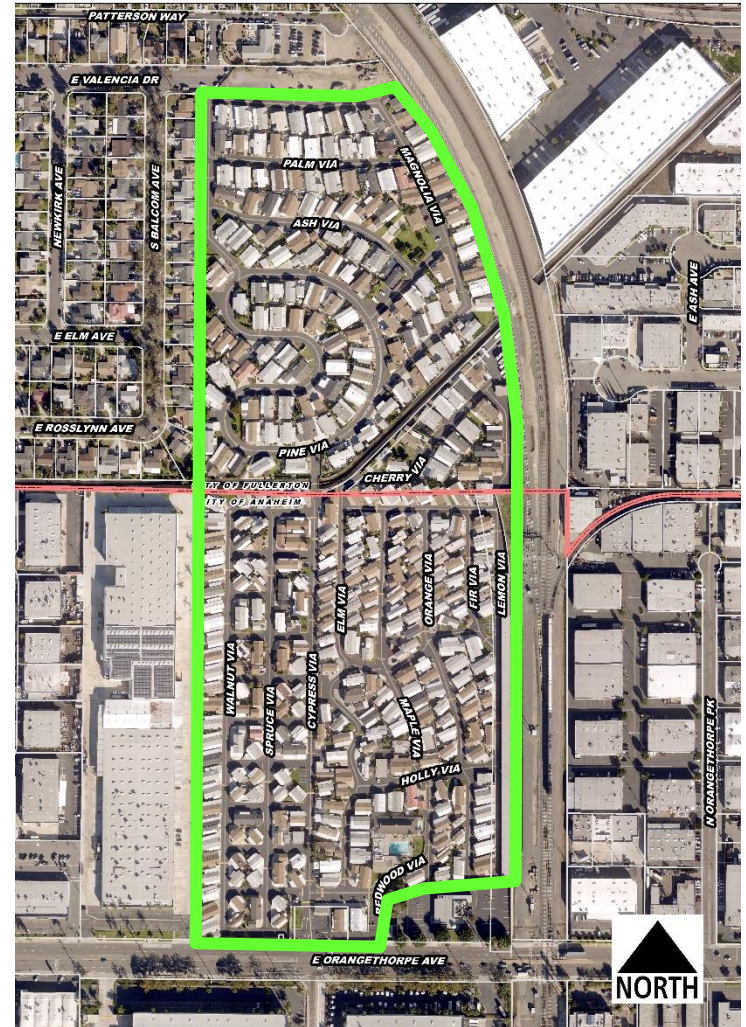

MOBILE HOME PARKS RENT STABILIZATION DISCUSSION



City Council
July 16, 2019

BACKGROUND

- Rancho La Paz Mobile Home Park
 - Constructed in 1955
 - 155 spaces in Fullerton
 - 232 spaces in Anaheim
- New ownership in 2019
- Significant Rent Increases proposed in March 2019
- At urging of Fullerton and Anaheim City Councils, property owner rescinded the proposed rent increase and agreed to meet with residents



BACKGROUND

- Council directed staff to report back on progress from meetings between property owner and residents; and
- Provide an overview of rent stabilization tools available to the City for consideration
- Numerous community meetings lead to Non-Binding Mediation Agreement



March 20th Community Meeting
(Photo: Fullerton Observer)

