



“Great Apartments Start Here!”

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November 2, 2021
Via Electronic Mail

Rent Stabilization Commission
City of Beverly Hills
455 North Rexford Drive
Beverly Hills, California 90210-3609

Re: Discussion and Recommendations to the Beverly Hills City Council Regarding Possible Amendments to Chapter 5 and Chapter 6 of Title 4 of the City’s Municipal Code Regarding Current Relocation Fee Amounts in Connection with the No-Fault Eviction Provisions of the Rent Stabilization Ordinance – (Continued Agenda Item 3)

Dear Members of the Commission,

At the Wednesday, November 3rd Rent Stabilization Commission meeting, the Commission will continue discussions and consider recommendations to be made to the City Council regarding potential amendments to the City’s Rent Stabilization Ordinance’s (RSO) relocation fee provisions. Throughout the Commission’s deliberations on this matter, the Apartment Association of Greater Los Angeles (AAGLA or Association) has expressed our concerns relative to the dynamics of the COVID-19 pandemic and severe financial hardships facing small business rental housing providers. This letter reiterates our concerns and recommendations for the Commission’s consideration.

The COVID-19 pandemic has been enduring for going on twenty months. Most recently, the Beverly Hills City Council directed staff to draft amendments to the City’s Residential Eviction Moratorium which will remain in place for a period of six more months, through March 31, 2022. As a result, small business rental housing providers in the City will continue to experience severe financial hardships, particularly in situations where their renter continues to not pay rent and is either ineligible for rental assistance through the State program or has been unwilling to apply for such assistance. Moreover, in addition to experiencing lost rental income, some of the City’s housing providers have lost fulltime employment because of the pandemic resulting in the loss of two streams of income. Accordingly, some rental housing providers, among the hardest hit by the pandemic, will need to seek housing in their investment property and simply will not have the resources to pay relocation fees, let alone an increased amount. Therefore, we continue to urge the Commission to recommend to the City Council that it delay making any modifications to the relocation fee amounts for at least one year to allow the City’s rental housing providers sufficient time to recover from the severely detrimental financial impacts caused by the COVID-19.



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Notwithstanding, if the Commission decides to move forward in advancing relocation fee modifications, we urge the Commission to base the relocation calculation on the actual rent paid with means testing for relocation assistance eligibility and inclusion of a “Mom and Pop” reduction.

The formula used to compute relocation fees should be based on the actual rent paid by the renter. If the renter has benefited from years of paying below market rent, the owner should not be subject to relocation fees that are based on the average or median rental rates which are not reflective of the rent that the owner has collected. Further, a vital component that has not been addressed in the City’s Rent Stabilization Ordinance (RSO) is the importance and overall fairness of means testing. The City’s RSO affords all renters with relocation assistance regardless of individual need and with no set parameters. Renters, who may have no need for such assistance are provided with a significant amount of money which they may use in any manner they choose unrelated to moving expenses. Moreover, the lack of means testing to assess a renter’s actual need for such relocation benefits places a greater financial burden on smaller rental housing providers, some of whom may have lower household incomes than their renters, and do not have the financial resources to make lump sum payments to renters who may be better financially situated than the property owner. In place of broad-based relocation fees, the Commission should limit relocation assistance to renters based on actual financial need. The threshold for assessing need should include household income of either 200% Federal Poverty Level or 80% Average Median Income (AMI). These eligibility parameters align with the established thresholds for rental assistance programs such as the State’s COVID-19 Rent Relief program.

Of equal importance, small business “mom and pop” owners are not similarly situated to corporate owners and should not be treated in the same manner as corporations. Requiring small business rental housing providers to pay the same level of relocation assistance as much larger corporations’ places enormous financial hardships on these small owners and adversely impacts their ability to maintain their property. Small owners have vastly different access to capital and are often actively engaging in the community and as a result should be allowed to pay reduced relocation assistance or be exempt from such payment obligations dependent on the circumstances. As the Commission has been reviewing other jurisdictions relocation provisions including those of Culver City, we recommend that “mom and pop” owners should be provided a similar 50% reduction in relocation fees.

As it relates to the definition of small owners, small owners should be defined as owners who own 10 or fewer rental units or where ownership is held by a single-member limited liability corporation, as an individual or living trust. Third party rental housing tracking providers define small owners as 10 or fewer units and this definition will match that industry standard. At minimum, the definition of “mom and pop” owner should be applicable to owners with 4 units or fewer and a single-family home in Beverly Hills, which mirrors the definition that exists within the City of Los Angeles. Further, the mortgage banking industry provides “residential” mortgages for buildings with 4 or fewer units (commercial loans are applicable to rental properties with 5 or more units). In addition, as there is no key distinction between a duplex, triplex or fourplex, for consistency and fairness purposes, the line should at least be drawn at 4 units or fewer, if not at 10 units or fewer.

The logo for the Apartment Association of Greater Los Angeles (AAGLA) features the acronym "AAGLA" in a large, bold, blue, sans-serif font. To the right of the text is a solid gold-colored square.

*"Great Apartments Start
Here!"*

Thank you for your time and consideration of these matters. If you have any questions, please call me at (213) 384-4131; Ext. 309 or contact me via electronic mail at danielle@aagla.org.

Very truly yours,

Danielle Leidner-Peretz

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