Darrell Parker, our court executive officer, then provided a brief update on the operations side of things. There will be an increased use of Courtcall and Zoom. The court is establishing protocols around the use of these platforms and posting procedures on the website. The court is reminding everyone participating in these conferences to make sure you are in a quiet place and have tested your signal strength prior to the call. Also, obviously – decorum.

Next Parker discussed how we ensure social distancing and safety in courtrooms. They have determined max occupancy in all courtrooms and are setting limits in those courtrooms. This is going to cause matters to be scheduled throughout the day and is going to spread things out. Also put in place is screening at the Anacapa Division such as temperature monitoring of all people coming into the courthouse. Anyone over 100.4 degrees will not be able to enter the courthouse. Lastly, he discussed budgetary concerns. The state went from a \$6

billion surplus to a \$54 billion loss and the court is going to have to shoulder some of that burden. We are going to see \$1.5-2 million in cuts in the next fiscal year. As early as July, we are going to see the effects.

From there the submitted questions were answered and the responses will be posted to the website. Salient points:

- *Judges will be using Courtcall and Zoom at their discretion.*
- *Civil cases are being rescheduled from June 8th onward on a first missed, first rescheduled basis, based on court availability*
- *Proposed Orders must be submitted with a Stipulation and court may or may not grant all or part of the stipulation.*
- *Aside from Commissioner Foley – all courtrooms will have Zoom capabilities – May 26th for criminal and June 8th for civil. You cannot use photos instead of being live.*
- *Clients may participate with us from our office or via telephone if they don't have Zoom capabilities.*
- *Regarding trials*
 - a. *March 17th – May 22nd trial dates will be rescheduled*
 - b. *Unclear as to what happens after May 22nd – up to discretion of judge*
 - c. *Trials will be scheduled to a case management calendar or per the judge*
 - d. *Trials will proceed per the judge.*
- *Court does not plan on being fully operational until Dec. 31st*
- *Missed CMC's during closure will be rescheduled by the court – notice to be sent*
- *Hearings are being conducted now in criminal by Zoom and civil in June*
- *Court is currently rescheduling hearings and sending notices now*
- *Exhibits will be delivered to courtroom prior to hearing and this is being planned out*

- *Self-represented litigants can file a waiver with Courtcall for cost*
- *For non-English speakers – the court has interpreters and requests should be made if one is needed*
- *Court reporters and interpreters are available.*
- *In family law, evidentiary hearings are being rescheduled and court will provide notice*
- *TRO's remain in place until further order of the court. If a party desires a hearing, they can place the matter on calendar. Dates can be requested after May 26th*

The court has requested an additional 30 days of closure from the Chief Justice. Expect an answer by tomorrow – May 22nd.

Clerk's office is not opening until further notice – staff is there and are processing but access is still closed until further notice."

2. Unlawful Detainer Update.

While the California Rules of Court, Rule 1, enacted by the California Judicial Council on April 6, 2020, effective immediately, is still in effect, I have been able to file 2 Unlawful Detainer Complaints for my clients. However, such Complaints can only be filed if, as stated in Rule of Court, Rule 1(b): "the action is necessary to protect the health and safety of the public." Therefore, it is mandatory to prove such status. Declarations from landlords and neighbors to the premises in question will be accepted. Mere recitation of beliefs will not.

The process servers and the Sheriff's Civil Bureau are still not serving process; so, it is necessary to employ private investigators to serve the Summons and Complaint or follow the guidelines of [California Code of Civil Procedure Section 414.10](#) Authorized persons: "A summons may be served by any person who is at least 18 years of age and not a party to the action." Proper service and a properly completed Proof of Service Form must be filed with the Court.

Be aware that the Goleta City Council has enacted severe penalties for landlords who file Unlawful Detainer Complaints for non-payment of rent. In [Ordinance 20-07 U. SECTION 2. Temporary Moratorium on Evictions for Non-Payment of Rent by Residential Tenants Impacted by the COVID-19 Crisis. Section H:](#) "Violation of this Section 2 shall be punishable as set forth in Chapter 2.10 of the Goleta Municipal Code. If an administrative citation is pursued by the City, the amount

of fine for a violation shall be as follows: \$5,000 per occurrence for first violation; \$7,500 thereof per occurrence for second violation and \$10,000 per occurrence for third violation or subsequent violations committed within one year of the first violation."

3. Gradual Re-Opening of Local Businesses.

Also happening as I write this, is the gradual re-opening of businesses. As of May 21, 2020, the County of Santa Barbara received approval from the California Public Health Department to move forward with Stage 2 reopening of businesses. Dine-in restaurants (with modifications), schools and child care, retail stores, shopping malls, some offices, campgrounds and RV parks can re-open.

Higher risk businesses, such as hair and nail salons, barber shops, gyms, churches, and hotels for non-essential stays, are not allowed to re-open until the Governor declares that eligible counties can move forward with Stage 3 plans.

4. Santa Barbara City Council Extends Eviction Moratorium

On May 19th, the Santa Barbara City Council by extended its emergency moratorium on evictions to coincide with the Governor's eviction moratorium. They decided that deferred rent could be repaid in 12 months without interest though it has to be repaid in increments and not all at the end of the 12 month period. They determined that notifications could be made, in addition to all other accepted, written communication also by text messages. The City Attorney's office will be providing bilingual, technical support.

5. Update on the Proposed Ordinance Requiring Just Cause For Residential Evictions And Resolution Establishing Relocation Assistance Payments For No-Fault Just Cause Evictions.

Last month, we published the Ordinance and asked all of you to provide input to City Attorney, Ariel Calonne, by May 15, 2020. Many of you have done so and we thank you for that.

We are publishing the Ordinance again in this month's newsletter because we are informed that this matter will be on the City Council agenda in late June. Keep on the lookout and write to your City Council members with your input. They do read their e-mails.

The letter I wrote prior to the May 15, 2020 deadline appears on page 11.

6. Conclusion.

Stay tuned for the next chapter. It's going to be a page-turner.



Madam Mayor, Members of the City Council and City Attorney, Ariel Calonne,

Thank you for the opportunity to provide input on the Proposed Ordinance Requiring Just Cause For Residential Evictions And Resolution Establishing Relocation Assistance Payments For No-Fault Just Cause Evictions.

1. SECTION 1. B. Question: "The Housing Element also documents that given local housing costs, nearly 44% of all households and almost 50% of renters are overpaying for housing." How was this determined? I recognize that the proposed Ordinance states that this comes from the 2015 Housing Element, but how was it determined that there is overpayment and why does this belong in the proposed Ordinance? Santa Barbara is an expensive city in which to reside and not all people can afford to live here. Rental property owners who have paid a premium to purchase a rental property in Santa Barbara should be entitled to market their rental properties accordingly. Otherwise, there will be disincentive to buy properties for rent in this area and rental units will be lost. Has anyone compared the cost to purchase a condo of a one-bedroom, two-bedroom or three-bedroom size with the cost to rent the same? That would be a more fair comparison to see if renters are really "overpaying" for their units.

2. SECTION 1. D. I see absolutely no reason why Santa Barbara's Ordinance should be in effect longer than provisions the State has mandated. "Forever" is a long time. Having a sunset of 2030 would give Santa Barbara the same opportunity to revisit this Ordinance in 10 years' time to see if it is still needed. 10 years is a long time. What is the reasoning behind the "forever" timeframe? None is given other than to be stricter than the state.

3. 26.50.020: "The owner of a rental unit who issues a termination notice based upon no-fault just cause shall make a relocation assistance payment to each qualified tenant and each special needs tenant in an amount established by resolution of the City Council, or one month's rent plus one dollar, whichever is greater." Does this mean that for a family of 4, each family member will receive the relocation amount as specified? After such careful study has been made of how much it costs to relocate, asking for that amount for moving expenses, utility deposits, rent deposits etc. for the new home does not get multiplied by 4 for such a move. The family pays for one moving company, one set of utility deposits, one rent deposit, etc. Is this an unintended consequence of this Ordinance? Is this wording correct? What is really intended here? Should it be each "household" and not each "tenant?" This is punitive. What is the justification for having a study done to determine relocation costs and then arbitrarily multiplying it by the number of tenants in each unit?

4. 26.50.050: "A. The owner of a rental unit who issues a termination notice based upon no-fault just cause shall make the relocation assistance payment required by this Chapter to the qualified tenant or special needs tenant within 15 calendar days after service of the notice." Why not allow such relocation assistance funds to be first applied to the amount of the last month's rent with any remaining amount to be paid to the tenant? That way, a rental property owner would be assured of receiving his/her last month's rent and not have to issue a 3 Day Pay or Quit and start an At Fault Unlawful Detainer lawsuit based on non-payment of rent? I can certainly see the latter happening and why not? That is only fair. If no rent is paid, a 3-Day Pay or Quit should issue. A rental property owner should not have to pay both relocation costs and suffer the additional cost of non-payment of rent for the last month of tenancy.

5. 26.50.070 A. 2.: "No-fault just cause is any of the following: a. Intent to occupy the rental unit by the owner or their spouse, domestic partner, children, grandchildren, parents, or grandparents if a provision of the lease allows the owner to terminate the lease when the owner, or their spouse, domestic partner, children, grandchildren, parents, or grandparents, unilaterally decides to occupy the rental unit."

What happens if the rental agreement is silent on this issue?

6. I understand this to be an urgency ordinance but if it is made permanent, how can it be an urgency ordinance?

Thank you again.

Sincerely,

Betty L. Jeppesen
President of SBRPA"

FOR COMMENT

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ORDINANCE NO. _____

AN ORDINANCE OF THE COUNCIL OF THE CITY OF SANTA BARBARA AMENDING THE SANTA BARBARA MUNICIPAL CODE BY THE ADDITION OF CHAPTER 26.50 PERTAINING TO JUST CAUSE FOR RESIDENTIAL EVICTIONS

THE CITY COUNCIL OF THE CITY OF SANTA BARBARA DOES ORDAIN AS FOLLOWS:

SECTION 1. Findings and Determinations. The City Council finds and determines

as follows:

- A. Safe, decent, and sanitary housing is a human right.
- B. The City Council reaffirms its General Plan Housing Element goal, first stated in 2005, of “ensuring affordable housing opportunities for all economic levels in the community, while protecting the character of established neighborhoods.” (2015 Housing Element, p.57.) The City Council also recognizes that providing a wide range of housing options is important to maintain an economically viable and socially diverse population, and to retain and house the City’s local workforce. The City’s General Plan Housing Element identifies renter-occupied housing units as comprising nearly 60% of the housing available in the City. (2015 Housing Element, p.26.) The Housing Element also documents that given local housing costs, nearly 44% of all households and almost 50% of renters are overpaying for housing. (2015 Housing Element, p.50.) Both the total percentage of City renters and the percentage of renters overpaying for housing are higher than statewide averages. Therefore, the City Council desires to establish reasonable protections for City residents living in rental housing that recognize the important role that rental housing plays in the provision of affordable housing.

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- C. The Tenant Protection Act of 2019 (Stats. 2019, ch. 597; “AB 1482”) established statewide just cause eviction and relocation assistance protections for residential tenants, but also authorized cities to enact more protective local regulations which supersede state law.

- D. The regulations enacted by this Ordinance are more protective than the provisions of Civil Code Section 1946.2. The City Council makes this binding finding because this Ordinance provides higher relocation assistance amounts than state law. In addition, this Ordinance provides additional tenant protections by making permanent the temporary protections provided under AB 1482, which would otherwise sunset in 2030.

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SECTION 2. Title 26 of the Santa Barbara Municipal Code is amended by the addition of Chapter 26.50 to read as follows:

**Chapter 26.50
Just Cause for Residential Evictions**

Section 26.50.010 Just Cause for Residential Evictions.

Section 26.50.020 Relocation Assistance Payments for No-Fault Just Cause Evictions.

Section 26.50.030 Applicability.

Section 26.50.040 Just Cause Eviction Notice Requirements.

Section 26.50.050 Relocation Assistance Payment Requirements.

Section 26.50.060 Remedies.

Section 26.50.070 Definitions.

26.50.010 Just Cause for Residential Evictions.

A. The owner of a rental unit shall not terminate the tenancy of a qualified tenant without just cause stated in full in the termination notice.

B. Just cause includes at-fault just cause or no-fault just cause as defined in Section 26.50.070.

26.50.020 Relocation Assistance Payments for No-Fault Just Cause Evictions.

The owner of a rental unit who issues a termination notice based upon no-fault just cause shall make a relocation assistance payment to each qualified tenant and each special needs tenant in an amount established by resolution of the City Council, or one month's rent plus one dollar, whichever is greater.

26.50.030 Applicability.

This Chapter applies to all rental units except:

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A. Transient and tourist hotel occupancy as defined in Civil Code Section 1940(b).

