



Legislation Text

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Staff Report for Discussion of Potential Mobilehome Park Rent Regulations

SUMMARY AND RECOMMENDATIONS

Mobilehome parks represent an important stock of affordable housing in cities and counties throughout California. There are 9 mobilehome parks in San Leandro. In the last two years, there have been two mobilehome parks in the City that have had a change in ownership and resulted in resident displacement and substantial space rent increases: Trailer Haven (September 2016) and Bayshore Commons, which was formerly Estudillo Trailer Park (October 2017). The Sandev Mobilehome Park is currently on the market for sale.

Given the serious concerns raised by mobilehome park tenants that arose from the Trailer Haven and Bayshore Commons property transfers, City Council recently directed staff to present information exploring mobilehome park rent regulations for the Rules Committee to discuss and consider. The purpose of this meeting is to consider protections to San Leandro's owner-occupied mobilehome residents on their space rents from similar exorbitant rent increases in an effort to prevent displacement and homelessness, while allowing a fair return for mobilehome park owners.

Staff recommends that the City Council Rules Committee seek public input and provide staff direction on next steps including 1) what it would like to see in a draft ordinance based on public comment and its deliberations, and 2) whether to return to the City Council Rules Committee or the City Council with a draft ordinance. Staff will conduct a community meeting after a draft ordinance is prepared to solicit public feedback from mobilehome residents, park ownership/management and other interested stakeholders.

BACKGROUND

Attachment A is a matrix of existing mobilehome park rent regulations in nearby Alameda County jurisdictions: Alameda County, Fremont, Hayward, Pleasanton, and Union City. Attachment B is a full copy of the City of Hayward's Mobilehome Space Rent Stabilization Ordinance, which became effective August 29, 2008. Staff suggests using the Hayward ordinance as a tool for the Rules Committee and the public to identify which features may fit best for San Leandro in order to provide staff guidance to prepare a draft ordinance.

Analysis

The above-mentioned rent increases in the two mobilehome parks (Trailer Haven and Bayshore

Commons) resulted in a cumulative impact on approximately 200 of the total 855 mobilehome park spaces for rent in the City. San Leandro mobilehome parks have an estimated 2,350 residents or approximately 2% of the City's population.

Owner-occupied mobilehomes are vulnerable for a variety of reasons. First, homeowners of detached single family housing and condos/townhomes have more predictability and stability with regard to paying mortgage, taxes and insurance costs. When an occupant owns the mobilehome and not the land, the owner's investment is at risk if their uncontrolled costs, such as space rents, escalate at a rate that is higher than other average cost increases. Additionally, the removal of a mobilehome from a rented or leased space can be highly expensive. The actual relocation of a mobilehome may cause damage to the housing unit and therefore depreciate its value. Finally, it is becoming less feasible to find another affordable location to relocate a displaced mobilehome in San Leandro or other communities in the Bay Area region. Staff found that the farther the distance to relocate increased the likelihood it would be a more significant increase in cost to move the mobilehome unit.

Existing Protections for City Mobilehome Park Residents

The City of San Leandro's existing tenant protection policies include the Rent Review Ordinance and Tenant Relocation Ordinance. Both of these ordinances are only applicable to mobilehomes units that are rented and does not apply to the space rents. This covers a small percentage of existing mobilehome park residents.

The City of San Leandro also has in place the Mobilehome Park Conversion Ordinance (Article 23 of the Zoning Code at <https://www.sanleandro.org/depts/cd/plan/zonecodemap.asp>). This ordinance provides the process for when a mobilehome park either partially or fully converts to a different land use (e.g., apartments, condos, etc). The ordinance requires adequate notice to the City's Community Development Department -- Planning Division and requires relocation and other assistance to mobilehome park residents.