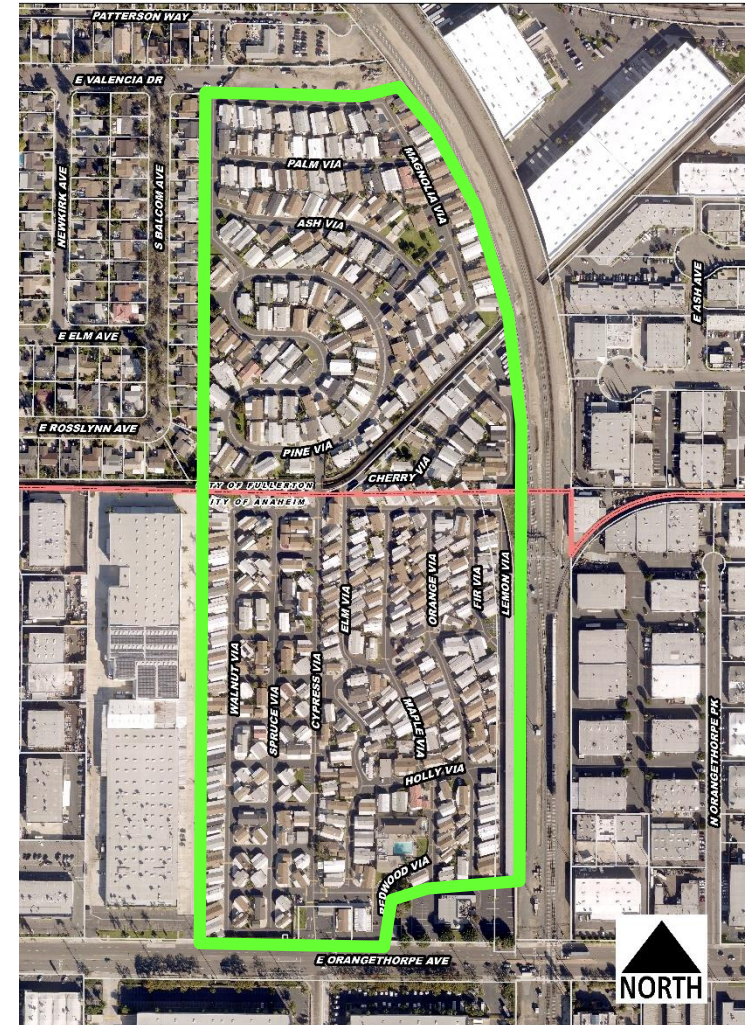
Non-Binding Mediation

■ Agreement

- Residents have been offered either 6- or 10-year lease terms commencing October 1, 2019
- Residents given 45 days (from July 1, 2019) to decide whether to enter into a long term lease or continue with month to month leases
- Rent under terms of the leases will be as follows:
 - Year 1: Base Rent plus 19%
 - Year 2: Year 1 Rent plus 19%
 - Year 3: Year 2 Rent plus 15%
 - Year 4: Year 3 Rent plus 9%
 - Year 5: Year 4 Rent plus 9%
 - Year 6: Year 5 Rent plus 9%
 - Years 7 through 10 would increase by not more than 7% each year.

City of Anaheim Response

- Encouraged owners to meet with residents
- A Councilmember requested that the City Attorney prepare a draft “interim ordinance” that would temporarily limit mobile home park space rent increases
- At their April 16, 2019, decided not to adopt the interim ordinance and took no further action.



Rent Stabilization

- Cities may regulate the rent charged for residential rental units (duplexes, multi-family apartments, and mobile home spaces) consistent with State law.
- Mobilehome Residency Law exempts certain mobile homes from local rent control, including:
 - Mobile homes first offered for rent after January 1, 1990
 - Mobile homes with rental agreements terms of at least 12 months; and
 - Mobile homes that are not used as a person's primary residence and are not being leased to someone else.

Rent Stabilization

- Local rent control ordinances must serve a legitimate governmental purpose (such as protection of tenant welfare and protection from excessive rents) and permit the landlord to earn a just and reasonable return.
- Rent Control Formulas:
 - Allow an annual increase tied to the Consumer Price Index (CPI)
 - Allow a not-to-exceed set annual increase (ranges from 3% to 10% by jurisdiction)
- Must establish a public hearing process for review of individual rent adjustment applications
 - Requires City oversight and administration
 - Staffing requirements and cost is dependent on the program

State Regulations

- Mobilehome Residency Law (MRL) covers the landlord-tenant relationship
 - Rental and lease contract terms
 - Mandatory notices and amendment procedures for MHP rules and regulations
 - Mandatory notice of fees and charges, including increases
 - Specific conditions governing MHP evictions, including “just cause” evictions
- Prior to closure or conversion of a mobile home park, State law requires a report on the impact of the closure/conversion on displaced residents, including:
 - Availability of adequate replacement housing and relocation costs
 - Approval body may require mitigation to address adverse impacts on displaced residents
- Cities may adopt local ordinances that include more detailed requirements relating to the contents of an impact report and compensation for relocation

Other Local Ordinances

■ City of Glendale

- “Rental Rights Program” consisting of “right to lease, just cause eviction, and relocation components.
- Landlords must offer tenants a minimum one year written lease at the time of a rent increase
- Landlords may evict tenants only under specified conditions;
- Tenants are eligible for relocation assistance when they vacate a unit in response to a rent increase of more than 7% in a twelve month period.
- Glendale estimates the cost to administer this rental rights program is approximately \$400,000/year

■ Right to Mediation or Hearing

- Ordinance requiring a tenant’s right to mediation or a hearing upon notice of rent increase exceeding a certain amount or if a dispute arises over a rent increase.
- Example ordinances include the creation of a rent review or mediation board by the City to hear rent disputes. This would involve City oversight and administration.

Tenant-Based Rental Assistance

- **Tenant-Based Rental Assistance (TBRA) Program**
 - Use of Federal HOME funds to provide direct rental assistance to income-eligible residents
 - HOME Funds have been used by the City for a TBRA program in the past
 - HOME Funds are currently identified for development of affordable housing, but at the direction of Council, staff can explore the process required to reapportion the funds to re-establish a TBRA program
- **Community Meeting**
 - Staff attended a community meeting at Rancho La Paz to discuss TBRA and ascertain the feasibility and effectiveness of established a TBRA program
 - Based on information provided by residents, staff believes that there would be a significant number of residents who would qualify for such a program
- **Scope of Program**
 - Staff can return to Council with recommendations on program parameters and the steps required to re-establish a TBRA program effective for residents of the mobile home park

Recommended Action

- 1) Receive and file the report
- 2) Provide direction to staff regarding implementation of potential rent stabilization tools; and
- 3) Provide direction to staff regarding the establishment of a Tenant-Based Rental Assistance (TBRA) Program

MOBILE HOME PARKS RENT STABILIZATION DISCUSSION



City Council
July 2, 2019
