



PROPOSED MOBILEHOME SPACE RENT POLICIES/REGULATIONS

CITY COUNCIL WORK SESSION

JANUARY 14, 2019



OVERVIEW

- Public Meetings/Outreach
- Background
- Review of Alameda County jurisdictions with adopted ordinances
- Policy Options for San Leandro
- Next steps
- Public and City Council comments

PUBLIC MEETINGS TO DATE/OUTREACH

- Public meetings to date
 - July 16, 2018 – Presentation to Council
 - October 22, 2018 – Rules Committee
- Outreach for tonight
 - 9 Mobilehome parks in the City
 - Nextdoor posting
 - Email list of interest stakeholders who have attended public meetings and/or made written comments

MOBILEHOME PARKS IN SAN LEANDRO

- 9 Mobilehome parks (855 spaces) in San Leandro
 - Bal Trailer Court (14831 Bancroft Ave) – 31 spaces
 - Bayshore Commons (1468 Grand Ave) – 40 spaces
 - Golden State (1511 150th Ave) – 18 spaces
 - Sandev (2100 Lewelling Blvd) – 71 spaces*
 - San Leandro (2470 Washington St) – 45 spaces
 - Salel's Mobilehome Park (747 Lewelling Blvd) – 66 spaces
 - Trailer Haven (2399 E. 14th St) – 160 spaces*
 - Mission Bay (15333 Wicks Blvd) – 366 spaces
 - Hesperian (15263 Hesperian Blvd) – 58 spaces

**also has RV spaces*

EXISTING SAN LEANDRO SERVICES FOR MOBILEHOME PARK RESIDENTS

- Rent Review Program/Tenant Relocation Assistance
 - Only applies to tenants who are renting their Mobilehome units
 - Does not apply to space leases
- Landlord-Tenant Housing Counseling/Fair Housing Services via ECHO Housing
- Owner-Occupied Housing Rehabilitation Program
 - Minor home repair grants up to \$5,000 for lower income households including Mobilehome owners
- Mobilehome Park Conversion Ordinance (Zoning Code)

MOBILEHOME RENT REGULATION ORDINANCES BY JURISDICTION

- In Alameda County, 6 jurisdictions have regulations:
 - Alameda County - 19 parks/712 spaces
 - Fremont - 3 parks / 732 spaces
 - Hayward - 16 parks / 2,160 spaces
 - Oakland - 3 parks / 49 spaces
 - Pleasanton - 4 parks / 412 spaces
 - Union City 3 parks / 918 spaces

MOBILEHOME SPACE RENT REGULATIONS BY JURISDICTION

- Alameda County
 - 4% rent increase cap per year
- Fremont
 - Greater of 60% of Consumer Price Index (CPI), 3% of rent, or \$10/month
- Hayward
 - Greater of 3% rent or 60% CPI
- Oakland
 - 5% increase
- Pleasanton
 - Rent increase may not exceed CPI
- Union City
 - Lesser of 90% CPI or 7% rent

MOBILEHOME RENT REGULATION MATRIX BY JURISDICTION

	Vacancy Decontrol	Capital Improvement Pass-Through
Alameda County	X	X
Fremont	X	X
Hayward		
Oakland		NA
Pleasanton		
Union City		

POLICY OPTIONS FOR SAN LEANDRO

- 1) Amend Rent Review Program and Tenant Relocation Assistance Ordinances to include space rents of Mobilehome unit owners
- 2) Create new Mobilehome Space Rent Regulation Ordinance

**Staff recommends Option 2 because mobilehome parks are unique from multifamily rental buildings and residents have faced greater displacement and financial vulnerabilities in recent years*

PURPOSE FOR PROPOSED MOBILEHOME SPACE RENT REGULATIONS ORDINANCE

- Establish an efficient method of reviewing certain mobilehome space rent increases in Mobilehome Parks
- Protect mobilehome owners from arbitrary, capricious or unreasonable rent adjustments
- Ensure that mobilehome park owners and/or operators and investors receive a fair and reasonable return on their investment in their parks

Note: Both mobilehome owners and park owners often make substantial investments in their properties to make an investment return. Therefore, mobilehome owners differ from apartment renters.

PROPOSED MOBILEHOME SPACE RENT REGULATIONS – DEFINITIONS

- Capital Improvement (CI) – installation of new improvements and facilities. CI are required to be amortized over the useful life of the improvement pursuant to...US Internal Revenue Code.
- Capital Improvement Costs – all costs reasonably and necessarily related to the planning, engineering, and construction of CI and shall include debt service costs, if any, incurred as a direct result of the CI. CI does not include ordinary maintenance or repairs or capital replacement costs

PROPOSED MOBILEHOME SPACE RENT REGULATIONS – DEFINITIONS

- Capital Replacement (CR) – an improvement required to maintain the common facilities and areas of the park in a decent, safe and sanitary condition or maintain the existing level of park amenities and services. CR is an expenditure as defined by the US Internal Revenue Code which replaces, upgrades or repairs an existing improvement (e.g., onsite water or electrical distribution or sewage collection system, a street, a parking area, or common facility such as a laundry, community kitchen or meeting room).
- Capital Replacement Costs – all costs reasonably and necessarily related to the planning, engineering, and construction of CR and shall include debt service costs, if any, incurred as a direct result of the CR. CR does not include ordinary maintenance or repairs or CI costs.
- Service Reduction – a decrease or diminution in the basic service level provided by the park occurring at any time since [effective date of Ordinance] including but not limited to services the park owner is required to provide pursuant to applicable state law.