B. Housing accommodations in a nonprofit hospital, religious facility, extended care facility, licensed residential care facility for the elderly, as defined in Section 1569.2 of the Health and Safety Code, or an adult residential facility, as defined in Chapter 6 of Division 6 of Title 22 of the Manual of Policies and Procedures published by the State Department of Social Services.

C. Dormitories owned and operated by an institution of higher education or a kindergarten and grades 1 to 12, inclusive, school.

D. Housing accommodations in which the tenant shares bathroom or kitchen facilities with the owner who maintains their principal residence at the rental unit.

E. Single-family owner-occupied residences, including a residence in which the owner-occupant rents or leases no more than two units or bedrooms, including, but not limited to, an accessory dwelling unit or a junior accessory dwelling unit.

F. A duplex in which the owner occupied one of the units as the owner's principal place of residence at the beginning of the tenancy, so long as the owner continues in occupancy.

G. Housing that has been issued a certificate of occupancy within the previous 15 years.

H. A rental unit that is alienable separate from the title to any other dwelling unit, provided that both of the following apply:

1. The owner is not any of the following:

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- a. A real estate investment trust, as defined in Section 856 of the Internal Revenue Code.
- b. A corporation.
- c. A limited liability company in which at least one member is a corporation.

2. a. The tenants have been provided written notice that the residential property is exempt from this section using the following statement:

“This property is not subject to the rent limits imposed by Section 1947.12 of the Civil Code and is not subject to the just cause requirements of Section 1946.2 of the Civil Code. This property meets the requirements of Sections 1947.12 (d)(5) and 1946.2 (e)(8) of the Civil Code and the owner is not any of the following: (1) a real estate investment trust, as defined by Section 856 of the Internal Revenue Code; (2) a corporation; or (3) a limited liability company in which at least one member is a corporation.”

- b. For a tenancy existing before the effective date of this Chapter, the notice required under subparagraph a. may, but is not required to, be provided in the rental agreement.
- c. For any tenancy commenced or renewed on or after the effective date of this Chapter, the notice required under subparagraph a. must be provided in the rental agreement.

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- d. Addition of a provision containing the notice required under subparagraph a. to any new or renewed rental agreement or fixed-term lease constitutes similar other terms for the purposes of Section 26.50.070 A. 1.e.

1. Housing restricted by deed, regulatory restriction contained in an agreement with a government agency, or other recorded document as affordable housing for persons and families of very low, low, or moderate income, as defined in Section 50093 of the Health and Safety Code, or subject to an agreement that provides housing subsidies for affordable housing for persons and families of very low, low, or moderate income, as defined in Section 50093 of the Health and Safety Code or comparable federal statutes.

26.50.040 Just Cause Eviction Notice Requirements.

- A. The written notice to terminate tenancy shall state in full the facts and circumstances constituting the at-fault just cause or no-fault just cause for termination.
- B. A written notice to terminate tenancy based upon no-fault just cause shall be accompanied by a supplemental notice informing the tenant of their right to and the amount of a relocation assistance payment required by this Chapter.
- C. Before the owner of a rental unit issues a notice to terminate a tenancy for just cause that is a curable lease violation, the owner shall first give notice of the violation to the tenant with an opportunity to cure the violation pursuant to paragraph (3) of Section 1161 of the Code of Civil Procedure. If the violation is not cured within the time period set forth in the notice, a three-day notice to quit without an opportunity to cure may thereafter be served to terminate the tenancy.

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26.50.050 Relocation Assistance Payment Requirements.

- A. The owner of a rental unit who issues a termination notice based upon no-fault just cause shall make the relocation assistance payment required by this Chapter to the qualified tenant or special needs tenant within 15 calendar days after service of the notice.
- B. If a qualified tenant or special needs tenant fails to vacate after the expiration of the notice to terminate the tenancy, the actual amount of any relocation assistance paid shall be recoverable as damages in an action to recover possession.
- C. A tenant is not entitled to relocation assistance if any government agency or court determines that the tenant is at fault for the condition or conditions triggering an eviction order or need to vacate under Section 26.50.070 A, 2, c.

26.50.060 Remedies.

- A. Failure to provide each of the notices required by this Chapter shall be a defense to any unlawful detainer action.
- B. Failure to include all required information in the notices required by this Chapter shall be a defense to any unlawful detainer action.
- C. Failure to make a relocation assistance payment in a timely manner shall be a defense to any unlawful detainer action.
- D. Any violation of this Chapter shall entitle the aggrieved tenant to actual damages according to proof and costs and attorney's fees.

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- E. The City Attorney is authorized to enforce this Chapter. The City Attorney is further authorized to bring actions for injunctive relief on behalf of the city.

26.50.070 Definitions.

As used in this Chapter, the following terms have the meanings set forth in this section:

- A. **Just cause** means at-fault just cause and no-fault just cause, as follows:
 - 1. At-fault just cause, which is any of the following:
 - a. Default in the payment of rent.
 - b. A breach of a material term of the lease, as described in paragraph (3) of Section 1161 of the Code of Civil Procedure, including, but not limited to, violation of a provision of the lease after being issued a written notice to correct the violation.
 - c. Maintaining, committing, or permitting the maintenance or commission of a nuisance as described in paragraph (4) of Section 1161 of the Code of Civil Procedure.
 - d. Committing waste as described in paragraph (4) of Section 1161 of the Code of Civil Procedure.
 - e. The tenant had a written lease that terminated on or after the effective date of this Chapter, and after a written offer from the owner, the tenant has refused to execute a written extension or renewal of the lease for an additional term of the same duration at the same rent and with similar other terms, provided that those terms do not violate this Chapter or any other provision of law.

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SHOWING CHANGES FROM CURRENT CODE

- f. Criminal activity by the tenant on the rental unit, including any common areas, or any criminal activity or criminal threat, as defined in subdivision (a) of Section 422 of the Penal Code, on or off the rental unit, that is directed at any owner or agent of the owner of the rental unit.
- g. Assigning or subletting the premises in violation of the tenant's lease, as described in paragraph (4) of Section 1161 of the Code of Civil Procedure.
- h. The tenant's refusal to allow the owner to enter the rental unit as authorized by Sections 1101.5 and 1954 of the Civil Code, and Sections 13113.7 and 17926.1 of the Health and Safety Code.
- i. Using the premises for an unlawful purpose as described in paragraph (4) of Section 1161 of the Code of Civil Procedure.
- j. The employee, agent, or licensee's failure to vacate after their termination as an employee, agent, or a licensee as described in paragraph (1) of Section 1161 of the Code of Civil Procedure.
- k. When the tenant fails to deliver possession of the rental unit after providing the owner written notice as provided in Civil Code Section 1946 of the tenant's intention to terminate the hiring of the real property, or makes a written offer to surrender that is accepted in writing by the landlord, but fails to deliver possession at the time specified in that written notice as described in paragraph (5) of Section 1161 of the Code of Civil Procedure.
2. No-fault just cause is any of the following:
- a. Intent to occupy the rental unit by the owner or their spouse, domestic partner, children, grandchildren, parents, or grandparents if a provision of the

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- lease allows the owner to terminate the lease when the owner, or their spouse, domestic partner, children, grandchildren, parents, or grandparents, unilaterally decides to occupy the rental unit.
- b. Withdrawal of the rental unit from the rental market.
- c. The owner complying with any of the following:
- i. An order issued by a government agency or court relating to habitability that necessitates vacating the rental unit.
- ii. An order issued by a government agency or court to vacate the rental unit.
- iii. A local ordinance that necessitates vacating the rental unit.
- d. Intent to totally demolish or to substantially remodel the rental unit.
- B. **Owner** means owner as defined in Civil Code Section 1954.51.
- C. **Qualified tenant** means a tenant who has continuously and lawfully occupied a rental unit for 12 months.
- D. **Rental unit** means any unit in any real property, regardless of zoning status, including the land appurtenant thereto, that is rented or available for rent for residential use or occupancy (regardless of whether the unit is also used for other purposes), together with all housing services connected with use or occupancy of such property, such as common areas and recreational facilities held out for use by the tenant.

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E. **Special needs tenant** means a qualified tenant: i) who is 62 years of age or older, or ii) who is disabled within the meaning of Section 295.5 of the Vehicle Code, or iii) who is a parent or legal guardian residing with their child or children in the rental unit.

F. **Substantially remodel** means the replacement or substantial modification of any structural, electrical, plumbing, or mechanical system that requires a permit from a governmental agency, or the abatement of hazardous materials, including lead-based paint, mold, or asbestos, in accordance with applicable federal, state, and local laws, that cannot be reasonably accomplished in a safe manner with the tenant in place and that requires the tenant to vacate the rental unit for at least 30 days. Substantial remodeling does not include cosmetic improvements, including painting and decorating, minor repairs, routine maintenance, or other work that can be performed safely without having the rental unit vacated.

G. **Tenant** means any renter, tenant, subtenant, lessee, or sublessee, or person entitled to occupy a rental unit, or any other person entitled to the use or occupancy of such rental unit, or any successor of any of the foregoing.

SECTION 3. Severability. If any section, subsection, subdivision, paragraph, sentence, clause or phrase of this Chapter or any part hereof is for any reason held to be unconstitutional, such decision shall not affect the validity of the remaining portions of this Chapter of any part hereof. The City Council declares that it would have passed each

STAFF DRAFT 04/21/20
SHOWING CHANGES FROM CURRENT CODE

section, subsection, paragraph, sentence, clause or phrase hereof, irrespective of the fact that any one (1) or more sections, subsections, subdivisions, paragraphs, sentences, clauses or phrases be declared unconstitutional.

SECTION 4. The City Council finds that, on the basis of the whole record and exercising its independent judgment, this Ordinance is not subject to environmental review pursuant to the State Guidelines for Implementation of the California Environmental Quality Act Sections 15060(c)(3) pertaining to activities that will not result in a direct or reasonably foreseeable indirect change to the environment and that are not defined as a project under Section 15378. This Ordinance has no potential for resulting in physical change to the environment directly or indirectly in that it merely regulates existing physical development.



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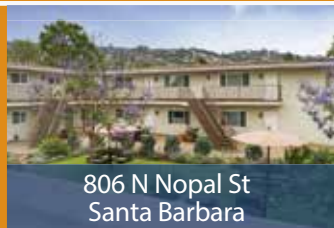
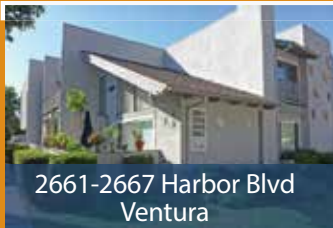
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What Just Hit Us?

LOCAL: Santa Barbara Happenings



Terry Bartlett

Santa Barbara City Council Votes to Allow Tenants up to One Year to Pay Deferred Rents

With the eviction protections provided for in Governor Gavin Newsom's recent Executive Orders set to expire on May 31, 2020, the Santa Barbara City Council recently voted 7-0 to afford additional protections to residential and commercial tenants.

The City Council's Temporary Eviction Moratorium Ordinance No. 5941 (TEMO) is also set to expire on May 31, 2020, but the Council voted to delay its expiration until the ultimate expiration of Executive Order N-28-20 (which authorized the TEMO), including any extensions of N-28-20. City Attorney Ariel Calonne indicated that this would provide Santa Barbara tenants the maximum protection allowed by law.

The City Council also voted to allow residential and commercial tenants up to one year to pay back all deferred rents due to the COVID-19 pandemic. Tenants would have a minimum of six months and a maximum of 12 months to pay back missed rents. Some commercial property managers do not think they should be included in this rent moratorium and deferral plan because they have already been successful in working with their tenants to create an acceptable financial arrangement.

Santa Barbara is seeking to protect tenants. Landlords, even mom and pops, are left without income to pay their lenders, insurance, property taxes, and maintenance expenses. If there is added relief for tenants, some relief for landlords is essential. The problem is that the City does not control lenders, insurers, property taxes, or maintenance costs so they are ignoring them.

At the time of publication, a formal Ordinance defining the additional eviction protections was not yet in place, but an emergency Ordinance was expected to be signed at the May 19, 2020 meeting.

California Assemblymember Introduces Eviction Prohibition and Rent-Cutting Measure



(Assemblymember Ting, Noozhawk photo)

Assemblyman Ting has proposed a Bill (AB 828) that poses a threat to both property owners and the rental market.

AB 828 would prohibit evictions and judicial foreclosures on residential property until 15 days after the expiration of the State of Emergency. The lenders who are not paid can still utilize non-judicial foreclosure, (i.e. where a trustee sells your property for failure to make payments as due). This is not addressed in the proposed legislation.

AB 828 will also, in certain circumstances, allow defaulting tenants to seek relief in California courts. This relief would be in the form of a court ordered payment plan (with up to a 25% decrease in rental payments) that would be in place for 12 months. The court would enter this order when it determines that the tenant's inability to stay current on rent is the result of increased costs in household necessities or decreased household income attributed to COVID-19.

