



CITY OF BEVERLY HILLS  
**RENT STABILIZATION COMMISSION**

December 2, 2020

**TO:** Rent Stabilization Commission

**FROM:** Helen Morales, Deputy Director, Rent Stabilization, DPA

**SUBJECT:** POSSIBLE AMENDMENTS TO THE RENT STABILIZATION ORDINANCE (RSO) RE: RELOCATION FEES (CONT'D)

**ATTACHMENTS:** A. Local Jurisdiction Comparison  
B. Commissioner Responses

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**INTRODUCTION**

Staff seeks recommendations from the Rent Stabilization Commission (Commission) to the City Council regarding possible amendments to the Rent Stabilization Ordinance (RSO) for both Chapter 5 and Chapter 6 of the Beverly Hills Municipal Code (BHMC) regarding relocation fees.

**BACKGROUND**

On November 4, 2020, the Commission was presented with a staff report introducing the Relocation Fee topic and possible amendments to the RSO. At that meeting staff presented the following:

- relocation fees requirements for no fault evictions;
- a history of prior facilitated sessions and City Council discussions;
- information from the HR&A Advisors, Inc. report on relocation fees;
- an explanation of how the relocation fees were established;
- an annual relocation fee increase schedule from 2017 to 2020;
- a comparison of local area surrounding jurisdictions; and
- questions for discussion.

The Commission requested additional information and requested that the meeting be continued, and staff report back at its next regular meeting.

**DISCUSSION**

**Report on Additional Information Requested**

The following is staff's response to the Commissioner's questions:

*What is the frequency of relocation fee cases?*

The following table lists the frequency of relocation fees cases from 2017 through 2020:

Relocation Fee Frequency	
Year	Relocation Fee Cases
2017	10
2018	55
2019	7
2020	2

*What is the City's stock of RSO properties with 3-bedroom units?*

The following represents the number of properties, number of units and the percentage of all units in the Beverly Hills RSO Stock:

Properties w/3-bedroom units	No. of Units	Percentage of RSO Units
65	195	2.5%

*What are a tenant's prospects of getting into senior subsidized housing?*

The City has one senior affordable housing development which is operated by Menorah Housing Foundation. This property has 40 studio units and 110 one-bedroom units. The City of Beverly Hills residents compete with other applicants that are not Beverly Hills residents for housing in this affordable housing development. The prospects of a tenant obtaining housing in this development are extremely low. If an opening becomes available, prospective applicants are notified of the opening. Applicants are placed on a waiting list and are randomly selected in a lottery for the unit.

The City has six other affordable units and one that is in development stage. The units that are restricted for occupancy by households with eligible incomes are currently occupied. When a unit becomes available, Beverly Hills tenants who have been displaced by other development receive priority. The next priority are households with a member who is a senior.

*Is there a difference between Chapter 5 and Chapter 6 relative to relocation fees?*

The following are differences between Chapter 5 and Chapter 6 tenants' eligibility for relocation fees;

Only Chapter 6 tenants are eligible for relocation fees in the following instances:

- Refusal to execute a lease (BHMC § 4-6-6 (E))
- Change in Building Managers (BHMC §4-6-6 (I))

*What are the current vacancy rates based on the rent registry?*

The current registration data, obtained on November 22, 2020, lists 545 vacant units, representing a 7% vacancy rate up from 6.8% in September 2020. Although the rent registry maintains occupancy data, the information may not be accurate because the owners are not required to report vacancies and are only required to report new occupancies.

*What is the oversight for landlords to submit rental agreements?*

The City does not require the landlord to submit a rental agreement upon a new occupancy. The owner is required to register all new occupancies with the Beverly Hills rent registry within 30 days of the new tenancy. Registration is conducted online.

*How are no fault evictions monitored?*

For each notice to quit or terminate tenancy, a case is created, and a Rent Stabilization Division staff member is assigned to the case. Staff obtains all required documentation, collaborates with the tenant and the landlord and or landlord's representative, confirms that the tenant has vacated the unit and that the relocation fees have been paid.

