



EXCELLENCE IN PRACTICE. DIVERSITY IN PEOPLE.

MULTI FAMILY PROPERTIES EVICTION & RENT INCREASE MORATORIUM

PRESENTED BY

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TODAY'S SPEAKER

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She is also licensed to practice law in India and advises clients on cross-border US-India real estate and business transactions and litigation.

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MORATORIUM OVERVIEW

- Enacted July 21, 2020
- Effective **March 4, 2020 - September 30, 2020** unless extended further
- **Residential** and **Commercial Tenancies**, Mobile homes, Property Used as Commercial Storage
- All cities and unincorporated areas in LA County

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PROHIBITION ON COMMERCIAL & RESIDENTIAL EVICTIONS

NO evictions, terminations of tenancy, eviction notices, unlawful detainers, require tenant vacate property for:

- **NONPAYMENT OF RENT**

- i. Tenant financially impacted due to Covid-19, and
- ii. Gives Notice to Landlord within 7 days, except extenuating circumstances
- iii. Notice oral or in writing

- **NO FAULT EVICTION**

- **NUISANCE DUE TO COVID** Presence of unauthorized occupants / pets or Nuisance due to number / noise of unauthorized occupants and pets

PROHIBITION ON COMMERCIAL & RESIDENTIAL EVICTIONS

NO evictions, terminations of tenancy, eviction notices, unlawful detainers, require tenant vacate property for:

- **EXCEPT** - Protect health and safety of occupants, neighbors
- **EVICTION NOTICE** - notice period not expired as of March 4, 2020 - tolled during Moratorium
- **EVICTION OR TERMINATION NOTICE** – starting March 4, 2020 during Moratorium null and void
- **LEASES** - ended during Moratorium extended until Moratorium expires



STAY ON PENDING EVICTIONS

- Tenant provides Notice - Landlord must stop eviction efforts, dismiss unlawful detainer
- Tenant not prevailing party - voluntary dismissal by Landlord

FINANCIAL IMPACT ON TENANT DUE TO COVID-19

Substantial loss
of household
income, revenue
due to business
closure

Loss of Wages,
Layoffs

Extraordinary
medical
expenses

Other
substantial
loss of
income /
earnings /
revenue due
to Covid-19

Losses
greater than
reasonably
expected due
to Covid-19

ESTABLISHING FINANCIAL IMPACT DUE TO COVID-19

- **Residential/ Commercial Tenant - less than 9 Employees**
 - i. Self - certify financial impact
 - ii. Written, signed self-certification
 - iii. Without supporting documents
 - iv. LA County DCBA Self Certification form



ESTABLISHING FINANCIAL IMPACT DUE TO COVID-19

- **Commercial Tenants with 10 to 100 employees**
 - i. Written documentation of financial impact due to Covid-19
 - ii. Bank statements, gross sales receipts, proof of increased expenses, government closure orders restricting the Tenant's business
 - iii. PPP / EIDL Loans, financial assistance



CALCULATION OF EMPLOYEES FOR COMMERCIAL TENANT

**Tenant
Employees as of
March 4, 2020**

**Sole Proprietor =
total number of
Employees at any
business location
+ outside LA
County**

**Other Tenants =
total number of
Tenant's
Employees at any
business location +
outside LA County
+ employees of any
subsidiary / parent
/ affiliated entities**

**Franchise =
not include
employees of
separately
owned
franchisees /
franchisor**

PAYMENT OF RENT POST MORATORIUM

- **Tenant**
 - i. obligated to pay all rent incurred during Moratorium
 - ii. encouraged to pay all / partial rent if financially able
 - iii. encouraged to pay all unpaid rent as soon as financially able



PAYMENT OF RENT POST MORATORIUM

- **Landlords**

- i. can accept partial rent payments without forfeiting rights
- ii. can set up Payment Plans with tenants
- iii. no late fees, interest, penalties, fees or costs - if Tenant repays within time limits



PAYMENT OF RENT POST MORATORIUM

- **Residential and Commercial Tenants less than 9 employees**
 - i. 12 months from the end of the Moratorium to pay back rent
 - ii. payments not per landlord schedule



PAYMENT OF RENT POST MORATORIUM

- **Commercial tenants 10 to 100 employees**
 - i. 6 months from the end of Moratorium
 - ii. payments in 6 equal monthly installments
 - iii. parties agree to alternate payment schedule



PAYMENT OF RENT POST MORATORIUM

- **Commercial Tenants more than 100 employees / multinational companies / publicly traded companies**
 - i. payment by June 1, 2020
 - ii. parties agree to alternate payment schedule



PROHIBITION ON RENT INCREASES

- Tenancies - Rent Stabilization Ordinance or Mobile Home RSO
 - i. no rent increase rent during Moratorium is in effect
 - i. rent increase notices prior to Moratorium tolled until end of Moratorium
- No new pass-throughs / interest / late fees on unpaid rent during Moratorium
- Cannot retroactively impose / collect such amounts post Moratorium





VIOLATION OF MORATORIUM, HARASSMENT OF TENANTS

- Landlord cannot harass / intimidate Tenant
 - i. threaten to terminate lease, evict tenant
 - ii. serve eviction notice or lease termination
 - iii. demand rent
 - iv. shutoff utilities, etc.



VIOLATION OF MORATORIUM, HARASSMENT OF TENANTS

- Misdemeanor - LAMC section 2.68.320
- Civil Suit against Landlord
- Agreements violating Moratorium are void
- Moratorium - affirmative defense to Unlawful Detainer

CALIFORNIA PRICE GOUGING LAW, PENAL CODE SECTION 396

- Price gouging = excessive / unjustified increase in prices of essential consumer goods / services during a state of emergency
- Criminal violation - California under Penal Code section 396
- Residential Properties only

CALIFORNIA PRICE GOUGING LAW, PENAL CODE SECTION 396

- No rent increase more than 10% during emergency + 30 days thereafter
- Rent increase beyond 10% = landlord must prove due to costs for repairs beyond normal maintenance or contractually agreed to by tenant prior to emergency
- Cannot evict tenant and re-rent for more than evicted tenant could be charged - during emergency + 30 days after
- Extended - September 30, 2020

QUESTIONS?

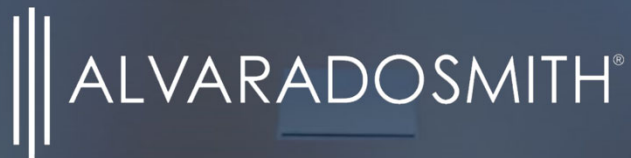


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