These restrictive provisions, and others, would be in effect until 15 days after State of Emergency's expiration or January 1, 2021 (whichever is sooner). As of now it is unclear when the State of Emergency will be lifted. However, it will likely be at least several months if not more. With property owners already facing rent moratoriums, these increased regulations will likely force some property owners out of business or cause conversion of rental properties to other uses, ultimately decreasing the amount of available housing. This bill is still being reviewed. If you are concerned about how this may affect you or the economy as a whole you should contact your state representative

Continued on page 21

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A Possible Jump-Start to Reopening Santa Barbara County?



(Photo sm.edu, Brian Goebel)

If and when California's stay at home order ends, Brian Goebel, founder of the nonpartisan 2040 Matters, a Santa Barbara based public policy agency, provides insight into a possible framework for how Santa Barbara County can reopen while still protecting public health. The START Guide suggests a phased reopening in which the parts of the population that are less vulnerable can return to public life. The stay at home order would be then be replaced with local measures.

The START Guide provides four propositions. First, there would be no essential and non-essential business, but rather restrictions based on risk level. Children in grades K-12, for example, are included in the low risk group and would be able to return to at least a modified school schedule. Second, given the number of mild cases of COVID-19, this model suggests that hospitalizations should be the determinant for reopening instead of confirmed cases. Third, the plan includes an expansion of dedicated shopping hours for the most vulnerable residents. Lastly, the START guide calls for at least 30 days between the start of each phase, but Goebel suggests that the county should be able to transition to new phases sooner based on the trajectory of the virus.

The prolonged stay at home order has come at great cost to the economy. With businesses closing, unemployment rising, and tax revenues decreasing, it is crucial that the County of Santa Barbara reopen.

Unleash the Entrepreneurs Santa Barbara County Needs to Build a Post-Coronavirus Economy: A History Lesson in Success

The rapid spread of COVID-19 has had an unprecedented effect on both the local and global

economy. The unemployment rate as of April hit 14.7%, the highest it has been since the Great Depression. Analysts are expecting it to take years to return to previous 3.5% unemployment rate.

In order for entrepreneurs to be a valuable resource for the economy, the government should decrease regulations put on small businesses. Local regulations currently discourage entrepreneurship through lengthy permitting, licensing and regulatory processes.

We need some sort of across-the-board regulatory suspension, like post WWII Germany. In 1948 West Germany began a plan of deregulation which eventually lead to significant economic revival and growth. West Germany built a huge success. Despite receiving far less in aid than other countries, like Great Britain, the West German economy grew much faster than those countries that received large amount of aid.

The Courts Will Let The Government Move Fast in a Crisis, but not Forever.

From a recent Texas Supreme Court case:

"Any government that has made the grave decision to suspend the liberties of a free people during a health emergency should welcome the opportunity to demonstrate—both to its citizens and to the courts—that its chosen measures are absolutely necessary to combat a threat of overwhelming severity. The government should also be expected to demonstrate that less restrictive measures cannot adequately address the threat. Whether it is strict scrutiny or some other rigorous form of review, courts must identify and apply a legal standard by which to judge the constitutional validity of the government's anti-virus actions. When the present crisis began, perhaps not enough was known about the virus to second-guess the worst-case projections motivating the lockdowns. As more becomes known about the threat and about the less restrictive, more targeted ways to respond to it, continued burdens on constitutional liberties may not survive judicial scrutiny."

"Ideally, these debates would play out in the public square, not in courtrooms. No court should relish being asked to question the judgment of government officials who were elected to make difficult decisions in times such as these. However, when constitutional rights are at stake, courts cannot automatically defer to the judgments of other branches of government. When properly called upon, the judicial branch must not shrink from its duty to require the government's anti-virus orders to comply with the Constitution and the law, no matter the circumstances."

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What Just Hit Us?

STATE: CalRHA's President Message



Sid Lakireddy

As every facet of California continues to be financially impacted by this global pandemic, CalRHA is squarely focused on getting legislators' attention on the plight of rental housing providers, especially small rental housing providers dependent on rental payments to keep their livelihood intact. To continue doing this, it is critical that we get you to help us and stay involved throughout the process.

The legislature came back this month with a heavy focus on the COVID-19 crisis. One of the bills we are strongly opposing is Assemblymember Phil Ting's AB 828. Claiming to be assistance for renters during the crisis, the bill would heavily impact rental housing providers and provide renters additional financial protections in addition to Governor Newsom's moratorium on evictions. If legislation like this goes through, many property owners could lose their property to large corporations, putting the renters at risk of losing their homes.

We are offering a better more holistic and proposing the state enact a Renter Assistance Program (RAP) to be funded with federal money from the CARES Act back in late March. This would help provide financial support to some renters who may need it while also helping reduce the financial strain of rental property owners.

In April, we received considerable amount of press coverage sharing the plight and perspective of our members struggling during this crisis. These personal stories are making a difference by sharing specific examples on what rental housing providers are doing for their tenants and how we are all impacted by this crisis.

Last month we also held two virtual Zoom press conferences. Our first one was to introduce our RAP proposal and the second focused on Los Angeles area small property owners. These press conferences are making a difference. For example, after receiving our media advisory about our press conference, a reporter asked Governor Newsom about his plan for small rental property owners. The news outlet responsible for asking that question joined our press conference and that night reported on the plight on small rental housing providers in a feature story. Furthermore, we garnered interest from key legislators who also listened into our press conference and have expressed interest in working with us on our issues. Thank you to everyone who participated and helped make that happen.

To keep our momentum rolling, we need your help and support.

First, please contact your city or county to inquire about Community Development Block Grants from the U.S. Housing and Urban Development Department. This money could be useful in funding renters impacted by economic distress.

Second, make sure to sign up and get your networks to sign up for the Californians to Protect Affordable Housing campaign to stop Michael Weinstein's second attempt to pass statewide rent control.

Stay safe and stay informed!

For more info: <https://cal-rha.org/may-news-updates/>



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What Just Hit Us?

STATE: CalRHA's Legislative Update

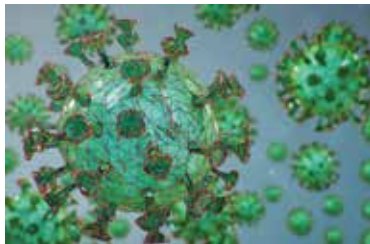


Chris Zraggen

May 15, 2020

The California Legislature has returned to Sacramento. The Assembly reconvened on May 4th, and the Senate reconvened on May 11th. While members are back in Sacramento, the daily proceedings are vastly different from what they were prior to the COVID-19 pandemic. Assembly and Senate leadership have scheduled various committee hearings, however, they are required to be done in a socially distanced manner. Committee rooms that were once jam packed with members of the public eager to provide testimony, have been replaced with a conference call line, and online webcasts. Members are required to sit at least 6 feet away from one another, and only a select number of people from the public are allowed to attend the hearings in person. Only one staff member for each legislator is allowed to come into the Capitol each day. Needless to say, the once bustling halls of the state capitol have now grown eerily quiet.

Daily proceedings are not the only dramatic change that lawmakers must grapple with as we navigate our way through this pandemic. Under the direction of



leadership, many members have significantly scaled back their legislative bill packages. With uncertainty surrounding tax revenue, the Legislature and the Governor's office have agreed that it would be unwise to significantly expand state spending. In addition to requesting that individual members reduce the number of bills this year, the Assembly and Senate leadership have also directed committee chairs to significantly reduce the number of bills that their committees hear. To this end, only high-profile bills addressing COVID-19 and a number of other hotly contested issues, including housing and wildfires, will be heard in committees.

Even though the main focus in Sacramento is on COVID-19, housing continues to be a high priority issue in the Legislature. Several bills have been introduced to provide relief to renters who are adversely impacted by COVID-19. SB 1410, by Senator Lena Gonzalez was recently amended to provide a renter's assistance program for tenants who are unable to pay all or any part of their rent between April 1, 2020 and October 31, 2020 due to COVID-19. This bill would authorize property owners to participate in the program, and would pay them 80% of the amount of rent owed. If the property owner agrees to participate in the program they would not be allowed to demand the lost 20% from the tenant.



Senator Lena Gonzalez

Another bill that was recently amended is SB 1431, authored by Senator Steve Glazer. This bill would expand the provisions in current law that authorizes County Supervisors to reassess property tax value to include damage or destruction of property due to a misfortune in an area or region that has been declared to be in a state of emergency by the governor. This bill specifically includes "misfortune or calamity" that has been caused by the COVID-19 pandemic.



Senator Steve Glazer

While the Legislature was adjourned for over 7 weeks, Governor Newsom remained in Sacramento

Continued on page 27

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STATE: CalRHA Legislative Update

working. Given the massive decrease in state revenue, the Department of Finance has notified all Departments and Agencies in the state that they should not anticipate any additional funding that was included in the January Budget. The Department of Finance released a rare fiscal update in early May, estimating that California faces a \$54.3 billion deficit due to the coronavirus' impact on the state's economy. The Legislative Analyst's Office had a smaller estimate of a \$31 billion deficit over the next 14 months, but regardless of the estimate one thing is clear; California is heading to a recession.



Governor Newsom

On May 7th, Governor Newsom also provided a public health guidance for regions of the state to begin reopening. Retail businesses will be allowed to reopen for curbside service, and manufacturing warehouses will also be allowed to resume. Other higher-risk businesses

will remain closed for the time being, however, California is moving in the right direction towards reopening, albeit slowly. Criticism has befallen Newsom as counties analyze the benchmarks that he has established to reopen the state faster. Many counties fail these benchmarks including one requiring zero deaths over the past 14 days

and another requiring that there be no more than one case per 10,000 residents over that same period of time. According to the Los Angeles Times, 95% of Californians live in counties that don't meet that standard.



On Wednesday May 6th, the Governor issued Executive Order N-61-20 which authorized counties to waive late penalties, fees and interest

for many homeowners and small business owners who are unable to pay their property taxes because of the coronavirus. This relief extends through May 6, 2021. CalRHA has advocated for property tax relief because of the hardships that are placed on property owners due to COVID-19. The governor's executive order goes further than what most counties had expected because it extends into next year.

With the Legislature's return to session we can expect a more collaborative process between them and the Governor. For over 7 weeks, Governor Newsom has been the sole point of contact and point of action on the COVID-19 pandemic. The Legislature has been eager to return to work and have input on the state's actions to combat the pandemic. CalRHA remains heavily engaged in the Legislative process as policy is shaped around the COVID-19 pandemic and the housing crisis.



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A LANDLORD'S DUTY OF CARE TO THIRD PARTIES REGARDING DANGEROUS ANIMALS

All too frequently we come across media reports of animal attacks, mostly dog bites, in residential communities. Some of these tragedies result in litigation, and eventually legal doctrines regarding the duty of care and potential liability of various parties involved, including landlords. It may come as a surprise to learn that the duty of the landlord/property owner for tenants can extend to conditions



that originate off-site and affect the tenant on site. The best course of action to take when you learn of a dog with propensity to bite or chase, or any dangerous animal coming onto your

property, is to advise your tenants of the condition. Landlords should identify whether the problem dog is listed on the tenant's rental application or lease, as that may affect the landlord's liability as well as their ability to remove the dog. Furthermore, it may be that you will need to contact an adjoining property owner who has a dog that poses a threat, or call animal control to remove wildlife such as mountain lions. Once aware of a situation, it does not help to just ignore it. The dog is not going to go away by itself.

Under the theory of liability reviewed in *Rowland v. Christian* (1968) 69 Cal.2d 108, a landlord may be held liable for injuries inflicted by a tenant's dog if the landlord has knowledge of the danger and sufficient control as to make it possible to protect against it (*Uccello v. Laudenslayer* (1975) 44 Cal.App.3d 504; *Portillo v. Aiassa* (1994) 27 Cal.App.4th 1128 [commercial landlord has duty of reasonable inspection for presence of dangerous dogs; landlord cannot avoid liability by failing to inspect and claiming that he or she had no actual knowledge of dog's dangerous propensities]; *Donchin v. Guerrero* (1995) 34 Cal.App.4th 1832, [landlord may be liable for off-site dog bites caused by tenant's dog, provided that bites result from failure to exercise proper control over tenant's premises; citing *Uccello*].)

The general duty of care owed by a landowner in the management of his or her property can change when the premises are let because the landlord is not in possession, and usually lacks the right to control the tenant and the tenant's use of the property. Consequently, a landlord does not owe a duty of care to protect a third party from his or her tenant's dog unless the landlord has actual knowledge of the dog's dangerous propensities, and the ability to control or prevent the harm (*Yuzon v. Collins* (2004) 116 Cal.App.4th 149, 152, "[i]n general, courts have imposed a duty to prevent the harm caused by a third party's animal when a defendant possesses the means to control the animal or the relevant property and can take steps to prevent the harm".)