*What is the consequence to the tenant if the tenant fails to vacate the unit?*

The RSO provides that *if a tenant who has received a thirty (30) day notice to vacate premises does not vacate the apartment unit within such time, and the landlord thereafter files a complaint for writ or judgment restoring possession, and the court orders such tenant to vacate the apartment unit, such tenant shall be deemed to have waived all rights to any relocation benefit to which he or she is otherwise entitled pursuant to this section and shall return to the landlord any relocation fee or other benefit so received, plus interest at the rate allowed by law* (BHMC Sections 4-5-607 & 4-6-9 G). It is important to note, that relocation fees are required when a tenant is displaced at the request of the owner. The tenant is not necessarily requesting the relocation fees. The relocation fees are required as a result of the owner's intent to have the unit vacated for a no-fault reason.

*What are the real costs of relocation?*

This is difficult to determine as each household may have different costs. None of the surrounding jurisdictions pay relocation fees based on actual costs as it would be difficult to determine.

*If minors are involved and must move, can the student maintain that academic year, especially a special needs family?*

On March 5, 2019, the City Council decided to provide protections for Beverly Hills teachers and families with students enrolled in the Beverly Hills Unified School District during the academic year. The provision they discussed would ensure that the tenant not be evicted during the academic year. This would avoid displacement of the child or teacher during the school year. The City Council will consider this amendment when they consider all amendments to the RSO.

The Beverly Hills Unified School District allows for inter-district attendance under specific circumstances. The two that are relevant when a household moves are: 1) to complete a school year when parents or guardians have moved out of the district during second semester of that year; and 2) to allow students who are currently in eighth grade (elementary) or twelve grade (high school) to graduate with their class.

*What is fair?*

Some jurisdictions, like Los Angeles, when estimating their relocation fees, took into consideration the replacement unit costs. In most instances, the new rent would be greater than the current rent since the tenant was occupying an RSO unit with stabilized rents. As a result, Los Angeles and some other jurisdictions take this into account which is reflected in their relocation fees (Attachment A).

*Commissioners requested a chart comparing relocation fees based on current market rate rents against the current relocation fees that have been adjusted annually by the CPI.*

The following is a chart that calculates relocation fees using the same original factors updated to reflect the current market rents and costs:

	2020 Market Rate Analysis			
	Studio	1 Bedroom	2 Bedroom	3 Bedroom*
Average Market Rate	\$ 1,799.00	\$ 2,400.00	\$ 3,800.00	\$ 5,850.00
Three Months' Rent	\$ 5,397.00	\$ 7,200.00	\$ 11,400.00	\$ 17,550.00
Local Moving Expenses **	\$ 1,300.00	\$ 1,300.00	\$ 1,300.00	\$ 1,300.00
Utility Start-up Costs***	\$ 285.00	\$ 285.00	\$ 285.00	\$ 285.00
Total Estimated Relocation	\$ 6,982.00	\$ 8,785.00	\$ 12,985.00	\$ 19,135.00

\*2017 Analysis did not include  
 3+bedrooms

\*\*20-30 miles

\*\*\*Gas, Electricity, Phone, TV/Internet

The following is a chart of the current relocation fees that have been adjusted annually by the Consumer Price Index (CPI):

Annual Relocation Fee Comparison			
Relocation Period	Studio	1-Bedroom	2 + Bedroom
2017 Relocation Fees	\$6,193.00	\$9,148.00	\$12,394.00
2018 Relocation Fees (4.1% CPI Increase)	\$6,446.91	\$9,523.07	\$12,902.15
2019 Relocation Fees (3.1% CPI Increase)	\$6,646.77	\$9,818.28	\$13,302.12
2020 Relocation Fees (1.2% CPI Increase)	\$6,726.53	\$9,936.10	\$13,461.75

Relocation fees effective July 1 (May to May)

*How are qualified tenants and the \$2,000 additional fee established when the household has multiple qualified members?*

Only one additional fee of \$2,000 is awarded per household for qualified members. The RSO provides that *those households that include a senior, disabled person, or a minor shall be entitled to an additional relocation fee in the amount of two thousand dollars (\$2,000)* (BHMC Section 4-5-605 and 4-6-9 E).

### Discussion Points

Chair Milkowski requested that staff send the questions, referenced below, to all Commissioners so that they could provide input for the staff report and for further discussion at the next regular meeting. The Commissioners' responses are included on Attachment B.

