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CITY OF PASADENA

April 17, 2020

Mayor Tornek and Pasadena City Council
100 North Garfield Avenue
Pasadena, CA 91109
VIA EMAIL

Re: Agenda Item 25c – Financial Impact of COVID-19 Pandemic

Dear Mayor Tornek and City Council members,

Thank you for your service to Pasadena. I understand that you care deeply for the City, its residents, workers and businesses.

From your agenda, it really looks as if the City of Pasadena is operating business as usual. You have more than \$11.3 million of expenditures on your Consent Calendar to do everything from purchase trucks and issue parking tickets to pour concrete for art installations and security camera totaling approximately \$11.3 million. And yes, you are receiving grants from METRO and CALTRANS, but not funds that can put Pasadenans to work or support our local small businesses. If there are 30% fewer retail and restaurant businesses open in Pasadena, do you really need to collect parking ticket revenue. Are parking restrictions even necessary at that point?

I appreciate very much Mr. Hawkesworth's thoughtful analysis of funding losses to the City of Pasadena. I do think his assumption, that Pasadena business will reset at somewhere near the February 15, 2020, level is not accurate. All indications are that State of California restrictions will have a serious impact on sales volume from retailers and restaurants. If a restaurant can only operate with 75% of the tables previously allowed because of distancing requirements, its income and the resulting sales tax will be impacted. Likewise, will customers really consider purchasing a new car when they have just experienced the most significant financial loss of income in their lifetimes?

We are all making similar calculations, every business in Pasadena (including the Chamber), though I would love to have my revenues down only 7% for FY 2022.

The reality for Pasadena may be very different. We can anticipate a 20% closure rate among small retailers and restaurants, if we are lucky. After two months of zero income, many traditional retailers may look at their existing liabilities and decide lease default and closure is the preferred option. Our restaurants are facing a very different future, with potential distancing regulations cutting down on available sales space. Do we really expect the new retail reality (whatever that might be) to not impact sales at Sears, Best Buy, our grocery stores, or even the Apple Store? Realistically, the City of Pasadena should anticipate a 25% overall reduction in retail generated revenues for FY 2021 and likely closer to 15% reduction for the following year. The reality is Pasadena is not likely to return to the tax levels seen previously for five years, if ever.

You can do something to help forestall the financial impacts.

Pasadena can alter this fiscal reality with some meaningful and dramatic action in terms of financial support for those businesses that are so integral to the City's financial health as well as the character and attractiveness of our Crown City.

As I have previously suggested, if the City Council wants to retain as many of our local small businesses as possible, you should consider and implement the following programs to support local small businesses:

- Direct financial support for impacted businesses who need funds now to maintain payroll and keep their doors open or to reopen once the crisis passes.
- Additional financial support for impacted workers and employees who may not be able to wait for unemployment checks to arrive before suffering irreversible financial damage.
- Rebate of all sales tax collected by the City from January 1, 2020, to the small businesses that generated that sales tax in the amount they paid.
- Rebate of all utility user taxes paid by local small businesses beginning January 1, 2020.
- Cessation of collection of utility and other City fees throughout the duration of the Safer at Home order.
- Restructuring local purchasing requirements to provide more opportunity for local businesses to participate in City of Pasadena procurement.

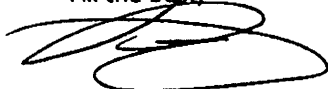
While I appreciate very much the swift action the Federal government took to institute the Paycheck Protection Program, those funds have already been exhausted. With 30 million small businesses in the US, even the addition of \$250million to the fund will not last long.

If we want Pasadena to retain its small businesses and the character and attractiveness they provide, we need immediate and significant financial intervention on the local level from the City of Pasadena.

I know you are taking this crisis seriously and appreciate your efforts to protect Pasadena residents and workers.

Thank you for considering our comments.

All the best,



Paul Little
President and Chief Executive Officer

Cc: S. Mermell, M. Hawkesworth, M. Jomsky



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2020 APR 17 PM 2:35

CITY CLERK
CITY OF PASADENA

April 5, 2020

Dear Mayor, Members of City Council, and City Manager,

We are writing today to thank you for the work you've done so far to protect Pasadena tenants from eviction during these incredibly uncertain times and to urge you to keep going. There is more to be done and below we have highlighted two urgent changes to the current ordinance that you need to take seriously. On the agenda for Monday, April 6 we don't see an agenda item to address these issues even though Mayor Terry Tornek indicated on March 30 that more would be done at the next meeting.