The control element is critical to the imposition of tort liability, and such liability can be imposed on property owners even when animals owned by service providers and workmen injure third parties (See *Salinas v. Martin* (2008) 166 Cal.App.4th 404, [liability found against property owner where landscaper's dog attacked and injured another workman on the property.]). In *Salinas*, the court reasoned that because the property owner permitted the landscaper to let the dog run loose in the yard, knew it was a dangerous breed and "guard dog," and had full control of the premises (the property was under renovation so no tenant was in occupancy), that tort liability should be imposed (*Id.* at 416).

"[A] duty of care may not be imposed on a landlord without proof that he knew of the dog and its dangerous propensities. Because the harboring of pets is such an important part of our way of life and because the exclusive possession of rented premises normally is vested in the tenant, actual knowledge and not mere constructive knowledge is required. For this reason "... a landlord is under no duty to inspect the premises for the purpose of discovering the existence of a tenant's dangerous animal; only when the landlord has actual knowledge of the animal, coupled with the right to have it removed from the premises, does a duty of care arise." (*Chee v. Amanda Goldt Property Management* (2006) 143 Cal.App.4th 1360). Based on this case, whether a

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According to the CDC and ASHRAE, HVAC systems can play a vital role in mitigating the spread of diseases like COVID-19. While an air filter can help trap dirt and germs, it will NOT kill germs or viruses. If you are changing your own air filter and you suspect or know someone in your home has been diagnosed with COVID-19, please take precautions: wear gloves and a face mask, have a plastic bag ready to dispose of the used filter, turn off the system, carefully remove the used filter, place it in the plastic bag, tape it shut and place it in an outside trash bin.

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dog is specifically listed on a lease or addendum could impact the landlord's liability. If the dog is listed on the lease, and especially if it is a breed with more aggressive characteristics, it is much easier to claim the landlord had "actual knowledge" of the dangerous dog. However, it is also more difficult to claim the landlord had the "right to have the dog removed" because the dog was specifically provided for in the lease. To avoid confusion, some leases or pet addenda include a specific term that allows the landlord to require a tenant to remove their dog permanently if other tenants complain.

In the more rural areas of our community, the potential for wildlife interactions is very real. While less of a direct threat in California, courts in Florida and Georgia have not been shy to impose liability on property owners for alligator and snake attacks, as those dangerous animals are a part of life in the region. It is important to keep in mind the general theme of landlord liability: foreseeability and control, i.e., was there a potential for danger



known to the landlord, and did the landlord have the ability to eliminate or reduce the risk of harm. Courts in California

may be willing to find landowners liable to third parties, even when a tenant is in possession, in situations where above criteria are found. For example, a property containing a barn might have coyotes, bobcats, and even bears seeking refuge during the winter months, or a history of bats or other disease carrying pests, all of which could be harmful to humans. Lack of attention to these types of issues could result in liability down the road, even were a tenant to take possession and control of the property.

The conclusion: If you know of a situation regarding a dangerous animal, or it is brought to your attention, you need to advise all concerned (tenant, co-owner) of the situation and ask for it to be remedied. If you have questions on these topics and/or need legal advice on these subjects, please call (805) 965-7746 or email David Grokenberger (dmg@grokenberger.com), Michael Brelje (gmb@grokenberger.com), or Scott Soulages (sgs@grokenberger.com) for further discussion.

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What Just Hit Us?

FEDERAL: National Legislation

Summary of Current National Legislative and Regulatory Asks by our National Association



- Create an Emergency Rental Assistance Program for those who are impacted by the crisis and do not already receive federal housing subsidies.
- Clarify the Small Business Administration's Paycheck Protection Program for apartment owners and developers.
- Revise the federal eviction moratorium to be time limited and benefit only those who are negatively impacted by COVID-19.
- Expand mortgage forbearance protections to all multifamily properties, not just those with federally backed mortgages. Align the protection with any local, state, or federal eviction moratorium.
- Implement necessary credit facilities for mortgage servicers and rental property owners using the Federal Reserve's existing authority.
- Provide financial assistance and protection for all property-level financial obligations such as property taxes, insurance payments and utility services.
- Establish a federal economic recovery fund to provide liquidity to businesses impacted by COVID-19 and lessen taxpayer exposure during any future pandemic by enacting the Pandemic Risk Insurance Act to drive the private sector to more fully cover the risk posed to businesses.

Highlights from the HEROES Act – H.R. 6800

On May 12, the House introduced the HEROES Act, a supplemental appropriations measure providing funding for a broad array of programs and agencies including HUD.



The funds would be in addition to current funding for FY20 along with the previous supplemental funding provided in the CARES Act. The bill includes:

Unemployment Extends Federal Pandemic Unemployment Compensation through January 31, 2021. Individuals receiving benefits on that date could continue to receive unemployment compensation to which they are entitled through March 31, 2021.

Rental Assistance Program

- \$100 billion for an Emergency Rental Assistance program that would allocate funding to states, territories, counties, and cities to help renters pay their rent and utility bills during the COVID-19
- The provisions included in the HEROS Act is an important step and we look forward to continuing our work with Congressional leaders to ensure that the funding is distributed in a swift and efficient manner that protects the housing stability of millions of American renters and helps rental property owners of all sizes continue to cover their costs.
- The legislation utilizes the framework of HUD's Emergency Solutions Grant (ESG) program, which currently administers homelessness assistance.
- Assistance would be obtained via the renter, through an agency that the state selects to administer the program. The administering agency would send the payment directly to the landlord, for both past-due and future rent.

Expanded Eviction Moratorium

- Expand the renter protections in the CARES Act's eviction moratorium to apply to all single family and multifamily housing and prohibit late fees and evictions due to nonpayment of rent from proceeding during the covered period.
- Extends the covered period for the existing moratorium for 12 months from the date of enactment. Moratorium remains disconnected in any way to the COVID-19 crisis.
- Prohibits rental housing providers issuing "notices to vacate" due to nonpayment of rent, fees or other charges until after the moratorium ends, and further, providers may not require a resident to vacate the premises until 30 days after the notice is served.

Forbearance

- Expands the availability of mortgage forbearance to all multifamily borrowers for 12 months.
- Aligns mortgage forbearance protections with the proposed eviction moratorium timeline.
- Provides an additional 12 months at the end of forbearance to bring the loan current.
- Prohibits borrowers in forbearance from evicting residents solely for the non-payment of rent but allows necessary evictions to move forward.

FEDERAL: National Legislation (continued)

Credit Facilities

- Establishes a Federal Reserve credit facility using authority under the CARES Act for mortgage servicers to ensure liquidity.
- Establishes a Federal Reserve credit facility/low-interest loan program for rental property owners to temporarily compensate owners for documented financial losses caused by reductions in rent payments. The provision imposes eviction and renter protections, including Source of Income.
- Enhances the Main Street Lending Facility to broaden the availability to small businesses and non-profits.

Payroll Protection Program

- No new funding but extends open date to December 31, 2020.
- Eliminates requirement to spend 75% on payroll.
- Extends repayment of loans from 2 to 5 years.
- Includes all Section 501(c) organizations in the PPP. Any nonprofit with 500 or fewer employees will be able to apply for PPP funds.
- At least 25-percent of PPP funds would go to nonprofits, and at least half of that 25-percent would be reserved for nonprofits under 500 employees.
- PP funds could be stretched over 24 weeks instead of the eight weeks originally passed in the CARES Act.
- Businesses and organizations that receive PPP loans would be allowed to defer payroll tax payments.
- The legislation would direct the Federal Reserve to create a nonprofit-specific program within the Main Street Lending Program.
- Would prohibit loan calculations from including salaries paid to federally registered lobbyists. Further, the HEROES Act would prohibit loans to any Section 501(c)(4) organization that participates in federal, state, or local campaign activities through the 2020 general election.

New Credit Reporting Restrictions

- Suspends negative consumer credit reporting during the COVID-19 pandemic and other declared major disasters plus 120 days.
- Credit score furnishers would be prohibited from implementing new credit scoring models that would lower existing consumer credit scores during the COVID-19 pandemic or during other

major disaster periods. Permanently bans the reporting of medical debt arising out of COVID-19 treatments.

- Provides a temporary moratorium on consumer debt collection during this COVID-19 crisis, and for 120 days thereafter.
- Ensures reasonable forbearance and repayment options for consumers when payments resume following the moratorium provided by Section 402, including simply maintaining the same payment schedule by extending the maturity by the same period of time payments were suspended under Section 402.

Additional Funding

- **Tenant-Based Rental Assistance** – \$4 billion to allow public housing agencies (PHAs) to respond to coronavirus and the ability to keep over 2.2 million families stably housed even when facing a loss of income, including \$1 billion for new, temporary, vouchers for individuals and families who are homeless or at risk of becoming homeless, or fleeing domestic violence. Allows PHAs the flexibility necessary for the safe and effective administration of these funds while maintaining fair housing, nondiscrimination, labor standards, and environmental protections.
- **Community Development Block Grant** – \$5 billion for coronavirus response and to mitigate the impacts in our communities to be distributed by formula to current grantees. The legislation continues to waive the public services cap to allow communities to respond to the impacts of the pandemic.
- **Emergency Rental Assistance** – \$100 billion to provide emergency assistance to help low-income renters at risk of homelessness avoid eviction due to the economic impact of the coronavirus pandemic.
- **Project-Based Rental Assistance** – \$750 million to ensure the continuation of housing assistance for low-income individuals and families living in project-based rental assistance properties, and to ensure housing providers can take the necessary actions to prevent, prepare for, and respond to the pandemic.
- **Homeowner Assistance Fund** -- Provides \$75 billion to states, territories, and tribes to address the ongoing needs of homeowners (including those who own 2-4 unit rental homes) struggling to afford their housing due directly or indirectly to the impacts of the COVID19 pandemic by providing

FEDERAL: National Legislation (continued)

direct assistance with mortgage payments, property taxes, property insurance, utilities, and other housing related costs.

- **Rural Rental Assistance** -- Authorizes \$309 million in supplemental funding for USDA's rental assistance programs, including \$25 million for rural vouchers, to absorb reductions in tenant rent contributions and to provide rental assistance to unassisted households living in USDA subsidized properties who are struggling to pay rent during the COVID-19 pandemic.
- **Housing Counseling Assistance** – \$100 million to enable housing counselors to respond to the surge of demand for services, which include foreclosure and eviction mitigation counseling, in light of the economic impact of the COVID-19 pandemic. The bill allows the purchase of technology and equipment so services can be provided through electronic means.
- **Office of Fair Housing and Equal Opportunity** – \$14 million to address fair housing issues resulting from coronavirus. This includes \$4 million for Fair Housing Organization Initiative grants and \$10 million for Education and Outreach grants to educate the public and the housing industry about fair housing rights and responsibilities during the COVID-19 pandemic.

Tax Provisions – Individuals

- **Recovery Rebates Round 1:** While the CARES Act allowed only dependents under 17 to qualify for \$500 rebates, the proposal would enable all dependents to qualify. Accordingly, households with full-time students who are under 17 and adult dependents would be able to receive \$500 per dependent.
- **Recovery Rebates Round 2:** The proposal would authorize a second round of Recovery Rebates totaling \$1,200 per person (\$2,400 for joint filers). In addition, up to three dependents could be claimed. The rebates would phase out for single filers earning over \$75,000 and married couples earning over \$150,000.
- **Child Tax Credit:** The Child Tax Credit is increased to \$3,000 (\$3,600 for a child under six) for 2020 and made fully refundable. Seventeen-year-old children are also made eligible. The proposal directs the Treasury Secretary to make advanced payments.

Tax Provisions – Business

- **Restoration of Limitation on Excess Business Losses:** The proposal repeals changes made by the CARES Act to suspend the denial of deductibility of excess business losses of a taxpayer other than a corporation for 2018-2020. Excess business losses are treated as net operating losses in the next succeeding taxable year. An excess business loss exists if taxpayer's total deductions from all trades or businesses exceed all income from such trades or businesses, plus \$250,000 (\$500,000 for joint filers). While this provision is in law only through 2025, the proposal would also make it permanent.
- **Net Operating Loss Carryback Limitation:** The CARES Act enables taxpayers to carryback net operating losses incurred in 2018, 2019, or 2020 for five years. The provision would enable losses to be carried back only to taxable years beginning after January 1, 2018. In addition, taxpayers who are limited by executive compensation tax rules or that engage in stock buybacks or dividend distributions over certain limits are deemed ineligible to carryback losses.
- **Employee Retention Tax Credit:** The CARES Act provides a refundable payroll tax credit for 50 percent of wages (up to \$10,000) paid by employers to employees during the COVID-19 crisis. The credit is available to employers whose (1) operations were fully or partially suspended, due to a COVID-19 related shut-down order, or (2) gross receipts declined by more than 50 percent when compared to the same quarter in the prior year. For employers with greater than 100 full-time employees, qualified wages are wages paid to employees when they are not providing services due to the COVID-19-related circumstances. For eligible employers with 100 or fewer full-time employees, all employee wages qualify for the credit, whether the employer is open for business or subject to a shut-down order.