The following are the questions disseminated to all Commissioners and may be used as a point of discussion:

- Whether the current criteria for relocation fees should be maintained or modified and if so how?
- Whether the relocation provisions of the RSO should be modified, and if so:
  - Should the relocation amount be modified and how?
  - Should the relocation amount for units over 2-bedrooms be increased?
  - Should the relocation fees be changed to be in line with other surrounding jurisdictions?
  - Should relocation amounts be tied to the tenant's financial circumstances?
    - Should additional fees be required for low-income households?
- Whether to change the relocation fee amounts or provide some form of tiered relocation fees tied to length of the tenant's occupancy?
  - Should relocation fees be required only after the tenant has resided in the unit for one year?
  - Should relocation amounts be based on 10% of relocation fees for every year of occupancy so that after ten years, the tenant would be eligible for full relocation fees?
- Whether to require relocation fees when evicting for use by landlords and the landlord's relatives specified in the RSO?
  - Should there be reduced relocation fees for landlord use?
- Whether to add a "Mom and Pop" provision, like in Los Angeles, with reduced relocation fees?
  - Should "Mom and Pop" be defined as owners owning less than 10 units and residing at the property?
- Whether relocation fees should be required to go to the Rent Stabilization Commission or a mediation board? and
- Whether relocation fees should be established for temporary relocations?

Commissioners also requested a list for discussion of each of the possible amendments to the relocation fee provisions of the RSO.

The following is a list of possible amendments to the RSO relating to relocation fees that may be considered for discussion:

- Amount of Relocation fees and eligibility:
  - continue with current relocation fees with annual increase by the CPI
  - adjust the relocation fees to the market rate as identified by the average rental amounts by unit size, from the 2021 rent registration cycle
  - determine the relocation fee as the current monthly rent times three
  - increase the relocation fee to be consistent with the surrounding area jurisdictions
  - determine the relocation fee to be dependent upon length of occupancy
  - require income qualifications
  - provide a mom and pop reduction in relocation fees for landlord occupancy
  - tie relocation fees to the tenant's income
  - tie relocation fees to the actual costs of relocation
  - provide additional fees for low-income households
  - amend/increase the additional \$2,000 for households with a senior, disabled person or minor children
- Three Bedroom
  - Add a new relocation fee amount specifically for three-bedroom units
- Escrow Accounts
  - Establish escrow accounts for tenants to draw down against
- Relocation fee determinations by the Rent Stabilization Commission
  - Should the relocation fees be determined by the Commission on a case by case basis? or
  - Should the current process be continued?
- Relocation fee structure for temporary relocation
  - Establish a relocation fee amount for temporary relocations

### **Next Steps**

Staff encourages the Commission to discuss what, if any, revisions should be recommended to the City Council to be made to the RSO to modify the current relocation fee provisions for both Chapter 5 and Chapter 6 of the RSO.

ATTACHMENT A  
Local Jurisdiction Comparison

Local Jurisdiction Comparison

	Beverly Hills		Santa Monica		West Hollywood			Los Angeles				Culver City
	Relocation Fees	Senior/Disabled/Minor	Relocation Fees	Senior/Disabled/Minor	Relocation Fees	Qualified	Low Income Tenant		Less than 3 years	3 or more years and Low-Income	Mom Pops	
Studio	6,726.53	8,726.53	16,500.00	17,200.00	7,506.00	19,869.00*	25,020.00**	<b>Eligible</b>	8,500.00	11,150.00	8,200.00	3X Rent + 1,000
1 Bedroom	9,936.10	11,936.10	22,700.00	24,250.00	10,598.00			<b>Qualified</b>	17,950.00	21,200.00	16,500.00	
2 Bedroom	13,461.75	15,461.75	31,550.00	33,650.00	14,275.00							
3+ Bedroom	13,461.75	15,461.75	31,550.00	33,650.00	18,840.00							

