

Castro Valley Municipal Advisory Council  
Staff Report  
**Mobile Home Rent Stabilization Ordinance**  
September 21, 2015

**Background**

In response to concerns raised by mobile home residents in the unincorporated county about space rents becoming increasingly unaffordable, HCD was asked to review the County's mobile home park space rent stabilization ordinance. Staff reviewed provisions of other mobile home space rent ordinances locally and statewide, took public testimony in a series of presentations at Advisory and Board of Supervisor Committees, and held a series of informal stakeholder meetings: three with mobile home park owners and 3 separate meetings with mobile home park residents. These meetings were held between February and July 2015. In early 2015, staff also conducted surveys of park owners and residents to elicit data regarding current space rents, rates of rent increases, and other pertinent park information in the Unincorporated County.

The current Alameda County Rent Stabilization Ordinance was adopted in 1990 and has not been updated since. It is a short ordinance without specificity or details about how to implement it. The ordinance allows for a 5% annual increase in rents each year. It further allows for Park Owners to apply for higher than 5% increase, but does not specify a process or procedure for considering such a request.

Staff's research of mobile home park rent stabilization ordinances throughout the State of California revealed that there are a total of 95 jurisdictions in the State that have a rent control ordinance governing their mobile home parks. Of these 95, the vast majority of them utilize a combination of a Consumer Price Index (CPI) and a flat rate percentage to govern rent increases.

Alameda County is the only jurisdiction in California which calculates its allowable space rent increase solely as a percentage of the current space rent. This maximum allowable calculation has resulted in Unincorporated County space rent increases that have been significantly higher than those allowable under neighboring jurisdictions' ordinances and which also have exceeded annual Fair Market Rent increases for a two bedroom apartment, an indication that the allowable space rent increases exceed the increase in the overall cost of living.

**Findings: Allowable Rent Increases**

*Comparisons with Other Jurisdictions*

Most mobile home rent stabilization ordinances in California utilize the Consumer Price Index (CPI) to determine annual space rent increases. Frequently, those jurisdictions employ a combination of a percentage of the CPI, generally between 50% and 100%, and a maximum set percentage of the space rent to determine this increase. CPI is published by the United States

Department of Labor for various regions of the United States, and Alameda County is part of the San Francisco – Oakland – San Jose area. The CPI index for Alameda County is available on line at <http://www.bls.gov/ro9/pachist.htm>.

Apart from the Unincorporated County, seven Alameda County jurisdictions have mobile home parks: Fremont, Hayward, Livermore, Oakland, Pleasanton, San Leandro, and Union City. Four of those jurisdictions have mobile home rent stabilization ordinances. Details regarding mobile home parks in these jurisdictions can be found in Appendix A. These jurisdictions each utilize the CPI in various ways to calculate space rent increases:

- Fremont allows one rent increase every twelve months equal to the greatest of 3% of the rent, \$10/month, or 60% of the percent change in the CPI; however no standard rent increase may exceed 6% of the space rent.
- Hayward allows a yearly increase of 60% of the CPI, provided that the point in time CPI is no higher than 6%, or 3% of the rent, whichever is greater.
- Pleasanton allows a yearly increase of 100% of the CPI, provided the CPI is between 1% and 5%.
- Union City allows a yearly increase of 90% of CPI or a maximum of 7% of the rent, whichever is less.

Over the last 5 years, CPI has been significantly less than 5% annually, resulting in Alameda County’s ordinance allowing rent increases a full 10% higher than all the surrounding communities. A full chart illustrating theoretical annual differences is attached as Appendix B.

Briefly, these differences can be illustrated by an example utilizing the February, 2015 CPI rate for the San Francisco – Oakland – San Jose area of 2.5% and the average reported mobilehome space rent in the unincorporated county of \$624/month.<sup>1</sup> Under Alameda County’s current ordinance allowing up to a 5% increase, the rent could be increased by \$31.20/month, the highest in the Bay Area.

Jurisdiction	Increase Allowed based on:	Amount of Increase
Unincorporated	5% of the Space Rent	\$31.20
Fremont	60% of CPI or 3% of Space Rent	\$18.72
Hayward	60% of CPI or 3% of Space Rent	\$18.72
Pleasanton	100% of CPI	\$15.60
Union City	90% of CPI	\$14.04

Additionally, staff reviewed actual mobile home space rents in neighboring jurisdictions by researching mobile homes currently for sale in Hayward and San Leandro. For context, the City of Hayward has a Mobile Home Rent Stabilization Ordinance; the City of San Leandro does not.

<sup>1</sup> \$624/month average space rent was calculated utilizing the average space rents reported by park owners through HCD’s survey, weighted by the number of spaces in each park.

Mobile home parks in the unincorporated county at the higher end of the rent spectrum have space rents comparable to those in Hayward and San Leandro. However, the Hayward and San Leandro mobile home parks contain significantly more amenities than any mobile home park in the unincorporated county, despite comparable space rents. Further, all of these parks have more spaces than those in the unincorporated county, and therefore the economy of scale that comes from the management of a larger park should be taken into account. A chart comparing actual space rents is attached as Appendix B.

### *Survey*

Surveys were distributed electronically and/or by hard copy to residents and owners from February to April, 2015 in order to ascertain rent data and other pertinent information from park owners and residents. Responses from park owners or their representatives from seven out of nineteen mobile home parks were received. The owners reported that the majority of the parks raised space rents 5% every year for at least the last five years and the average monthly mobile home rents in the seven parks range from \$426.70 to \$698. Seventy-four residents from ten mobile home parks were represented in the resident survey. All of the residents reported that their rent has increased every year in at least the last five years, most by the maximum allowable 5%.

### *Comparison to Market Rate Rents*

In order to facilitate a comparison between how the market performed during the last 25 years and what was allowed under the Alameda County Mobile Home Space Rent Stabilization Ordinance, Staff utilized HUD-published “Fair Market Rent” (FMR) data to compare against allowable increases during the same period. The FMR is calculated by HUD annually by geographic area based on a number of factors, including local economic conditions and housing demand. In this case, it represents the median increase of market rate rents. Unincorporated Alameda County’s FMR geographic area includes both Alameda and Contra Costa Counties. FMR is not an average rent, but is generally similar to the median rent for the area (typically between the 40<sup>th</sup> and 50<sup>th</sup> percentile).

For the comparison, staff utilized the FMR for a two-bedroom unit and tracked the FMR change year-over-year. This resulted in a FMR increase of 83.1% since 1990 when the ordinance took effect. In contrast, when the allowable Unincorporated County mobile home space rent increase of 5% is calculated yearly for the same time period, it amounts to a 125% increase, a 41.9% difference between FMR and the allowable mobile home space rent increase under Alameda County’s Ordinance, as shown in the chart in Appendix C.

### Stakeholder Meetings: Summary of Resident and Owner Issues

The six stakeholder meetings, held between March, 2015 and July, 2015 were facilitated by HCD staff. There are 19 mobile home parks in the Unincorporated County. Residents or owners of 11 of those participated in the stakeholder meetings. Meetings were held separately with park residents and park owners in order to encourage candid discussion of stakeholder

concerns. Both groups of stakeholders expressed general agreement that the stakeholder meetings were productive and respectful. Complete summary notes from these stakeholder meetings are attached as Appendix D.

Residents at the stakeholder meetings expressed a preference for lower limits on annual rent increases, even if that meant vacancy decontrol and capital improvement pass-through are also allowed. Most park owners expressed that if more stringent rent increase limits are imposed, they desire the ability to pass through costs of necessary capital improvements in addition to rent increases, in order to pay for the cost of those improvements. The owners also expressed a strong preference for partial to total vacancy decontrol.

It is important to note that not all Alameda County parks have the same characteristics nor are they run in the same manner. As a result, not every park resident's concerns are the same, nor were all the residents' concerns expressed in these meetings. Concerns raised by the residents included excessive rent increases, inadequate park maintenance and insufficient communication with park management. In some cases, residents also reported that park owners refused to disclose to the current coach owner what the new rent will be if the unit sells, so that the current owner can factor that information into the listing. Some residents expressed historical reticence to discuss concerns with park management for fear of retribution. Residents want to see maximum allowable rent increases lowered, though some residents expressed concern with a maximum tied to a calculation of the Consumer Price Index (CPI) increase unless HCD calculates the percentage and provides that determination to both the owners and the residents annually. Generally, residents are comfortable with a capital improvement pass-through, although they would prefer to have input into the capital improvement through a vote. Residents are supportive of regulations which provide them with additional information regularly, including tenant grievance and appeal procedure, as well as State and local mobile home regulations.

Concerns raised by park owners included the need for space rents to adequately cover the costs of park operations, as well as for capital improvements and maintenance. Overall, owners expressed a preference for completely eliminating the mobile home park rent stabilization ordinance, and short of that having no change to the current annual rent increase limit. If there is a change to a CPI model, owners prefer a minimum annual increase, regardless of the amount of CPI t. If the current maximum rent increase limit is maintained, owners do not feel a capital improvement pass-through is necessary; but if the ordinance maximum annual rent increase is lowered, the ability to have a capital improvement pass-through is desired. Owners do not want resident votes on capital improvements, but if necessary, owners believe residents should only be able to vote on new and optional improvements, rather than on capital improvements necessary for maintenance or substantial health and safety-related repairs..

## **Draft Proposed Ordinance**

Attached as Appendix E, is a copy of the draft proposed Mobile Home Space Rent Stabilization Ordinance.

During the review process, four primary facets of a modification to the County's Mobile Home Rent Stabilization Ordinance have been discussed at the stakeholder meetings; three related to the financial operations of the park; the fourth regarding administrative changes to included more specificity regarding factors to consider when reviewing requests for rent increases over the standard annual increase.

- Limit on annual rent increases
- Vacancy decontrol
- Capital improvement pass-through
- Administrative and implementation issues

For a detailed discussion of each of these considerations, please see Appendix F to this report.

The key changes to the draft proposed ordinance are outlined below:

1. Amend the maximum amount of space rent increase each year from a flat rate of 5% to:
  - a. Rent control of 100% of CPI or 3% of the monthly space rent, whichever is less, through the end of 2020;
  - b. Rent control of 100% of CPI, with a minimum of 3% of current rent and a maximum of 5% of current rent from January 1, 2021, onward;
2. Capital improvement pass-through, amortized over the life of the capital improvement provided that:
  - a. No more than 50% of the capital improvement cost is passed on to the residents;
  - b. The monthly pro-rata share of the capital improvement cost for each resident does not exceed 5% of their monthly space rent;
  - c. New capital improvements cannot be passed through to the residents unless ratified by a vote of 50% +1 spaces.
3. Vacancy control.
  - a. Vacancy control to remain in place.