The proposal would increase the credit percentage to 80 percent while increasing the per-employee wage limit to \$15,000. Partial tax credits would be available to employers experiencing gross receipts declining between 10 percent and 50 percent in comparison to the same quarter in the prior year. Finally, a large employer would be redefined to one with more than 1,500 employees and gross receipts of over \$41.5 million in 2019.

FEDERAL: National Legislation (continued)

- **Tax Credit for Employer Expenses:** The proposal establishes a 50 percent refundable payroll tax credit for qualified fixed costs, including rent obligations, covered mortgage obligations, and covered utility payments, for employers subject to a full or partial suspension due to a COVID-19 government order or those who experience a decline in gross receipts of at least 20 percent compared to the same calendar quarter of the preceding year. For each quarter, qualified expenses eligible for this credit are limited to 25 percent of qualified wages or 6.25 percent of 2019 gross receipts, with an absolute maximum of \$50,000. This credit is limited to employers with no more than 1,500 full-time equivalent employees or no more than \$41,500,000 in gross receipts in 2019. Additionally, the credit is phased in for employers with a decline in gross receipts between 10 percent and 50 percent.
- **Paid Sick and Family Leave Credits:** The refundable tax credits available to employers to offset the cost of mandatory paid sick and family leave enacted as part of the Families First Coronavirus Response Act are extended through 2021. Individuals taking leave to care for a child may claim up to \$511 per day as opposed to \$200 per day for the first two weeks of leave. Employers may also claim up to 60 days of credit (instead of 50 days) for paid family leave.
- **Payroll Tax Deferral:** The CARES Act enables taxpayers to defer the employer portion of Social Security tax paid after the date of enactment through 2020. Half is repaid at the end of 2021, and the remainder is repaid at the end of 2022. The proposal would enable taxpayers with forgiven loans as part of the Paycheck Protection Program to defer payroll taxes.
- **Deductibility of Business Expenses for Taxpayers Receiving Paycheck Protection Program Loans:** The provision clarifies that taxpayers receiving Paycheck Protection Program loans do not result in the denial of any deduction or basis of any asset for tax purposes.

Non-HEROES Related Issues

Paycheck Protection Program Update

SBA issued new FAQs on May 13 providing a Safe Harbor for all loans under \$2 million and confirmed all loans in excess of \$2 million will be audited but also eliminated all penalties if proceeds have to be returned.

Recover Fund/Pandemic Risk Insurance

To address revenue losses as a result of COVID-19, where current Business Interruption policies do not provide coverage, NMHC and NAA have joined with other business groups from across the economy to call for the creation of the COVID-19 Business and Employee Continuity and Recovery Fund.

As many states and jurisdictions begin a phased relaxation of COVID-19 related closures and restrictions, businesses have begun to question what protection exists for them against liability claims from employees, customers and the general public who access their facilities. The Senate Judiciary Committee held a hearing to examine the topic and the appropriate role of the federal government.

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What Just Hit Us?

FEDERAL: NAA \$1 of Rent Breakdown



BREAKING DOWN \$1 DOLLAR OF RENT

There exists a misconception that rental housing owners enjoy large margins and can continue operating in the absence of rent payments.

With so much discussion around rent payments during COVID-19, the rental housing industry would like to explain the breakdown of \$1 dollar of rent.

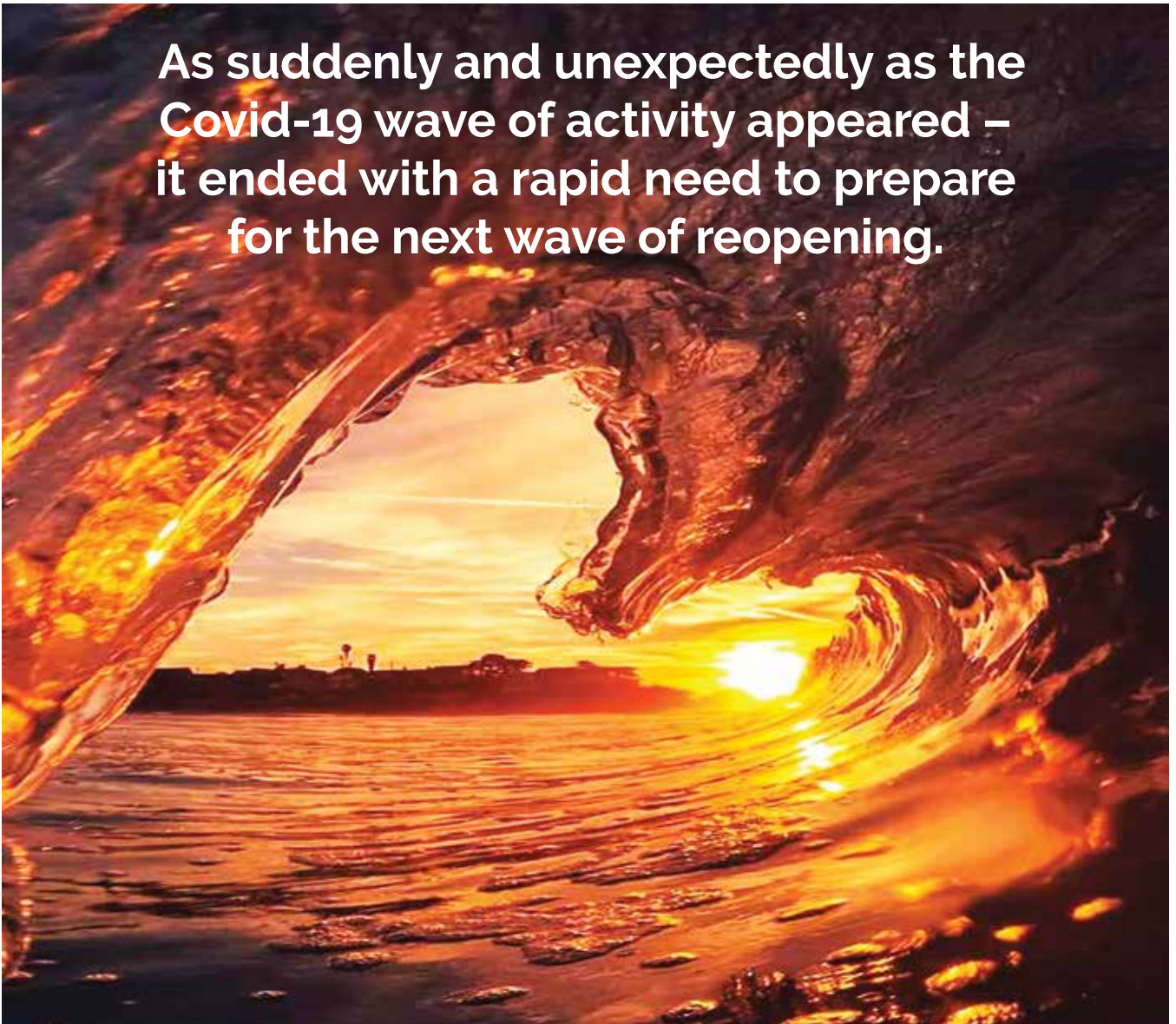


Between mortgage payments and investor returns, which help support many Americans' retirement plans, and dollars put back into the apartment community to ensure quality living for residents, a rent payment is much more important than one might otherwise realize.

Source: National Apartment Association 2019 Survey of Operating Income & Expenses in Rental Apartment Communities; U.S. Census Bureau 2015 Rental Housing Finance Survey; Redstone Residential

A Quick View to the Horizon

As suddenly and unexpectedly as the Covid-19 wave of activity appeared – it ended with a rapid need to prepare for the next wave of reopening.



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Next Steps: What Owners and Operators Should Consider



April 15, 2020

by Stephanie Anderson

We are all still deep in the trenches of adjusting our operations to the challenges presented by the COVID-19 pandemic. It may seem that day-to-day modifications and on-your-toes thinking is the best one can accomplish given the regular changes happening. However, leaders need to begin thinking about post-COVID-19 life and how the forward-thinking decisions made now will have the greatest impact on operations in the future. The following scenarios suggest a range of possible outcomes as the COVID-19 crisis evolves. It is too soon to tell which of these—if any, or others, or some combination—will emerge, but resilient leaders are preparing now for what the future may hold.

The human and financial impact on a company, its residents and its property operations can be devastating if the recovery process is not included in the overall business continuity plan. Checking-in on your employees should be a vital part of your weekly, if not daily, goals. Additional considerations should be given to human resources policies, transitioning employees back to work if moved to remote work and identifying any need for Employee Assistance Programs or counseling. For those employees still serving on the front lines of your business during this time, it's an immediate priority to follow updates from the Centers for Disease Control and Prevention (CDC), government and other public health officials to ensure they are protected and supported as much as possible, even after the pandemic hits its peak.

Deferred maintenance will factor significantly as we emerge from shelter-in-place policies. Filter changes, apartment inspections, delayed capital expenditure projects and postponed service requests are just a few items that may have been delayed as many communities are only responding to emergency requests at

present. Depending on how long the pandemic lasts, what could the long-term effects of this deferred-maintenance have on the asset itself?

Even with a full maintenance staff, it could take months to catch up on the backlog of maintenance, if not longer. Property Meld, a computer software company in South Dakota, has provided data that suggests residents are withholding 22 percent of service requests, while property management firms are prioritizing emergency work resulting in a 32 percent decline of work being completed. As we head into the summer months of HVAC calls, turnover season and potentially re-opening amenities, you will need a plan in place to strategize the maintenance workload once shelter-in-place orders are lifted.

Consideration of resident screening qualifications is another aspect to evaluate. Because of this pandemic, potential residents may suffer financial hardships that can equate to lower credit scores, late payments and possible bankruptcy. To maintain occupancy while also ensuring residents are qualified, should you consider changing your rental criteria to accommodate credit blemishes and poor owner/operator references? If you use a third-party credit screening service, should you consider lowering your scoring model?

If your company executes a credit screening for employment applications, be mindful of any hardships that could have affected a credit report. Top talent is hard to find and even harder to attain; therefore, overcoming the challenge of onboarding talent should be a consideration. It's also important to make note of the recent changes incorporated into available positions that may require a different skill set or personality. Changes could include increase in technology usage, interpersonal skills that require extra attention for distant connecting, and organizational skills that allow prioritization to be at the forefront.

Of course, the priority concern when thinking ahead is the financial and economic impacts that will directly result from COVID-19. Strategic conversations will need to take place to consider how to offset loss of income and unexpected expenses. Watching and anticipating portfolio delinquency will be a large factor, and plans should be put into place to determine how the property mortgage will be paid in the event of negative cash flow. Speaking with your lender as soon as you are aware of financial challenges for making future payments may assist.

Next Steps (continued)

Your company should be familiar with local and federal regulations to include eviction moratoriums for renters. While the easiest areas to cut expenses may turn to resident events, property marketing and employee training, it is advised that your company to be careful on trimming costs that reduce company value. Your employees and residents alike will need more encouragement and motivation in the months to come as they navigate this new normal. Market rent may change as a result of supply and demand in the economy downturn. Renewal lease offers may need to be evaluated with the intent for reduced or no increase to monthly rent instead of the budgeted increase if occupancy is a concern. This will be market-specific and should be evaluated on an ongoing basis. It's important to take emotion out of pricing and build a pricing strategy with a balance of

science and operational expertise. For properties on revenue management platforms, this can still be a solid strategy for pricing if the 2008 recession is any indication of the systems' successes.

Thoughts for continued reflection:

- What would you need to do differently to move your company forward post-pandemic?
- What changes can you make in your daily operations?
- What changes have you made in response to this pandemic that may continue to be implemented to have a greater impact in the future?

National Apartment Association article

Danielle Holzer

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A Quick View to the Horizon

Reopening Re-Opening Office & Amenity Spaces



Best Practices

Date: 5/6/20

Re-Opening Office and Amenity Spaces

Disclaimer: The information provided in this document does not, and is not intended to, constitute legal advice; instead, all information in this report is for general informational purposes only. Information in this document may not constitute the most up-to-date legal or other information. Viewers of this material should contact their attorney to obtain advice with respect to any particular legal matter. No viewer of this material should act or refrain from acting on the basis of information in this document without first seeking legal advice from counsel in the relevant jurisdiction. Only your individual attorney can provide assurances that the information contained herein – and your interpretation of it – is applicable or appropriate to your particular situation. Use of, and access to, this document does not create an attorney-client relationship between the reader and the National Apartment Association (NAA) or any contributing law firms. All liability with respect to actions taken or not taken based on the contents of this presentation are hereby expressly disclaimed.

