Legislation Details (With Text)

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On agenda:				**Final action:**	12/16/2021

Title: Adding a new Chapter 9-5700, entitled “Leasing of Commercial Property,” to require commercial lessors to provide certain disclosures before entering lease agreements and to provide related protections to tenants, all under certain terms and conditions.

Sponsors: Councilmember Parker, Councilmember Bass, Councilmember Gauthier, Councilmember Squilla, Councilmember Jones, Councilmember Thomas, Councilmember Quiñones Sánchez, Councilmember Gilmore Richardson, Councilmember O'Neill, Councilmember Brooks, Councilmember Domb, Councilmember Gym

Indexes: AGREEMENTS

Code sections:

Attachments: 1. Bill No. 210917-A02, As Amended on Floor.pdf, 2. CertifiedCopy210917-A02

Date	Ver.	Action By	Action	Result	Tally
1/18/2022	2	MAYOR	SIGNED		
12/16/2021	1	CITY COUNCIL	READ AND PASSED	Pass	17:0
12/9/2021	2	CITY COUNCIL	AMENDED		
12/9/2021	2	CITY COUNCIL	ORDERED PLACED ON FINAL PASSAGE CALENDAR FOR NEXT MEETING.		
12/9/2021	1	CITY COUNCIL	READ		
12/2/2021	1	CITY COUNCIL			
12/2/2021	1	CITY COUNCIL			
12/2/2021	1	CITY COUNCIL			
11/30/2021	0	Committee on Commerce & Economic Development	HEARING NOTICES SENT		
11/30/2021	0	Committee on Commerce & Economic Development	HEARING HELD		
11/30/2021	0	Committee on Commerce & Economic Development	AMENDED		
11/30/2021	1	Committee on Commerce & Economic Development	REPORTED FAVORABLY, RULE SUSPENSION REQUESTED		
11/18/2021	0	CITY COUNCIL	Introduced and Referred		

Adding a new Chapter 9-5700, entitled “Leasing of Commercial Property,” to require commercial lessors to provide certain disclosures before entering lease agreements and to provide related protections to tenants, all under certain terms and conditions.

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. Title 9 of The Philadelphia Code is hereby amended to read as follows:

TITLE 9. REGULATION OF BUSINESSES, TRADES AND PROFESSIONS

* * *

CHAPTER 9-5700. LEASING OF COMMERCIAL PROPERTY.

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§ 9-5701. Definitions.

In this Chapter, the following definitions shall apply:

(1) Lease Terms. The terms and conditions of occupancy of a Commercial Property, which may include, but not be limited to, the proposed date for the Lessee to begin making payment to lease the Commercial Property, date for the Lessor to deliver the Commercial Property to the Lessee, and term of months or years for the Lessee to occupy the Commercial Property after delivery by the Lessor.

(2) Commercial Property. Real property, including any part, portion, or unit thereof, for use primarily to conduct activities of business, industry or trade, which activities shall exclude any principal residential use, as set forth in subsection 14-601(2).

(3) Lessee. Any person or entity that seeks to rent, lease, or obtain the use of a Commercial Property from a Lessor under the terms of an oral or written agreement.

(4) Lessor. An owner of a Commercial Property or any person or entity that is engaged in the business of renting or leasing Commercial Property under rental or leasing agreements on behalf of a Commercial Property owner.

§ 9-5702. Disclosure Required.

(1) Except as provided for in Section 9-5702(1)(b), no Lessor shall enter into an agreement to rent a Commercial Property with a Lessee who is not party to an existing lease agreement for such property, until the Lessee has been afforded an opportunity to determine the zoning and approved uses of the Commercial Property after receiving the commercial leasing disclosures required by this Section.

(a) Upon presenting the Lease Terms for a Commercial Property, Lessor shall provide the Lessee, and retain a copy of, the following commercial leasing disclosures, as set forth in a form made available online by the Office of the Managing Director or its designee:

(i) A commercial leasing notice explaining how to determine the zoning and approved uses of the Commercial Property available for lease.

(ii) An acknowledgement form, signed by the Lessor and the Lessee, indicating that:

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(.a) the Lessee was provided the commercial leasing notice set forth in Section 9-5702 (1)(a)(i);

(.b) the Lessee was informed of their right, before becoming obligated under contract to lease, to no less than a seven (7) day opportunity to determine the zoning and approved uses of the Commercial Property after receiving the commercial leasing notice; and

(iii) both Lessor and Lessee have been provided signed copies of the acknowledgement form.

(b) The requirements of subsection (a) shall be followed unless (i) at the time the Lease Terms for the Commercial Property are presented, Lessee is represented by an attorney or licensed Pennsylvania real estate agent who is neither subject to the control or influence of, nor also representing, the Lessor; or (ii) the Lessor and Lessee mutually agree upon a different review period after provision of the required disclosures by a separate writing signed and provided to both parties. Nothing in this Section shall prevent a Lessor from granting, or a Lessee from requesting, a review opportunity of more than seven (7) days.

(2) Once the City makes the disclosures required by this Section publicly available, neither failure to possess the disclosures required by this Section nor inability to obtain such disclosures from a City website shall excuse a Lessor from compliance with this Section.

(3) A Lessee shall have a private right of action against any Lessor who falls to comply with the requirements of this Section and may recover, for each such violation, actual damages, punitive damages not to exceed $2,000 per violation, reasonable attorneys' fees and court costs to the extent allowed by law, and such other relief, including injunctive relief, as the court may deem appropriate. This subsection 9-5702(3) in no way limits the rights of a Lessee to pursue any legal rights and claims they may possess under a written agreement or any other applicable law.

SECTION 2. Effective Date. This Ordinance shall become effective sixty (60) days after it is enacted into law.

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