



MEMORANDUM

Rent Stabilization Program,
Community Development Department

DATE: October 18, 2021

TO: Rental Housing Committee

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

SUBJECT: Mobile Home Rent Stabilization Ordinance Implementation

RECOMMENDATION

Receive a presentation of the Mobile Home Rent Stabilization Ordinance, as adopted by the City Council, accept the authorization to implement and administer the Mobile Home Rent Stabilization Ordinance, and determine a Rental Housing Committee work plan.

BACKGROUND

The Mobile Home Rent Stabilization Ordinance (MHRSO) was adopted by the City Council to stabilize rents for mobile home owners and mobile home renters 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 return on their property and rental income sufficient to cover increases in the costs of repairs, maintenance, insurance, employee services, additional amenities, and other costs of operation. The MHRSO goes into effect on October 28, 2021 and authorizes the Rental Housing Committee (RHC) to implement and administer the MHRSO. The following provides an overview of the MHRSO followed by a work plan to effectively and efficiently implement the MHRSO.

ANALYSIS

Key Elements of the MHRSO

The following provides an overview of the key elements of the MHRSO. For the full text of the MHRSO, please see Attachment 1.

Coverage

Both mobile home owners and mobile home renters are covered under the MHRSO. Some aspects of the MHRSO are specifically geared toward renters, such as just cause of eviction. Mobile home owners are already protected by just cause of eviction through the Statewide Mobilehome Residency Law (MRL). The following mobile home spaces are exempt in the MHRSO:

1. A space covered by a lease with a term of more than 12 months that was entered into before February 13, 2020 until the earlier of the expiration of the lease term of January 1, 2025 (also in MRL 798.17(b)).
2. A mobile home is not used as a primary residence (798.21).
3. An MOU/accord as approved by the City Council is in effect, and at least 80% of mobile home residents have opted in.

Rent/Base Rent

Rent is defined in the MHRSO as periodic payments for the use of a mobile home space or the occupancy of a mobile home and any communal facilities and housing services. Not included in rent are the following, as defined in the MRL:

- Incidental charges (798.31 and 798.32).
- Separately billed utility fees (798.41).
- Local government fees/charges (798.37).

Base rent is defined as rent in effect on March 16, 2021 for existing tenancies and for tenancies starting after March 16, 2021. The base rent is also defined as the initial rent upon move-in. As of the effective date of the MHRSO, rent cannot exceed the base rent. If the existing rent is higher than the base rent on October 28, 2021, the rent must be rolled back to the base rent, and any amounts paid by the tenant above the base rent between March 16, 2021 and the date of the rent rollback must be repaid to the tenant.

Rent Increases

The MHRSO allows the following types of rent increases:

1. Annual General Adjustment (AGA) of rent equal to 100% of the Consumer Price Index (CPI) (All Items—Urban Consumers (CPI-U) San Francisco-Oakland-Hayward region, U.S. Department of Labor, Bureau of Labor Statistics). Rents may

be increased only once per 12 months, starting September 1, 2022. Rent increases shall be no less than 2% and no more than 5%.

2. Banked increases, for AGAs not previously charged, are allowed with a total limit of a 10% increase per year.
3. Rent can also be increased through an approved petition request for upward adjustment of rent.

Vacancy Control/Decontrol

Upon the start of a new tenancy of a space, a rent increase is limited to 100% CPI, unless:

- A legal termination occurred in compliance with the MRL;
- The mobile home was abandoned; or
- A commercial purchaser replaced the mobile home.

Upon the start of a new tenancy of a mobile home, the landlord can set the initial rent at market rate.

Petition Process

The MHRSO provides for a petition process, both for downward adjustment of rent and upward adjustment of rent.

A mobile home owner or a mobile home tenant can petition for a downward adjustment of rent, which may include a refund for an overpayment or a future rent decrease, based on any of the following circumstances:

1. Rent was charged in excess of lawful rent;
2. Failure to maintain habitable premises; and/or
3. Reduction or elimination of communal facilities or housing services.

A mobile home park owner or mobile home landlord can petition for an upward adjustment of rent to obtain a fair return on investment. A fair return is defined as maintenance of net operating income earned from the property. To maintain net operating income, the base year net operating income is adjusted by the percentage change in the CPI-U for the San Francisco-Oakland-Hayward region, between the base year (annual) and the most recently published bimonthly figure as of the date of submission of the petition.

Park owners can also petition for certain capital improvements pass throughs, subject to the following restrictions:

1. The capital improvement must primarily benefit mobile home owners;
2. The capital improvement must constitute a functional improvement;
3. The capital improvement must have a life expectancy of at least five years; and
4. The capital improvement must be permanently fixed in place.

The following costs are not eligible for the capital improvement pass-through petition:

1. Costs for routine maintenance or repairs;
2. Costs of maintenance or repairs as opposed to replacement;
3. Replacement costs due to failure to maintain;
4. Maintenance of improvements to communal facilities; and
5. Additions/replacements to bring into compliance with laws.

