



MEMORANDUM

Rent Stabilization Program,
Community Development Department

DATE: December 13, 2021

TO: Rental Housing Committee

FROM: Karen M. Tiedemann, Special Counsel to the Rental Housing Committee
Nazanin Salehi, Special Counsel to the Rental Housing Committee
Anky van Deursen, Program Manager

SUBJECT: Review and Adopt Regulations of the Mobile Home Rent Stabilization Ordinance

RECOMMENDATION

1. Adopt a Resolution of the Rental Housing Committee of the City of Mountain View Adopting Regulations, Chapters 1, 2, and 3, of the Mobile Home Rent Stabilization Ordinance, to be read in title only, further reading waived (Attachment 2 to the memorandum).
2. Adopt a Resolution of the Rental Housing Committee of the City of Mountain View Adopting Regulations, Chapter 7, of the Mobile Home Rent Stabilization Ordinance, to be read in title only, further reading waived (Attachment 3 to the memorandum).
3. Adopt a Resolution of the Rental Housing Committee of the City of Mountain View Adopting Regulations, Chapter 10, of the Mobile Home Rent Stabilization Ordinance, to be read in title only, further reading waived (Attachment 4 to the memorandum).

BACKGROUND AND ANALYSIS

On September 28, 2021, the Mobile Home Rent Stabilization Ordinance (MHRSO) was adopted by the City Council to stabilize rents for mobile home owners and mobile home tenants in the City of Mountain View while at the same time protecting the rights of mobile home park owners and mobile home landlords to receive a fair rate of return on their property and rent income sufficient to cover increases in the costs of repairs, maintenance, insurance, employee services, additional amenities, and other costs of operation. Section 46.8 of the MHRSO generally authorizes the Rental Housing

Committee (RHC) to establish rules and regulations for the administration and enforcement of the MHRSO, including clarifications of ambiguities in the MHRSO.

MHRSO Regulations, Chapters 1, 2, and 3

- Chapter 1: Purpose. The purpose of this proposed regulation is to clarify the intent of the MHRSO Regulations.
- Chapter 2: Definitions. The purpose of this proposed regulation is to define the terms as presented and used in the MHRSO Regulations to improve clarity and understanding.
- Chapter 3: RHC Rules of Conduct. The purpose of this proposed regulation is to establish the rules of conduct for RHC meetings on business related to administration and enforcement of the MHRSO. This proposed regulation incorporates, by reference and attachment, Chapter 3 of the Community Stabilization and Fair Rent Act (CSFRA) Regulations. There are no proposed changes to the rules of conduct for RHC meetings as they relate to MHRSO matters.

MHRSO Regulations, Chapter 7, Upward Adjustment

- Fair Rate of Return Petitions. As discussed at prior meetings, Section 46.10 of the MHRSO provides for a petition process for individual rent adjustments, including upward rent adjustments by mobile home park owners or mobile home landlords to obtain a fair rate of return. Pursuant to Section 46.10(c), the RHC is required to develop and adopt regulations “to facilitate the prompt resolution of Petitions,” including standards and procedures for the consideration of upward adjustment petitions filed by mobile home park owners and mobile home landlords.

As with Chapter 6 of the CSFRA Regulations, Chapter 7 of the MHRSO Regulations uses the maintenance of net operating income (MNOI) standard for calculating a mobile home park owner’s or mobile home landlord’s fair rate of return. By comparing both gross income and operating expenses for a base year and the petition year, the MNOI Consumer Price Index (CPI) adjustment method maintains the value of the mobile home park owner’s or mobile home landlord’s net operating income. This methodology acknowledges increases in operating expenses (such as maintenance costs and utilities) while regulating rent increases.

The first step of the MNOI methodology identifies the net operating income a mobile home park owner or mobile home landlord received in the base year (2021). The second step adjusts the 2021 net operating income based on an index (the CPI – All

Urban Consumers) to maintain the value of the base year net operating income. If, in the petition year, the mobile home park owner or mobile home landlord is not earning at least the 2021 net operating income as adjusted by the CPI, then the mobile home park owner or mobile home landlord would be entitled to a rent increase beyond that allowed by the annual general adjustments.

Section D.1 of Chapter 7 of the MHRSO Regulations addresses situations where the base year net operating income is unusually low (Vega adjustments). Where the petition seeks an upward adjustment to the rent for one or more mobile home spaces, the proposed regulations provide that the Hearing Officer may adjust the base year net operating income upon a finding either that: (1) the mobile home park owner's operating and maintenance expenses in the base year were unusually high or low compared to other years; or (2) the mobile home park owner's gross income in the base year was disproportionately low. Alternatively, where the petition proposes an upward adjustment to the rent of one or more mobile homes, the proposed regulations adopt the same Vega adjustment standard, based on fair market rents published by the Department of Housing and Urban Development (HUD), as is used for CSFRA upward rent adjustment petitions.