PROPOSED MOBILEHOME SPACE RENT REGULATIONS – DEFINITIONS

- Rent – any consideration, including any bonus, benefit, or gratuity demanded or received by a park owner for, or in connection with, the use or occupancy of a mobilehome space, or in connection with the assignment of a lease, or in a connection with subleasing of the space. Rent shall not include:
 - 1) Utility charge for sub-metered gas and electricity
 - 2) Charges for water, refuse disposal, sewer service, and/or other services, which are either provided or charged to tenants solely on a cost pass-through basis and/or are regulated by state or local law
 - 3) Any amount paid for the use and occupancy of a mobilehome unit (vs amounts paid for use and occupancy of a mobilehome space).
 - 4) Laundry service charges
 - 5) Storage charges

PROPOSED MOBILEHOME SPACE RENT REGULATIONS – DEFINITIONS & ELIGIBILITY

- All mobilehome owners and their spaces in the City are eligible unless exempted by the Ordinance or state law
- Mobilehome – references definitions established under CA Mobilehome Residency Law
- Recreational vehicles and trailers are generally excluded except for those that are used for human habitation and occupy a mobilehome site in the park for 9 or more continuous months. (Civ.Code, § 798.3, subd. (b)(2).)

PROPOSED MOBILEHOME SPACE RENT REGULATIONS – EXEMPTIONS (PER STATE LAW)

- New mobilehome spaces exempted pursuant to Civil Code Section 798.45 of the Mobilehome Residency Law (MRL). Spaces which are not the principal residence of the owner and exempt pursuant to Civil Code Section 798.21 of the MRL
- Mobilehome parks with fewer than 10 spaces

PROPOSED MOBILEHOME SPACE RENT REGULATIONS – SPACE RENT INCREASE CAP

- **Greater of 5% space rent increase from existing base rent or Consumer Price Index (CPI) once per year**

PROPOSED MOBILEHOME SPACE RENT REGULATIONS – VACANCY DECONTROL

- Vacancy decontrol by park owners when:
 - upon voluntary sale or transfer of a mobilehome unit in place to a new buyer
 - upon voluntary removal of a mobilehome unit
 - upon judgement of unlawful detainer to remove a mobilehome unit
- Vacancy decontrol enables park owners to bring long-standing restricted units closer to market levels, while vacancy controls may be challenging for City staff to enforce
- Exceptions to vacancy decontrol:
 - No rent increase may be imposed when an existing mobilehome owner is replacing his/her unit in the same space
 - No rent increase may be imposed when there is a legal title transfer to heirs (e.g., spouse, children) ¹⁷

PROPOSED MOBILEHOME SPACE RENT REGULATIONS – NOTICING REQUIREMENTS

- Written notice each rent increase or increased capital improvement/capital replacement pass-through charge shall be filed by park owner with the City Housing Services Division and provided to each affected mobilehome owner at least 90 days before the rent increase goes into effect
- Notice shall identify:
 - Name of the park
 - Dollar amount and percentage of the increase
 - Itemization of all new or increased pass-throughs and additional rent charges
 - Specific space affected
 - Effective date of increase
 - How increase was calculated
 - Date the rent on each space was last increased
 - How each affected owner may petition for review of rent increase

PROPOSED MOBILEHOME SPACE RENT REGULATIONS – RENT REVIEW PROCEDURES

- City designated independent hearing officer reviews and makes determinations on applications for space rent increases, capital improvement/capital replacement increases and pass-throughs, and rent reductions for service reductions
- City Housing staff shall review the applications for completeness and prepare documents for hearing officer
 - expert analysis may be requested (e.g., certified public accountant)
- Hearing officer shall render decision within 60 days from the date the application is deemed complete
- Final decision to be mailed and emailed to park owner, mobilehome owner and, if applicable, their representatives
- Appeals may be made to City staff (e.g., City Manager, Community Development Director) within 30 days after a decision is mailed

PROPOSED MOBILEHOME SPACE RENT REGULATIONS – MISCELLANEOUS REQUIREMENTS

- Park owners shall annually register their parks with the City
- Notice of Sale of Park – upon sale or transfer of a mobilehome park, seller shall notify the City of the sale and the new buyer
- Notice to Prospective Park Purchasers – park owners shall provide new buyers a copy of the ordinance
- Retaliation against the mobilehome owner exercising his/her rights is prohibited
- Mobilehome owner may refuse to pay illegal rent
- Disclosures to prospective mobilehome owners including current and proposed base space rents, copy of the ordinance, and rent stabilization exemptions under Mobilehome Residency Law
- Prospective tenants shall not be denied the option of a tenancy of 12 months or less in duration

PROPOSED MOBILEHOME SPACE RENT REGULATIONS – ADMINISTRATION COSTS

- City shall collect an annual rent stabilization administration fee
- Typical monthly fee structure is \$ per space
- Fee shall cover cost of administration costs such as staff time, expert analysis, and independent hearing officer
- City staff is still exploring comparable municipal fees and estimated administrative cost impacts

NEXT STEPS

- Request for City Council direction tonight
 - Rent increase cap, vacancy decontrol, capital improvement pass-through, et al.
- Spring 2019 – prepare draft ordinance for Council and public review
- Summer 2019 – prepare final ordinance for City Council review

CONTACT

MARYANN SARGENT, SENIOR HOUSING SPECIALIST

HOUSING SERVICES DIVISION

835 EAST 14TH STREET

SAN LEANDRO, CA 94577

msargent@sanleandro.org

510-577-6005