

May 21, 2020

## **PENDING CALIFORNIA LANDLORD-TENANT LEGISLATION COULD HAVE SIGNIFICANT IMPACTS ON PROPERTY OWNERS**

To Our Clients and Friends:

Since California's state and local governments began substantively responding to the novel coronavirus (COVID-19) pandemic in mid-March, a complex patchwork of overlapping and sometimes conflicting new regulations, executive orders, and judicial declarations has evolved. For example, on March 27, 2020 Governor Gavin Newsom issued Executive Order N-37-20, which offered several forms of eviction protection for certain residential tenants during the state of emergency, but left it within the discretion of local governments to decide whether to extend the same types of protections to commercial tenants. Some cities and counties, like San Francisco and Los Angeles, immediately enacted ordinances offering similar protections for commercial tenants in their jurisdictions, whereas others like Orange County have generally abstained from imposing new restrictions.

In response, several bills have been introduced before the state legislature that seek to homogenize the complicated legal landscape in California from the top down. These pending measures are summarized below. Certain elements of these legislative proposals **could have a significant and adverse impact** on landlords' revenue streams, particularly from multi-family investments, including the ability to fully recover delinquent rents. This update outlines the current state of these measures as they stand in the legislative process, but these bills are constantly changing and will likely continue to evolve in the days and weeks ahead.

### **SB 939 - Prohibition on Evictions For All Commercial Tenants; Certain Commercial Tenants' Right to Impose Modification Negotiations**

**Last Amended:** May 13, 2020 (proposed amendments to be introduced by Senator Wiener on May 22, 2020 are discussed below)

**Status:** From committee with author's amendments. Read second time and amended. Re-referred to the Senate Judiciary Committee on May 13, 2020. The bill has been set for hearing before the Judiciary Committee on Friday, May 22, 2020.

Introduced by Senators Scott Wiener and Lena Gonzalez, SB 939 would prohibit the eviction of tenants of commercial real property, including businesses and nonprofit organizations, during the pendency of the state of emergency related to COVID-19 proclaimed by the Governor on March 4, 2020. A proposed amendment to be introduced by Senator Wiener on May 22 would extend the duration of this moratorium by another 90 days after the state of emergency is lifted. Additionally, SB 939 would authorize certain

qualifying commercial tenants to engage in negotiations with their landlords to modify rent or other economic requirements.

As currently drafted, SB 939 would make it unlawful to (i) terminate a tenancy, (ii) serve notice to terminate a tenancy, (iii) use lockout or utility shutoff actions to terminate a tenancy, or (iv) otherwise endeavor to evict a tenant of commercial real property, including a business or nonprofit organization, during the pendency of the COVID-19 state of emergency, unless the tenant has been found to pose a threat to the property, other tenants, or a person, business, or other entity. By including a prohibition on landlords serving a “notice to terminate,” SB 939 could be read to potentially prevent a landlord from serving a tenant with any notice that would otherwise precede or be a prerequisite to an eviction proceeding, including a three-day notice to quit.<sup>[1]</sup> The bill further states that if a commercial tenant does not pay rent during the COVID-19 state of emergency, the tenant has a period of twelve (12) months following the date in which the COVID-19 state of emergency ends to repay such amounts. As currently drafted, SB 939 would appear to apply to all commercial tenants, regardless of whether they would qualify for potential lease modification, as more particularly described below, or whether the tenant demonstrates an inability to pay rent due to COVID-19. SB 939 would prohibit Landlords from charging or collecting late fees for rent that became due during the pendency of the COVID-19 state of emergency.<sup>[2]</sup>

Senator Weiner’s proposed May 22 amendment would invert the structure of the commercial eviction moratorium. Instead of banning all commercial evictions except for those relating to public health and safety, the amended bill would allow all commercial evictions, except those based upon non-payment of rent that accrued during the state of emergency and only where the tenant meets specified criteria indicating that COVID-19 has or will have significant financial impact on the tenant. Relatedly, under the amended bill the only commercial tenants eligible for the twelve-month repayment grace period would be those meeting specified criteria indicating that COVID-19 has or will have significant financial impact on them.