These three financial aspects of a rent stabilization ordinance are inter-related in that not only does each of them impact the financial well-being of both the park owner and the park residents, but a tightening of restrictions in one can be balanced by a loosening of limitations in the others.

4. Proposed Administrative changes to the Ordinance:
  - a. Notification requirements to tenants in an effort to improve communication with, and flow of information to, the residents;

- b. Notification requirements to HCD to keep HCD informed of changes in space rents, ownership and other information related to the administration and maintenance of the mobile home parks;
- c. Codification of HCD staff as the rent review officer;
- d. Processes for owner or tenant appeals as well as required rationale necessary to support these appeals.
- e. Establishment of an annual administrative fee to each park owner to offset the costs to the County of ordinance oversight. The fee would not be assessed in the first year, and would be based on actual staff time from prior years. The fee would be assessed by the number of spaces, and allocated to each park. The park owner would be allowed to collect a portion of the administrative fee from each resident, but no more than ½ of the per-space charge would be allowed.

### **Recommendation**

Staff recommends the Castro Valley Municipal Advisory Council:

- 1. Take public testimony,
- 2. Recommend approval of the draft proposed Mobile Home Rent Stabilization Ordinance to the Planning Commission.

For information on this staff report, please contact Michelle Starratt, Assistant Director, Alameda County Housing and Community Development Department at [michelle.starratt@acgov.org](mailto:michelle.starratt@acgov.org) or at 510-670-5207.

### **APPENDICES:**

- A. Results of research on local ordinances
- B. Results of surveys and Rent Comparisons
- C. Market rate increases compared to allowed MH Space Rent Stabilization Ordinance
- D. Summary of Stakeholder Meetings
- E. Proposed Ordinance
- F. Details of Proposed Changes

## APPENDIX A: Results of Research on Local Ordinances

This Appendix provides additional information on the results of research current conditions and local ordinances.

One of the key pieces of information about parks in Alameda County is that there are more in the unincorporated county than anywhere else, and that they are smaller than those in other jurisdictions. Alameda County has 19 parks, with an average size of 33. As a comparison, Hayward, with the second largest number of parks at 10 has an average size of 213. The following chart provides detail regarding mobile home parks within Alameda County.

Alameda County Jurisdictions with Mobile Home Parks		Rent Stabilization Ordinance?	Number of Parks	Total Number of Spaces	Smallest Park	Largest Park	Average Size
1	Unincorporated	Yes	19	622	8	86	33
2	Hayward	Yes	10	2131	37	462	213
3	San Leandro	No	8	837	30	366	105
4	Livermore	No	7	443	14	159	63
5	Pleasanton	Yes	4	404	14	208	101
6	Fremont	Yes	3	732	165	331	244
7	Oakland	No	3	49	10	26	16
8	Union City	Yes	2	896	352	544	448

Results of the surveys identified the high, low and average rent at all Mobile Home Parks in the Unincorporated County. Using the park owner reported average mobile home space rent in unincorporated Alameda County of \$624/month<sup>2</sup>, staff regressed back 5% annually to 1990 to come up with a starting rent of \$193.48. Using this theoretical rent amount, the chart below demonstrates the actual rent increases each jurisdiction would have allowed from 1990 through 2014.

- County: 5% of rent
- Fremont: Greater of 60% of CPI , 3% of rent or \$10/month, up to a CPI of 6%
- Hayward: Greater of 60% of CPI or 3% of rent, up to a CPI of 6%
- Pleasanton : 100% CPI, between 1% and 5% of CPI
- Union City : Lesser of 90% of CPI or 7% of rent

<sup>2</sup> \$624/month average space rent was calculated utilizing the average space rents reported by park owners through HCD's survey, weighted by the number of spaces in each park.

Year	Alameda County	Fremont Model	Hayward Model	Pleasanton Model	Union City Model	Social Security Cost of Living Increase	CPI % change
<b>Average Annual Change</b>	<b>5.00%</b>	<b>3.54%</b>	<b>3.02%</b>	<b>2.74%</b>	<b>2.46%</b>	<b>2.61%</b>	<b>2.76%</b>
<b>Avg. 2010-2015</b>	<b>5.00%</b>	<b>3.00%</b>	<b>3.00%</b>	<b>2.43%</b>	<b>2.18%</b>	<b>1.42%</b>	<b>2.32%</b>
2015	\$655.20	\$461.61 (3%)	\$407.46 (3%)	\$379.49	\$354.63 (90%)	1.70%	2.53%
2014	\$624.00[1]	\$448.16 (3%)	\$395.59 (3%)	\$370.11	\$346.74 (90%)	1.50%	2.43%
2013	\$594.29	\$435.11 (3%)	\$384.07 (3%)	\$361.32	\$339.32 (90%)	1.70%	2.45%
2012	\$565.99	\$422.44 (3%)	\$372.88 (3%)	\$352.69	\$332.00 (90%)	3.60%	3.00%
2011	\$539.03	\$410.13 (3%)	\$362.02 (3%)	\$342.42	\$323.27 (90%)	0.00%	1.72%
2010	\$513.37	\$398.18 (3%)	\$351.48 (3%)	\$336.61	\$318.34 (90%)	0.00%	1.76%
2009	\$488.92	\$386.58 (3%)	\$341.24 (3%)	\$330.80	\$313.38 (90%)	5.80%	1.18%
2008	\$465.64	\$375.32 (3%)	\$331.30 (3%)	\$326.93	\$310.08 (90%)	2.30%	2.76%
2007	\$443.47	\$364.39 (3%)	\$321.65 (3%)	\$318.15	\$302.57 (90%)	3.30%	3.19%
2006	\$422.35	\$353.78 (3%)	\$312.28 (3%)	\$308.32	\$294.12 (90%)	4.10%	2.93%
2005	\$402.24	\$343.48 (3%/\$10 are equal)	\$303.18 (3%)	\$299.54	\$286.57 (90%)	2.70%	1.56%
2004	\$383.08	\$333.48 (\$10)	\$294.35 (3%)	\$292.60 (1% CPI)	\$282.60 (90%)	2.10%	0.20%
2003	\$364.84	\$323.48 (\$10)	\$285.78 (3%)	\$292.00	\$282.09 (90%)	1.40%	3.35%
2002	\$347.47	\$313.48 (\$10)	\$277.46 (3%)	\$282.55	\$273.83 (90%)	2.60%	1.81%
2001	\$330.92	\$303.48 (\$10)	\$269.38 (60%)	\$277.53 (5% CPI)	\$269.44 (90%)	3.50%	6.46%
2000	\$315.16	\$293.48 (\$10)	\$260.02 (3%)	\$264.31	\$259.65 (90%)	2.50%	4.19%
1999	\$300.15	\$283.48 (\$10)	\$252.44 (3%)	\$253.68	\$250.21 (90%)	1.30%	3.80%
1998	\$285.86	\$273.48 (\$10)	\$245.09 (3%)	\$244.39	\$241.94 (90%)	2.10%	3.36%
1997	\$272.25	\$263.48 (\$10)	\$237.95 (3%)	\$236.46	\$234.84 (90%)	2.90%	3.07%
1996	\$259.28	\$253.48 (\$10)	\$231.02 (3%)	\$229.42	\$228.53 (90%)	2.60%	1.79%
1995	\$246.94	\$243.48 (\$10)	\$224.29 (3%)	\$225.37	\$224.59 (90%)	2.80%	2.10%
1994	\$235.18	\$233.48 (\$10)	\$217.76 (3%)	\$220.73	\$220.43 (90%)	2.60%	1.31%
1993	\$223.98	\$223.48 (\$10)	\$211.42 (3%)	\$217.89	\$215.36 (90%)	3.00%	3.19%
1992	\$213.31	\$213.48 (\$10)	\$205.26 (3%)	\$211.15	\$209.35 (90%)	3.70%	3.60%
1991	\$203.16	\$203.48 (\$10)	\$199.28 (60%)	\$203.81	\$202.78 (90%)	5.40%	5.34%
1990	\$193.48	\$193.48	\$193.48	\$193.48	\$193.48		--

As the chart demonstrates, after regressing back to an assumed average rent in 1990, the Alameda County’s current allowable annual maximum rent increase results in rents far greater than neighboring jurisdictions over the 25 years that the ordinance has been in place. Using the same starting rent of \$193.48 in 1990 for all jurisdictions, and calculating their allowed increases based on each ordinances up until 2015, Alameda County rents reached \$655.20 in this theoretical model, whereas Fremont’s went up to \$461.61, Hayward’s reached \$407.46, Pleasanton reached \$379.49 and in Union City the rents would have increased to \$354.63. When viewed as an annual percentage increase, Fremont rose by an average of 3.54%, Hayward rose by 3.02% on average, Pleasanton rose by an average of 2.74% and Union City rose by 2.46% on average annually.

The chart further provides a comparison between the annual CPI increase and the annual Social Security increase between 1990 and 2014. Over that time, CPI and Social Security outpaced each other with similar frequency, 13 years compared to 12). In fact, from 2005 to 2015, the average annual percentage increase for both CPI and Social Security was 2.4%, demonstrating that tying space rent increases to CPI would be similar enough to Social Security increase for those senior residents to keep pace with escalating rents.

## APPENDIX B: Survey Results and Actual Rent Comparisons

This Appendix summarizes the results of research regarding actual mobile home space rents in unincorporated Alameda County and a comparison of those rents with actual mobile home space rents of nearby jurisdictions.

The current mobile home rent stabilization ordinance does not require that owners report to the County actual rents charged, or that they provide any information to the County when they raise rents, therefore, actual rents were difficult to establish. Lack of data from the mobile home parks has been a significant challenge in this process.

### Survey Results Regarding Rents and Rent Increases

Through the surveys, mobile home park residents or owners reported the following annual rent increases during the years 2010-2014:

Mobile Home Park	City	Yearly Rent Increase	Years
<b>Avalon</b>	Castro Valley	5%	All
<b>Chetwood Crest</b>	Castro Valley	5%	All
<b>Fuchsia Court</b>	San Leandro	3-5%	All
<b>Paradise</b>	San Leandro	5%	All
<b>Tra Tel</b>	Castro Valley	5%	All
<b>Wishing Well</b>	Castro Valley	5%	All
<b>Wagon Wheel</b>	Castro Valley	2-5%	2010, 2011, 2012, 2014
<b>Vaughn's</b>	Castro Valley	5%	2013

The mobile home park owners survey also collected information regarding average, highest and lowest space rents, and utilities for resident-owned mobile homes, as indicated in the chart below. Not all owners responded, and therefore data was not available for all parks.

