



Rent Stabilization Board

## MEMORANDUM

**DATE:** October 20, 2022

**TO:** Honorable Members of the Berkeley Rent Stabilization Board

**FROM:** Matt Brown, General Counsel *(MB)*

**SUBJECT:** 2023 INFLATIONARY ADJUSTMENT OF RELOCATION ASSISTANCE PAYMENTS

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### **Recommendation**

That the Board adopt Resolution 22-27 to publish that, pursuant to Berkeley Municipal Code sections 13.76.130.A.9.h (Owner Move-In), and 13.77.055.A.2 (Ellis Act), the relocation assistance payments set forth in sections 13.76.130.A.9.g. (Owner Move-In) and 13.77.055.A (Ellis Act) shall increase by **6.8%** effective January 1, 2023.

### **I. Background**

Section 13 of the Rent Stabilization Ordinance, codified at Berkeley Municipal Code (B.M.C.) section 13.76.130.A.9, requires relocation assistance payments by landlords to tenants in the event of an Owner Move-In eviction. Adopted by Berkeley voters in November of 2016, Measure AA amended section 13.76.130.A.9 to both increase the amount of the relocation assistance payments, and to index the payments to inflation. On October 20, 2016, the Berkeley City Council amended the Ellis Act Implementation Ordinance (Chapter 13.77) to require the same relocation assistance payment amounts and the same inflation adjustments.<sup>1</sup>

### **II. Computing Relocation Assistance Payments in Accordance with Berkeley Municipal Code Sections 13.76.130.A.9.h. and 13.77.055.A.2**

Beginning in 2018, and effective January 1, 2019, the relocation assistance payment amounts for Owner Move-In evictions may be increased by the percentage increase in the Consumer Price Index – All Urban Consumers in the San Francisco-Oakland-San Jose Region for the 12-month period ending June 30, of the prior year, as published by the United States Department of Labor.

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<sup>1</sup> While B.M.C. Chapter 13.77 was adopted by Council and is not part of the Rent Ordinance, the Ellis Implementation Ordinance specifically provides that the Board shall publish the yearly inflationary increase in the relocation assistance fee. B.M.C. section 13.77.055A.2.

Any increase shall be published by the Board on or before October 31<sup>st</sup> of each year. The same provisions apply to Ellis Act Relocation Assistance Payments, which “shall” annually increase by the same criteria. (B.M.C. 13.77.055.A.2.)

The Board’s long-standing practice in determining the allowable percentage rent increase, is that numbers of .04 and below shall be rounded down to the nearest tenth decimal place and numbers of .05 and above shall be rounded up to the nearest tenth decimal place.

The U.S. Department of Labor, Bureau of Labor Statistics, has reported that for the twelve-month period ending June 30, 2022, the Consumer Price Index for All Urban Consumers in the San Francisco-Oakland-San Jose region increased from 309.497 to 330.539, an increase of 21.042 points. Thus, the relevant CPI from June 2021 (309.497) to June 2022 (330.539) has increased by 6.8%.<sup>2</sup> (See Attachment 1.)

The current relocation assistance payment amounts are \$16,864 for standard relocation and an additional \$5,621 for qualifying tenant households. In accordance with the 6.8% increase in CPI, effective January 1, 2023, the relocation assistance payment amounts set forth in section 13.76.130.A.9.g. (Owner Move-In), are increased to **\$18,011** for the standard relocation payment with an additional **\$6,003** for qualifying tenant households following Board action to approve the attached Resolution. Likewise, the relocation assistance payment amounts set forth in section 13.77.055.A (Ellis Act) shall be **\$18,011** for the standard relocation payment with an additional **\$6,003** for qualifying tenant households following Board action to approve the attached Resolution.

### **III. Staff Review**

Staff has reviewed the Consumer Price Index figures published by the U.S. Department of Labor, Bureau of Labor Statistics and confirms that, pursuant to Berkeley Municipal Code sections 13.76.130.A.9.h (Owner Move-In), and 13.77.055.A.2 (Ellis Act), the 2022 relocation payments are subject to an increase of **6.8%** effective January 1, 2023. Staff recommends that the Board adopt a resolution to publish the 2023 Relocation Assistance Payment Amounts no later than October 31, 2022, and to direct staff to advise the interested public regarding these changes.

### **Attachments**

1. U.S. Department of Labor, Consumer Price Index, All Urban Consumers (CPI), San Francisco-Oakland-San Jose, CA., All items, June 2019 - June 2022.
2. Proposed Resolution 22-27 Confirming that the 2022 Relocation Assistance Payments for Owner Move-In and Ellis Act Shall Increase by 6.8 Percent Effective January 1, 2023 and Publishing the 2023 Relocation Payment Amounts.

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<sup>2</sup> While the actual difference is 6.799%, it has been the Board’s practice to base the 65% calculation on the CPI percentage increase rounded to the nearest tenth decimal place.