Purpose: To assist National Apartment Association (NAA) members with safely and effectively re-opening office and community amenity spaces.

Applies to: Regional managers, property managers and all other NAA members involved in onsite operations.

Overview: Large gatherings are a new concern for multifamily housing operators. Pools, fitness centers, clubhouses, dog parks, theaters, playgrounds and other amenities frequently attract large groups, a scenario at odds with current guidance from the Centers for Disease Control and Prevention (CDC) concerning stemming the spread of the COVID-19. While the excitement of re-opening amenity spaces is palatable among many residents, it's important to proceed with extreme care and caution.

The safety of employees and residents should be at the forefront of decision-making. Recently released guidance from the [White House's Guidelines for Opening Up America Again](#) lays out a three-phase program for reopening businesses. However, multifamily housing is unique and other advice to take into consideration should include recommendations from health officials, local jurisdictions and relevant authorities and organizations as they release and refine their own reactivation plans. In addition to these sources, this document is meant to serve as a basis for guidance around re-opening office and amenity spaces within your own company.

Guidance:

1. **Leasing Office** – For leasing offices, staff should follow all municipal, Centers for Disease Control and Prevention (CDC) and local health department protocol concerning opening to the public. Consider creating areas for greeting guests and waiting areas inside the clubhouse/leasing office. Inside the office, social distancing markers should be placed six feet apart. Staff members should be required to wear masks per CDC recommendations when interacting with others. Space out workstations for office staff and rearrange or remove seating to accommodate safe distancing for residents and prospects. Limiting the number of onsite staff that works at one time or limiting office hours may remain in place until the need arises for increased staff or restrictions are reduced. Consider staggering shifts (alternating days for paired teams) for employees until it's advisable to return all employees.

Prospective residents will be allowed in, but the number will be limited depending on available personnel and the size of the leasing office. Prospects/residents may not be required but should be encouraged to wear mask per CDC recommendations. **Some jurisdictions have required masks in**

Reopening Re-Opening Office & Amenity Spaces (continued)

public spaces (e.g., Illinois, Connecticut and Massachusetts). Prospect-tour policies may vary, with many companies continuing to offer an option of “self-guided” tours in addition to in-person standard tours, of which the opportunity may be limited. Others will continue to offer virtual tours if appropriate technology is in place to enable this option. Sharing a golf cart is not advised when adhering to the six-foot rule. Prospects will need to use their own vehicles to tour the property if a walking tour is infeasible.

- 2. Clubhouse** – If your clubhouse has been unoccupied for seven or more days, it will only necessitate normal routine cleaning to reopen the area, as the virus that causes COVID-19 has not been shown to survive on surfaces longer than one week, according to the CDC. Because occupancy for resident events should be limited to fewer than 10 people at a time, it is recommended that virtual events are held instead until these restrictions are reduced or removed at the federal and state levels. Consider reducing operating hours so proper cleaning can take place.

A strong focus by staff should be placed on sanitizing work areas, public areas and commonly touched places (door handles, elevator buttons, etc.) and placing hand sanitizers in common areas. The U.S. Environmental Protection Agency (EPA) released a [list](#) of EPA-registered disinfectant products that are qualified for use against this strain of coronavirus through the agency’s Emerging Viral Pathogen program. The CDC recommends reducing the risk of exposure by making long-term changes to practices and procedures to include reducing the use of porous materials used for seating, leaving doors open to reduce touching by multiple people, opening windows to improve ventilation and removing objects in your common areas such as coffee-creamer containers. If food and/or drinks are offered as refreshments for residents and prospects, consider only offering pre-packaged foods. Elevator button panels should be disinfected at regular intervals throughout the business day.

- 3. Fitness Center** – Opening your fitness center should first address strength and cardio areas, where you can ensure proper social distancing will be observed. Gyms may need to be reconfigured to increase the space between equipment, and capacity limitations should be considered, as well as alternating machine use to maintain rigorous cleaning schedules. Placing markers on the floor to indicate where residents can stand to remain six feet apart will assist in reinforcing the importance of social distancing, especially if your fitness center typically experiences high traffic.

Send an email to residents with new guidelines to include social distancing information, hours of operation, where to sign-up, if applicable, and guidance on sanitizing equipment after use. Because apartment gyms are rarely staffed, buildings would have to trust residents to properly clean the equipment, and this can prove challenging. It is suggested for a contracting company to come in weekly at minimum for a deep cleaning of fitness facilities. Increasing the frequency of daily cleanings is advised and can be achieved by scheduling gym closures throughout the day to allow cleaning crews or your maintenance team to thoroughly clean the equipment and floors. It may be best in the early stages to eliminate 24-hour gym availability to ensure that fitness centers receive a complete cleaning at the end of each day. To avoid risking your warranty coverage, be conscious of the guidance from your equipment manufacturer and their recommended procedures for cleaning and disinfecting. Following instructions ensures that the maintenance schedule is in line with maximizing product life.

- 4. Swimming Pool** – According to the CDC, there is no evidence that the virus that causes COVID-19 can be spread to people through the water in pools, hot tubs, spas or water-oriented play areas. Proper operation and maintenance of these facilities should render the virus incapable of spreading in the water. In addition to ensuring water safety and quality, owners and operators should follow the [interim guidance for businesses and employers](#) for cleaning and disinfecting their community facilities. The pool water is constantly being disinfected by chlorine, but there may be a need for extra disinfecting of items outside of the pool, such as:
 - a. Door handles inside and outside
 - b. Handrails and pool ladders

Reopening Re-Opening Office & Amenity Spaces (continued)

- c. Restroom doors, faucets, sinks, soap and paper towel dispensers, toilet flush levers and baby changing stations
- d. Drink dispensing equipment and water fountains
- e. Light switches
- f. Telephones and emergency shut-off buttons on spas, dials for spa jets

In addition to posting notices that the social distance policy is to be observed at the pool, pool owners may want to limit the number of people allowed inside the pool area at any one time. Residents may be assigned specific days to use the pool and must stand or sit in spots marked out on the surrounding pool deck, maintaining safe distances. Limiting the length of time residents can stay at the pool increases the total number of people that can use the pool each day. The best way to execute this is to designate blocks of pool time available for people to visit the pool each day.

An additional consideration is the removal of some deck furniture to further encourage social distancing. Because pool furniture cannot be reliably disinfected between each user, consider having residents bring their own chairs each time they come to the pool. If you choose this option, the pool furniture can be stacked and locked up with a coated cable and padlock. There has been discussion among owners in certain municipalities about needing to hire pool attendants to help monitor social distancing, so it is advised to check on all legal requirements ahead of any openings.

Enforcing occupancy standards and social distancing regulations may be the most difficult aspect of operating a pool this year. There are several options to consider for handling this situation, depending on budget, available technology and staff time.

- a. Use technology tools to offer residents access to an online scheduling platform to reserve time at the pool
- b. Post occupancy limitations and allow residents to self-enforce this rule
- c. Pool staff can limit the number of people on a first-come, first-served basis
- d. Set hours or days for use by specific groups based on their address or last name, for example

5. **Routine Maintenance** – Some communities will begin completing routine service requests again, if they haven't already started. Strengthened communication between office and maintenance teams is critical. The employee taking service requests should ask detailed questions about the issue in the resident's apartment. This will assist the maintenance team to bring only the tools and parts they need to complete a task, thus limiting the equipment they need to disinfect after each job. Prior to a member of the maintenance team entering an apartment, it is advised to ask the resident three questions as outlined in the COVID-19 protocol, to include:

1. Has anyone in the apartment home traveled internationally?
2. Does anyone in the apartment home have a fever?
3. Is anyone in the apartment home taking care of someone has been sick?

If the answer to any of the above questions is "Yes," the team member can politely refuse to enter the apartment home. The organization can decide if the work should be completed while the resident is not in the home or if it should be rescheduled for a later date after the isolation period has passed.

Work orders should be prioritized based on the level of urgency with the understanding that there is a limit to the number of service requests the maintenance staff can safely handle daily. Management should communicate with residents when to realistically expect a member of the maintenance team to address their request. The maintenance team should follow COVID-19 protocol with regard to CDC guidelines while utilizing proper PPE.

6. **Outdoor Spaces** – Outdoor areas generally require normal routine cleaning and do not require disinfection. The targeted use of disinfectants can be done effectively, efficiently and safely on outdoor hard surfaces and objects frequently touched by multiple people. The CDC recommends not

Reopening Re-Opening Office & Amenity Spaces (continued)

using playground equipment because it is typically situated in lower traffic areas and is not regularly cleaned properly. It may be best to resume opening outdoor spaces such as playgrounds by following local park openings in the local area. Community gardens are safe to open so long as social distancing rules are observed.

- 7. Laundry Room** – Public laundromats are considered essential businesses that have remained open during the pandemic, so your laundry facility should be open for those who do not have access to clothes washers and dryers inside their homes. Maintaining six feet of social distance is important because these areas typically are smaller spaces. Instruct residents to wipe down the front of the washer and dryer with disinfectant prior to their use and washing their hands after moving wet laundry to the dryer. Ask that residents do not fold their clean laundry until they are back inside of their apartment and do not shake dirty laundry for any reason, as this can transfer the virus. Laundry rooms should be sanitized on a regular daily schedule either by onsite staff or a contracted cleaning company.
- 8. Liability** – As states begin to look at options for reopening, you may wonder what that means for your operations. For example, does that mean a soft reopening of your common areas and amenities at reduced capacities? As you navigate what a soft reopening looks like at your property, you may want to consider proactively taking steps to protect against possible future liability for COVID-19 exposure claims from residents and their guests; these steps may include the use of liability waivers.

A liability waiver is an agreement between two (or more) parties, where one party, in this case, your residents and/or their guests, acknowledge the potential risks associated with participating in an activity or agreeing to receive services. By signing a liability waiver, your residents and their guests will be voluntarily relinquishing their right to sue your company for any damages or injuries that arise from participating in an activity or receiving services, such as using amenities or participating in property events or services. Liability waivers are only meant to limit your company's exposure to lawsuits; they do not prevent claimants from filing lawsuits against you.

- 9. Signage** – Legible signage should be placed in all shared common spaces. Signage may include floor markings to assist with social distancing requirements. Fitness center signage should include who is responsible for cleaning equipment and, if residents are responsible, it should clearly state the location of the cleaning products, and should be regularly replenished by onsite staff. There should be signage in all common areas outlining hours of operation and occupancy restrictions to include maximum occupancy allowed during this pandemic. If PPE such as face masks are required of all visitors, please note that on signage as well. Having signage that clearly communicates information assists with proper observance of protocol and enforcing consistent standards to all who enter.
- 10. Technology** – With respect to the administrative time of the onsite staff, many companies are choosing to have residents use an app for making reservations for amenities to guard against inappropriate crowding. This will help to keep attendance restrictions in place, even after-hours when a staff member is no longer present. Resident communication tools such as community apps can help with the reservation process. If your community has cameras, this is another way to enforce occupancy guidelines.

To continue limiting unnecessary exposure, an emphasis should be placed on opportunities to leverage technology in the workplace and while interacting with residents. This includes the ability to renew leases and pay rent online, virtual meetings versus face-to-face, submitting resident service requests and holding virtual events to keep residents engaged from a distance.

- 11. Personal Protective Equipment (PPE)** – CDC recommendations, along with federal and local government regulations, dictate appropriate PPE to be worn by employees. PPE, along with appropriate training for use and disposal, should be made available to any employee upon request. PPE has become scarce during the COVID-19 pandemic. Companies are ordering sufficient PPE for all onsite employees, visitors and prospects. Some companies are getting creative and using the

Reopening Re-Opening Office & Amenity Spaces (continued)

need for the most common PPE, masks, as an opportunity to look professional and bring brand awareness by placing their property or company logo on the masks. Regardless of the option employed, it is important to ensure you have a sufficient supply of PPE available. For more information on PPE, please see [Best Practices for Personal Protective Equipment](#).

Related Links and Forms

[CDC Water and COVID-19 FAQs](#)

[The Pool Management Group Guidance](#)

[Cleaning and disinfecting your facility](#)

About NAA

The National Apartment Association (NAA) serves as the leading voice and preeminent resource through advocacy, education and collaboration on behalf of the rental housing industry. As a federation of more than 150 state and local affiliates, NAA encompasses over 82,000 members representing more than 10 million apartment homes globally. NAA believes that rental housing is a valuable partner in every community that emphasizes integrity, accountability, collaboration, community responsibility, inclusivity and innovation. NAA thanks its strategic partners Maintenance Supply Headquarters a Lowe's Company and Yardi. To learn more, visit www.naahq.org.