Mobile Home Park	City	Average Rent	Highest Rent	Lowest Rent	Utilities Extra
<b>Avalon</b>	Castro Valley	\$427.00	\$490.00	\$380.00	No
<b>Chetwood Crest</b>	Castro Valley	\$658.00	\$848.00	\$559.00	Yes
<b>Fuchsia Court</b>	San Leandro	\$555.00	\$555.00	\$555.00	Yes
<b>Paradise</b>	San Leandro	\$698.00	\$835.34 (double space)	\$692.00	Yes
<b>Tra Tel</b>	Castro Valley	\$550.00	\$550.00	\$491.00	Yes
<b>Wishing Well</b>	Castro Valley	\$672.49	\$760.88	\$584.10	Yes
<b>Wagon Wheel</b>	Castro Valley	\$670.00	\$697.00	\$643.00	Yes

As reported in both the owner and resident surveys, Chetwood Crest and Wishing Well are two of the only mobile home parks to raise their rents by 5% for many years in a row. Although HCD's resident survey only requested information regarding rent increases in the last 5 years,

the park owners reported that those owners who have owned their mobile home parks prior to 1990, when the County’s ordinance took effect, had not raised their space rents every year. In sharp contrast, many of the park owners who bought their parks after the ordinance was enacted have raised their rents to the maximum allowable every year.

**Comparison with Other Jurisdictions’ Space Rents:**

Staff researched mobile homes currently for sale in nearby jurisdictions and was able to ascertain some current space rents in Hayward and San Leandro in order to compare the average space rents in the Unincorporated County to those of nearby municipalities. For context, the City of Hayward has vacancy control within its Mobile Home Rent Stabilization Ordinance; the City of San Leandro does not.

Mobile Home Park	# of Spaces	City	Rent	Amenities	Utilities Extra
Spanish Ranch I	462	Hayward	\$720-\$722	Clubhouse, pool, spa,	Yes
Spanish Ranch II	187	Hayward	\$659-\$680	Clubhouse, pool	Yes
New England Village	415	Hayward	\$732-\$819	Clubhouse	Yes
Mission Bay	366	San Leandro	\$795-\$966	Clubhouse, gym, exercise facility, pool, spa	Yes
Sandev RV Park	71	San Leandro	\$910	Clubhouse, pool	Yes
<i>Chetwood Crest</i>	85	<i>Castro Valley</i>	<i>\$559-\$848</i>	<i>Clubhouse</i>	<i>Yes</i>
<i>Wishing Well</i>	35	<i>Castro Valley</i>	<i>\$584-\$760</i>	<i>None</i>	<i>Yes</i>
<i>Wagon Wheel</i>	53	<i>Castro Valley</i>	<i>\$643-\$697</i>	<i>None</i>	<i>Yes</i>

As the chart above illustrates, mobile home parks in the unincorporated county at the higher end of the rent spectrum have space rents comparable to those in Hayward and San Leandro. The Hayward and San Leandro mobile home parks contain significantly more amenities than any mobile home park in the unincorporated county, despite comparable space rents. However, all of these parks have more spaces than those in the unincorporated county, and therefore the economy of scale that comes from the management of a larger park must be considered.

## APPENDIX C: Market Rate Increases Compared to Allowed Mobile Home Space Rent Stabilization Ordinance

The chart below represents a 25 year period studied to determine how potential Mobile Home Space Rents increased compared to the market, as represented by HUD’s Fair Market Rents for a two bedroom unit. The results of this comparison are that the Mobile Home Space Rent Stabilization Ordinance allowed an increase of up to 41% more than the market for a two bedroom apartment over the same time period. Both represent what was allowable, and not what may have actually occurred. Some parks may have increased rents to the maximum each year, while others may not have.

Alameda County Fair Market Rent Increases vs. Allowed Mobile Home Rent Increases		
Year	Year over Year FMR % Increase Allowed	Annual MH Space Rent Increase Allowed
2015	0.44%	5%
2014	15.94%	5%
2013	-2.92%	5%
2012	0.65%	5%
2011	1.16%	5%
2010	6.33%	5%
2009	4.52%	5%
2008	-0.88%	5%
2007	0.97%	5%
2006	-7.75%	5%
2005	-5.49%	5%
2004	3.35%	5%
2003	10.54%	5%
2002	7.62%	5%
2001	25.41%	5%
2000	6.97%	5%
1999	6.03%	5%
1998	2.27%	5%
1997	1.66%	5%
1996	-2.86%	5%
1995	-1.35%	5%
1994	-2.04%	5%
1993	4.26%	5%
1992	4.59%	5%
1991	3.67%	5%
1990		
<b>Total Over 25 Years</b>	<b>83.10%</b>	<b>125.00%</b>

## **APPENDIX D: Summary of Stakeholder Meetings**

### **Mobile Home Park Resident Stakeholder Meeting Notes**

Tuesday, April 14, 2015 5:30 p.m.

22 people attended, from 7 parks (Chetwood Crest, Golden State, Wagon Wheel, Wishing Well, Paradise, Pines, and Hidden Trailer park). A staff member from Supervisor Miley's office attended, as did a member of the Castro Valley MAC. The Assistant Housing Director and one additional staff person attended on behalf of HCD.

#### **Rents**

- 5% Increase every year, no clear indication of why or what kinds of improvements the owner will do in exchange for constant increases
- One or two residents complained that rents increased above 5%, but they did not know who to complain to or that there was a rent control ordinance in place at all
- Varying rent amounts between neighbors
- Reduction in services at the park without a corresponding reduction in rents – loss of community space, loss of public access to laundry facilities or bathrooms or transfer of utility costs from owner to resident
- Being assessed a parking fee outside of the regular annual rent increase
- Being charged more on a monthly basis (\$100) because you don't have credit – regardless of the 5% cap

#### **Utility Billing**

- Transfer of Utility cost from owner (as part of the rent) to resident in addition to rent, and an increase of 5% in the rent (more than what should have been allowed)
- Concerns about how utility costs are allocated, especially when not all parks are fully metered yet. Also concerns about month to month variations when the utilities are not metered – why does one resident pay more than another?
  - Complaints that the water is metered, but that the owner is using resident hose to clean the driveway – with resident paying costs for park-wide clean up
  - My garbage costs is higher than my neighbors for the same service
  - Now that the utilities are metered, my costs have gone way down, the owner used to pass on a much higher amount for water than what I am charged now
- Assigning an outside agency to collect on utilities without any discussion or disclosure to residents - which created confusion.... Wouldn't a notification have been a simple way to make this happen?
- Owner used to charge me \$26 a month in water bill. Now I am metered, and my costs are only \$8 a month. Why was he charging me \$26 all those years if my share was so low.
- Who is paying for the common areas?

#### **Vacancy Control vs. De-control and Sales of Units**

- Owners or their Realtors not being able to get the owner to respond to requests for meetings or rent information for the prospective buyer
- Tenants maintain that vacancy decontrol is occurring
  - Paradise park – 10 years ago, sold a unit with rent at \$250, new rent was \$295, actual increase should have gone to \$262.50 if 5% had been adhered to
  - Park Owner not disclosing to homeowner what they told new buyer the rent would be (it is not your business) and the homeowner losing the sale (because the rent was too high? Because the owner was difficult? Not clear but an interested buyer was scared off after talking with the owner’s representative).
- Park owner not approving a potential buyer of a unit, then turning around and offering a much smaller amount of money than the buyer they did not approve.
- Viable buyers walking away after conversation with the owner (intimidation and scare tactics)
- Park owner offering to buy the coach for \$1,000 or \$2,000
- No clarity on what the owner wants of the buyer, what standards they need to meet to be able to take over the space rent.

### **Communications with Management**

- Most residents who attended the meeting indicated that they have approached management about the rent increase issue, told them it was too high, asked what it was based on, asked if it could be adjusted, and across the board those that attended indicated that all managers had said they charge it because they can and it is what they are allowed to do. None indicated that a manager was open to discussion, this included Wishing Well, where the manager has repeatedly said no residents have come to her to complain.

### **Civil Complaints – out of our jurisdiction – but issues to track and try to figure out**

- Management Issues
  - Sexual Harassment by managers towards tenants
  - Drunk and disorderly behavior of managers in the parks (belligerence and name calling)
  - Intimidation and scare tactics
- Maintenance
  - Of the pad and the park
  - Inconsistent assignment of responsibility regarding pad & site maintenance –
    - E.g. A tree planted by a resident into the ground was cut down by a park owner because he did not want the tree on his property, but the same owner will not take responsibility for the sink hole under the same residents mobile home.
  - Requested copies of inspection reports and complaints for these parks from State HCD

July 21, 2015; 5:30 p.m.

20 people attended, from 7 parks (Chetwood Crest, Wagon Wheel, Wishing Well, Paradise, Pines, and Vaughns). A staff member from Supervisor Miley's office attended, as did a staff member from Supervisor Chan's office. The Assistant Housing Director and one additional staff person attended on behalf of HCD.

### **Maximum Annual Allowable Rent Increase**

- 5% cap on annual rent increases is too high
- it is challenging to compare mobile home park space rents in other jurisdictions to the County because other jurisdictions' mobile home parks are nicer than the ones in the Unincorporated County
- would prefer a formula that is clear and relatively simply so that they can track the change rather than a complicated formula.

### **Capital Improvement Pass-through**

- how is capital improvement pass-through a trade-off for a lower rent cap if park owners have not paid for capital improvements to date
- some do not like the concept of a capital improvement pass-through and some only want to pass through new capital improvements as long as the rent cap is lowered.

### **Administrative Options**

- Notification to Residents by Owners
  - a notification requirement to the residents is a good idea.
  - solely having a link to the ordinance is not enough. A summary of the ordinance needs to be included in the notice, as well as how to get a copy of the full ordinance.
- Mandatory Notification of Voluntary Rent Mediation Services
  - Residents believe park owners will not mediate but this mandatory notification provides a good avenue to get information on how to get help.
- Notification to HCD by Owners
  - Residents would like HCD to get information on individual rent increases and rent rolls.
  - Residents believe that the more information that HCD can get, the better off the residents will be.
- Standards of Review
  - Concern expressed that park owners would just configure their requirements to

meet the standards of review.

- Tenant Grievance/Appeal Procedure

- Residents stated that the more informed they are, the better able they will be to get help or stand up for themselves and get help.
- Wishing Well residents expressed general concerns regarding Wishing Well: they do not get a copy of the ordinance, the owners need to fix the water main shut off valve, the residents are not allowed to use the gazebo, the residents do not know when the pavement repair is going to occur, residents cannot park their leaky cars on the pavement, park owners give seven days' notice when there is a concern instead of just talking with residents. Wishing Well residents fear retribution.

## **Mobile Home Park Owners Stakeholder Meeting Notes**

Wednesday, April 8, 2015 3:30 p.m.