SB 939’s prohibition on evictions would retroactively apply to any eviction or termination of a tenancy that occurs after the COVID-19 state of emergency was first proclaimed on March 4, 2020, but before the effective date of SB 939, by deeming the conduct void, against public policy, and unenforceable. SB 939 also imposes a fine of up to two thousand dollars (\$2,000) for any harassment, mistreatment, or retaliation against a tenant aimed at forcing abrogation of the lease. Finally, any eviction or termination of a tenancy in violation of SB 939 is considered an unlawful business practice and an act of unfair competition under the California Business and Professions Code (Cal. Bus. Code § 17200 *et seq.*)

SB 939 expressly states that it would not “preempt any local ordinance prohibiting the same or similar conduct or imposing a more severe penalty for the same conduct.” It appears that this section intends to set a statewide floor for available tenant protections and establish the minimum punishment for violation of those protections, while allowing localities to set their own standards that are more protective of tenants. However, the current text of SB 939 does not differentiate between more restrictive and less restrictive local eviction moratoria. Thus, it is possible that this provision could actually prevent SB 939 from preempting a local ordinance that offers tenants less protection than the statewide bill itself.

## *Affirmative Notice Requirement*

Landlords are required to provide commercial tenants with written notice of the protections afforded by SB 939 within thirty (30) days of the effective date of the legislation. The required form and content of this required notice is not addressed in the proposed statute as currently drafted.

## *Lease Modifications for Certain Commercial Tenants*

SB 939 authorizes certain commercial tenants to initiate lease modification negotiations with their landlords, which, if unsuccessful, may allow such tenants to terminate their leases under more favorable terms than the law would ordinarily allow.

To qualify for the protections of the lease modification provisions of SB 939, a tenant (“Qualifying Commercial Tenant”) must be (a) a “small business” or an eating or drinking establishment, place of entertainment, or performance venue<sup>[3]</sup> that is (b) not a publicly traded company or any company owned by or affiliated with a publicly traded company, and which (c) operates primarily in California. Further, the Qualifying Commercial Tenant’s primary business must have (d) experienced a decline of forty percent (40%) or more of monthly revenue, and, if an eating or drinking establishment, place of entertainment, or performance venue, a decline of twenty-five percent (25%) or more in capacity due to a social or physical distancing order or safety concerns. Finally, SB 939 requires that a Qualifying Commercial Tenant be (e) “subject to regulations to prevent the spread of COVID-19 that will financially impair the business when compared to the period before the shelter-in-place order took effect” (requirements (a)-(e), collectively, “Financial Criteria”).

A Qualifying Commercial Tenant would be permitted to take advantage of the lease modification provisions of SB 939 by serving written notice on the premises affirming, under the penalty of perjury, that the commercial tenant meets the Financial Criteria outlined above and stating the modifications the commercial tenant desires to obtain (“Negotiation Notice”). If the tenant and landlord do not reach a mutually satisfactory agreement within thirty (30) days of the date the landlord receives the Negotiation Notice, then within ten (10) days thereafter, the tenant is permitted to terminate the lease without any future liability for future rent, fees, or costs that otherwise may have been due under the lease by providing written notification to the landlord (a “Termination Notice”). **Upon service of the Termination Notice, the lease and any third-party guaranties associated with the lease are also terminated and no longer enforceable.**

Under this scenario, a landlord’s subsequent ability to collect damages would be limited to the sum of three months’ worth of the past due rent incurred and unpaid during the period of COVID-19 regulations, and all rent incurred and unpaid during a time unrelated to COVID-19 through the date of the termination notice. Even for these limited damages, the tenant has a twelve (12) month grace period to repay the sum owed.

As currently drafted, and including the proposed May 22 amendments, SB 939 raises a number of significant questions, including those highlighted below:

- Qualifying Commercial Tenant Criteria:
  - SB 939 and its proposed amendment do not establish criteria for defining “eating or drinking establishment, place of entertainment, or performance venue” or categorizing tenants with mixed-use businesses (e.g., tenants with business operations that blend retail and food and beverage services).
  - The Financial Criteria do not contemplate whether or not that small business, on a relative basis, has other factors that dictate its revenue (such as seasonality) which are totally unrelated to COVID-19.
  - The 25% reduction in capacity may be proven not only by an actual social distancing order, but also by undefined “safety concerns.”
  - The Financial Criteria do not contemplate whether the receipt of other forms of aid, such as under the CARES Act or another federal or state stimulus bills, could otherwise disqualify a tenant from the protections of SB 939.
  - SB 939 generally does not acknowledge any landlord’s possible mortgage obligations, including, without limitation, whether the landlords have the right to enter into negotiations to modify tenant leases without lender consent, and the economic impact of any such modification on the landlord’s debt service obligations.
- Lease Modification Process:
  - A Qualifying Commercial Tenant may engage in “good faith” negotiations with its landlord to modify *any* rent or economic requirement of its lease regardless of the remaining term. This could be read broadly enough to include things like rent escalation or extension that may not be relevant until well after COVID-19 and its impacts are largely resolved.
- Landlord Remedies:
  - Although a tenant is required to affirm under penalty of perjury that it meets the qualifying criteria outlined above, there is no duty on the tenant to produce any type of corroborating documentation to the landlord. Thus, while a tenant may be incentivized not to falsify this affirmation under the threat of criminal prosecution, there is no statutory remedy for the landlord if post-termination the tenant’s affirmation is ultimately found to be false.
  - SB 939 requires a tenant to vacate the premises within fourteen (14) days of delivering a Termination Notice under this statute. However, if the tenant fails to comply with this term, the landlord may lack the judicial remedies to enforce it due to general court closures as well as the provisions of statute.

- The limit on damages that the landlord is permitted to recover under this statute does not specify whether expenses not constituting traditional “rent” would be included, such as reimbursements, expenses, and default interest.
- Guarantors: The bill critically leaves out significant details regarding the status of guarantors after the mutual renegotiation of a lease or the issuance of a Termination Notice under its provisions:
  - Upon termination, is the payment of outstanding amounts under the grace period of twelve (12) months no longer guaranteed?
  - What would happen to a claim under such a guaranty that was already pending before the period affected by COVID-19 regulation?
  - What defenses might become available to lease guarantors where a lease modification is imposed, but has not been consented to by such guarantor, and where guarantor is not required under this legislation to consent to it?

Comments on SB 939 can be submitted to Senator Wiener online at <https://sd11.senate.ca.gov/contact> or by calling (916) 651-4011 and to Senator Gonzalez online at <https://sd33.senate.ca.gov/contact/send-e-mail> or by calling (916) 651-4033.

## **AB 828 – Temporary Moratorium on Residential Foreclosures and Unlawful Detainers**

**Last Amended:** May 18, 2020

**Status:** Re-referred to Rules Committee May 11, 2020.

Introduced by Assembly Members Ting, Gipson, and Kalra, AB 828 would prohibit any action to foreclose on a residential real property, including without limitation, the following:

- a) Causing or conducting the sale of real property pursuant to a power of sale.
- b) Causing recordation of notice of default pursuant to Section 2924.
- c) Causing recordation, posting, or publication of a notice of sale pursuant to Section 2924f.
- d) Recording a trustee’s deed upon sale pursuant to Section 2924h.
- e) Initiating or prosecuting an action to foreclose, including, but not limited to, actions pursuant to Section 725a of the Code of Civil Procedure.
- f) Enforcing a judgment by sale of real property pursuant to Section 680.010.

The foreclosure prohibition of AB 828 would remain in effect during the pendency and for fifteen (15) days after the expiration of the state or local COVID-19 emergency period in the jurisdiction in which the residential real property is located. The bill as currently written does not discuss any potential impact on UCC foreclosures.

## *Eviction Moratorium*

AB 828 would prohibit any state court, county sheriff, or party to an unlawful detainer action from proceeding with any unlawful detainer action, unless on the basis of nuisance or waste under paragraph (3) or (4) of Section 1161 of the Code of Civil Procedure. Actions under these sections may still result in an entry of judgment in favor of the plaintiff; however, rather than proceeding under default for a defendant that does not timely answer the complaint, subsection (b) directs the court to “proceed as though all named defendants had filed an answer denying each and every allegation in the complaint.” To the extent that any defendant otherwise does answer or would have answered timely by denying all allegations, there are no practical differences to the landlord.

The residential eviction prohibition of AB 828 would remain in effect during the pendency and for fifteen (15) days after the expiration of the state or local COVID-19 emergency period in the jurisdiction in which the residential real property is located.