\*58,451-87,677

\*\*Up to 58,450

Attachment B  
Commissioner Responses

**Rent Stabilization Commission  
Relocation Fee Discussion Questions  
December 2, 2020**

<b>Discussion Questions</b>	<b>Comments</b>
Whether the current criteria for relocation fees should be maintained or modified and if so how?	
Whether the relocation provisions of the RSO should be modified?	I believe that the provisions of the RSO need to be revised to account for changes in the marketplace.
Should the relocation amount be modified and how?	We either need a rolling average monthly rental amount for each type of unit to be able to calculate an appropriate, up-to-date relocation amount for each specific situation for which a relocation fee is warranted or we need to change the provisions to base the relocation amount on the actual rent payable for the unit and tenant in question.
Should the relocation amount for units over 2-bedroom be increased?	
Should the relocation fee be changed to be in line with other surrounding jurisdictions?	
Should relocation amounts be tied to the tenant's financial circumstances?	
Should additional fees be required for low-income households?	
Whether to change the relocation fee amounts or provide some form of tiered relocation fees tied to length of the tenant's occupancy?	
Should relocation fees be required only after the tenant has resided in the unit for one year?	Any forced relocation is a burden on the tenant so I'm not sure there should be any exceptions to the required payment of relocation fee for limited tenancies or the like. However, I need to review the relocation provisions from our neighboring cities to see if they provide for exceptions before finalizing my position on this issue.
Should relocation amounts be based on 10% of relocation fees for every year of occupancy so that after ten years the tenant would be eligible for full relocation fees?	
Whether to require relocation fees when evicting for use by landlords and the landlord's relative specified in the RSO? Or should there be a reduced relocation fee for landlord use?	
Whether to add a "Mom and Pop" provision, like Los Angeles, with reduced relocation fees for "Mom and Pop" owners? And if so, should "Mom and Pops" be defined as owners owning less than 10 units and residing at the property?	
Whether relocation fees be required to go to the Rent Stabilization Commission or a mediation board for determinations?	
Whether relocation fees should be established for temporary relocations?	
Other	

**Rent Stabilization Commission  
Relocation Fee Discussion Questions  
December 2, 2020**

<b>Discussion Questions</b>	<b>Comments</b>
Whether the current criteria for relocation fees should be maintained or modified and if so how?	It should be reviewed to see if it should be updated or change. The population/needs of tenants/landlords might have changed over the years.
Whether the relocation provisions of the RSO should be modified?	reviewed to see if it needs to be updated. Look at surrounding areas to see if we are similar
Should the relocation amount be modified and how?	see above
Should the relocation amount for units over 2-bedroom be increased?	yes...families and/or seniors struggle to stay in the city if they have a larger apt....even if they are downsizing. Eg. A family with two children would have a difficult time finding a 3 bdrm apt for the same rent. There needs to be compensation to help them...even if it is nominal.
Should the relocation fee be changed to be in line with other surrounding jurisdictions?	?? Possibly but also based on the average rents in the city as BH rents are higher than some surrounding areas
Should relocation amounts be tied to the tenant's financial circumstances?	current or during covid?? It might be difficult to determine
Should additional fees be required for low-income households?	not sure???
Whether to change the relocation fee amounts or provide some form of tiered relocation fees tied to length of the tenant's occupancy?	yes. If an tenant has been in an apt for 20 years and they need to find a similar living situation....the cost could be double. Each circumstance can be unique (which would cause a lot of extra work)
Should relocation fees be required only after the tenant has resided in the unit for one year?	not sure???. I would like to hear other's thoughts
Should relocation amounts be based on 10% of relocation fees for every year of occupancy so that after ten years the tenant would be eligible for full relocation fees?	no
Whether to require relocation fees when evicting for use by landlords and the landlord's relative specified in the RSO? Or should there be a reduced relocation fee for landlord use?	yes ....then no. An eviction still displaces a tenant who is losing a home.
Whether to add a "Mom and Pop" provision, like Los Angeles, with reduced relocation fees for "Mom and Pop" owners? And if so, should "Mom and Pops" be defined as owners owning less than 10 units and residing at the property?	less than 10 units "at the property" or in total???. Just clarification.
Whether relocation fees be required to go to the Rent Stabilization Commission or a mediation board for determinations?	this could be a large number???. Is it a big burden. Can it be done timely/fairly through the RSO
Whether relocation fees should be established for temporary relocations?	no
Other	