14 people attended, from 8 parks (Avalon, Chetwood Crest, Fuschia, Garden, Slaters, Tra Tel, Wagon Wheel, and Wishing Well). Supervisor Miley also attended, as did one of his staff members and a staff member from Supervisor Wilma Chan's office. A representative from the Western Manufactured Housing Association also attended, as did a rental housing owner. The Housing Director and two additional staff persons attended on behalf of HCD.

### **Vacancy Control**

- The ordinance needs vacancy decontrol

### **Capital Improvement Pass-through**

- The ordinance needs capital improvement pass-through
- Owners do not want to have to ask residents for permission to do capital improvements

### **Overall Concerns with a Revised Ordinance**

- RV spaces can rent for higher amounts than mobile homes.
- The utilities at Wagon Wheel Mobile Home Park are increasing significantly; Wagon Wheel owners pay the utilities for their residents. In contrast, Wishing Well Mobile Home Park and Chetwood Crest Mobile Home Park sub meter their gas, electric and water. Most parks sub meter their gas and electric, but that does not cover their operating costs.
- Mobile home parks are valuable because there are older people living in the parks, who understand the value of creating a neighborhood.
- Tra Tel complies with rent control for all their spaces, even though it is not required for RV's and motor homes. They self-regulate their rents. If rent control is restricted below 5%, they will not be able to maintain their park. They currently only have 30 amp electrical at their park. To improve the electrical capacity would cost \$400-500K. Any new upgrades must be 50 amps and the wire/servers must be 100 amps. Also, any new upgrades would need to be undergrounded. Tra Tel has no vacancies. They need enough money to do basic things like sewer. They do not have as many tenants as they used to because the County exercised eminent domain on their property. They have very few evictions.
- Chetwood Crest has 88 spaces over five acres. They do not know the median range of their rents. Their average rent is \$634/month. They have no vacancies. Chetwood Crest was developed in 1958 and has an aging infrastructure. They must replacement a certain percentage of their meters every year. They also have a clubhouse that requires maintenance as well as driveways. An asphalt project is scheduled for this year. They rescinded their 2015 rent increase notification in compliance with the voluntary

moratorium.

- Mr. Williams stated that he owns 5 parks, however would not identify them. He indicated that “rent control is a fool’s errand” and he is thinking about quitting mobile home park ownership. The current rent control of 5% is the minimum that the parks can absorb; any further restriction will force the owners to give up the parks. He stated that what is needed is a need-based benefit, as opposed to a benefit for everyone regardless of income. The current rent control of 5% gives the ability to make moral judgments; governmental intervention is not necessary.
- The mobile home park situation in Unincorporated Alameda County is unique because the stakeholders are truly stakeholders: “mom and pop” places, owned for generations, and not corporations.
- Avalon believes the County representatives have been fair and gracious.
- Fourteen out of the twenty parks in Unincorporated Alameda County are members of the Western Manufactured Housing Communities Association

Wednesday, April 21, 2015 3:30 p.m.

13 people attended, from 8 parks (Avalon, Chetwood Crest, Fuschia, Garden, Slaters, Tra Tel, Wagon Wheel, and Wishing Well). Two staff members from Supervisor Miley’s office attended, as did a staff member from Supervisor Wilma Chan’s office. A member of the Castro Valley MAC attended, as did a representative from the Western Manufactured Housing Association also attended. The Housing Director and two additional staff persons attended on behalf of HCD.

### **Surveys**

- HCD has received 6 park owner surveys online and one in person.
- These 7 surveys represent over 50% of the spaces in Unincorporated Alameda County.
- Some concern among park owners regarding privacy issues and how public will this information become, especially with regard to the Board of Supervisors meeting?
- The park owners will provide the mailing addresses with the space numbers.
- The park owners will not provide owner-owned coach information.

### **Sale of Mobile Homes**

- There are signs up in the mobile home parks regarding sale of mobile homes in the parks.
- There are criteria codified in the Mobilehome Residency Law regarding the sale of mobile homes.
- There exists no apples-to-apples comparison, where it is possible to compare other jurisdictions. Other cities have larger parks, and senior parks.
- There needs to be senior programming in a senior park so there are no discrimination concerns.

## **Vacancy Control**

- Vacancy decontrol helps with rent control.
- Vacancy decontrol is unrelated to rent control.
- There is a distinction between empty spaces and trailers in place.
- Even the most austere ordinances have decontrol on empty spaces.
- The tax assessor depreciates coaches rapidly. She asked how the County is planning to balance decontrol and how the County believes tenants will respond to decontrol.

## **Capital Improvement**

- What is the definition of capital improvement? Oakland just changed its capital improvement laws, so that now 70% of capital improvements must be negotiated with the residents of the apartments. Berkeley increased its rent offset against the capital improvement increase.
- Is staff proposing to impose rent increases on top of capital improvements year over year.
- Owners do not want a vote of the residents to determine if a capital improvement can be implemented.
- “Sick building syndrome” is the residents’ problem. He cannot borrow money from the bank to cover Avalon costs, which means that he has to sit on a cash reserve if he needs to fix something so it is insurable. Therefore, the owners are working on a potential time bomb. They need money for capital improvements or a second mortgage and cannot plan on money except for a cash reserve.

## **Fair Market Rents**

- Fair Market value is not reality.
- One owner’s apartments went up 325%. The Fair Market rents are not the high end of the market.
- If residents were unable to live in the mobile home park any longer, wouldn’t they simply abandon their unit.

## **Rent Control**

- Amortized over 12 years, the difference is less than ½% per year. In fact, mobile home parks barely break even. The role for County government is to keep the 5% and not make the ordinance more complicated.

## **Administrative Fee**

- The administrative fee should be shared with tenants. Some tenants opt out of rent control to get out of sharing in the administrative fee.
- Some jurisdictions have ten year lease agreements that are renegotiated every ten years.
- The owners were in general agreement that they were not opposed to notifications to tenants and the County.
- Would rather give a weblink to tenants instead of a paper notification.

### **Voluntary Moratorium**

- The owners were in general agreement that they are amenable to an extended voluntary moratorium.

July 16, 2015; 4:30 p.m.

13 people attended, from 9 parks (Avalon, Chetwood Crest, Fuschia, Garden, Slaters, Paradise, Tra Tel, Wagon Wheel, and Wishing Well). Two staff members from Supervisor Miley's office attended, as did a staff member from Supervisor Wilma Chan's office. A member of the Castro Valley MAC attended, as did a representative from the Western Manufactured Housing Association. The Housing Director and one additional staff person attended on behalf of HCD.

### **Ordinance Generally**

- Alameda County's ordinance is the shortest mobile home rent stabilization ordinance in California and things need to be added.

### **Maximum Annual Allowable Rent Increase**

- Given that Alameda County has only had one petition in 25 years, it is a testament to how well the ordinance works regarding rent increases. Further, many ordinances were established in the 1970's and 1980's, when the CPI included housing and as a result was higher (19-21%). Subsequently, the volatile components were removed and as a result the yearly percentage change is lower. Therefore, fractions of the CPI do not support the cost of a mobile home park operation. Mr. Evans is in favor of retaining the current ordinance.
- Even with rent controls that may seem fair, Unincorporated County is in the middle of rents in the County. Fremont and Pleasanton are higher, Union City is lower because those parks are owned and operated by nonprofits. The average mobile home space ends up being in the mid-700's, even taking into consideration parks in the cities without rent control, such as Livermore and San Leandro. Therefore, the unincorporated county rents are fair and have worked because it is in the middle. It is important to look at cities with no rent control as well; staff should not just look at Union City, Hayward and Fremont.

### **Capital Improvement Pass-through**

- The Alikians are in the middle of a capital improvement project. If they cannot have a rent increase, how are they going to pay for the capital improvement?
- Shaun Alikian stated that he is against resident approval for capital improvements.
- One park is doing a PG&E improvement and the residents do not care.
- There are two categories of capital improvements. An owner has no problem with resident approval of a new capital improvement, but for rehabilitation of an existing

capital item, he does not support resident approval.

- How long would the process for approving a capital improvement be. Some improvements can have a short timeframe. Further, there needs to be a clear distinction on what can be amortized.
- The amortization must include a return of investment AND a return on investment, which is the way Santa Cruz's ordinance works. Santa Cruz allows a 12% return on investment, because why otherwise would park owners put money into the park if he cannot realize a return on investment? Recognition is desired on the county's part that owners have stepped forward and would appreciate a lack of demonizing in the community regarding this issue.
- Tenants should not be able to vote on repair and replacement and health and safety issues, like potholes, PG&E, etc... The residents' part should be limited to new improvements with short time frames.
- No one wants the government saying what owners can and cannot do. There are concerns about "Failure to Maintain" lawsuits. There are liability exposure issues. If owners do not upgrade electrical, it is a problem. Coaches are 50-100 amps now; old coaches are 30 amps. Therefore, electrical upgrades are necessary for new coaches. Owners do not want to ask the County for permission to do something.
- Currently a capital improvement is not required because the rent is sufficient. If the County takes away the 5% rent increase, capital improvement pass-through is needed. It has been a simple ordinance. Capital improvement pass-through will always cost residents more than 5%.
- People would rather not pay; residents do not even maintain their own coaches.
- Fremont limits the amount of pass-through based on the space rent, but they are able to do that because Fremont mobile home parks are all big parks with high rents, in stark contrast to the parks in the unincorporated county. Unless the city participates in liability for "Failure to Maintain" lawsuits, it should have no ability to have a say in a capital improvement.
- Oakland would add a finance factor into the cost
- The County should use the tax code to ascertain amortization life of capital improvements.
- For capital improvements which help to bring the park up to code, he wants the ability to pass through the capital improvement expense plus raise rents 5% every year. What is staff's job in the public process in terms of "spin" and "marketing" of the upcoming recommendation? Will park owners be able to have a draft Ordinance in the future?
- The tax code has clear amortization schedules. It is important to have a return of investment as well as a return on investment. HCD is not addressing the cost of the coach. The ordinance will result in tenants receiving artificially inflated housing prices for their coaches– is this really affordable housing? Should we require that residents not sell for more than an increase in inflation?

### **Vacancy Control**

- The park owners would prefer complete decontrol.

## **Rent Control**

- Finding a CPI adjustor that has a floor and a ceiling works well so that the CPI does not go too low or too high. San Jose has a range of 3-7% and they have lots of mobile home parks. Further, San Jose has only had two appeal hearings. San Jose's ordinance includes maintenance of net operating income as a factor.
- CPI plus a rate of return is expected. It is foolish to talk about something less than the CPI. The CPI is a composite of 50,000 goods which reflects the cost of living.
- If the ordinance stays at 5% cap, no capital improvement pass through is necessary.
- The option to petition for a higher increase is necessary.
- Mobile home parks in the unincorporated county have not averaged 5% increase every year and wonders why the process is taking place, given what appears to be a 2-3% complaint rate from tenants about space rents.
- None of Wishing Well's residents have called to say they cannot pay the rent in 16 years.

