



Agenda Report

Fullerton City Council

MEETING DATE: AUGUST 6, 2019

TO: CITY COUNCIL / SUCCESSOR AGENCY

SUBMITTED BY: KENNETH A. DOMER, CITY MANAGER
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PREPARED BY: TED WHITE, DIRECTOR OF COMMUNITY DEVELOPMENT

SUBJECT: FIRST READING OF AN ORDINANCE TEMPORARILY
LIMITING SPACE RENTAL RATE INCREASES IN MOBILE
HOME PARKS

SUMMARY

On July 16, 2019, City Council directed the City Attorney to prepare an ordinance for City Council consideration that would impose a temporary cap on space rental rate increases at mobile home parks in the City of Fullerton. The City Attorney's Office has prepared a draft ordinance for City Council consideration that would impose a maximum 3% space rental rate increase at mobile home parks in the City of Fullerton for a period of six months.

RECOMMENDATION

At the discretion of the City Council, introduce an ordinance for first reading that imposes a temporary six month restriction on mobile home park space rental rate increases that exceed 3% annually in the City of Fullerton.

Introduce Ordinance No. XXXX for first reading by title only and waive further reading of Ordinance.

ORDINANCE NO. XXXX – AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FULLERTON, CALIFORNIA, ADOPTING A TEMPORARY LIMIT ON MOBILEHOME RENTAL RATE INCREASES WITHIN THE CITY OF FULLERTON AS SET FORTH HEREIN

PRIORITY POLICY STATEMENT

This item matches the following Priority Policy Statement/s:

- Infrastructure and City Assets

- Public Safety.

FISCAL IMPACT

The ordinance would have an unknown impact on the City's General Fund. If implemented, any petition for mobile home space rent increases in excess of the cap would be subject to applicable fees for an appeal or other filing fees in accordance with the City's standard fees and thus the impact would be fee based and minimal to the General Fund. Unknown costs exist due to potential for any form of litigation from affected mobile home park owners or related to the issue of whether the identified notice of rent increases sent to tenants within the Rancho La Paz Mobile Home Park exempts the notices already legally provided to tenants by the owner. Such legal costs are unknown, but could potentially be significant.

DISCUSSION

On July 16, 2019, City Council received an agenda report (Attachment 2) on potential mobile home park rent control or stabilization options. At the July 16th meeting, City Council ultimately directed the City Attorney to prepare an ordinance that would impose a cap on mobile home park space rental increases for a period of six months. Originally the item was proposed as a moratorium, but the City Attorney opined on the ability of the City to enact a moratorium and the concept of a non-urgency, six month ordinance was accepted as the basis of the proposed ordinance.

The proposed ordinance (Attachment 1) would temporarily limit rental increases for mobile homes within the City for a period of six months. As noted in the recitals of the ordinance, there are six mobile home parks in the City and these parks serve as the primary residence for a significant number of elderly residents and those who are on a fixed income or low-income. Residents of mobile homes are thus at higher risk of eviction, homelessness and other hardships if faced with significant and rapid increases in mobile home space rent that has remained relatively stable for many years. It was proposed that in order for the City to further study potential regulations for rent stabilization or other methods and means of minimizing the impact to residents of mobile home parks of indiscriminate rent increases, the adoption of the ordinance would impose a temporary limit on the implementation or imposition of any increases for mobile home space rent to a maximum of 3% for a period of six months.

The following items are also included in the ordinance:

- An owner or operator of a mobile home park may make a written request to the City Council for an exception to the rent limitation imposed by the Ordinance, as to any rent increase that is claimed to be just, fair and reasonable
- The owner / operator must present to the City Council any information or circumstances justifying a requested rent increase above the 3% limitation, including listed relevant factors
- Mobile home owners / tenants are permitted to enforce the Ordinance as to any claimed violations of the rent limitations
- The ordinance would impose the rent limitation only for six months while the City studies options and / or potential longer term regulations.

The proposed ordinance would require a second reading, tentatively scheduled for August 20, 2019 and would be effective thirty days following the adoption of the ordinance on or about September 19, 2019. The adoption of this ordinance does not guarantee that the legally noticed rent increases, per the schedule developed through mediation by the two parties, would not be effective. The City Attorney's Office has not found any case law on the matter and it is unknown what such an action (the adoption of the ordinance) would have on the current situation. Additionally, there is the potential that the property owner, faced with the imposition of rent control, could refrain from providing a subsidy program as well as not follow the mediated agreement, which would subject the tenants to higher rents, if successfully justified. Additionally, any action also opens the City up to potential litigation and, based on the appeal process in the proposed ordinance, further appeal proceedings for fair and reasonable rent increases before the City Council.

As requested and proposed, adoption of the ordinance would provide for a six month period of time for the establishment of an ad hoc committee or task force, as directed by City Council, to study, deliberate and provide recommendations to the City Council on potential regulations or other methods and means to address mobile home park space rental rate affordability.

At the direction of the City Council, Staff is also preparing a Tenant-Based Rental Assistance (TBRA) program that would apply to residents of mobile home parks. The proposed TBRA program will be presented for City Council consideration at the August 20, 2019 meeting.

Due to the limited time between City Council meeting and the need to assess and develop the proposed ordinance, Staff and the City Attorney's office will be able to provide more answers during the City Council meeting based on Council request.

Attachments:

- Attachment 1 – Draft Ordinance
- Attachment 2 – July 16, 2019 Agenda Report on Rent Stabilization Options
- Attachment 3 – Correspondence