To be read into the minutes of the meeting.

Dear Mayor Hall and Council Members, I am Bret Schanzenbach, President and CEO of the Carlsbad Chamber of Commerce. Thank you for your leadership during these trying times. On behalf of the Board of Directors for the Carlsbad Chamber of Commerce, we support the Resolution regarding Commercial Eviction Relief. As stated on Agenda Item #12, we did a survey that showed the Coronavirus effect on our local small businesses to be quite drastic. 54% of the survey respondents were planning or had already laid off staff. Of those that were having to lay off staff members, 50% responded that they were laying off 90-100% of their staff members. 44% of the respondents shared that 90-100% of their normal business income was gone. Our local businesses need the gift of time to apply for the various forms of assistance that the Federal Government has created, including the SBA Disaster Relief program, as well as the Payroll Protection Program. Anything we can do to assist in giving them both time to apply for relief, and time to negotiate with their landlord, will be much appreciated. Many landlords are very understanding and willing to work with our small businesses. But unfortunately some are not. We have heard several encouraging stories about landlord-tenant relationships, but also some very disheartening stories as well. Thank you for your consideration in this matter.

Bret Schanzenbach
President & CEO
Carlsbad Chamber of Commerce

CAUTION: Do not open attachments or click on links unless you recognize the sender and know the content is safe.
From: Larry Tucker <tucker@gtpcenters.com>
Sent: Tuesday, April 7, 2020 10:27 AM
To: Matthew Hall <Matt.Hall@carlsbadca.gov>
Cc: Council Internet Email <CityCouncil@carlsbadca.gov>; Steve Grant <grant@gtpcenters.com>; craigb@calstrat.com; matt@biasandiego.org
Subject: RE: Agenda Item No. 13 Commercial Property Evictions Urgency Ordinance

One other comment. The CARES Act specifically calls out rent as an appropriate use of Federal backed funding, yet the City’s urgency ordinance places no burden on a tenant to use any funding so received to pay rent. It should. I initially overlooked this and so did Staff.

Do you really need to pass this Ordinance tonight? I highly doubt there are evictions in process for tenants who were current as of March 4.

I hope the Council thinks long and hard about interceding in private business without clear and convincing evidence that an action is necessary tonight. Thank you.

From: Larry Tucker
Sent: Monday, April 6, 2020 1:12 PM
To: matt.hall@carlsbadca.gov
Cc: council@carlsbadca.gov; Steve Grant <grant@gtpcenters.com>
Subject: Agenda Item No. 13 Commercial Property Evictions Urgency Ordinance

Honorable Mayor Hall and Members of the City Council,

I am a commercial property owner with interests in buildings in several counties in California, including a retail property we developed in Carlsbad almost 20 years ago (La Costa Plaza, NEC El Camino Real and La Costa Avenue). In the retail segment of the market, there is no imbalance of bargaining position in favor of a landlord due to on-line shopping. Retail tenants who operate out of physical locations now have plenty of clout. It is very expensive to replace a retail tenant (i.e. lack of rent while the space is vacant, leasing commissions, tenant improvement allowances for the new tenant and free rent for the new tenant to get its business up and going). It will be the rare retail landlord who wants to evict a tenant who was otherwise performing before we ever heard of COVID-19.

So, to be blunt about it, retail landlords do not see a need for electeds to take sides in a business matter between a landlord and a tenant, crafting a remedy imposed upon landlords. The Ordinance under consideration by the Council assumes there will be a problem with evictions with no evidence that there is actually a problem. Landlords have to deal with their lenders on the other side of the equation and a one size fits all mandate from people who are not privy to a landlord’s relationship with its tenants, lenders and vendors can cause more harm than good. These business relationships develop over time and therefore it is best left to the parties to resolve their own issues. If there are more than isolated eviction “abuses” that arise in the future, the Council can always revisit the issue later when it is clear there is a problem to address.
Other jurisdictions are considering as an alternative a letter to commercial property owners strongly recommending they work with their tenants. Thank you for the opportunity to comment.

Best regards,

Grant Tucker Properties, LLC

By: Larry Tucker

CAUTION: Do not open attachments or click on links unless you recognize the sender and know the content is safe.
NAIOP San Diego – Commercial Real Estate Development Association Building Industry Association of San Diego

April 6, 2020

TO: Mayor Matt Hall and Members of the Carlsbad City Council
    Via Electronic Transmission

FROM: Craig Benedetto – NAIOP San Diego
      Matthew Adams – BIA San Diego

RE: April 6, 2020 Public Hearing - Temporary Eviction Moratorium Ordinance

On behalf of NAIOP San Diego, the commercial real estate development association, the Building Industry Association of San Diego and the Building Owners and Managers Association of San Diego, we’d like to offer the following comments to augment our earlier written correspondence.

We appreciate the concerns of tenants, and the desire to protect those most directly impacted by this crisis. The key is to make sure that the economic situation isn’t compounded by ordinances that might have good intentions but make the situation worse.

Please remember, this is a system, where rent is paid to cover debt, service contracts AND taxes. Without rent, the system can fail.

Commercial property owners aren’t looking to evict tenants in normal times. They are certainly not doing so now. And, in fact, can’t. Yesterday, the California Judicial Council announced all civil actions, including unlawful detainer actions will be suspended for 90 days following the end of the health crisis. So, taken in conjunction with the Governor’s orders on residential, local action isn’t necessary.

That said, if the Council decides to move forward, we believe the draft ordinance contains some provisions which are potentially injurious to commercial property owners and would respectfully request amendment.

First, the provision to notify property owners for up to 10 days after rent is due is too long and creates a significant communication gap for property owners to make both accommodations to the tenant, as well as address their payments to vendors, like security and sanitation workers, as well as lenders, where loan payments are due.
The staff report notes that the Governor’s announcement regarding bank loans helps property owners. While helpful, the “deal” does not cover all banks, and, most importantly, did NOT cover commercial loans. As a result, property owners are being asked to shoulder the disproportionate share of the burden.

In short, we believe accommodation for the front-end notification can be made due to the date of this hearing, and the retroactive nature of this resolution, but to make it consistent with virtually all local ordinances adopted to date, we’d recommend that notification be required to be made before or on the date rent is due and no later.

Second, similarly, the allowance for up to 10 days to provide proof of hardship is too long for property owners to address their obligations for payments due to their vendors and lenders. Most other jurisdictions are requiring 1 week. We’d recommend no more than 1 week or 7 days to provide this information rather than 10 days, as proposed.

Third, there is no reference to payment of rent due if the tenant decides to move out. Most other jurisdictions refer to this and we’d recommend this ordinance be amended to include language to that says all rent is due when the tenant moves out so it is clear that move out does not remove the obligation to pay rent that was due.

Thank you for your consideration of these recommendations.

Craig Benedetto
NAIOP San Diego
craigb@calstrat.com
M: (619) 980-8032.

Matthew Adams
BIA San Diego
matt@biasandiego.org
M: (619) 987-4458

Michael McSweeney
BIA San Diego
mmcsweeney@biasandiego.org
M: (619) 884-5354