## **Administrative Options**

- It is important that the ordinance is as clear as possible, otherwise it will create problems for tenants who cannot understand basic things and it will be hard for the County to follow through. Fremont and Pleasanton each have only three parks; however in contrast, the unincorporated county has a lot of different business models with its 19 parks.
- The current ordinance works and costs the County nothing because there is no staff time and have been no lawsuits. The more complicated the ordinance, the more expensive it is to administer.
- The tenants should and would bear at least some of the costs.
- Notification to Residents by Owners
  - There is no problem with including information regarding the ordinance and a website where residents can locate the complete ordinance.
  - Park owners would appreciate being given standard language of one paragraph to be included in the rent increase notice, including requirements such as font size.
  - The paragraph should indicate that a copy of the ordinance will be located in the park manager's office.
  - Residents should be provided with a copy of the full ordinance when they move in, and then including a standard paragraph in rent increase notices with info that the entire ordinance is available in the Manager's office, HCD, and libraries, and providing a link to the website with the entire ordinance.
- Mandatory Notification of Voluntary Rent Mediation Services
  - What would be mediated?
  - What is the benefit to the owners?
  - Some ordinances require giving notifications to residents before they move in, not with every rent increase. Giving notification of rent mediation services to

residents with every increase may institutionalize the concept.

- Notification to HCD by Owners

- One owner is not okay with sending rent rolls; she is, however okay with sending rent increase information and high/low rent information.
- Rent rolls with specific rent information on it is mobile home park owner business.
- Rent rolls are not the County's business.
- One owner stated he would be willing to sign a statement under penalty of perjury that he has not raised rents higher than allowed by the County Ordinance.
- Sending rent roll information to the County makes those records reachable in a Public Records Request. The business tax records already list park income, from which the County could extrapolate rent roll information.
- What is the County's intent in asking for rent roll information?
- Would provision of this information just provoke resident complaints?
- HCD wants statistics.
- Does this request increase bureaucracy.
- Paradise has rent credits for tenants in need, which are not disclosed. She does not want to disclose that information to other tenants.
- An aggregate sheet, with average/high/low/percentage increase information, which is signed by the property owner, provides the necessary information. Will HCD question every business decision

- Standards of Review

- Mr. Berger stated that when he petitioned for a higher than 5% annual rent increase in 1991, they had to guess regarding standards of review.
- Would HCD consider codifying the use of a Rent Control Board for appeals?
- Frequently jurisdictions utilize a hearing officer to hear appeals.
- The net operating income of the parks is complicated. Other ordinances have used these factors for standards of review.
- Designation of a hearing officer is more appropriate than the Board of Supervisors or appointees of an elected Board playing that role. The Hearing Officer position should be filled by someone with an administrative hearing background, possibly volunteer attorneys who are paid for their services.

## **APPENDIX E: PROPOSED ORDINANCE**

### **DRAFT MOBILE HOME RENT STABILIZATION ORDINANCE**

#### **2015 REVISION TO ORD. CODE CHAPTER 3.32**

### **INTRODUCTORY PROVISIONS**

#### **3.32.010 Purpose.**

The purpose of this chapter is to stabilize the rents that mobile home owners within the unincorporated areas of the County are charged by mobile home park owners for the use of the space occupied by the mobile home and to adopt a maximum allowable standard rent increase, a mechanism for park owners to request rent increases in excess of the standard rent increase, and a process for mobile home owners to challenge rent increases.

#### **3.32.020 Definitions**

For purposes of this chapter, certain words and phrases shall have the meanings set forth herein.

"Administration Fee" means the fee assessed to reimburse the County for the costs of administering this chapter, pursuant to Section 3.32.230.

"Administration Fee Rent Increase" means an increase in rent pursuant to Section 3.32.080.

"Affected Mobile Home Owners" means all Mobile Home Owners in a Mobile Home Park who have been notified by the Park Owner that a rent increase is being sought or is to become effective, or who have been otherwise made aware that a rent increase or Service Reduction has or is to become effective.

"Affected Mobile Home Spaces" means all spaces in a Mobile Home Park for which Mobile Home Park Owners have been notified by the Park Owner that a rent increase is being sought or is to become effective, or who have been otherwise made aware that a rent increase or Service Reduction has or is to become effective.

"Base Rent" means the Space Rent charged and allowed pursuant to this chapter on the Effective Date plus any increase in Space Rent allowed thereafter pursuant to this chapter.

"Capital Improvements" means those expenditures at a Mobile Home Park that may be characterized as capital improvements for federal income tax purposes.

"Capital Improvement Rent Increase" means an increase in rent pursuant to Section 3.32.090.

“Commercial Purchaser” means a person or entity including, but not limited to, an individual, a limited liability company, corporation, partnership or any form of association engaged in Mobile Home sales as a business.

“Consumer Price Index” means the Consumer Price Index for All Urban Consumers San Francisco-Oakland-San Jose area (or, if the area designation is revised, for the area that encompasses unincorporated Alameda County), published by the U.S. Department of Labor, Bureau of Labor Statistics.

“Effective date” means the date the ordinance enacting this definition became effective.

“Hearing Officer” means the person designated by the Rent Review Officer pursuant to Section 3.32.050.

“Housing Director” means the Director of the Housing and Community Development Department of the Community Development Agency, acting either directly or through his/her assigned deputies and employees.

“Housing Services” means a service or amenity provided by the Park Owner related to the use or occupancy of a Mobile Home Space, including but not limited to maintenance or repairs to the Mobile Home Space, common areas or assigned parking areas of the Mobile Home Park, for which the Park Owner expends money or other quantifiable consideration to provide. For purposes of this chapter, housing services do not include intangibles or other benefits associated with living at the Mobile Home Park for which the Park Owner does not expend money or other quantifiable consideration to provide (e.g. desirability of the location of the Mobile Home Park, views, air quality).

“Major Rent Increase” means an increase in rent pursuant to Section 3.32.100.

“Mobile Home” means a structure designed for human habitation and for being moved on a street or highway under permit pursuant to Cal. Veh. Code § 35790, including but not limited to a manufactured home, as defined in the California Health and Safety Code, “Mobile home” does not include a recreational vehicle, as defined in Cal. Civ. Code § 799.24, a commercial coach, as defined in Cal. Health & Safety Code § 18001.8, or factory-built housing as defined in Cal. Health & Safety Code § 19971.

“Mobile Home Owner” means a person who has an ownership interest in a Mobile Home and has a tenancy in a Mobile Home Park under a rental agreement, having the right to the use of a Mobile Home Space on which to locate, maintain and occupy a Mobile Home, including any fractional interest therein and who is not a Commercial Purchaser.

“Mobile Home Park” means any area or tract of land within unincorporated Alameda County where two or more Mobile Home Spaces are rented, or held out for rent, to accommodate Mobile Homes.

"Mobile Home Space" means a site within a Mobile Home Park intended, designed, or used for the location or accommodation of a Mobile Home and any accessory structures or appurtenances attached thereto or used in conjunction therewith.

"Mobilehome Residency Law" means the state law governing the landlord-tenant relationship between Park Owners and Mobile Home Owners (California Civil Code sections 798 et seq.), a copy of which is available from all Park Owners.

"Park Owner" means any person or entity that owns, leases, or subleases a Mobile Home Park and/or a Mobile Home Park business in the unincorporated area of Alameda County, including any fractional interest therein, or an operator, manager, agent or representative authorized to act on behalf of such a person or entity.

"Percent Change in Consumer Price Index" means the annual percent change in the Consumer Price Index, calculated to the nearest tenth (.1), published for the month of February, issued in the month of March. In the event that an index is not published for the month of February, the closest preceding month for which an index is published shall be used.

"Rental Agreement" means a lease or other agreement between the Park Owner and the Mobile Home Owner for a Mobile Home Space establishing the terms and conditions of a Mobile Home Park tenancy.

"Rent Review Officer" means the person or persons designated by the Housing Director pursuant to Section 3.32.040.

"Rent Review Procedures" means the written procedures adopted by the Housing Director pursuant Section 3.32.030.

"Service Reduction" means any reduction in housing services below the level existing on or after the Effective Date, which results in a cost savings to the Park Owner without a corresponding decrease in Space Rent. The reduction or deferment of maintenance below the level existing on or after the Effective Date may constitute a Service Reduction. However, normal wear and tear of the common area facilities and/or the Mobile Home Space does not constitute a Service Reduction.

"Space Rent" means the money or other consideration charged or received by a Park Owner for the use or occupancy of a Mobile Home Space and the nonexclusive use of common area facilities, but excluding separately billed utilities or reasonable charges for services actually rendered as of the Effective Date.

"Standard Rent Increase" means an increase in rent pursuant to Section 3.32.070.

### **3.32.030** Implementing Rent Review Procedures

The Housing Director shall establish written Rent Review Procedures consistent with this chapter to effectuate the purposes of this chapter, including but not limited to establishing

timelines for the notices and actions described herein, hearing procedures, requirements for written submissions, and factors to be considered by the Rent Review Officer and Hearing Officer in making determinations pursuant to this chapter.

**3.32.040 Rent Review Officer**

The Housing Director, or a person or persons designated by the Housing Director, shall serve as the Rent Review Officer to administer and enforce the provisions of this chapter.

**3.32.050 Hearing Officer**

The Rent Review Officer shall designate a Hearing Officer to conduct a hearing or hearings pursuant to this chapter. The minimum qualifications of the Hearing Officer shall be as established by the Rent Review Procedures. A person shall not be appointed as a Hearing Officer if the Rent Review Officer determines that the person has an actual or potential conflict of interest in the matter or if such appointment would have the appearance of a conflict of interest in the matter. For example, a person who is a Mobile Home Owner, a Park Owner or an immediate family member of a Mobile Home Owner or Park Owner shall be ineligible to serve as a Hearing Officer.

**RENT INCREASES**

**3.32.060 Allowable Rent Increases**

All rent increases shall be limited to the Standard Rent Increase, Capital Improvement Rent Increase, Administration Fee Rent Increase and Major Rent Increases pursuant to the provisions herein.

**3.32.070 Standard Rent Increase**

Until and through December 31, 2020, once every twelve (12) months, a Park Owner may increase the Base Rent by a Standard Rent Increase of up to either one hundred percent (100%) of the Percent Change in the Consumer Price Index or three percent (3%) of the monthly Base Rent, whichever is lower.