- Capital Improvements Petitions. Section 46.7 of the MHRSO also provides that mobile home park owners may pass through capital improvement costs to mobile home owners renting mobile home spaces subject to the MHRSO. Section 46.7 does not allow mobile home landlords to pass through any capital improvement costs to mobile home tenants. Section 46.10(16) of the MHRSO authorizes the RHC to develop regulations to permit mobile home park owners to pass through specified capital improvements.

Section F of Chapter 7 of the MHRSO Regulations would provide for an expedited petition process for capital improvements, as defined by Section 46.7 of the MHRSO. As with capital improvement petitions under the CSFRA, mobile home park owners petitioning for a capital improvement temporary upward adjustment would be required to complete a petition that includes documentation of the type and cost of capital improvement installed, certain limited information regarding the property, and the date that each mobile home owner occupied the mobile home space.

Affected mobile home owners will be provided with notice and opportunity to request a hearing on the petition within sixty (60) calendar days of the postmarked date of the notification of the petition by the mobile home park owner. If at least 10% of the affected mobile home owners sign the objection, the RHC or designee will schedule a hearing on the capital improvement petition. If objections are not signed by at least 10% of the affected mobile home owners, the Hearing Officer shall

decide on the capital improvement petition without a hearing. Section F also outlines the standards for capital improvements upward adjustments, including the maximum annual amount of adjustment, the duration of the adjustment, the calculation of the adjustment, and the contents of the Hearing Officer's decision on the capital improvement petition.

Appendix A to Chapter 7 would incorporate an amortization schedule for capital improvements to be used both in the consideration of MNOI petitions and capital improvement petitions.

- Joint Petitions for New and Additional Housing Services. Section G of Chapter 7 would create an expedited petition process for new or additional housing service costs, as jointly requested by both the mobile home owner and the mobile home park owner or by the mobile home tenant and the mobile home landlord. The mobile home owner or mobile home tenant must initiate the joint petition. After acceptance of a joint petition n by the RHC or designee, a Hearing Officer will review the petition and associated documentation and will issue a decision outlining the allowed increase or one-time payment based solely on the joint petition and submitted documentation. The Hearing Officer's decision on the joint petition would not be appealable.
- Owner or Tenant Hardship. Lastly, Section H of Chapter 7 provides that a mobile home owner or mobile home tenant may object to an upward adjustment on the basis that it would create an undue hardship. The mobile home owner or mobile home tenant may request that the Hearing Officer consider the substantiated hardship as one factor when considering a mobile home park owner's or mobile home landlord's petition for upward adjustment.

MHRSO Regulations Chapter 10, Just Cause for Eviction

Section 46.8 of the MHRSO provides that a mobile home landlord may not evict a mobile home tenant from a mobile home without a just cause for eviction. The MHRSO specifies nine valid grounds for terminating a mobile home tenancy.

The Mobilehome Residency Law ("MRL"), in California Civil Code Section 798.56, provides mobile home owners with just cause protections. The MRL enumerates seven bases upon which a mobile home park owner may terminate a mobile home space tenancy.

Chapter 10 of the MHRSO Regulations proposes termination noticing requirements. The proposed regulation provides for specific requirements for any notice of termination

given to a mobile home tenant pursuant to Section 46.8. The purpose of this regulation would be to ensure that mobile home tenants are informed of their rights and obligations when served with an eviction notice.

The proposed regulation also provides that both mobile home park owners and mobile home landlords must file copies of any notices of termination of tenancy and unlawful detainer summons or complaints served on a mobile home owner or mobile home tenant pursuant to the MHRSO or the MRL, respectively. Mobile home park owners and mobile home landlords would also be required to provide the RHC with written notice if the mobile home owner or mobile home tenant vacates the mobile home space or mobile home, respectively, because of the notice of termination or subsequent unlawful detainer. These filing requirements would allow the City to measure the outcomes of termination notices more effectively and ensure compliance with other provisions of the MHRSO, such as vacancy control of mobile home spaces. Ultimately, the information provided by mobile home park owners and mobile home landlords would provide the City with data that is otherwise unavailable.

FISCAL IMPACT

The adoption of MHRSO regulations related to the purpose of the regulations, the definitions in the regulations, the rules of conduct for RHC meetings, upward adjustment petitions, and just cause for eviction protections is not anticipated to impact the budget of the RHC.

PUBLIC NOTICING – Agenda posting.

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- Attachments:
1. Mobile Home Rent Stabilization Ordinance
 2. Resolution to Adopt MHRSO Regulations, Chapters 1, 2, and 3
 3. Resolution to Adopt MHRSO Regulations, Chapter 7
 4. Resolution to Adopt MHRSO Regulations, Chapter 10