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Data extracted on: July 13, 2022 (12:53:15 PM)

## CPI for All Urban Consumers (CPI-U)

Series Id: CUURS498SA0

Not Seasonally Adjusted

Series Title: All items in San Francisco-Oakland-Hayward, CA, all urban consumers, not seasonally adjusted

Area: San Francisco-Oakland-Hayward, CA

Item: All items

Base Period: 1982-84=100

Download: .xlsx

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2019		291.227		294.801		295.259		295.490		298.443		297.007	295.004	293.150	296.859
2020		299.690		298.074		300.032		300.182		301.736		302.948	300.084	299.109	301.059
2021		304.387		309.419		309.497		311.167		313.265		315.805	309.721	306.724	312.718
2022		320.195		324.878		330.539								323.408	

## 12-Month Percent Change

Series Id: CUURS498SA0

Not Seasonally Adjusted

Series Title: All items in San Francisco-Oakland-Hayward, CA, all urban consumers, not seasonally adjusted

Area: San Francisco-Oakland-Hayward, CA

Item: All items

Base Period: 1982-84=100

Download: .xlsx

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2019		3.5		4.0		3.2		2.7		3.0		2.5	3.3	3.7	2.9
2020		2.9		1.1		1.6		1.6		1.1		2.0	1.7	2.0	1.4
2021		1.6		3.8		3.2		3.7		3.8		4.2	3.2	2.5	3.9
2022		5.2		5.0		6.8								5.4	

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**RESOLUTION 22-27****CONFIRMING THAT THE 2023 RELOCATION ASSISTANCE PAYMENTS FOR OWNER MOVE-IN AND ELLIS ACT EVICTIONS SHALL INCREASE BY 6.8 PERCENT EFFECTIVE JANUARY 1, 2023, AND PUBLISHING THE 2023 RELOCATION PAYMENT AMOUNTS**

**BE IT RESOLVED** by the Rent Stabilization Board of the City of Berkeley as follows:

**WHEREAS**, Section 13 of the Rent Stabilization Ordinance, codified as Berkeley Municipal Code section 13.76.130.A.9, provides that effective January 1<sup>st</sup> of each year, the Relocation Assistance Payments required for Owner Move-In Evictions may be adjusted by the percentage increase in the Consumer Price Index for All Urban Consumers (CPI-U) in the San Francisco-Oakland-San Jose region as reported and published by the U.S. Department of Labor, Bureau of Labor Statistics, for the twelve month period ending the previous June 30; and,

**WHEREAS**, the Ellis Act Implementation Ordinance, codified as Berkeley Municipal Code Chapter 13.77, provides that effective January 1<sup>st</sup> of each year, the Relocation Assistance Payments required for Ellis Act evictions shall be adjusted by the percentage increase in the Consumer Price Index for All Urban Consumers (CPI-U) in the San Francisco-Oakland-San Jose region as reported and published by the U.S. Department of Labor, Bureau of Labor Statistics, for the twelve month period ending the previous June 30; and,

**WHEREAS**, the U.S. Department of Labor, Bureau of Labor Statistics, has reported that the Consumer Price Index for All Urban Consumers (CPI-U) in the San Francisco-Oakland-San Jose region for the twelve-month period ending June 30, 2022, has increased by 6.8 percent from 309.497 to 330.539; and,

**WHEREAS**, a 6.8 percent increase in the current Owner Move-In and Ellis Act Relocation Assistance Payment Amounts of \$16,864 and an additional \$5,621 for eligible tenant households yields a 2023 Relocation Assistance Payment amount of \$18,011 and an additional \$6,003 for qualifying tenant households; and,

**WHEREAS**, both Berkeley Municipal Code sections 13.76.130.A.9.h (Owner Move-In) and 13.77.055.A.2 (Ellis Act) mandate that the Rent Board publish any change in the Relocation Payment Amounts no later than October 31<sup>st</sup> of each year,

**NOW, THEREFORE BE IT RESOLVED** by the Rent Stabilization Board that the 2023 Relocation Assistance Payments required for Owner Move-In evictions and Ellis Act evictions shall be adjusted by 6.8% effective January 1, 2023, and Rent Board staff shall publicize the 2023 Relocation Assistance Payments in a manner reasonably determined to notify all affected persons. A 6.8 percent increase in the current Owner Move-In and Ellis Act Relocation Assistance Payment Amounts of \$16,864 and an additional \$5,621 for eligible tenant households yields a 2023 Relocation Assistance Payment amount of \$18,011 and an additional \$6,003 for qualifying tenant households.

**RESOLUTION 22-27**

**CONFIRMING THAT THE 2023 RELOCATION ASSISTANCE PAYMENTS FOR OWNER MOVE-IN AND ELLIS ACT EVICTIONS SHALL INCREASE BY 6.8 PERCENT EFFECTIVE JANUARY 1, 2023, AND PUBLISHING THE 2023 RELOCATION PAYMENT AMOUNTS (Page 2)**

Dated: October 20, 2022

Adopted by the Rent Stabilization Board by the following vote:

YES:

NO:

ABSTAIN:

ABSENT:

\_\_\_\_\_  
Leah Simon-Weisberg, Chairperson  
Rent Stabilization Board

Attest: \_\_\_\_\_  
DeSeana Williams, Executive Director