



# City Owned Commercial Properties – COVID-19 Rent Adjustments

**08/17/2020**

Jennifer Chen

Economic Development Manager, City Manager's Office

# BACKGROUND

- City leases 8 commercial spaces in the Downtown:
  - A+Mail Boxes, Beard Papa's, Cold Stone Creamery, Fletch's, Red Giant Coffee at Main Street Garage
  - Rise Pizzeria and Next Level Sports at Transit Center
  - Ground lease of Century Theatres on B Street between 2<sup>nd</sup> and 3<sup>rd</sup> Ave.



# COVID-19's Impact on Commercial Real Estate

- City declared state of emergency on 3/16/2020
- Closure of all non-essential businesses on 3/17/2020
- Partial closure or re-closure of businesses due to San Mateo County being listed on the State's COVID Watch List on 8/02/2020
- Businesses of all types, industries and sizes have experienced revenue decline and difficulty making rent payments
- City Council proactively deferred rents for City tenants in April, May, June, July and August
- No standard for COVID-19 rent relief
- Staff recommendation based on a focus on tenant retention



# PROVIDE STAFF DIRECTION ON RENT RELIEF POLICY

- Develop a Rent Relief Policy for City tenants based on the following key points
  - Waive deferred rents from April 2020 – August 2020
  - For businesses allowed to open, starting on September 1, 2020, reduce rents by 50% and continue until City's state of emergency is lifted
  - For closed businesses, continue to waive rents until they can reopen, at which time reduce rent by 50% until City's state of emergency is lifted
- Discussion

**Questions?**