



CITY COUNCIL STAFF REPORT

DATE: FEBRUARY 18, 2015 NEW BUSINESS

SUBJECT: DISCUSSION OF POTENTIAL REGULATIONS ON THE CONVERSION OF RENTAL HOUSING TO CONDOMINIUMS INCLUDING RELOCATION ASSISTANCE

FROM: David H. Ready, City Manager

BY: Douglas Holland, City Attorney

SUMMARY

Councilmember Lewin requested staff review of potential options and approaches for providing relocation assistance to persons displaced as a result of the conversion of rental apartments to condominiums. Attached is a summary of various approaches implemented in several cities in California for Council's reference.

RECOMMENDATION:

Direct staff as appropriate.

DISCUSSION:

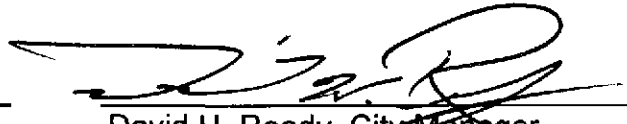
Under California's Ellis Act, adopted in 1985, a city cannot compel an owner of rental property to continue to offer his or her housing for rent. The law, however, expressly allows a city to impose a variety of requirements on rental property owners who desire to remove their property from the rental market. Dependent upon the proposed use of the property after its removal from the market, typically through conversion to condominiums, cities have enacted numerous requirements, including relocation assistance, moving expenses, and specific notice requirements.

We have conducted a review of relocation assistance provided by various cities in the state, including several charter cities and cities in the Coachella Valley. A summary of the results of the survey is attached to this staff report for the Council's review and consideration.

The survey shows that virtually each city in the survey has adopted and implemented a program unique to itself. The variety of approaches should provide the Council with ample examples of the various approaches that other California cities have taken in addressing concerns regarding displacement of tenants from rental housing as a result of the converting rental stock to condominiums. We recommend the Council review these approaches, discuss alternatives that Council members may consider appropriate for the City of Palm Springs, and provide appropriate direction to staff. Such direction could include the preparation of an ordinance that introduces relocation benefits for displaced tenants in Palm Springs.



Douglas Holland, City Attorney



David H. Ready, City Manager

Attachment: Condominium Conversion Relocation Assistance Survey

Condominium Conversion Relocation Assistance Survey

City	Provisions/Requirements
<u>Alhambra</u>	Requires payment of a relocation fee equaling twice the monthly rent. (AMC § 23.38.040).
<u>Fresno</u>	Requires payment of a relocation fee equal to a minimum of two months' rent. (FMC §12-904(f)(1)).
<u>Glendale</u>	Requires payment of a relocation fee in the amount of the product of two times the amount of the fair market rent as established by the U.S. Department of housing and Urban Development ¹ for a rental unit of similar size of what is being vacated in Los Angeles County during the year the unit is vacated, plus one thousand dollars (\$1,000.00). (GMC § 9.30.035).
<u>Huntington Beach</u>	Tenants eligible for moving expenses equal to three times the monthly rent. (HBZC § 235.10(F)).
<u>Inglewood</u>	Requires payment of actual moving and relocation costs, up to a maximum of \$2,445 for "eligible" tenants, and up to \$3,077 for "special" tenants (i.e., elderly, handicapped, and families with minor dependent children). (IMC§ 12-67.31).
<u>La Quinta</u>	Requires submittal of "relocation plan" that identifies specific relocation assistance provided to tenants, such as moving costs, first month's rent, security and cleaning deposits, and utility deposits. The code does not, however, prescribe mandatory relocation fees. (LQMC § 9.60.260(G)(3)(d)).
<u>Los Angeles</u>	Requires payment of a relocation fee of \$5,000 to qualified tenants (i.e., disabled), and \$2,000 to all other tenants. (LAMC § 47.06(B)).