## *Eviction for Nonpayment of Rent*

For any residential eviction based on nonpayment of rent, a residential tenant may, at any time between the filing of the complaint and entry of judgment, notify the court of that defendant’s desire to stipulate to the entry of an order pursuant to this section. Upon receiving notice from the defendant, the court must notify the plaintiff and convene a hearing to determine whether to issue an order (“Order”) under the following guidelines:

- a) At the hearing, the court will determine whether the tenant’s inability to pay resulted from the COVID-19 pandemic. A court will infer a rebuttable presumption of causation for an increased cost or decreased earnings that occurred between March 4 and May 4, 2020. If the causation prong is established, then the landlord may present evidence that rent reduction would cause material economic hardship (not defined by the text of the statute), where if the landlord owns over ten (10) rental units, lack of hardship is presumed, but where a landlord’s ownership interest in just one or two rental units would be sufficient to establish hardship. If the court finds both causation for the tenant and lack of hardship for the landlord, it will issue an Order and dismiss the case with the court retaining jurisdiction to enforce the terms of the Order.
- b) The Order will provide that the tenant retains possession and the tenant shall make monthly payments to the landlord beginning in the next calendar month, in strict compliance with all of the following terms: (i) The payment shall be in the amount of the monthly rent, plus ten percent (10%) of the unpaid rent owing at the time of the Order,<sup>[4]</sup> excluding late fees, court costs, attorneys’ fees, and any other charge other than rent; (ii) the payment shall be delivered by a fixed day and time to a location that is mutually acceptable to the parties or, in the absence of an agreement between the parties, by no later than 11:59 pm on the fifth (5th) day of each month; and (iii) the payment shall be made in a form that is mutually acceptable to the parties or, in the absence of agreement between the parties, in the form of a cashier’s check or money order made out to the landlord.

- c) If the tenant fails to make a payment in full compliance with the terms of the Order, the landlord may, after forty-eight (48) hours' notice to the tenant by telephone, text message, or electronic mail, as stipulated by the tenant, file with the court a declaration under penalty of perjury containing all of the following: (i) a recitation of the facts constituting the failure; (ii) a recitation of the actions taken to provide the forty-eight (48) hours' notice required by this paragraph; (iii) a request for the immediate issuance of a writ of possession in favor of the landlord; and (iv) a request for the issuance of a money judgment in favor of the landlord in the amount of any unpaid balance plus court costs and attorneys' fees.

### *Mortgage Notice of Default*

For the duration of the state or locally declared emergency and for fifteen (15) days thereafter, a county recorder shall not accept for recordation any instrument, paper, or notice that constitutes a notice of default pursuant to Section 2924 of the Civil Code, a notice of sale pursuant to Section 2924f of the Civil Code, or a trustee's deed upon sale pursuant to Section 2924h of the Civil Code for any residential real property located in a jurisdiction in which a state or locally declared state of emergency relating to the COVID-19 virus is in effect.

### *Sale of Tax-Defaulted Residential Real Property*

For the duration of the state or locally declared emergency and for fifteen (15) days thereafter, a tax collector shall suspend the sale of tax-defaulted residential real property.

Comments on AB 828 can be submitted to Assemblymember Ting online at <https://a19.asmdc.org/> or by calling (916) 319-2019, to Assemblymember Gipson online at <https://a64.asmdc.org/2019-2020> or by calling (916) 319-2064, and to Assemblymember Kalra online at <https://a27.asmdc.org/> or by calling (916) 319-2027.

## **SB 1410 – COVID-19 Emergency Rental Assistance Program**

**Last Amended:** May 18, 2020

**Status:** Set for hearing May 26–27 as of May 14, 2020. Re-referred to Housing Committee May 18, 2020.

Introduced by Senator Lena Gonzalez, SB 1410 would create a “COVID-19 Emergency Rental Assistance Fund” to provide rental assistance payments on behalf of any residential tenants who demonstrate an inability to pay all or any part of the household's rent due between April 1 and December 31, 2020, as a result of the COVID-19 pandemic, provided that the landlord consents to participation in the program.

Tenants can demonstrate an inability to pay rent by showing any of the following: (a) loss of income due to a COVID-19 related workplace closure; (b) childcare expenditures due to a COVID-19 related school closure; (c) health care expenses related to being ill with COVID-19 or to caring for a member of the household who is ill with COVID-19; and (d) reasonable expenditures that stem from government-

ordered emergency measures related to COVID-19. In assessing whether a tenant has the ability to pay rent, any assistance received from unemployment insurance, disability insurance, and federal relief or stimulus payments may be considered.

Landlords who participate in the program receive rental assistance payments covering at least eighty percent (80%) of the amount of unpaid rent owed by a tenant for not more than seven (7) months of a household's missed or insufficient rent payments. In exchange, the landlord would be required to agree to: (a) not increase rent until after December 31, 2020; (b) not charge or attempt to collect any late fee for any unpaid rent due between April 1 and December 31, 2020; and (c) accept the rental assistance payment as full satisfaction of late or insufficient rent payments covered by the program.