Key Components of Mobilehome Park Rent Regulations

Below are key issues and features for consideration in a proposed mobilehome park rent regulation ordinance:

- ***Setting Rent Increase Cap***

There are various methods of regulating the rate of rent increases among jurisdictions with ordinances. Some are based on the Consumer Price Index (CPI) or a percentage thereof. Others are capped at a maximum percentage or a "not greater than" amount. Applicable jurisdictions in Alameda County have caps ranging from 4% to 7%.

- ***Capital Improvement Cost Pass-Through***

One of the City's Land Use Element policy goals is to encourage the improvement of the "appearance of mobilehome parks without displacing owners and tenants." It is important to address capital improvements in a mobilehome park to ensure that the parks are well-

maintained and retain value over time, which not only benefit the park owners but also individual mobilehome owners. . Ordinances in Alameda County jurisdictions include various methods to allow capital improvement pass-through costs including sharing costs between park owners and their residents. Mobilehome park residents who have fixed and lower incomes are less able to absorb any increases in their housing costs.

- ***Vacancy Decontrol***

Vacancy decontrol involves allowing for rents to be increased to market rates when a rental unit is vacated. Vacancy decontrol for mobilehomes are typically only applicable when the owner occupants sell and remove their mobilehome unit. Many times this is not the case given the difficulty of moving a mobilehome unit. Some cities limit the increases in space rents especially if the mobilehome unit is sold in place. Some local jurisdictions allow for vacancy decontrol only in certain instances such as a voluntary transfer of ownership and the unit remains in the mobilehome park, the removal or abandonment of a mobilehome, or if a resident is removed per a court-ordered eviction.

- **Administration/Enforcement**

In order to minimize the impact on the Community Development Department Housing Division's limited staff resources (two full time Housing staff consisting of a Senior Housing Specialist and Housing Specialist I) and City General Funds, the Committee may opt to consider a cost recovery fee. For general administrative fees, some cities allow some portion of the fee to be passed to the mobilehome park residents. The main consideration is how administrative costs could be borne by owners or residents or both. Some of the cities that staff researched have a monthly administrative fee per mobilehome unit ranging from \$5 to \$10. Other issues to consider in establishing an administrative and enforcement mechanism include who will resolve mobilehome rent increase disputes? Will it be City staff, an existing board or commission or an independent third party?

Miscellaneous issues to consider include:

- Eligibility, including whether recreational vehicles should be included in the definition of a mobilehome unit.
- Exemptions
- Noticing requirements

Summary of Public Outreach Efforts

City staff contacted the owners and/or owners' representatives of all 9 mobilehome parks in the City regarding today's Rules Committee meeting. Notices for today's meeting were also mailed to the park owners and owner's representatives (with the exception of Bayshore Commons). Staff also printed hundreds of copies of the notices and requested that the park owners distribute them to their respective park residents. Additionally, staff emailed copies of the notice to interested parties and stakeholders.

Applicable General Plan Policies

Land Use Element Policy Action 1.02-C: Call for programs to upgrade the appearance of mobile home parks without displacing owners and tenants.

Housing Element Goal 56 Affordable Housing Conservation; Policy 56.08, Conservation of Mobile Home Parks - promote the conservation and rehabilitation of mobile home parks without displacing tenants or reducing the number of affordable units. Mobile home parks should be recognized as an important affordable housing resource for San Leandro's seniors and low-income households.

Housing Element Policy Action 56.08-A: Mobile Home Rent Stabilization - Consider adopting a mobile home rent stabilization ordinance similar to the agreement currently in effect for Mission Bay. (The agreement would apply more broadly to residents of all mobile home parks in the city and help protect the city's supply of mobile homes.

ATTACHMENTS

Attachments to Staff Report

- *Attachment A: Mobilehome Rent Space Stabilization Ordinances in Alameda County - 2018*
- *Attachment B: City of Hayward Mobilehome Space Rent Stabilization Ordinance effective August 29, 2008.*

PREPARED BY: Maryann Sargent, Senior Housing Specialist, Community Development Department