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WEBINARS: Operations, Human Relations, Legal/Regulatory, Media & Supplies

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Newest releases include:

- Re-opening Amenity Spaces,
- Package Management,
- Transitioning Employees Back into the Workplace,
- The Move-in & Move-Out Process.

Examples of webinars available at NO CHARGE:

The COVID-19 Pandemic: Assessing Impacts on The Economy, Household Sentiment and the Apartment Market

- This in-depth webinar, presented by CoStar Group and the National Apartment Association (NAA), explores how the COVID-19 pandemic is affecting the outlook for the U.S. economy, household behavior, market-level performance and offers key findings from a recent NAA survey of owners and operators. Length: 51 minutes. Released Thursday, April 30.

youtube.com/watch?v=DngQwpudjoo

There's No Moratorium on Fair Housing Compliance: Managing Maintenance, Contractors and the Physical Plant

- This session will examine best practices for the cleaning and maintenance of common areas and amenities. Thursday, April 23 at 11 a.m. EDT

zoom.us/webinar/register/4315867959087/WN_XW7pSvfwSsWgPCgeQnBZbg

Guidelines for COVID-19 Cleaning

- This session will review the cleaning guidelines for COVID-19. We will explore the three different levels of protection and define what each level means. Friday, April 24 at 11 a.m. EDT

zoom.us/webinar/register/9415875613876/WN_dW72nctNSj6Ac8fplBLzhQ

There's No Moratorium on Fair Housing Compliance: Employee, Resident and Prospect Safety in the New World

- This session will examine best practices for compliance with government directives as well as effectively managing human encounters including touring and performing in-home maintenance. Thursday, April 30 at 11 a.m. EDT

zoom.us/webinar/register/5615867964950/WN_eAS80OrGTISHvu4fal0C1A

Re-Opening Amenity Spaces: The How + What

- Presented by Stephanie Anderson, NAA Manager of Operations. Length: 19 minutes. Released May 8.

youtube.com/watch?v=8Xhrh_HN4lc

Package Management During COVID-19: Exceeding Resident Expectations

- Presented by Jessica Eberbach, Education and Development Manager for Trilogy Residential Management. Length: 13 minutes. Released May 7.

youtube.com/watch?v=9Gg8dkbUVfE

Transitioning Employees Back Into the Workplace

- Presented by Stephanie Anderson, NAA Manager of Operations. Length: 27 minutes. Released May 6.

youtube.com/watch?v=zHzq5QWqlsQ

Quarantine Marketing: Turning Isolation Into Action

- While the COVID-19 pandemic has created many challenges, it also provides an opportunity to learn new skills and find new ways to connect. Presented by Katie Rigsby, National Speaker and President of Katie Rigsby Inspires, LLC. Length: 16 minutes. Released May 5, 2020.

youtube.com/watch?v=Gz-cpKIS4fo

The Move-In & Move-Out Processes

- NAA takes a look at how the COVID-19 pandemic is affecting the move-in and move-out processes, as well as the best practices for personal protective equipment (PPE) and how communication is the new marketing. Presented by Megan Orser, Game Changer and CEO of Smart Apartment Solutions and Smart Apartment Management. Length: 20 minutes. Released May 4, 2020.

youtube.com/watch?v=K_gi6yQC_A

Restless Residents and Maintenance on the Front Line

- As shelter-in-place orders persist across the country, NAA looks at the ongoing impacts of the COVID-19 pandemic on residents and maintenance staff. Presented by Mary Gwyn, Chief Innovator, Apartment Dynamics. Length: 14 minutes. Released May 1, 2020.

youtube.com/watch?v=he_oBaOvOMA

How "Reopening the Economy" Impacts Multifamily Management

- Stage 3 - Part 4 of 4: NAA examines the effects of reopening the economy on the rental housing industry. Presented by Rich George, NOI Coach, and Doug Chasick, The Apartment Doctor. Length: 22 minutes. Released April 30, 2020.

youtube.com/watch?v=vUD7_id7G5E

Webinars (continued)

How "Reopening the Economy" Impacts Multifamily Management - Stage 2 - Part 3 of 4: NAA examines the effects of reopening the economy on the rental housing industry. Presented by Rich George, NOI Coach, and Doug Chasick, The Apartment Doctor. Length: 23 minutes. Released April 29, 2020.

youtube.com/watch?v=niNelxgeNMU

How "Reopening the Economy" Impacts Multifamily Management - Stage 1 - Part 2 of 4: NAA examines the effects of reopening the economy on the rental housing industry. Presented by Rich George, NOI Coach, and Doug Chasick, The Apartment Doctor. Length: 19 minutes. Released April 28, 2020.

youtube.com/watch?v=fLIWIZiDtag

How "Reopening the Economy" Impacts Multifamily Management - Overview - Part 1 of 4: NAA examines the effects of reopening the economy on the rental housing industry. Presented by Rich George, NOI Coach, and Doug Chasick, The Apartment Doctor. Length: 13 minutes. Released April 27, 2020.

youtube.com/watch?v=h8K5-USx79s

Self-Service Tours: Creating a High-Touch Experience in a No-Contact World - NAA takes a look at self-service tours and how to create a great experience in a no-contact world. Presented by Kristi Fickert, Senior Vice President of Engagement and Growth for 30 Lines. Length: 12 minutes. Released April 24, 2020.

youtube.com/watch?v=apDjFJbkUA4

Preparing for the Next "New" Normal - NAA examines maintenance considerations as apartment communities contend with the effects of COVID-19, as well as planning ahead for future maintenance concerns. Length: 16 minutes. Released April 23, 2020.

youtube.com/watch?v=BSB4lmJnclo

COVID-19 Effect on Rent Collection - Examining the ways in which the COVID-19 pandemic is affecting the collection of rent. Presented by Mindy Price, NAAEI Faculty and Vice President of Sales for J Turner Research. Length: 8 minutes. Released April 17, 2020.

youtube.com/watch?v=xz5sghAgYgU

Vacant Apartment Maintenance During COVID-19 - NAA offers an overview of the best practices for vacant apartment maintenance during COVID-19. Presented by Paul Rhodes, NAAEI National Safety & Maintenance Instructor. Length: 10 minutes. Released April 15, 2020.

youtube.com/watch?v=JOOhsGL2X4A

Maintenance During COVID-19: Protecting Residents and Ourselves - NAA examines how to keep residents and technicians alike safe while attending to maintenance and service requests during the COVID-19 outbreak. Presented by Paul Rhodes, NAAEI National Maintenance and Safety Instructor. Length: 10 minutes. Released April 7, 2020.

youtube.com/watch?v=BcdeamM2aGU

Virtual Leasing: Providing Excellent Service - NAA offers guidance for best practices concerning virtual leasing. Presented by Christi Wedel, Training Manager for PRESIDUM. Length: 13 minutes. Released April 6, 2020.

youtube.com/watch?v=YPCaWoiCCgw

Amenity Awareness - NAA takes a look at a host of considerations for how to address amenities in the face of COVID-19. Presented by Paul Rhodes, NAAEI National Maintenance and Safety Instructor. Length: 13 minutes. Released April 2, 2020 March 24, 2020.

youtube.com/watch?v=Qan2Nb5SmsE&feature=youtu.be

How to Handle Maintenance During COVID-19 - NAA provides insight into how to handle maintenance during the spread of COVID-19. Guidance is presented by Paul Rhodes, NAA National Safety and Maintenance Instructor. Length: 12 minutes. Released March 20, 2020.

youtube.com/watch?v=z20jyMrWP4E&feature=youtu.be

Managing Properties in the Age of Coronavirus - Bisnow hosted a webinar with NAA and IREM experts and members Barry Blanton, CPM® and Pat Hutchison, CPM®. The webinar covers strategic planning for property owners and managers, specifically looking at continuity of business planning, reviewing lease agreements in case of business disruptions, creating healthy and hygienic work and living environments and strategies for resident and tenant communications. Length: 1 hour. Released March 19, 2020.

zoom.us/webinar/register/rec/WN_C1pxPUjYQUCuhiyUui0Nmw?meetingId=3-x0AYzf7HLLH43iq3vVQpEIM5bgaaa8hCJP-fsEy2dM3n1MscAEfrjaMBNVxwl&playId=&action=play

Coronavirus Outbreak: What Real Estate Managers Need to Know - NAA and the Institute of Real Estate Management (IREM) hosted managers from both rental housing and commercial management for a live panel discussion on addressing the spread of COVID-19 and developing policies and procedures around the coronavirus. Length: 1 hour. Released March 10, 2020.

store.gowithvisto.org/collections/webinars/products/webinar-coronavirus-outbreak-what-real-estate-managers-need-to-know

Webinars (continued)

Tax Resources for Weathering the COVID-19 Emergency - This webinar explains the tax provisions included in the three major pieces of legislation enacted since the COVID-19 emergency began, as well as relevant guidance issued by the Internal Revenue Service. Length: 1 hour, 2 minutes. Released April 22.
youtube.com/watch?v=K4lapjrDHos

NAA Grassroots Campaigns for COVID-19 - NAA explains how the industry is responding at a grassroots level to make federal policymakers aware of the needs of the apartment industry and how to get involved. Presented by Jim Wilson, Ph.D., NAA Director of Political Affairs. Length: 19 minutes. Released April 16, 2020.
youtube.com/watch?v=WtgvZEVCCjA

Paycheck Protection Program Under the CARES Act - NAA and Womble Bond Dickinson (US) LLP invite you to view this important webinar which tackles common questions surrounding the PPP and explores its implications for rental housing owners and operators.
youtube.com/watch?v=SMc_TrNI-LE&feature=youtu.be

New COVID-19 Federal Laws - NAA offers an examination of new federal legislation aimed at addressing the spread of COVID-19. Guidance is presented by Greg Brown, NAA Senior Vice President of Government Affairs. Length: 21 minutes. Released March 30, 2020.
youtube.com/watch?v=J6KlSl-IToo

Legislative and Regulatory Updates - NAA provides a property management-focused legislative and regulatory update in light of the spread of COVID-19. Guidance is presented by Nicole Upano, NAA Director of Public Policy. Length: 11 minutes. Released March 19, 2020.
youtube.com/watch?v=_sm7rqCBQVw&feature=youtu.be

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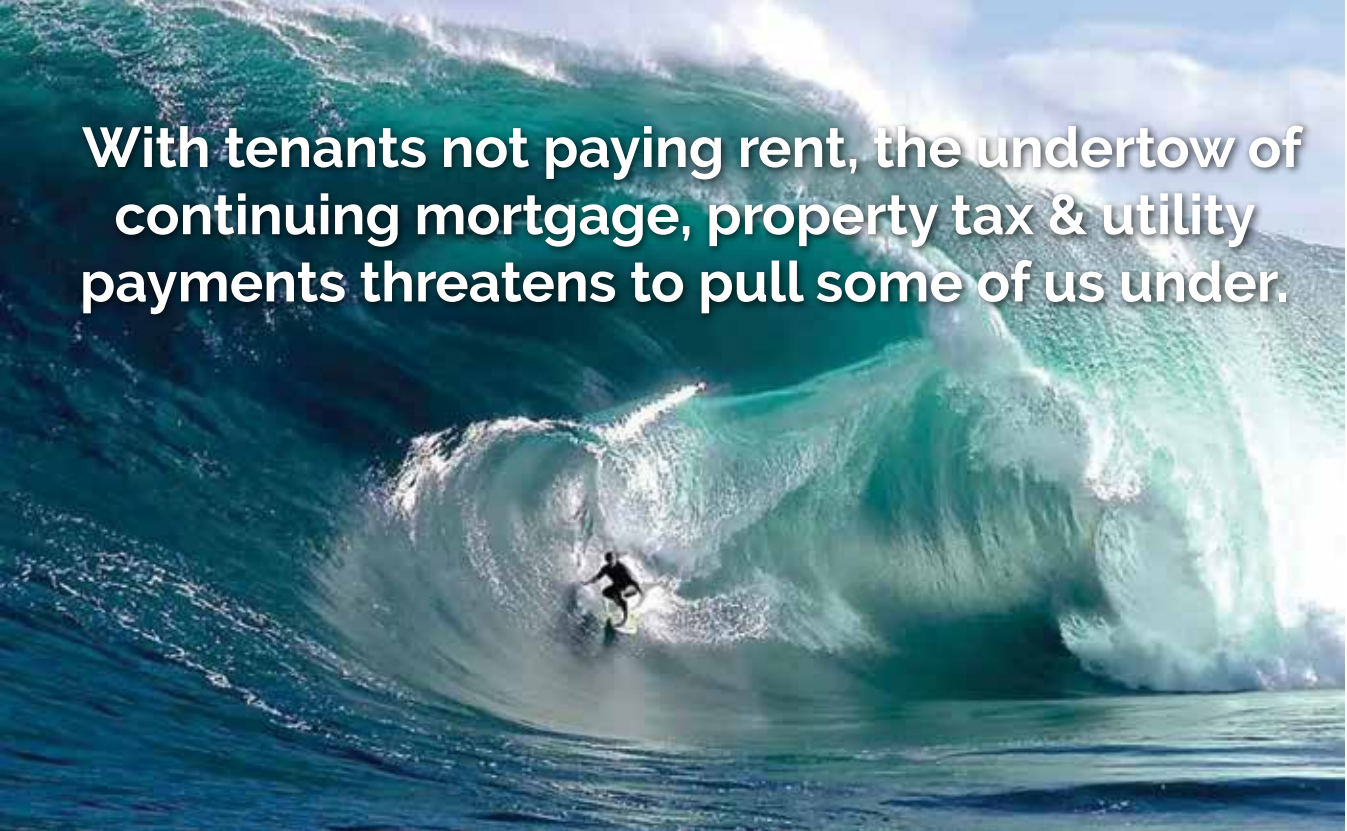
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Preparing for the Next Rogue Wave

A photograph of a surfer riding a massive, curling wave. The wave is a deep, vibrant blue-green color, and the surfer is a small silhouette in the center, riding the base of the wave's face. The sky is a pale, hazy blue.

