

LEGISLATIVE DIGEST

[Administrative Code - Eviction of Commercial Tenants for Unpaid Rent Due to COVID-19 Financial Impacts]

Ordinance amending the Administrative Code to revise the eviction protections for commercial tenants related to unpaid rent due to financial impacts from the COVID-19 pandemic to create a six-month forbearance period for tenants with between 50 and 99 full-time employees, and to authorize the Office of Economic and Workforce Development to create incentive programs to encourage landlords and tenants to agree to repayment plans.

Existing Law

Chapter 37C of the Administrative Code provides eviction protections for certain commercial tenants that have suffered financial hardships due to the COVID-19 pandemic. Commercial tenants covered by Chapter 37C are generally businesses with less than \$25 million in annual gross receipts, with the exception of for-profit businesses leasing space zoned for office use. Chapter 37C prohibits landlords from evicting covered commercial tenants for missed rent payments that fell due while paragraph 2 of the Governor's Executive Order N-28-20 is in effect (from March 17, 2020 until September 30, 2021, unless the Governor extends the expiration date further), if the tenant is unable to make the rent payment due to financial impacts related to the COVID-19 pandemic. Some covered commercial tenants are entitled to a forbearance period following termination of the Governor's Executive Order in order to catch up on past unpaid rent before a landlord can pursue eviction for the unpaid rent. The forbearance period depends on the number of full-time employees employed by the commercial tenant. Businesses with more than 49 full-time employees are not entitled to forbearance.

Amendments to Current Law

The proposed ordinance would amend Chapter 37C to provide a 6-month forbearance period for covered commercial tenants with between 50 and 99 full-time employees. The proposed ordinance would also authorize the Office of Economic and Workforce Development to create incentive programs to encourage landlords and tenants to agree to repayment plans and to require proof of an agreement for repayment or successful mediation in order to be eligible for participation in such programs.