From January 1, 2021, onward, once every twelve (12) months, a Park Owner may increase the Base Rent by a Standard Rent Increase of up to either one hundred percent (100%) of the Percent Change in the Consumer Price Index or three percent (3%) of the monthly Base Rent, whichever is higher, provided that the Standard Rent Increase shall in no instance exceed five percent (5%) of the monthly Base Rent.

All Standard Rent Increases shall become a permanent part of the Base Rent upon which future rent increases are calculated.

**3.32.080 Administration Fee Rent Increase**

- A. A Park Owner may pass through up to 50 percent (50%) of the Administration Fees assessed against them to the Mobile Home Owners. The portion of the Administration Fee to be passed through shall be apportioned equally among the Affected Mobile Home Spaces. A minimum of fifty percent (50%) of the Administration Fee must be borne by the Park Owners and may not be passed through in any manner to the Mobile Home Owners.
- B. Once every twelve (12) months a Park Owner may increase the Mobile Home Owner's rent based on the Mobile Home Owner's pro-rata share of the Administration Fee. The Administration Fee Rent Increase, if any, shall be charged in equal monthly installments over the twelve- (12-) month period following its implementation.
- C. An Administration Fee Rent Increase does not comprise a part of the Base Rent and shall not be included as part of the Base Rent upon which future rent increases are calculated. An Administration Fee Rent Increase is a rent increase separate from, and may be charged in addition to, a Standard Rent Increase, Capital Improvement Rent Increase or Major Rent Increase.
- D. An Administration Fee Rent Increase, if any, shall be noticed and implemented at the same time as any Standard Rent Increase during the twelve- (12-) month period.
- E. An Administration Fee Rent Increase shall cease to be charged or collected as rent once the Mobile Home Owner's pro-rata share of the Administration Fee has been collected.
- F. In no event may any Administration Fee Rent Increase pursuant to this section exceed one percent (1%) of the Mobile Home Owner's then existing rent.

**3.32.090 Capital Improvement Rent Increase**

A Park Owner may increase the Mobile Home Owner's rent based on certain Capital Improvement costs under the following conditions:

- A. The Capital Improvement costs must be approved in advance. Expenditures made or obligations incurred for Capital Improvements without or prior to obtaining approval are not eligible for reimbursement via a Capital Improvement Rent Increase.
- B. The Capital Improvement Rent Increase must be approved in advance. Upon receipt of a complete application and submission of such additional information as may be requested, the Rent Review Officer will evaluate the request for a Capital Improvement Rent Increase and may cause a hearing to be held to evaluate the request.
- C. In evaluating the request, the Rent Review Officer or the Hearing Officer, if one is appointed, shall consider, among other factors:
  - 1. The nature of the Capital Improvement;

2. The anticipated benefits of the Capital Improvement for the Mobile Home Park and Mobile Home Owners;
  3. The estimated cost of the Capital Improvement;
  4. The estimated useful life of the Capital Improvement and the proposed amortization period;
  5. The proposed allocation of costs among Mobile Home Park Owners; and
  6. Other financial information that the Park Owner is willing to provide.
- D. In any rent increase proceeding pursuant to this section, the burden shall be upon the Park Owner to prove the justification for a rent increase by clear and convincing evidence.
- E. A Capital Improvement Rent Increase based on a new or additional Housing Service must be approved by the vote of a majority of Affected Mobile Home Owners prior to obtaining approval from the Rent Review Officer or Hearing Officer, with each space being entitled to a maximum of one (1) vote. A Capital Improvement Rent Increase based on the rehabilitation or replacement of an existing Housing Service does not require approval by a vote of the Affected Mobile Home Owners prior to approval. A Park Owner may recover up to 50 percent (50%) of the cost of the Capital Improvement via a Capital Improvement Rent Increase. The portion of the cost to be passed through shall be apportioned equally among the Affected Mobile Home Spaces. A minimum of fifty percent (50%) of the cost must be borne by the Park Owners and may not be passed through in any manner to the Mobile Home Owners.
- F. A Park Owner must provide notice to all Affected Mobile Home Owners prior to effectuating the increase pursuant to Section 3.32.110.
- G. The Review Officer or Hearing Officer may approve or deny the requested Capital Improvement Rent Increase, or may approve the request with modifications including but not limited to a reduction in the amount of the allowable rent increase. The Housing and Community Development Department will notify the Affected Mobile Home Owners and the Park Owner of any approved Capital Improvement Rent Increase.
- H. A Capital Improvement Rent Increase shall be amortized over the useful life of the Capital Improvement in accordance with IRS regulations.
- I. In no event may any single Capital Improvement Rent Increase or any cumulative Capital Improvement Rent Increases pursuant to this section exceed five percent (5%) of the Mobile Home Owner's then existing rent.

- J. Any Capital Improvement Rent Increase shall not be included as part of the Base Rent upon which future rent increases under this chapter are calculated.
- K. Any Capital Improvement Rent Increase shall no longer be charged as rent once the Mobile Home Owner's pro-rata share of the recoverable Capital Improvement cost has been recovered.
- L. Nothing in this section shall preclude a Park Owner from applying for a Major Rent Increase based in whole or in part on Capital Improvement expenditures, the recovery of which would result in an increase in excess of five percent (5%) of the Mobile Home Owner's then existing rent.

**3.32.100 Major Rent Increase**

- A. A Park Owner may not increase rents beyond the limits established for a Standard Rent Increase, Capital Improvement Rent Increase, or Administration Fee Rent Increase unless and until the Park Owner files a petition for Major Rent Increase, receives approval for a Major Rent Increase pursuant to this chapter and provides notice to all Affected Mobile Home Owners.
- B. A hearing will be held upon receipt of a complete application and submission of such additional information as may be requested by the Hearing Officer or Rent Review Officer.
- C. In any rent increase proceeding pursuant to this section, the burden shall be upon the Park Owner to prove the justification for a rent increase by clear and convincing evidence.
- D. In evaluating the request, the Hearing Officer shall consider, among other factors:
  - 1. Unavoidable increases in maintenance and operating expenses;
  - 2. The substantial rehabilitation or the addition of Capital Improvements by the Park Owner seeking the Major Rent Increase;
  - 3. The rental history of the Affected Mobile Home Spaces and the Mobile Home Park, for the immediately preceding thirty-six (36) months, including prior rent increases, reductions in Housing Services, and the occupancy rate;
  - 4. The physical condition of the Affected Mobile Home Spaces and Mobile Home Park;
  - 5. Existing Space Rents for comparable Mobile Home Spaces in other comparable Mobile Home Parks;
  - 6. Current and historic net operating income;

7. A fair return on the property pro-rated among the Mobile Home Spaces of the Mobile Home Park;
  8. Whether any expense is clearly excessive, given the industry standard for the same item; and
  9. Other financial information that the Park Owner is willing to provide.
- E. This section does not place a cap on the amount of a rent increase that may be requested or approved via a Major Rent Increase. However, the Hearing Officer may place a cap on the allowable rent increase approved in response to a request for a Major Rent Increase or deny the request.
- F. A Park Owner may petition for a Major Rent Increase no more often than once in any twelve- (12-) month period. A Major Rent Increase shall not be implemented until at least twelve (12) months after the most recent Standard Rent Increase or Major Rent Increase.
- G. If a Major Rent Increase is approved that is based in whole or in part on a Capital Improvement cost, then that portion of the increase attributable to the Capital Improvement Cost shall not form a part of the Base Rent. In addition, that portion of the increase shall be charged only during the useful life of the Capital Improvement in accordance with IRS regulations.

## **RENT INCREASE NOTICES AND COMPLAINTS**

### **3.32.110** Notices Required

Rent increases pursuant to this chapter shall not be effective and shall not be charged, accepted, received or retained until the Park Owner has given all notices required by state law (see e.g. Civil Code Section 798.30), this chapter, and the Rent Review Procedures.

### **3.32.120** Prohibition on Rent Increase Without Adequate Notice

A Park Owner failing to provide an Affected Mobile Home Owner the information, documents, or notices required by state law, this chapter, or the Rent Review Procedures to be provided prior to a effectuating rent increase shall not be entitled to collect that rent increase. Such failure by the Park Owner shall be available as a defense in any action brought by the Park Owner to recover possession of the Mobile Home Space or to collect any rent increase from the Affected Mobile Home Owner. A Park Owner may remedy such failure by providing the Affected Mobile Home Owner with the required information, documents, or notices, before initiating an action for possession of the Mobile Home Space or collecting any rent increase otherwise authorized by this chapter.

### **3.32.130** Complaint Regarding Rent Increase or Notice of Rent Increase

Following receipt of a rent increase notice pursuant to Sections 3.32.070, 3.32.080, 3.32.090, or 3.32.100 of this chapter, a statement of increased rent, or any other charge of increased rent, a Mobile Home Owner may file a complaint with the Rent Review Officer alleging the invalidity or impropriety of said rent increase. Upon receipt of a complaint filed by one or more Affected Mobile Home Owners, the Rent Review Officer may order an immediate stay of the challenged rent increase for all Affected Mobile Home Owners during the rent review process. The Rent Review Officer will evaluate the complaint and may cause a hearing to be held to evaluate the complaint. The burden of proving that a rent increase was implemented in violation of this chapter or is otherwise invalid is on the person alleging such invalidity. Upon a determination that the challenged rent increase was implemented in violation of this chapter or is otherwise invalid, the Park Owner may be ordered to reimburse Mobile Home Owners the amount of any overpayments.

## **OTHER RENT REGULATIONS**

### **3.32.140** Housing Service Reduction with Corresponding Rent Decrease.

A Park Owner shall provide written notice to each Affected Mobile Home Owner prior to effectuating a reduction in Housing Services with a simultaneous decrease in Space Rents in an amount corresponding to the cost of the reduction in Housing Service. Notice shall be provided not less than thirty (30) calendar days prior to the proposed effective date of the reduction in Housing Services and/or decrease in Space Rent, whichever is sooner. Concurrently with providing notice, the Park Owner shall provide the Rent Review Officer with copies of any and all contracts, invoices or other documents demonstrating the cost of the Housing Service to the Park Owners.

### **3.32.150** Housing Service Reduction without Corresponding Space Rent Decrease.

A Park Owner shall not effectuate a Service Reduction Space Rent without obtaining prior approval for a Major Rent Increase. A Mobile Home Owner claiming that a Service Reduction has been effectuated in violation of this section may initiate the rent dispute process, which shall proceed as follows:

- A. The Mobile Home Owner must notify the Park Owner of the alleged Service Reduction not later than one (1) year from the date of receipt of the first rent notice following commencement of the Service Reduction and may request a corresponding rent reduction.
- B. If the parties are unable to resolve the dispute, the Mobile Home Owner may file a petition for a rent dispute hearing with the Rent Review Officer.