With tenants not paying rent, the undertow of continuing mortgage, property tax & utility payments threatens to pull some of us under.

Following are some lifelines. Not much, but we are actively fighting every day for better.

EXECUTIVE ORDER N-61-20

WHEREAS on March 4, 2020, I proclaimed a State of Emergency to exist in California as a result of the threat of COVID-19; and

WHEREAS many taxpayers have suffered financial hardship as a result of COVID-19, which has undermined their ability to pay property taxes when those taxes have become due; and

WHEREAS under the provisions of Government Code section 8571, I find that strict compliance with various statutes specified in this Order would prevent, hinder, or delay appropriate actions to prevent and mitigate the effects of the COVID-19 pandemic.

NOW, THEREFORE, I, GAVIN NEWSOM, Governor of the State of California, in accordance with the authority vested in me by the State Constitution and statutes of the State of California, and in particular, Government Code sections 8567, 8571, and 8627, do hereby issue the following Order to become effective immediately:

IT IS HEREBY ORDERED THAT:

- 1) Division 1 of the Revenue and Taxation Code (including sections 75.52, 2610.5, 2618, 2922, 2705, and 4103) is suspended until May 6, 2021 to the extent that it requires a tax collector to impose penalties, costs, or interest for the failure to pay taxes on property on the secured or unsecured roll, or to pay a supplemental bill, before the date and time such taxes became delinquent, and a tax collector shall cancel such penalties, costs, and interest provided all of the following conditions are satisfied:
 - i) The property for which taxes were not paid is either:
 - a. residential real property occupied by the taxpayer, or
 - b. real property owned and operated by a taxpayer that qualifies as a small business under the Small Business Administration's Regulations, Code of Federal Regulations, Title 13, section 121.201;
 - ii) The taxes owed on the property in question were not delinquent prior to March 4, 2020;
 - iii) The taxpayer timely files a claim for relief in a form and manner prescribed by the tax collector; and
 - iv) The taxpayer demonstrates to the satisfaction of the tax collector that the taxpayer has suffered economic hardship, or was otherwise unable to tender payment of taxes in a timely fashion, due to the COVID-19 pandemic, or any local, state, or federal government response to COVID-19.

Revenue and Taxation Code section 4985.2, subdivision (a) is suspended to the extent necessary to implement this Paragraph 1.

Property Tax (continued)

- 2) The taxes owed on a property by a taxpayer making payments pursuant to an installment plan under Revenue and Taxation Code section 4837.5 or Revenue and Taxation Code, Part 7, Chapter 3 (commencing with section 4186) shall not be considered delinquent under Paragraph 1 of this Order if, on or before March 4, 2020, all payments required by the plan were made.
- 3) Paragraph 1 shall not apply to any property for which taxes are paid through an impound account.
- 4) Revenue and Taxation Code section 441, subdivision (b), and section 463, subdivision (a), are suspended until May 31, 2020 to the extent that either imposes a penalty for failing to file a property statement on or before May 7, 2020, such that no penalty shall be imposed upon a taxpayer if the taxpayer files a personal property tax statement as required by Revenue and Taxation Code section 441(a) on or before May 31, 2020.

IT IS FURTHER ORDERED that, as soon as hereafter possible, this Order be filed in the Office of the Secretary of State and that widespread publicity and notice be given of this Order.

This Order is not intended to excuse any taxpayer from the duty to pay any taxes separate and apart from any penalty, costs, or interest resulting from the failure to pay taxes before the date and time such taxes became delinquent.

This Order is not intended to limit or restrict the existing authority of a tax collector, auditor, or board of supervisors to waive, cancel, or excuse penalties, costs, or interest.

This Order is not intended to, and does not, create any rights or benefits, substantive or procedural, enforceable at law or in equity, against the State of California, its agencies, departments, entities, officers, employees, or any other person.

IN WITNESS WHEREOF I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 6th day of May 2020.

GAVIN NEWSOM
Governor of California

ATTEST:

ALEX PADILLA
Secretary of State

Preparing for the Next Rogue Wave

INSURANCE: CA Insurance Commissioner Orders Grace Period

On March 18, 2020, in response to the substantial disruption caused by the COVID-19 pandemic, California Insurance Commissioner Ricardo Lara issued a Notice requesting all insurance companies to provide policyholders with a grace period of at least 60 days to pay insurance premiums. That means, insurance policies will not be cancelled unless and until 60 days past the payment due date.

The grace period covering late payment is now in effect until July 14, 2020. After July 14, 2020, if policy holders are unable to make their insurance premiums, they will be given a ten (10) day grace period before the policy is cancelled.

Insurance Commissioner Lara warns; however, that the grace period is not a waiver or forgiveness of any premium due, and it is only an extension of time in which to pay premiums. The grace period in applies only to cancellation or non-renewals attributed to a failure to pay premiums during the applicable grace period. If a policy is to be cancelled or non-renewed for any other allowable reason, the cancellation or non-renewal may be made pursuant to statutory notice requirements and for legally recognized reasons.



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Preparing for the Next Rogue Wave

California Insurance Commissioner — Notice of Extended Grace Period



RICARDO LARA
CALIFORNIA INSURANCE COMMISSIONER

NOTICE

TO: All Admitted and Non-Admitted Insurance Companies, All Licensed Producers, and Other Interested Parties

FROM: Insurance Commissioner Ricardo Lara

DATE: May 15, 2020

RE: Notice of Extended Grace Period for Insurance Premium Payments Due to the Disruption Caused by the COVID-19 Pandemic

On March 18, 2020, in response to the substantial disruption caused by the COVID-19 pandemic, Insurance Commissioner Ricardo Lara issued a Notice requesting all insurance companies to provide policyholders with a grace period of at least 60 days to pay insurance premiums. The March 18 Notice was directed to all admitted and non-admitted insurance companies that provide any insurance coverage in California including, life, health, auto, property, casualty, and other types of insurance.

As many state and local government “stay-at-home” orders have been extended through May, the COVID-19 pandemic continues to substantially impact the public’s ability to carry on its normal course of business. Accordingly, by this Notice, Commissioner Lara is now requesting that all insurance companies provide their policyholders with an additional grace period to pay premiums.

Commissioner Lara hereby requests that the grace period to pay insurance premiums be extended until July 14, 2020, which is 60 days from the date of this Notice. Accordingly, insurance companies should not cancel or non-renew a policyholder for failure to pay insurance premiums during this time period. On or after July 14, 2020, if a consumer has not been able to pay their outstanding premiums or has not worked with the insurance company on an alternate payment schedule, insurance companies should provide consumers with at least 10 days’ prior written notice of cancellation. This written prior notice should include the effective date of the cancellation and the reasons for the cancellation in a manner consistent with the requirements of the Insurance Code for the particular line(s) of insurance at issue.

Nothing in this Notice prevents an insurer from providing a policyholder with a grace period longer than 60 days. Insurers that choose to offer longer grace periods must do so in a nondiscriminatory manner and may not consider the claims experience of the policyholder. Insurers are especially encouraged to work with individual policyholders who have been acutely impacted by COVID-19 and are unable to timely pay their premiums.

In addition, Commissioner Lara renews his request that all insurance agents, brokers, and other licensees which accept premium payments on behalf of insurers take steps to ensure that customers have the ability to make prompt insurance payments. These additional steps should include, at a minimum, alternate methods of payment, such as online payments, to eliminate the need for in-person payment methods, in order to protect the safety of workers and customers.

Policyholders are advised that this grace period is not a waiver or forgiveness of the premium; it is only an extension of time in which to pay premiums. The grace period in this Notice applies only to cancellation or non-renewals attributed to a failure to pay premiums during the applicable grace period. If a policy is to be cancelled or non-renewed for any other allowable reason, the cancellation or non-renewal may be made pursuant to statutory notice requirements and for legally-recognized reasons.

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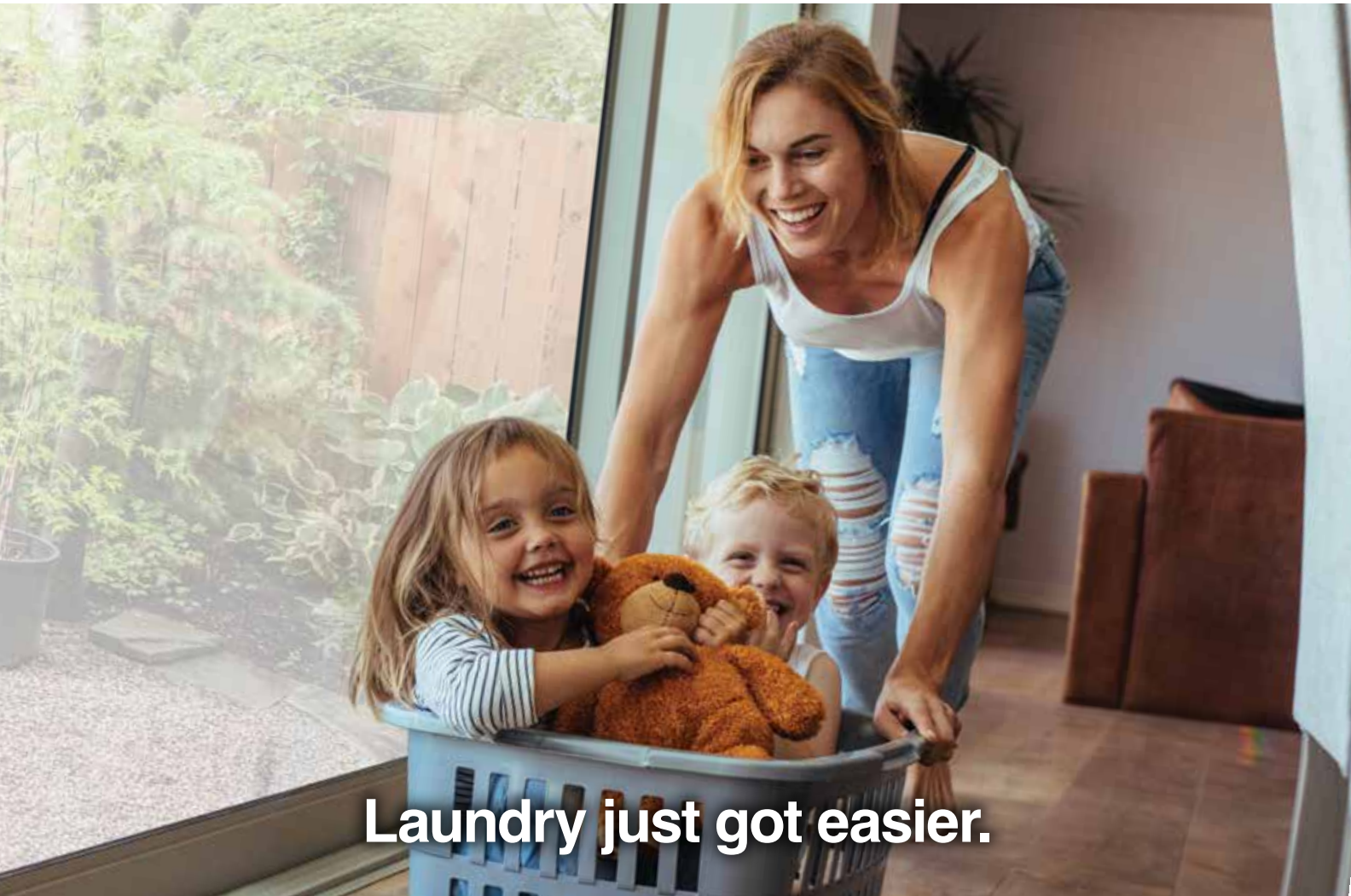
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