

Staff Recommendation and Rationale Presented to RHC**Recommendation****A. Lower the AGA from 100% CPI to 75% CPI.**

- Although the current MHRSO AGA of 100% CPI is in the range of analyzed jurisdictions, it is at the highest end of the range.
- 70% of jurisdictions have an AGA lower than 100% CPI.
- An AGA of 75% CPI is the most frequent standard used by jurisdictions with mobile home rent stabilization programs (11 out of the 36 jurisdictions use 75% CPI), which supports Housing Element Program 3.2 to identify options consistent with comparable jurisdictions.
- Enables residents to remain in their homes for longer periods, with rent increases more easily manageable, aligning with Housing Element Goal 3.5.
- This may result in lower resident turnover, which may also benefit park owners who own and rent out a mobile home unit, providing a more consistent stream of revenue.
- As noted, the MHRSO was initially adopted based on mirroring the CSFRA. However, many mobile home residents are seniors and/or low-income and may be disproportionately impacted relative to apartment dwellers. Therefore, mobile home residents may be more vulnerable to rent increases, and lowering the AGA can address this vulnerability.
- This recommendation seeks to achieve a balance of using a more common AGA standard consistent with comparable jurisdictions while also continuing to recognize that park owners have operating/maintenance costs.

B. Maintain a Floor of 2% (no change)

- Current MHRSO floor is in the mid-range of analyzed jurisdictions.
- Having a floor may compensate for potential losses incurred when the 5% ceiling is enforced.
- Although the majority of jurisdictions have no floor, it is unclear what local considerations were part of the policy-making process in those jurisdictions. The MHRSO is based on balancing the needs of residents and park owners, and park owners may still have rising costs, even if there is no increase in the CPI. Maintaining a rent

floor of 2% provides protection for park owners just as a ceiling provides protection for residents.

C. Maintain a Ceiling of 5% (no change)

- The current ceiling of 5% is on the lower end of the range relative to comparable jurisdictions and is the most frequently used ceiling among the cities. Some cities have no ceiling at all.
- The ceiling protects tenants in case of high inflation.
- Lowering the AGA to 75% CPI decreases the chance that the 5% ceiling would be triggered.