



CITY COUNCIL AGENDA REPORT

Meeting Date: November 7, 2019

From: Clay Holstine, City Manager

Subject: Discussion Whether to Consider a Rent Control Ordinance
Applicable to the Sierra Point Mobile Home Park

Community Goal/Result

Community Building and Economic Development

Recommendation

Discuss whether the Council wishes to consider a rent control ordinance applicable to the Sierra Point Mobile Home Park and, if so, provide direction to staff as to whether the ordinance should provide certain provisions, such as the limiting rent increases to a percentage change in the Consumers Price Index

Background

It is well established that the police powers that general law cities have under the State Constitution empowers such cities to adopt rent control and, in particular, rent control as to mobile home parks. The rationale for rent control in mobile home parks is that residents own their mobile homes and rent only space within a park, that the term “mobile home” is a misnomer because the homes are not particularly mobile, that there are limited areas where mobile home owners can relocate their mobile homes, and that mobile home parks are often occupied by older residents who may have limited household incomes.

For those reasons, many, if not most, cities that have mobile home parks have adopted some form of rent control. Often under such ordinances, rents may be increased by right only by the percentage change in Consumers Price Index but Councils have discretion to fix the amount of a rent increase that a park owner may impose by right. Moreover, some ordinances provide that once a resident sells the resident’s mobile home to a different resident, the park owner may charge the new resident a market rent. On the other hand, other ordinances provide that new residents pay the same rent as the prior resident. In any event, in order to avoid a claim of the government’s “taking” a park owner’s property by reason of rent control, a rent control ordinance must have provisions that permit a park owner to petition for a rent increase above what is provided in the ordinance in order to receive a fair return on property.

Recently, staff received correspondence from a resident of the Sierra Point Mobile Home Park, located at 3800 Bayshore Boulevard, requesting that the City establish reasonable rents at the mobile home park. The communication states that rents at the

park have increased substantially over the past few years and by 19% most recently, which increases present an economic hardship on the residents, many of whom are elderly and/or have limited household incomes.

The Council Affordable Housing Committee considered this request at its meeting in October. The Committee recommended that the request be placed on the full Council's regular agenda to discuss whether the Council has any interest in establishing such controls. The Committee also recommended some parameters of such regulations if the Council decided to consider such regulations.

Discussion

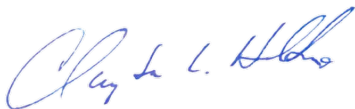
Whether to adopt a rent control ordinance for mobile home parks (or whether to adopt rent control for residential rental properties in general) is a policy decision. The Council Affordable Housing Committee did not make a recommendation whether the full Council should direct staff to draft such an ordinance but did, however, suggest that if such an ordinance is to be considered, it should parallel generally the same provisions as has recently been signed into law as to rent increases for residential properties (AB 1482). Under AB 1482 (which does not apply to mobile homes), a property owner may increase rents only once every 12 months and may not increase rents by more than 5% plus the cost of living, or by 10%, whichever is less. (Most recently, the "cost of living" in the Bay Area region, measured from April to April, was 4%; hence rents for the properties in the Bay Area covered by AB 1482 cannot for 2020 exceed 9%.)

Council, however, is not bound by the provisions of AB 1482. If the City were to adopt a rent control ordinance applicable to mobile homes, it may adopt a rent control ordinance that the Council believes addresses the needs of the City's residents.

Accordingly, staff is looking for direction from the City Council if it wishes to consider a mobile home rent control ordinance and, if so, are there any particular provisions it would like staff to draft, such as limiting rent increases annually to the percentage change in the Consumer's Price Index or to the provisions of AB 1482.

Fiscal Impact

There will be some cost to the City to have a rent control ordinance applicable to mobile home parks drafted but the cost will not be significant. If such an ordinance were adopted, there will be a cost to administer the ordinance, such as ensuring that the provisions of the ordinance are observed, conducting "fair return" hearings, etc.



Clay Holstine, City Manager