- C. The burden of proving the existence of Service Reductions is on the person alleging such reductions.
- D. If the Hearing Officer finds that Service Reductions have occurred, the Hearing Officer shall determine the value of the Service Reductions and shall offset the allowable Space Rent, including any allowable Rent Increase, by the value of the Service Reductions. The rent reduction shall be pro-rated over all rental units subject to the Service Reduction, regardless of the number of residents claiming such Service Reductions or participating in the rent dispute process. The rent reduction may be applied retroactively. Upon an order for a retroactive rent reduction, the Park Owner shall reimburse Mobile Home Owners the amount of any overpayments as determined by the Hearing Officer.

**3.32.160** Vacancy Control

The maximum rent increases established by this chapter shall apply without regard to any changes in ownership of the Mobile Home, removal and replacement of the Mobile Home on the Mobile Home Space or any vacancy of the Mobile Home Space, except as provided in Section 3.32.170.

**3.32.170** Vacancy Decontrol-Abandoned Mobile Homes

A Park Owner may increase Space Rent by any amount when renting a Mobile Home Space after obtaining a judgment of abandonment for an "abandoned mobilehome" as defined by and pursuant to Section 798.61 of the Mobilehome Residency Law. The new Space Rent established for the Mobile Home Space shall become the Base Rent upon which future rent increases pursuant to this chapter will be calculated.

**3.32.180** Firm Offer Base Rent

A Park Owner shall provide a written firm offer Base Rent quote to a Mobile Home Owner upon written request. The firm offer shall be provided within five (5) business days of the receipt of a written request from a Mobile Home Owner. The firm offer shall state the Space Rent that would be charged for the rent or lease of the Mobile Home Space immediately following the transfer of the Mobile Home by the Mobile Home Owner, if the Mobile Home remains on the Mobile Home Space or is removed and replaced with a different Mobile Home by the transferee. The firm offer shall separately state any Administration Fee Rent Increase or Capital Improvement Rent Increase that would be allocated to the Mobile Home Space. The firm offer shall remain in effect until the next rent increase pursuant to this chapter.

Upon the transfer of the Mobile Home, the Park Owner may not charge a Space Rent higher than the firm offer Base Rent. Any increase of said Base Rent shall be in accordance with the provisions of this chapter.

A Mobile Home Owner may request an adjusted firm offer from the Park Owner in accordance with this section upon receipt of a rent increase notification. The adjusted firm offer must provide the Space Rent that will be charged immediately following the implementation of the noticed rent increase.

**3.32.190 Non-Monetary Consideration as Rent Not Prohibited**

Nothing in this chapter shall prevent a Park Owner from agreeing to allow Mobile Home Owners to provide lawful consideration other than money as Space Rent, including allowing Mobile Home Owners to work at the Mobile Home Park to pay off their rent. In such cases, the County shall make no attempt to determine whether such nonmonetary consideration is in fact more or less valuable than the Space Rent charged for any particular Mobile Home Space.

**GENERAL PROVISIONS**

**3.32.200 Applicability**

Nothing in this chapter shall be deemed to regulate the rent charged for a tenant to occupy a Mobile Home, as opposed to the rent charged to a Mobile Home Owner to occupy a Mobile Home Space.

Nothing in this chapter shall be deemed to regulate the rent charged for Recreational Vehicles or "Fifth Wheels" to occupy any space within a Mobile Home Park to the extent such regulation would be inconsistent with state law.

**3.32.210 Exemption – Leases Longer Than 12 months**

The provisions of this chapter shall not apply to any Mobile Home Space which is exempt from this local rent stabilization ordinance pursuant to Section 798.17 of the Mobilehome Residency Law. As of the Effective Date, the Mobilehome Residency Law provides an exemption if :

- A. The term of the rental agreement is in excess of twelve (12) months' duration; and
- B. The Mobile Home Space which is the subject of the rental agreement is used for the personal and actual residence of the Mobile Home Owner.

This exemption shall apply only to the extent required by state law.

The Park Owner shall bear the burden of proving that a Mobile Home or Mobile Home Space is not subject to this chapter.

**3.32.220** Right to Accept a Shorter Lease That Is Subject to This Rent Stabilization Ordinance

Pursuant to the Mobilehome Residency Law in effect on the Effective Date, every Mobile Home Owner and prospective Mobile Home Owner has the option to reject an offered rental agreement with a term in excess of twelve (12) months and to accept instead a rental agreement for a term of twelve (12) months or less, including a month-to-month agreement. (See Sections 798.17 and 798.18). Before any rental agreement or lease in excess of twelve (12) months is executed by the Mobile Home Owner, the Park Owner must provide the Mobile Home Owner or prospective Mobile Home Owner with a copy of the ordinance codified in this chapter, and inform the Mobile Home Owner or prospective Mobile Home Owner both orally and in writing that if the Mobile Home Owner signs the lease or rental agreement, it will not be subject to the terms and protection of the ordinance codified in this chapter. Notice shall be provided in accordance with state law.

**3.32.230** Administration Fees

- A. Administration Fee Established. The general costs incurred by the County in administering this chapter shall be reimbursed by Park Owners in the form of an Administration Fee. Annually, the Housing Director shall recommend to the Board of Supervisors the amount of the Administration Fee, and the Board of Supervisors shall adopt the Administration Fee by resolution.
- B. Allocating Fees to Park Owners. One hundred percent (100%) of the fee allocated to and payable by each Park Owner shall be determined by the County based on all of the costs incurred in the general administration of this chapter, in the prior calendar or fiscal year, based on the general costs of administering this chapter. The general costs shall be apportioned equally based on all Mobile Home Spaces in the County to the extent permitted by state law.
- C. Timeline and Penalties. The Administration Fees shall be paid by the Park Owner within forty-five (45) days from the date of mailing of the billing by the County. Assessment and collection of penalties for delinquent payment of the Administration Fees imposed by this section shall be as provided in the Rent Review Procedures.
- D. Pass Through to Mobile Home Owners. Park Owners may pass through 50 percent (50%) of the Administration Fees assessed against them to the Mobile Home Owners in accordance with Section 3.32.080.
- E. Direct Costs Excluded. The direct costs incurred by the County in processing a Park Owner's application for a Capital Improvement Rent Increase or Major Rent Increase shall not comprise part of the Administration Fee and shall be charged in accordance with Section 3.32.240.

### **3.32.240** Direct Cost Fees

The direct costs incurred in the processing of a request for a Capital Improvement Rent Increase or Major Rent Increase shall be borne directly by the Park Owner involved in the request and may not be passed through in any manner to the Mobile Home Owners unless otherwise apportioned by the Hearing Officer. Direct costs include all costs incurred by the County in processing the request pursuant to this chapter including but not limited to the cost of staff time, hearing costs, and appeals costs. The Rent Review Officer may collect a deposit from a Park Owner prior to processing an application for a Capital Improvement Rent Increase or Major Rent Increase.

### **3.32.250** Mobile Home Park Registration

Park Owners must register their Mobile Home Park(s) with the Rent Review Officer within sixty (60) days from the Effective Date. The registration must include, in a form acceptable to the County, the following information:

- A. A list of the Park Owner's Mobile Home Parks and all associated Park Owners, including a list of the managers and operators, if any;
- B. Appropriate contact information for all Park Owners;
- C. The number of Mobile Home Spaces in each Mobile Home Park;
- D. Mailing address of each Mobile Home Space;
- E. A list of all Mobile Home Spaces covered by this chapter;
- F. A list of all spaces within the Mobile Home Park not covered by this chapter and the reasons therefor (e.g., spaces with a lease term longer than 12 months);
- G. The Space Rent for each Mobile Home Space as of the Effective Date;
- H. The amount of and descriptions for all other rent, charges and fees charged to the Mobile Home Owners by space;

Any changes in the information provided in subsections A through F shall be reported to the Rent Review Officer within thirty (30) days of the change.

### **3.32.260** Transfer of Mobile Home

Park Owners shall cooperate in good faith with Mobile Home Owners who wish to sell or otherwise transfer their Mobile Home. Park Owners shall not unjustly withhold approval of a transferee. This chapter shall not be interpreted or applied in a manner that would be inconsistent with the rights and responsibilities of Park Owners and Mobile Home Owners with respect to transfers of Mobile Homes as established by the Mobilehome Residency Law (see sections 798.70-798.83).

### **3.32.270** Retaliation Prohibited

- A. A Park Owner shall not evict a Mobile Home Owner if the Park Owner’s dominant motive in seeking to recover possession of the Mobile Home Space is:
  - 1. Retaliation for the Mobile Home Owner’s organizing, petitioning government for rent relief, or exercising any right granted under this chapter; or
  - 2. Evasion of the purposes of this chapter.
- B. A Park Owner shall not retaliate against a Mobile Home Owner or for the Mobile Home Owner’s assertion or exercise of rights under this chapter in any manner, including but not limited to:
  - 1. Threatening to bring or bringing an action to recover possession of a Mobile Home Space;
  - 2. Engaging in any form of harassment that causes the Mobile Home Owner to quit the premises;
  - 3. Decreasing Housing Services;
  - 4. Increasing rent; or
  - 5. Imposing or increasing a security deposit or other charge payable by the Mobile Home Owner.

**3.32.280 Information Required to Administer Ordinance**

Park Owners and Mobile Home Owners shall provide information required for the County to administer this Ordinance, as may be requested from the Hearing Officer, Rent Review Officer, Housing Director or Board of Supervisors.

**3.32.290 Complaint Regarding Violation of Chapter Other Than Rent Increases**

Within thirty (30) days of the date of discovery of an act or omission constituting a violation of this chapter regarding any issue other than a rent increase, a Mobile Home Owner may file a complaint with the Housing Director stating the basis therefor. The Housing Director shall investigate the issue and may refer the matter to the Rent Review Officer or a Hearing Officer for further evaluation.

**3.32.300 Effect on Prior Rent Increases**

Nothing in this chapter shall be interpreted to validate or “grandfather” in any rent increase implemented prior to the Effective Date that was invalid pursuant to this chapter or any other law as it existed at the time the rent increase was implemented.

**APPEALS PROCESS**

**3.32.310 Appeals to Rent Review Officer**

An appeal may be taken to the Rent Review Officer within ten (10) days after the date of any order made by the Hearing Officer pursuant to this chapter. The appeal may be taken by any Mobile Home Owner, Park Owner or other person aggrieved or by an officer, department,

board, or commission affected by the order within said ten- (10-) day period, by filing with the Rent Review Officer a notice of appeal specifying the grounds for such appeal. Filing such notice shall stay all proceedings in furtherance of the order appealed from.

