



DATE: January 22, 2018

TO: Members of the Rental Housing Committee

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SUBJECT: Draft Mobile Home Parks Regulations

RECOMMENDATION

Adopt a Resolution Establishing Regulations Applying the CSFRA to Mobile Home Parks and provide guidance to Staff regarding potential regulations regarding Vacancy Control.

BACKGROUND

Six mobile home parks are located in the City of Mountain View, with a total of 1,130 spaces. As part of its work plan, the RHC is considering how the Community Stabilization and Fair Rent Act ("CSFRA") enacted by voters in the November 2016 general election applies to residents of mobile home parks in the City. After discussion of the December 4, 2017 Staff Report regarding Application of the CSFRA to Mobile Home Parks, Staff has prepared draft Mobile Home Parks Regulations. This report summarizes the draft Mobile Home Parks Regulations and outstanding policy decisions.

ANALYSIS

Staff and the RHC previously concluded that mobile home spaces, as compared to mobile homes themselves, are Covered Rental Units as described in the December 4, 2017 Staff Report. The draft Chapter 7 Mobile Home Parks Regulations include seven Section headings, as described below, as well as two outstanding policy issues about which Staff seeks policy direction from the RHC.

Draft Chapter 7 (Mobile Home Parks)

Section A summarizes the conclusion that mobile home spaces are Covered Rental Units that are not subject to any exemptions included in the CSFRA. Section A further explains that mobile home spaces are subject to both the CSFRA and relevant state laws, including the Mobilehome Residency Law (Civil Code section 798 – 799.11, the "MRL"). Section B describes how the CSFRA applies to mobile home spaces and provides for a renewable, temporary exemption for mobile home spaces under qualifying long-term leases as required by the MRL. Section B also includes a permanent exemption for newly constructed mobile home spaces, which exemption covers the new construction exemptions included in both the CSFRA and the MRL. To facilitate the administration of the CSFRA to mobile home parks, Section B also requires owners of mobile home parks to disclose whether mobile home spaces are exempt.

Section C of the draft Mobile Home Parks Chapter provides for Chapter-specific definitions applicable only to Mobile Home Parks. For instance, the term "Base Rent" is revised to address requirements in the MRL.

Section D includes all modifications to apply Chapter 4 (Petition Process), Chapter 5 (Hearing Procedures), and Chapter 6 (Fair Return Standard) to mobile home parks. Much of the regulatory chapters can be applied by simply substituting the terms "Park Owner" for "Landlord" and "Mobile Home Resident" for "Tenant." However, some sections are entirely inapplicable to mobile home spaces or require some significant modification (e.g. to address the common facilities shared by mobile home park residents and to reference mobile home park-specific building codes).

Section E applies the rent stabilization policies included in the CSFRA to mobile home spaces by modifying the definition of Rent to comply with the MRL. Moreover, Section E also modifies the definition of Base Rent for each mobile home space for purposes of the CSFRA. The Base Rent is important for both the regulation of rent during a tenancy for a mobile home space as well as for vacancy control. A place holder for vacancy control regulations is included in Section E; the topic is discussed in greater detail below.

Section F clarifies that the nine just causes for eviction included in the CSFRA are entirely superseded by the just cause for eviction protections included in the MRL.

Although the just cause for eviction protections in the CSFRA are preempted by the MRL, Section F still requires notice be provided to the City for the termination of a tenancy.

Finally, Section G applies the Rental Housing Fee included in the CSFRA to mobile home parks, addressing mandatory exemptions to such fees included in the MRL.

Outstanding Policy Issues

1. Vacancy Control

Vacancy control and decontrol are terms used to describe what happens when a tenancy ends in cities that impose rent control. Under the Costa-Hawkins Rental Housing Act (Civil Code sections 1954.50 – 1954.535), landlords may re-set the rent at whatever amount the market will bear and so the unit is decontrolled or free from rent stabilization policies when a vacancy occurs except in limited circumstances. However, mobile home parks are not covered by the Costa-Hawkins Rental Housing Act and rents may continue to be controlled even if a mobile home space is vacant.

CSFRA Section 1708(b) describes "Restrictions on Initial Rent for New Tenancies:"

To the maximum extent permitted by state law, the initial Rent for new tenancies shall be subject to the restrictions of this Article. The Committee shall issues [*sic*] rules and regulations to govern the restrictions on the initial Rent for new tenancies where such restrictions are permitted by state law.

Accordingly, Staff requests guidance from the RHC to interpret CSFRA Section 1708(b). For discussion purposes, a summary of mobile home rent stabilization policies produced by the Mobile Home Park Home Owners Allegiance is attached to this report. For quick reference, a brief summary of the attached report as well as information for other cities with rent stabilization policies applicable to apartments is summarized in the table below.

Table Summary

Jurisdiction	Vacancy Control Policy	Examples
Attached Table of 100 Jurisdictions	55 of 100 include some form of Vacancy Control	-Annual increases only (Yucaipa) -15% increase upon vacancy (Fremont)

Sample Jurisdictions with Apartment Rent Stabilization Policies

Jurisdiction	Vacancy Control Policy	Discussion
East Palo Alto	Yes	No automatic Vacancy Decontrol, but vacancy may be considered during individual petition for rent increase
San Jose	Yes	Vacancy Decontrol allowed in limited circumstances, increases greater than 5% subject to review
Los Angeles	Yes	Full Vacancy Decontrol if both mobile home & tenant vacate; limited decontrol (10% increase) if Mobile Home is sold in place.

2. Implementation of Rent Rollback

CSFRA Section 1706 and the definition of Base Rent create what is often referred to as the "rent rollback," through which the amount of rent due per month for tenancies existing on October 15, 2015 were rolled back to the October 2015 payment effective on December 23, 2016.

CSFRA Section 1707 provides for the Annual General Adjustment, the first of which was 3.4% and could be implemented as early as September 1, 2017, subject to proper noticing of the increase under state law. Staff requests the RHC provide informal guidance regarding a fair and reasonable method of implementing the rent roll back that provides flexibility and transparency for both owners and residents of mobile home parks.

CONCLUSION AND NEXT STEPS

From Staff's perspective, the draft regulations may be adopted to begin applying the CSFRA to mobile home parks and to provide clarity to park owners and residents. While two policy issues remain outstanding, as discussed above, the draft regulations

provide needed guidance for mobile home park owners and residents notwithstanding any ongoing discussions of vacancy control and the application of the rent rollback mandated by the CSFRA.

DIRECTION NEEDED

For the reasons set forth above, Staff recommends the RHC consider adoption of the draft Mobile Home Parks Regulations and provide guidance to Staff and the public related to the following questions.

1. Does the RHC desire to pursue a particular form of vacancy control for mobile home spaces?
2. Does the RHC have informal guidance for park owners and park residents to promote a fair and reasonable implementation of the rent rollback required by the CSFRA?

FISCAL IMPACT

The FY 2017-18 budget did not anticipate costs related to regulating mobile home spaces. The conclusion that mobile home spaces qualify as Covered Rental Units will increase the number of Covered Rental Units and number of landlords subject to the Rental Housing Fee, and consequently increase the overall expenditures of the RHC.

PUBLIC NOTICING

- Agenda posting.
- Notification of Mobile Home Park Owners

ATTACHMENTS:

1. Resolution
Exhibit A: Chapter 7, Mobile Home Parks Regulations
2. Summary Table Mobile Home Rent Stabilization Policies
3. 2017 CA Mobilehome Residency Law