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Problem Statement Regarding Stop Eviction Ordinances

Problem Statement: The Federal Aviation Administration's guidance document titled *Updated Information for Airport Sponsors Considering COVID-19 Restrictions or Accommodations* dated April 4, 2020, does not specifically address local ordinances impacting airport sponsors. Certain municipalities nationwide are implementing Stop Eviction Ordinances that provide for commercial tenants within the City to forego paying rent, prohibiting evictions, and allowing repayments of rent to be deferred without fee or penalty.

NATA believes airport sponsor policies conflict with the preemptive FAA Grant Assurance requirements, where policies and restrictions pose dissension in any airport sponsor's efforts to restrict the management of the airport for relief efforts that are at odds with FAA Airport Policy. The following issues must be taken into consideration:

- Ordinances that pre-emptively take away and restrict an airport's ability to produce financially self-sustaining revenues in obligatory compliance with FAA Grant Assurance 24.
- Ordinances that create a potential for commercial aeronautical subtenants to divert funds otherwise intended to provide for an airport's self-sustainability and airport revenues, for non-aeronautical off airport purposes, and create benefits for non-airport related community interest would violate FAA Grant Assurance 25.
- Ordinances that put airports Enterprise Funds at risk by allowing the subtenant commercial tenants to forego paying rent, further limiting an airport from supporting its master airport tenants directly, with other legal options.
- Any Ordinance that can be construed as a diversion of airport revenues, exposing that airport to FAA administrative actions including Part 13 and 16, and a suspension of federal grants and civil penalties.
- Ordinances that interfere with airport master tenant contractual commercial agreements that expose the airport from not being able to be self-sustainable.
- Ordinances that interfere with an Airport Authority's financial standing, placing an airport's Enterprise Fund at risk for negative cash flow.
- Decimating the airport's Airport Enterprise Fund which then will need to be financially supported by the City's General Fund.
 - Reducing the airport's credit standing to borrow funds/bonds for ongoing and future
 - Reducing the ability to secure future FAA entitlement and any potential future CARES type funding grants
 - Eliminating qualification for any future FAA entitlement or potential CARES type funding grants

Fact: Upon receipt of CARES grant funds, airports have the legal means within FAA guidelines to provide airport businesses and operators relief. Local Ordinances should not restrict or conflict with any airport's ability to work directly with their airport stakeholders in a manner that would be impactful to their Grant Assurance obligations. Airports should be permitted and advised to work independently within FAA guidelines and not be conflicted by other local relief efforts for outside the fence fee simple commercial lease practices that differ from the intent of either FAA policy or CARES Act stimulus relief funding.



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Recommendation: Ordinances are potentially putting airports at risk for violations of FAA Grant Assurances, as well as jeopardizing airport's Airport Enterprise Fund covenants, policies, tenant/subtenant lender and bond covenants, and lastly unduly interferes with airport's working directly with its airport tenants and subtenants. Therefore, airports should be exempted from any local ordinances without a complete and thorough review of FAA policy and preemptive legal standing.