



Agenda Report

Fullerton City Council

MEETING DATE: APRIL 2, 2019

TO: CITY COUNCIL / SUCCESSOR AGENCY

REQUESTED BY: JESUS J. SILVA, MAYOR

PREPARED BY: KENNETH A. DOMER, CITY MANAGER

SUBJECT: DISCUSSION AND DIRECTION REGARDING THE ABILITY TO CONTROL RENT INCREASES IN MOBILE HOME PARKS WITHIN THE CITY AND / OR OTHER OPTIONS REGARDING PRESERVING AFFORDABLE HOUSING OPTIONS WITHIN MOBILE HOME PARKS

SUMMARY

Residents at one of the City's mobile home parks were served with a 90 day notice of increased rents, ranging from \$197 to \$397 a month, which have since been rescinded by the new owner. The rent increases as initially proposed for some senior and low-income renters was approximately 55% more than their current rent. The rent increases if implemented, according to the tenants, would have priced residents out of their rental spaces thereby placing seniors and other low-income residents into lesser living conditions or homelessness. While the park owner has since rescinded the increases, it brought to light the fragile nature of some mobile home park tenants' ability to retain affordable housing under current state law which allows a rent increase with a 90 day notice.

RECOMMENDATION

Request by the Mayor:

- 1) Discuss rent stability options for mobile home park tenants to include the possibility of implementing a rent control ordinance for mobile home parks; and
- 2) Provide direction to City Manager regarding alternative options to preserve affordable housing opportunities within mobile home parks within the City.

PRIORITY POLICY STATEMENT

This item matches the following Priority Policy Statement:

- Public Safety

FISCAL IMPACT

Not applicable due to the discussion nature of the item.

DISCUSSION

Rancho La Paz Mobile Home Park is a mobile home community which includes residents in the cities of Fullerton and Anaheim. It recently became known that the mobile home park was sold and the new ownership exercised their legal right to send 90 day notices to increase the rent of all tenants.

Rancho La Paz is one of six mobile home parks in the City of Fullerton. Uniquely, the mobile home park extends into Anaheim with an address of 501 E. Orangethorpe Avenue. The Fullerton portion of the mobile home park has 147 mobile home spaces with the overall park containing 387 spaces. According to a representative of the owner, the park was recently purchased for \$85,000,000 with rents averaging \$700 per space, with the highest space rent prior to the sale at \$1,100. According to information provided by the owner, market rents for typical sized lots range from \$1,250 to \$1,600 while larger lots range from \$1,450 to \$2,200.

Under California Civil Code Section 798.30, the management is allowed to increase rent by giving a homeowner written notice of any increase in his or her rent at least 90 days before the date of the increase. The rent increases ranged from \$197 to \$397, with the management stating that most increases were \$297, effectively bringing the range of rents at the mobile home park from \$877 to \$1,095 per month.

While exact demographics are not known, the mobile home park is age-restricted and contains a very high percentage of seniors and person on fixed-income. Public comments at the March 19, 2019 City Council meeting included many examples of people not able to afford the increase in rents with many saying their income would barely cover the rent increase or not at all. Several of the speakers were veterans, on disability, or existing on Social Security payments and had chosen the park due to its very affordable pricing.

Based on public comments and potential that many residents could find themselves displaced if the rents were increased as proposed, City officials in both Anaheim and Fullerton began meeting with residents and placed calls to the management and ownership of the mobile home park. Additionally, efforts to draft emergency moratoriums on rental increases were proposed. There is some question as to whether a general law city may adopt an urgency ordinance, which requires a four-fifths vote of the City Council, to impose a moratorium on rental increases, because Government Code section 65858 limits such urgency measures to immediate threats to the public health, safety, or welfare with respect to land use matters. The City of Anaheim, which is a charter city, has informed Staff that it is citing to Section 400 of its Charter to introduce an urgency ordinance to impose a temporary moratorium on mobile home rental rate increases.

While the immediate threat of the rental increases has been rescinded by the mobile home park owner/management, the overall discussion of keeping all mobile home parks

in the City as a viable affordable housing option remains and is the basis for the Mayor requesting the discussion and possible direction to Staff.

Accordingly, the Mayor wanted the opportunity to discuss rent stability options for mobile home park tenants to include the possibility of implementing a rent control ordinance for mobile home parks. Such an ordinance would be governed by the provisions of the California Mobilehome Residency Law (MRL) (Civil Code section 798 *et seq.*). The MRL exempts from local rent control any mobile home space subject to a long-term (a year or longer) rental agreement, any newly constructed mobile home space first offered for rent on or after January 1, 1990, and mobile homes not being used as a person's primary residence which are not being leased to someone else (Civil Code §§ 798.17, 798.21, and 798.45). There is flexibility in how a city would impose rent control and costs associated with its enforcement.

However, it must be noted that with rent control, there are associated costs and administrative requirements of a City imposing such control. For example, a city would be required to create an administrative process for hearing requests for increases and appeals of any such denials. Along with the necessary staffing, a city would impose a fee upon the actual parks to cover the costs of the rent control implementation which it can be argued the owners of any affected mobile home park would pass back to their tenants, thereby increasing the rent requirement. As there are many facets to implementing rent control programs, this item should be fully researched and could be more openly discussed in a study session format.

Additionally, based on the discussion and public comments, the Mayor wanted the opportunity for the City Council to provide direction to the City Manager regarding alternative options to preserve affordable housing opportunities within mobile home parks in the City.

Attachment

- Letter to Mayor Silva regarding Rancho La Paz
- Rancho La Paz Question and Answer Fact Sheet by Owner