¹ Available at <http://www.huduser.org/portal/datasets/fmr.html>

Condominium Conversion Relocation Assistance Survey

City	Provisions/Requirements
<u>Palm Desert</u>	Requires payment of (1) a relocation fee of \$1,000 in 2006 dollars, escalated annually by the CPI for LA-Riverside-Orange County, to eligible tenants; and (2) an additional payment of \$1,000 in 2006 dollars, escalated annually by the CPI for LA-Riverside-Orange County, to special category tenants (i.e., disabled, senior citizen, low income, or very low income individuals). (PDMC §25.34.050(G)(1)).
<u>Pasadena</u>	Requires payment of relocation fee of \$500 per dwelling unit. (PMC § 16.46.050).
<u>Redondo Beach</u>	<ul style="list-style-type: none"> • <i>Moving Expenses:</i> two months' rent (furnished units); and three months' rent (unfurnished units). (RBMC §10-2.1610(g)(3)). • <i>Special Benefits for Aged and Handicapped Tenants:</i> (1) actual and reasonable moving costs, in addition to (2) Payment of the not to exceed amount established by Section 7264 of the Government Code [\$5,250]. Maximum benefits may not exceed \$8,000. (RBMC §10-2.1610(g)(3)).
<u>San Diego</u>	Requires payment of relocation fee equaling three months' rent based on current San Diego 'fair market rent' for apartment size, as established by the U.S. Department of housing and Urban Development. ² (SDMC § 144.0505).
<u>San Jose</u>	Requires payment of relocation fee equal to the difference between the pre-conversion rent and that of a comparable replacement unit for up to twenty-four months to mitigate any rent increase due to relocation. (SJMC § 20.170.430).

² Available at <http://www.huduser.org/portal/datasets/fmr.html>

Condominium Conversion Relocation Assistance Survey

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<u>Santa Barbara</u>	Requires payment of moving expenses equaling one and one-half times the monthly rent or \$2,000, whichever is greater. (SBMC § 28.88.100).															
<u>Santa Cruz</u>	Requires payment of two months' fair market value rent for a unit of comparable size, as established by the most current Federal Department of housing and Urban Development schedule of fair market rents, ³ or two months of the tenant's actual rent at the time of relocation, whichever is greater, or other arrangements of equal benefit which are agreeable to the tenant as evidenced by a written agreement between the tenant and property owner. (SCMC § 21.03.020(b)).															
<u>Santa Ana</u>	Requires payment of moving costs incurred up to a maximum of \$2,500.00 per unit. (SAMC § 34-334(a)(5)).															
<u>Santa Monica</u>	<p>Requires payment of the following relocation fees:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;"></th> <th style="text-align: center;">2014 Relocation Amount</th> <th style="text-align: center;">2014 Augmented Amount</th> </tr> </thead> <tbody> <tr> <td style="text-align: left;">Apartment Size</td> <td></td> <td></td> </tr> <tr> <td style="text-align: left;">Single or Studio</td> <td style="text-align: center;">\$8,300</td> <td style="text-align: center;">\$9,500</td> </tr> <tr> <td style="text-align: left;">One Bedroom</td> <td style="text-align: center;">\$12,800</td> <td style="text-align: center;">\$14,750</td> </tr> <tr> <td style="text-align: left;">Two or More Bedrooms</td> <td style="text-align: center;">\$17,350</td> <td style="text-align: center;">\$19,950</td> </tr> </tbody> </table> <p>Relocation Fee amount is adjusted for inflation annually. Augmented amount applies to senior citizens and tenants with minor children. (SMMC §4.36.040).</p>		2014 Relocation Amount	2014 Augmented Amount	Apartment Size			Single or Studio	\$8,300	\$9,500	One Bedroom	\$12,800	\$14,750	Two or More Bedrooms	\$17,350	\$19,950
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<u>Stockton</u>	Requires reimbursement for moving costs not to exceed one (1) month's rent. (SMC § (16.196.030(E)(1))).															

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City	Provisions/Requirements
<u>Vallejo</u>	Requires payment of relocation fee totaling \$500. (VMC §16.79.050(C)).
<u>West Hollywood</u>	<p>Requires payment of the following relocation fees:</p> <ul style="list-style-type: none"> • <i>Fees Based on Unit Size:</i> Bachelor apartment \$5,100.00 One-bedroom \$7,200.00 Two-bedroom \$9,700.00 Three bedroom or larger \$12,800.00; OR • <i>Qualified Tenant:</i> If the household from which tenants are to be displaced includes a person who is 62 years of age or older, disabled, living with one or more dependent minors, terminally ill or moderate income (120% AMI) the household is entitled to \$13,500; OR • <i>Lower-Income Tenants:</i> If the household from which tenants are to be displaced includes a lower-income person as defined by California Health and Safety Code § 50079.5, the household is entitled to \$17,000.