Comments on SB 1410 can be submitted to Senator Gonzalez online at <https://sd33.senate.ca.gov/contact/send-e-mail> or by calling (916) 651-4033.

## **AB 2501 - COVID-19 Homeowner, Tenant, and Consumer Relief Law of 2020**

**Last Amended:** May 11, 2020

**Status:** Re-referred to Committee on Banking and Finance May 11, 2020.

Introduced by Assembly Member Limón, AB 2501 is a comprehensive bill that would provide relief to residential mortgage borrowers, multifamily mortgage borrowers, and vehicle owners by prohibiting creditors and loan servicers from initiating foreclosures during the period of the COVID-19 pandemic and for a one hundred eighty (180)-day period following the end of the COVID-19 state of emergency. As currently drafted, AB 2501 provides different protections for residential mortgage borrowers and multifamily mortgage borrowers which largely mirrors the protections provided to residential and multifamily borrowers of federally backed mortgages under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The bill defines a "multifamily mortgage borrower" as a borrower of a residential mortgage loan that is secured by a lien against a property comprising five (5) or more dwelling units.

### *Multifamily Mortgage Loans*

AB 2501 requires multifamily mortgage loan servicers and creditors to grant multifamily borrowers a loan forbearance of one hundred eighty (180) days. Multifamily borrowers have the ability to extend the forbearance period for an additional one hundred eighty (180) day period upon request at least thirty (30) days prior to the end of the initial forbearance period. As currently drafted, AB 2501 seemingly purports to regulate lenders and loan servicers solely through jurisdiction over the California-based property, regardless of whether the lender or servicer which originated the loan is principally based in another state, or merely services a pool of mortgages across multiple states. To qualify, a multifamily mortgage borrower need only submit a request for forbearance to the borrower's mortgage servicer, either orally or in writing, affirming that the multifamily mortgage borrower is experiencing hardship during the COVID-19 emergency. While mortgage servicers are required to request documentation of a multifamily mortgage borrower's financial hardship, AB 2501 does not specify what documentation is required to be submitted.



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During the term of the forbearance period, the multifamily mortgage borrower would be required to grant rent relief to the residential tenants of the borrower's property and would be prohibited from evicting a tenant for nonpayment of rent. Additionally, the multifamily mortgage borrower would be prohibited from imposing any late fees or penalties for unpaid rent. As currently drafted, AB 2501 does not expressly define the extent of the rent relief that a multifamily mortgage borrower is required to provide. Further, AB 2501 seemingly prevents a multifamily mortgage borrower from evicting a tenant for unpaid rent or collecting late fees on unpaid rent during the forbearance period regardless of whether the nonpayment first occurs after the end of the COVID-19 emergency period.

Multifamily mortgage borrowers are required to bring a loan placed in forbearance current within the earlier of: (a) twelve (12) months after the conclusion of the forbearance period, effectively allowing a total forbearance period of two (2) years; or (b) within ten (10) days of the receipt by the multifamily mortgage borrower of any business interruption insurance proceeds. As currently drafted, a multifamily mortgage borrower would be required to bring a loan current upon receipt of any business interruption insurance proceeds, regardless of whether such funds would be sufficient to fully satisfy the total amount of delinquent debt service.

Comments on AB 2501 can be submitted to Assemblymember Limón online at <https://a37.asmdc.org/> or by calling (916) 319-2037.

## **AB 2406 - Homeless Accountability and Prevention Act**

**Last Amended:** May 11, 2020

**Status:** Re-referred to Committee on Housing & Community Development May 12, 2020.

Introduced by Assemblymember Wicks, AB 2406 is aimed at preventing homelessness by providing the public access to information relating to residential rental units within California. In pursuit of this goal, AB 2406 would require any multifamily residential landlord that accepts rental assistance payments from federal or state funds provided in response to the COVID-19 state of emergency to annually submit a rental registry form for any residential dwelling unit as required by Section 50468 of the Health and Safety Code. Until the rental registry form is submitted, landlords would be prohibited from: (a) increasing rents; (b) issuing a notice to terminate a periodic tenancy pursuant to California Civil Code Section 1946.1; or (c) issuing any notice or initiating any unlawful detainer action.