**Rent Stabilization Commission  
Relocation Fee Discussion Questions  
December 2, 2020**

Discussion Questions	Comments
Whether the current criteria for relocation fees should be maintained or modified and if so how?	I believe that the fees should be simplified. This will make it easier for city staff, landlords and the tenants. Changing the fees often makes a lot of confusion for landlords to make sure they are in compliance and needless work for staff.
Whether the relocation provisions of the RSO should be modified?	yes I think they are too complicated.
Should the relocation amount be modified and how?	I like the simple math of Culver City. It takes into effect the actual rent, so it is fair.
Should the relocation amount for units over 2-bedroom be increased?	Again I believe that the relocation amounts should be based on rent, not the number of bedrooms. Bedroom count may or may not be not an accurate measure of the calibre of the apartment.
Should the relocation fee be changed to be in line with other surrounding jurisdictions?	I believe that Beverly Hills is unique. We shouldn't just carbon copy what other municipalities are doing. We have the opportunity to customize our policies to our own identity.
Should relocation amounts be tied to the tenant's financial circumstances?	No it should be based on their current rent and market conditions
Should additional fees be required for low-income households?	No It is not the landlords responsibility to subsidize low income households.
Whether to change the relocation fee amounts or provide some form of tiered relocation fees tied to length of the tenant's occupancy?	No n it must be indexed to the cost of replacement housing, based on the current rental markets.
Should relocation fees be required only after the tenant has resided in the unit for one year?	absolutely
Should relocation amounts be based on 10% of relocation fees for every year of occupancy so that after ten years the tenant would be eligible for full relocation fees?	No its way to complicated.
Whether to require relocation fees when evicting for use by landlords and the landlord's relative specified in the RSO? Or should there be a reduced relocation fee for landlord use?	Yes. Reducted fee for landlord use.
Whether to add a "Mom and Pop" provision, like Los Angeles, with reduced relocation fees for "Mom and Pop" owners? And if so, should "Mom and Pops" be defined as owners owning less than 10 units and residing at the property?	Yes. It seems fair
Whether relocation fees be required to go to the Rent Stabilization Commission or a mediation board for determinations?	No, once we figure out a fair and equitable policy, we need to free the commission for more important matters
Whether relocation fees should be established for temporary relocations?	Not sure what this means. If for instance the tenant must vacate temporarily for termite work, the landlord has the obligation to move the tenant to a suitable place during the work.
Other	

**Rent Stabilization Commission  
Relocation Fee Discussion Questions  
December 2, 2020**

<b>Discussion Questions</b>	<b>Comments</b>
Whether the current criteria for relocation fees should be maintained or modified and if so how?	Current criteria
Whether the relocation provisions of the RSO should be modified?	Yes, we must amend to be in line with surrounding jurisdictions.
Should the relocation amount be modified and how?	Relocation fee should be in line with surrounding jurisdictions.
Should the relocation amount for units over 2-bedroom be increased?	Yes, if there are more people living in the unit than in a normal two bedroom. Considerations for physical and mental disabilities should be considered.
Should the relocation fee be changed to be in line with other surrounding jurisdictions?	Yes.
Should relocation amounts be tied to the tenant's financial circumstances?	No.
Should additional fees be required for low-income households?	No.
Whether to change the relocation fee amounts or provide some form of tiered relocation fees tied to length of the tenant's occupancy?	Yes.
Should relocation fees be required only after the tenant has resided in the unit for one year?	Yes.
Should relocation amounts be based on 10% of relocation fees for every year of occupancy so that after ten years the tenant would be eligible for full relocation fees?	No.
Whether to require relocation fees when evicting for use by landlords and the landlord's relative specified in the RSO? Or should there be a reduced relocation fee for landlord use?	No.
Whether to add a "Mom and Pop" provision, like Los Angeles, with reduced relocation fees for "Mom and Pop" owners? And if so, should "Mom and Pops" be defined as owners owning less than 10 units and residing at the property?	Yes.
Whether relocation fees be required to go to the Rent Stabilization Commission or a mediation board for determinations?	Stay with RSC.
Whether relocation fees should be established for temporary relocations?	No.
Other	