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Philadelphia City Council Proposes Emergency Housing Protections Legislation

In light of the many government shutdown orders instituted in an effort to “flatten the curve” of the COVID-19 pandemic and the economic downturn as a result thereof, legislators across the country are considering various ways to support individuals and businesses that are struggling or unable to pay their rent or mortgage. For example, a [bill](#) was introduced in Congress that would, among other things, cancel rent payments for residential tenants and establish a relief fund for landlords to cover the losses from such canceled payments.

On May 1, 2020, Philadelphia City Council introduced the Emergency Housing Protections Act (the Act), which is comprised of six separate bills that are aimed at protecting Philadelphia renters suffering from financial instability due to the pandemic. The protections included in the Act apply during the “COVID-19 emergency period” and, in some cases, beyond such period. The “COVID-19 emergency period” means the period from the date the ordinance is passed until 60 days following the termination of all emergency declarations by the Governor of Pennsylvania, Mayor of Philadelphia and/or Philadelphia City Council. Renters that have experienced a “COVID-19 financial hardship” would be afforded even greater protection under the Act. A “COVID-19 financial hardship” means a diagnosis of COVID-19, the need to take care of someone diagnosed with COVID-19, the inability to work as a result of the business shutdowns, the loss of employment or hours and certain other hardships further described in the Act.

The bills comprising the Act include the following:

- Rent Stabilization.** No landlord would be permitted to increase rent or fees, or impose any new fees, for the rental of any residential premises during the COVID-19 emergency period or one year thereafter. Landlords would be prohibited from raising rents beginning March 1, 2020 (rather than the effective date of the ordinance) for any residential tenant that has suffered a COVID-19 financial hardship.
- Rent Repayment Agreements for Tenants with Financial Hardships.** Residential tenants that have suffered a COVID-19 financial hardship from March 1, 2020 through the end of the COVID-19 emergency period and failed to pay rent when due during such period shall have the right to enter into a

hardship repayment agreement with their landlord. In the 12 months following the COVID-19 emergency period, the tenant must repay the full amount of the past due rent pursuant to the agreement and the landlord may not charge late fees on such amounts. Additionally, no landlord may take steps to evict a tenant during such 12-month period unless the eviction action is based on a failure to pay monthly rent and the tenant receives a notice of its rights to enter into a hardship repayment agreement 60 days prior to taking any such action.

- 3. Waiver of Interest and Late Charges.** No late fees, interest on back rent or similar charges would be permitted as a result of delinquent rental payments for residential premises from March 1, 2020 until the expiration of the COVID-19 emergency period if the residential tenant experienced a COVID-19 financial hardship, or during the COVID-19 emergency period only in all other cases.
- 4. Extended Eviction Moratorium.** There is currently a moratorium on evictions in Pennsylvania until [July 10, 2020](#). Legislation has been proposed extending this time period – [one](#) for residential tenants only until the Governor’s Order declaring a disaster emergency is no longer in effect and the [other](#) for commercial tenants only until 90 days following the expiration of such Order. In Philadelphia, the moratorium may be further extended pursuant to the proposed new ordinance. If the legislation is passed, no landlord would be able to file an eviction complaint, take action under a previously filed complaint or take steps to recover possession of its premises during the COVID-19 emergency period. This prohibition applies to all residential tenants and any commercial tenant that has less than 100 employees, provided that the landlord has received a certification of hardship from such commercial tenants. There would be an exception to the moratorium if necessary to cease or prevent an imminent threat of harm.

- 5. Eviction Diversion Program.** For a period of 120 days following the expiration of the COVID-19 emergency period, landlords would be required to participate in a residential eviction diversion program prior to filing an eviction complaint, taking action under a previously filed complaint or taking steps to recover possession of its premises from any residential tenant in an effort to avoid eviction. The program would require a conciliation conference among the landlord, the tenant, a mediator and a housing counselor to mediate an agreement governing how asserted residential lease violations would be handled.
- 6. Additional Remedies in the Case of Unlawful Self-Help Eviction.** Landlords are prohibited from engaging in self-help eviction practices and any landlord that engages in such practices may be fined up to \$300 or imprisoned for a period not to exceed 90 days for each offense. Under the proposed new legislation, any landlord engaging in unlawful self-help eviction may also be subject to private action by its tenant for actual damages, punitive damages not to exceed \$2,000 per violation, attorneys’ fees, court costs and/or injunctive relief. Tenants would also have the right to terminate their lease without penalty if the tenant is unlawfully evicted and later regains possession of the leased premises.

While it will likely be weeks before the Act is passed and implemented, and even longer in the case of any potential state or federal legislation, landlords and tenants should continue to promptly communicate issues and concerns and attempt to resolve issues now. If you have any questions or require assistance regarding these issues or any other issues relating to the rights and obligations of landlords and tenants as a result of the COVID-19 pandemic, please contact [Stradley’s Real Estate Practice Group](#).



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Please do not hesitate to reach out to your Stradley Ronon contact, or to any member of Stradley’s Coronavirus Task Force, with any questions and concerns you may have during this period.