

REVISED LEGISLATIVE DIGEST

(Substituted, 3/23/2021)

[Amendments to Real Property Leases - Forgive Tenant Rent During COVID-19 Pandemic]

Ordinance authorizing the City Administrator to amend certain leases and forgive rent due between April 2020 and December 2020 with nonresidential tenants, and waiving Administrative Code and Environmental Code requirements enacted after the most recent modification of each lease, in order to allow for expeditious rent forgiveness necessitated by the financial hardship caused by the public health emergency related to the COVID-19 pandemic; authorizing the City Administrator to further amend leases and forgive rent due between January 2021 and June 2021, and waiving Administrative Code and Environmental Code requirements enacted after the most recent modification of each lease, without further Board of Supervisors approval under Charter, Section 9.118, and Administrative Code, Chapter 23.

Existing Law

Charter Section 9.118 and Administrative Code Chapter 23 require the Board of Supervisors to review and approve certain types of leases and lease amendments.

In light of the significant adverse impacts of the COVID-19 pandemic on nonresidential tenants, the City Administrator waived fees, penalties and interest for delinquent rent payments that were due for use of City property, but required payment of any rent arrearages by June 30, 2021. The City Administrator has now determined that rent forgiveness, not just rent deferral, is necessary to maintain rent revenues in the long-term, facilitate at-risk businesses and nonprofit corporations to reopen when the Health Orders allow, and to continue to provide the City with much needed entertainment, art, culture and small business services and materials.

The City's Administrative and Environment Codes requires departments to include specific terms in lease agreements. When departments amend leases, departments generally are required to incorporate Code changes that were enacted after the initial lease execution.

Amendments to Current Law

This ordinance allows the Director of Property to amend the following three leases to forgive rent for the period of April 2020 through December 2020: (1) New Asia Restaurant (\$202,500); (2) New Conservatory Theatre Center (\$32,723); and (3) Paoli (\$22,500). This ordinance would permit the amendment of these leases, and other leases under the control of the City Administrator, to forgive rent for the period January 2021 to June 30, 2021 subject to certain conditions, but without approval of the amendment by the Board of Supervisors under Charter Section 9.118 or Administrative Code Chapter 23, and without modifying the leases to update Administrative or Environment Codes requirements.

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