**3.32.320 Rent Review Officer—Action on appeals**

The Rent Review Officer may hear additional evidence and may sustain, modify or overrule any appeal consistent with this chapter and may make such findings and decisions as are not inconsistent with state law and county ordinances. If in considering an appeal, the Rent Review Officer determines that in the time since the decision being appealed was made, new information has arisen that may have affected the Hearing Officer's evaluation of the matter, the Rent Review Officer may remand the appeal to the Hearing Officer to either decide the matter anew or to issue an advisory ruling on the new information prior to the Rent Review Officer sustaining, modifying, or overruling the order appealed.

**3.32.330 Appeals to Housing Director**

An appeal may be taken to the Housing Director within ten (10) days after the date of any order made by the Rent Review Officer pursuant to this chapter. The appeal may be taken by any Mobile Home Owner, Park Owner or other person aggrieved or by an officer, department, board, or commission affected by the order within said ten- (10-) day period, by filing with the Housing Director with a copy to the Rent Review Officer a notice of appeal specifying the grounds for such appeal. Filing such notice shall stay all proceedings in furtherance of the order appealed from.

**3.32.340 Housing Director—Action on appeals**

The Housing Director may hear additional evidence and may sustain, modify or overrule any appeal consistent with this chapter and may make such findings and decisions as are not inconsistent with state law and county ordinances. If in considering an appeal, the Housing Director determines that in the time since the decision being appealed was made, new information has arisen that may have affected the Rent Review Officer's or Hearing Officer's evaluation of the matter, the Housing Director may remand the appeal to the Rent Review Officer or Hearing Officer to either decide the matter anew or to issue an advisory ruling on the new information prior to the Housing Director sustaining, modifying, or overruling the order appealed.

**3.32.350 Appeals to Board of Supervisors**

An appeal may be taken to the Board of Supervisors within ten (10) days after the date of any order made by the Housing Director pursuant to this chapter. The appeal may be taken by any Mobile Home Owner, Park Owner or other person aggrieved or by an officer, department, board, or commission affected by the order within said ten- (10-) day period, by filing with the Director of the Community Development Agency with a copy to the Housing

Director, a notice of appeal specifying the grounds for such appeal. Filing such notice shall stay all proceedings in furtherance of the order appealed from. The Housing and Community Development department is designated as an agent of the Clerk of the Board for purposes of receiving a notice of appeal.

**3.32.360 Appeals—Transmittal of record**

Upon receiving an appeal the Housing and Community Development Department shall indicate upon every notice of appeal received pursuant to Section 3.32.350 the date upon which it was filed. The Housing and Community Development Department shall transmit a copy thereof to the Clerk of the Board of Supervisors. The Housing and Community Development Department shall immediately make available to the Board of Supervisors all of the documents constituting the record upon which the action appealed was taken.

**3.32.370 Appeals—Representation**

The Housing and Community Development Department shall be represented at the hearing on the appeal, in order to make known the reasons for the action taken.

**3.32.380 Appeals—Notice of hearing**

The Board of Supervisors shall give written notice of the time and place for hearing any appeal filed pursuant to Section 3.32.350. Such notice shall be published and shall be given to the applicant, to the appellant, to the Housing and Community Development Department, and to any other person requesting such notice and depositing with the Clerk of the Board a self-addressed, stamped envelope to be used for that purpose.

**3.32.390 Board of Supervisors—Action on appeals**

The Board of Supervisors may hear additional evidence and may sustain, modify or overrule any order brought before it on appeal pursuant to Section 3.32.350, and may make such findings and decisions as are not inconsistent with state law and County ordinances; provided that, if no motion relative to the order appealed attains a majority vote of the Board of Supervisors within thirty (30) days from the date of the hearing by the Board of Supervisors thereon, said order shall stand sustained and be final. If in considering an appeal, the Board of Supervisors determines that in the time since the decision being appealed was made, new information has arisen that may have affected the original decision maker's evaluation of the matter, the Board of Supervisors may remand the appeal to the original decision-maker to either decide the matter anew or to issue an advisory ruling on the new information prior to the Board of Supervisors sustaining, modifying, or overruling an order brought before it pursuant to this chapter.

**EFFECT OF OTHER LAWS**

**3.32.400 Severability**

This chapter shall be liberally construed to achieve its purpose and preserve its validity. If any provision or clause of this chapter or application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of this chapter that can be given effect without the invalid provision or application, and to this end the provisions of this chapter are declared to be severable and are intended to have independent validity.

**3.32.410** No Takings

This chapter should not be interpreted and shall not be applied in a manner that would effectuate a taking of private property.

**3.32.420** Consistency with State and Federal Law

This chapter should not be interpreted and shall not be applied in a manner that would be inconsistent with the rights and responsibilities of Park Owners and Mobile Home Owners as established by the Mobilehome Residency Law or as otherwise provided by state or federal law.

## **APPENDIX F: DETAILS FOR PROPOSED CHANGES**

*In light of the stakeholder input to date, the mobile home rent stabilization ordinances of the surrounding jurisdictions, as well as the data regarding local space rents and FMR, the proposed draft ordinance includes the following provisions:*

### *Standard Rent Increase*

The draft proposed ordinance includes a phased approach to the maximum allowable amount for annual rent control.

- Through December, 2020, the park owner may impose a yearly standard rent increase equal to 100% of the percent change in the Consumer Price Index (CPI), provided that the standard rent increase totals no more than 3% of the base monthly rent.
- From January 2021, onward, the park owner may impose a yearly standard rent increase equal to 100% of the percent change in the CPI; provided that the standard rent increase is between 3% and 5% of the base monthly rent.

This approach utilizes both the CPI and the space rent, a common approach in many nearby jurisdictions.

The draft proposed ordinance includes the codification of a detailed process for the consideration of a major rent increase at the initiation of the park owner, if the owner is able to demonstrate that this annual increase is insufficient.

### *Capital Improvement Pass-through*

Capital improvement pass-through allows park owners to pass on all or a portion of the costs of a park capital improvement to the residents, typically as a monthly fee amortized over the life of the improvement. Of the jurisdictions that allow capital improvement pass-through, the types of improvements that qualify to be passed through, the percentages of improvements allowed to pass through to the residents, and the amortization schedules, vary by jurisdiction. Some jurisdictions allow park owners to pass through only new improvements; some allow pass-through of both new and repair or replacement capital improvements.

During the stakeholder meetings, both owner and resident expressed support for a capital improvement pass-through. Staff recommends codifying a capital improvement pass-through with the following limitations:

- (1) no more than 50% of the amortized capital improvement cost may be passed on to the mobile home owners;
- (2) the individual mobile home owner's pro-rata share will not exceed 5% of the then-existing base rent;
- (3) the capital improvement will be amortized over the life of the improvement; and

- (4) new capital improvements, as opposed to repair and replacement activities, will only be passed through if a vote of the mobile home owners is taken and more than 50% of the mobile home owners support the new improvement.

Providing park owners the ability to pass through some of the capital improvement costs to the park residents, amortized over the life of the improvement, provides assurances to residents that the improvements are taking place and allows the park owners some financial relief if a more restrictive rent control measure is enacted. At the same time, providing that no more than 50% of the capital improvement cost may be passed on to the residents, and requiring that these costs total no more than 5% of the monthly space rent, restricts a park owner's ability to make unnecessary, expensive improvements and passing those costs wholesale to the residents. Finally, requiring a vote of the residents for all new capital improvements ensures that the residents are not financially responsible for new improvements to the park they do not want.

However, it is important to note that by passing through the cost of the capital improvement to the residents, the park owners experience a potentially significant financial gain as they are able to improve the value of their park without personally paying for that improvement. Park residents are financially impacted by the cost of the capital improvement, which, while offset potentially by more stringent rent control, will need to be disclosed and passed on to any future purchasers of the coach if such sale occurs during the amortization period. This additional "fee" potentially impacts the purchase price of the coach.

It is important to note that if a park owner successfully petitions for capital improvement rent increases and/or major rent increases, the park residents' monthly rent increase may significantly exceed their annual CPI-based standard rent increase.

#### *Vacancy Control*

To have vacancy control in a rent stabilization ordinance provides that rent increase limitations remain in force even when a mobile home coach is sold. Currently, Alameda County has vacancy control for mobile home spaces. In contrast, vacancy decontrol allows park owners to raise space rents without limitation upon the sale of a coach.

There are several financial implications that stem from vacancy control/decontrol. First, since vacancy decontrol has the potential to effectively move space rents to market rate when the coach is sold, there are possible implications for the value of the coach because an increase in space rent could lower the sale price of the coach as a potential buyer must consider both financial aspects of the sale. Vacancy decontrol could also result in the loss of mobile home coaches as relatively affordable housing stock. As coaches turn over, and their rents have the potential of returning to market value, over time, significantly controlled rents are depleted.

Additionally, questions remain about how to ascertain what market value of a space rent actually is. Since a mobile home coach cannot be moved and the resident cannot "walk away" from his or her mobile home without losing a significant investment, it is important to ensure that a potential return to space rent "market value" through vacancy decontrol does not amount to a

park owner's de facto refusal to allow the resident to sell the coach by pricing the space rent so high as to be financially unfeasible for potential buyers.

Some jurisdictions employ modified vacancy control by allowing park owners to raise space rents upon a vacancy higher than the annual rent increase limitation allows but not up to market rate. For example, upon a vacancy, some jurisdictions allow rents to be raised by a percentage of space rent, typically higher than that allowed for the standard rent increase, or by the percentage that the CPI increased between times of transfer. Modifications to vacancy decontrol can assist in alleviating concerns regarding how to ascertain market rent, the significant impact to the coach sale price, or potential manipulation of setting the space rent so high as to impede the coach sale.

The draft proposed ordinance does not include any changes to the current vacancy control requirements in the ordinance.

#### *Administrative*

The draft proposed ordinance includes additional administrative provisions. Specifically, most of the owners and residents expressed a desire to have the ordinance provide more specificity regarding what factors would be taken into account in reviewing requests for rent increases over the maximum amount allowed by a standard increase. Changes of this nature are considered administrative, and are considered separately from those that are financial in nature. These procedural recommendations will provide additional information and certainty of process to park owners and residents, as well as provide critical information to HCD to keep it informed regarding status and changes in the park. These administrative recommendations include notification requirements, codification of the rent review officer and standard of review recommendations. Both owners and residents expressed general support for these administrative recommendations during stakeholder meetings.

Finally, the draft proposed ordinance allows for an administrative fee to be levied by the county to the park owners. It further allows the park owners to pass on 50% of the fee to the residents of the parks. This fee would be determined on actual staff time, and proposed to the Board of Supervisors annually through the MOE budget process. The County will not charge a fee for the first year, but it will account for staff time to administer the ordinance in calendar year 2016. In 2017, during the MOE Budget process, HCD will establish the amount of time spent during 2016, and propose a pro-rata fee per space, and assign the fee to each park. The fee will be established for the 2017/2018 fiscal year.