Documentation of inability to pay rent

Relative to the COVID-19 Eviction Moratorium, at the March 17 and March 30 meetings of the Pasadena City Council members of the community, including many members of the Pasadena Tenants Union (PTU) explained the challenge of demonstrating that their loss of income during the state of emergency is explicitly related to the coronavirus pandemic. For instance, workers in the gig economy and independent contractors will not have documentation to prove that they were laid off or had their hours reduced specifically due to the pandemic. Additionally, turning over bank statements to landlords is a gross invasion of privacy and could be used against tenants in others ways. As you read this, landlords are demanding all sorts of documentation in very threatening ways.

At the March 17th meeting Section 2. A. (formerly Section 4) of the eviction moratorium ordinance was amended to remove the words "demonstrates that the tenant" as follows: "For residential properties, no landlord shall endeavor to evict a tenant in either of the following situations: (1) for non-payment of rent if the tenant ~~demonstrates that the tenant~~ is unable to pay the rent due to financial impacts related to COVID-19...."

However, Section B. 3. (formerly Section 5) still reads, "A landlord knows of a tenant's inability to pay rent within the meaning of this ordinance if the tenant, within 30 days after the date that rent is due, notifies the landlord in writing of lost income and inability to pay full rent due to financial impacts related to COVID-19, **and provides documentation to support the claim.** This final clause still places an unmanageable burden of proof on the tenant and an unwieldy burden of verification on the city.

We feel very strongly that the words, "and provides documentation to support the claim," in Section 5 should be stricken from the final version of this emergency ordinance. We, therefore,

04/20/2020
Item 25C

submit that the only way—and frankly the simplest way—to protect everyone from displacement during the pandemic is a blanket moratorium on **all** evictions."

Repayment of missed rent payments

Even more devastating is the burden placed upon tenants to repay the back rent within 6 months. In spite of the best intentions of tenants to pay their rent, this repayment plan will be impossible for hundreds, if not thousands, of tenants. Instead of evictions in April and May we will see a devastating increase in evictions and homelessness six months after the end of the state of emergency.

We understand that landlords also have bills to pay but we expect the various state and federal aid packages for homeowners and small businesses will help landlords. We cannot imagine a situation in which the state and federal government allow tens of thousands of landlords to default on their mortgages. Our concern is for those with no housing security. Renters.

We urgently need rent forgiveness during this crisis. Already, many tenants could not pay their rent on April 1. We know from talking to members of the community that May 1 will be even worse. Pasadena has been a leader in the past and we are urging you to do so once again.

As you surely know, our neighbors are scared. The virus is scary enough but they are also terrified by what this will do to their family's financial stability. Already over 60% of Americans say they cannot afford a \$500 emergency. Our communities of color have for generations been locked out of the chance to build financial security through our housing market. Rent forgiveness is the solution and we urge you to find a way to provide this!

Sincerely,

The Pasadena Tenants Union
info@pasadenatenantsunion.org
www.pasadenatenantsunion.org

Attachments:

COVID-19 eviction moratorium edit to Section 4 resulting from first reading (image on next page)

[COVID-19 eviction moratorium - final ordinance](#) (link)

SECTION 4. During the period of local public health emergency and/or local emergency declared in response to COVID-19:

A. For residential properties, no landlord shall endeavor to evict a tenant in either of the following situations: (1) for non-payment of rent if the tenant ~~is unable to pay rent~~ ~~that the tenant~~ is unable to pay rent due to financial impacts related to COVID-19 or (2) for a no-fault eviction unless necessary for the health and safety of tenants, neighbors, or the landlord. A landlord who knows that a tenant cannot pay some or all of the rent temporarily for the reasons set forth above shall not serve a notice pursuant to CCP Section 1161(2), file or prosecute an unlawful detainer action based on a three-day pay or quit notice, or otherwise seek to evict for non-payment of rent.

B. For commercial properties, no landlord shall endeavor to evict a commercial tenant for non-payment of rent if a commercial tenant is unable to pay rent due to financial impacts related to COVID-19.

SECTION 5. A landlord knows of a tenant's inability to pay rent within the meaning of this ordinance if the tenant, within 30 days after the date that rent is due, notifies the landlord in writing of lost income and inability to pay full rent due to financial impacts related to COVID-19, and provides documentation to support the claim. Any medical or financial information provided to the landlord shall be held in confidence, and only used for evaluating the tenant's claim.