Upon submitting the rental registry form, multifamily residential landlords are further required to annually report comprehensive information pertaining to each residential rental unit. Notably, as currently drafted, multifamily residential landlords would be required to annually report such information as: (i) the legal name of the owner or ownership entity and all limited partners, general partners, limited liability company members, and shareholders with ten percent (10%) or more ownership of the entity; (ii) the occupancy status of each rental unit; (iii) the total number of days each rental unit was vacant; (iv) the effective date of the most recent rent increase for each rental unit and the amount of the increase; and (v) the number of tenants in which the landlord terminated a tenancy and the reason underlying each lease termination.

Comments on AB 2406 can be submitted to Assemblymember Wicks online at <https://a15.asmdc.org/letstalk> or by calling (916) 319-2015.

## **California Senate Democratic Caucus' Budget and Tax Credit Proposal**

On May 12, 2020, Senate President Pro Tempore Atkins unveiled the Senate Democratic Caucus' proposal for the state budget and California's economic recovery. Part of the proposal includes the creation of a Renter/Landlord Stabilization program that would enable tri-party agreements between renters, landlords, and the State of California to resolve unpaid rents.

Although a draft bill has yet to be introduced, the preliminary proposal indicates that a tri-party agreement would grant a renter immediate rent relief for the full amount of unpaid rent and provide protection against eviction based on the unpaid rent. In exchange, the renter simply provides a commitment to repay past due rents, without interest, to the state over a ten (10)-year period, beginning in 2024. Additionally, the preliminary proposal indicates that a tenant's obligation to repay past due rents will be based solely on the tenant's ability to pay and that cases of hardship could lead to full forgiveness of unpaid rent.

As a party to the tri-party agreement, a landlord agrees to relieve the tenant of the obligation to pay past due rent and waives the right to evict the tenant based on the unpaid rent. In exchange, the landlord will receive tax credits from the state equal to the value of the forgiven rent, spread equally over tax years 2024-2033. The tax credits would be fully transferable such that landlords would be permitted to sell the tax credits for immediate cash value.

The preliminary proposal leaves open a number of questions about the program. First, the proposal does not indicate to which tax obligations the credits would apply, nor does the proposal indicate whether the calculation of the value of lost rent will include late fees or interest that would otherwise have accrued on unpaid rent. Second, the proposal requires landlords to wait a four (4) year period before utilizing the value of the tax credit. While a landlord is permitted to immediately sell the tax credit, the delay in the ability of the purchaser to utilize the tax credit will likely require the landlord to sell the tax credit at a discount against the value of the credit, eroding the effectiveness of the tax credit to offset the landlord's losses. Finally, the proposal seemingly fails to include a mechanism the state can invoke as a remedy should a tenant default on the obligation to repay past due rents to the state. Without a properly crafted remedy, tenant defaults on such decade-long obligations could further deplete the state's coffers.

Comments on Senator Atkins' proposal can be submitted online at <https://sd39.senate.ca.gov/contact> or by calling (916) 651-4939.

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[1] By its terms, SB 939 retroactively renders evictions that would otherwise be disallowed under SB 939, and which occurred after the proclamation of the state of emergency but before the effective date of SB 939, "void" against public policy and unenforceable. Because such "violations" of the section may include improper notices, arguably certain events as simple as a notice of a default, which had previously been issued with the intent of starting the clock for other remedies that were permissible at

the time, could be unwound if that action is itself now voided. This distinction between eviction and other available remedies is particularly significant in the commercial context, where it may effectively limit landlord's other remedies (i.e., limiting tenant improvement allowance draws or draws on letters of credit).

[2] The bill is silent as to the effect it would have on default interest.

[3] The May 22 amendment adjusts this criteria to require that the small business *be* an eating or drinking establishment, place of entertainment, or performance venue, rather than extending the protections to both small businesses *and* such venues. Additionally, the amendment adds a definition of "small business" as "a business that is not dominant in its field of operation, the principal office of which is located in California, the officers of which are domiciled in California, and which has 500 or fewer employees."

[4] An earlier version of this bill would have reduced the amount of rent owed by a tenant by twenty-five percent (25%) for a year following the issuance of an Order under this section, but this provision has been removed in its most recent amendment.



*Gibson Dunn's lawyers are continually monitoring the evolving situation and are available to assist with any questions you may have regarding these developments. For additional information, please contact any member of the firm's Real Estate or Land Use Group, or the following authors:*

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