



## Legislation Text

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**File #:** 19-1172, **Version:** 1

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Recommendation to request City Attorney to draft an urgency ordinance to temporarily limit mobile home space rent increases until permanent rent stabilization policy options are considered; and, direct City Manager to prepare a thorough report on long-term mobile home rent stabilization options and present recommendations on a local policy for consideration. (Citywide)

At its October 22, 2019 meeting, the City Council requested the City Manager to work with the City Attorney to research options available to local municipalities for the regulation of mobile home park space rents, including the possibility of a rent stabilization ordinance. Staff has conducted a preliminary review of rent stabilization ordinances and other approaches to maintaining housing affordability at mobile home parks being implemented in cities throughout California.

In 1978, California enacted the Mobile Home Residency Law (MRL), which regulates mobile home park tenancies, including rental agreements, fees and charges, and terminations of tenancy. The MRL limits the bases upon which a mobile home park owner may terminate a mobile home owner's tenancy, including requiring just causes such as nonpayment of rent, the homeowner's violation of law or park rules, and the park owner's desire to change the use of its land. However, the MRL is silent on the limits the amount of rent that a mobile home park owner may charge and allows for rent increases for pass-through costs associated with capital improvements, tax increases, and other government fees and assessments.

There are currently ten land-lease mobile home parks in Long Beach, containing a total of 1,696 mobile home spaces (Attachments A, B). The term "land-lease" describes mobile home parks owned by a single owner or operator, which then leases the individual spaces to mobile home owners. These 1,696 units comprise approximately 1 percent of the housing stock in the Long Beach. Of the 1,696 land-lease mobile home spaces, 557 (33 percent) are in mobile home parks that restrict residency to seniors age 55 and over. Currently, no mobile home park has a recorded affordability covenant with the City. According to U.S. Census Bureau data, approximately 4,750 residents live in land-lease mobile home parks throughout Long Beach.

One mobile home park, Windward Village at 3595 Santa Fe Avenue, was converted into a Planned Unit Development (PUD) in 2006. In a PUD, mobile homeowners purchase individual spaces rather than renting them, and ongoing operations are run by a homeowners' association (HOA). Additionally, there are a total of 183 recreational vehicle (RV) spaces in Long Beach that are governed separately by the Recreational Vehicle Park Occupancy Law. Any rent stabilization policy adopted by the City Council will not apply to PUDs or RV parks.

## Mobile Home Market Characteristics

Mobile home parks occupy a unique niche in the housing market, where mobile home park tenants are both renters of a park space and owners of their individual homes. These homeowners/tenants are typically lower-income households and are often seniors living on fixed incomes. Several court cases, such as *Lanca Homeowners, Inc., v. Lantana Cascade of Palm Beach, Ltd*, *Galland v. City of Clovis*, and *Adamson Companies v. City of Malibu* have noted the inequitable conditions between tenants and park owners based on the economic imbalance in favor of mobile home park owners given the immobility of the homes, the investments homeowners make to enhance their park spaces, and the restrictions on their spaces. Mobile home owners may face an absence of meaningful choice in terms of responding to an increase in space rents, as space vacancies are scarce and the cost of moving the home is often a significant component of the value of the mobile home itself. Mobile homes are rarely moved after their initial installation in a mobile home park space, and vacancy rates in urban areas for mobile home parks are low. Mobile homes are very likely to only be used on the space where they are currently located, and it is usually prohibitively expensive to move them.

## Mobile Home Park Rent Stabilization Ordinances

Based on staff research, approximately 100 jurisdictions in California have adopted a mobile home Rent Stabilization Ordinance (RSO). These Ordinances typically include the following key components:

- Limits the amount and number of rent increases per year.
- May include just cause termination provisions.
- May include vacancy control or decontrol provisions.
- Includes pass-through allowances of expenses (taxes, capital improvements, and fees).
- Includes an Oversight Board.
- Includes city administration and enforcement.

## Alternative Approach

A small number of jurisdictions in California, including the Cities of Modesto, Napa, Ontario, Rancho Cucamonga, and San Dimas have implemented a Memorandum of Understanding (MOU) approach to address rent stabilization terms and other issues that the State law remains silent on.

A MOU is a mutual agreement between the City, local mobile home park owners, and tenants that may include the following components:

- Exempts park owners from any subsequent rent stabilization Ordinance by the City;
- Limits the amount and number of rent increases per year;
- Caps rents to a predetermined “Base Year” and may allow increases based on parameters agreed upon by the City and participating park owners; and,
- Includes pass-through allowances of expenses (taxes, capital improvements, and fees).

The implementation of an MOU as an alternative to a permanent Ordinance is an option that staff will explore during its full analysis for a comprehensive long-term plan.

### **Next Steps**

This report is based on preliminary research and analysis given the short period of time. Staff was unable to obtain data, including the incomes of mobile home park tenants in the City, or the current and historical rents and trends at individual mobile home parks. With direction from the City Council, staff would continue researching this issue to develop a long-term solution and obtain the data necessary to examine rent trends and current affordability status as compared to current resident incomes. If staff receives direction to move forward with preparation of a more thorough report, then staff expects to hire an expert housing/finance consultant to assist in preparing a report on mobile home rent stabilization approaches and recommendations for the City Council’s consideration. The scope for this work will include data collection and analysis, community engagement, and the preparation of a report and recommendations. Staff has prepared a draft scope of work for this report (Attachment C).

This matter was reviewed by Deputy City Attorney Richard F. Anthony on November 14, 2019 and by Budget Analysis Officer Julissa Jose-Murray on November 15, 2019.

City Council action is requested on November 19, 2019, to ensure no additional rent increases occur while a study is being conducted.

This recommendation has no staffing impact beyond the budgeted scope of duties and is consistent with existing City Council priorities. The Development Services Department estimates the cost for a consultant can be absorbed within the exiting budget in the Housing Development Fund Group, should the costs for a consultant be greater than estimated the department would return to the City Council for an appropriation adjustment. There is no

fiscal or local job impact associated with this recommendation.

Approve recommendation.

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APPROVED:

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