If a capital improvement pass-through is approved:

1. The capital improvement costs need to be amortized;
2. The pass-through amount cannot exceed 50% of total costs;
3. The pass-through amount is not considered rent; and
4. The pass-through amount is limited to 5% of the base rent.

Eviction Protections

Mobile home tenants are protected by just-cause eviction protections in case of any of the following conditions:

- Failure to pay rent
- Breach of lease*
- Nuisance*
- Criminal activity*
- Failure to give access*
- Repairs/temporary vacancies**
- Owner move-in**
- Withdrawal from rental market**
- Demolition**

* These just causes require a written Notice to Cease before the termination notice can be issued.

** These just causes will become subject to tenant relocation requirements as soon as the Tenant Relocation Assistance Ordinance is amended.

Mobile home owners are protected by just-cause evictions protections in the MRL (798.56), which only allows evictions for the following causes:

- Failure to pay rent;
- Violation of park rules and regulations;
- Substantial annoyance;
- Noncompliance with State or local laws and regulations related to mobile homes;
- Condemnation of park; and
- Change of use of (parts of) the park.

Rental Housing Committee

The MHRSO grants the RHC powers and duties to implement and enforce the MHRSO. The following is a summary of such duties:

- Set rents at fair and equitable levels to achieve the purposes of the MHRSO;
- Adopt regulations authorizing rent increases and/or adjustments required by State or Federal law;
- Establish rules and regulations for administration and enforcement of the MHRSO;
- Determine and publicize the AGA of rent;
- Appoint Hearing Officers to conduct hearings on petitions;
- Adjudicate petitions and issue decisions with orders for appropriate relief;
- Establish a budget for the reasonable and necessary implementation of the MHRSO;
- Hold public hearings; and
- Conduct studies, surveys, investigations, and hearings and obtain information to further the purposes of the MHRSO.

Initial Work Plan

As outlined above, the RHC is charged with a number of tasks, including, but not limited to, establishing rules and regulations for implementation of the MHRSO, determining the AGA, and establishing an annual budget and fee. For an initial list of potential regulations, please see Attachment 2.

Staff proposes an initial work plan, which outlines a list of tasks or issues staff will bring forward in the coming months to the RHC for discussion, review, consideration, and possible adoption in order to implement the MHRSO (Attachment 3). Staff proposes to start with regulations for the petition process and hearing process followed by regulations for registration. Staff recognizes that the workload for the RHC is significant, and the intent of the draft work plan is to provide a blueprint to guide the work of the RHC. The draft work plan is flexible and can be adjusted to the needs of the RHC in terms of the number of meetings or amount of time allocated to each work plan item or needs to be adjusted accordingly.

Question No. 1: Please provide direction to staff to implement a different/alternate work plan.

Proposed Communication Plan

Community outreach will be essential to increase awareness of the MHRSO program. The goal of community outreach is to disseminate information and increase awareness to the mobile home park owners, mobile home owners, and mobile home tenants, augmenting their knowledge and skills, resulting in increased compliance with the MHRSO. Outreach can consist of a wide range of activities, including:

1. Increase awareness through distribution of information: Develop collateral materials and distribution plan and outreach through mail, internet, and social media. Partnering with local organizations will increase outreach efforts. A postcard is scheduled to be sent to all mobile home residents and mobile home park owners. FAQs are being developed and incorporated into the webpage.
2. Educational and public input meetings: Organize workshops, walk-in office hours, provide consultations, and set up a helpline (phone, email, and walk-in).

Scheduled Webinar:

Wednesday, November 3, 2021, 6:30 p.m.,

Registration at: MountainView.gov/MHWebinar

Walk-In Office Hours:

Every Tuesday, 10:00 a.m. to 1:00 p.m.,

La Casita, 298 Escuela Avenue, Mountain View

Webpage:

www.Mountainview.gov/mobilehomes

Contact Information:

Email: mvrent@mountainview.gov

Phone: 650-903-6131

3. Resources: Provide online availability of template notices/letters for use by mobile home park owners and mobile home owners and tenants.
4. Language: Provide outreach materials and education in Spanish and any other language upon request. Bilingual assistance in outreach meetings can be provided.

Question No. 2: Please provide direction to staff to implement different/alternate outreach efforts.

FISCAL IMPACT

The implementation of the MHRSO authorizes the RHC to establish an annual budget for the reasonable and necessary implementation of the MHRSO, including, without limitation, the hiring of necessary staff and the charging of reasonable annual rental fees. The RHC is also authorized to request and receive funding when and if necessary from any available source, including the City, for the RHC's reasonable and necessary expenses.

PUBLIC NOTICING – Agenda posting.

AvD-KT-NS/JS/6/RHC
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- Attachments:
1. Text of the Mobile Home Rent Stabilization Ordinance
 2. Draft Work Plan
 3. List of Potential Regulations