

# Talking Points for New Rent Stabilization Ordinance (RSO) in Menifee

**Homeowners** – When you are talking about yourself or others in a mobile home park, try not to refer to yourselves as “residents” or “renters”, always remind them that you are HOMEOWNERS.

## **We want 4 things in this next RSO – Rent Stabilization Ordinance**

1. **A rent cap of 3%, but NO MORE THAN 5%**
  - a. In cities (like Hemet) with no RSO the typical annual rent increase in a mobile home park lease is 5%. Park owners have other ways to request a rent increase if they need to in the RSO.
  - b. Many cities, including Carson, Azusa, Gilroy, Los Angeles, Montclair, Oceanside, Oxnard, Palmdale, Pismo Beach, Pomona, Redlands, Salinas, San Bernardino, San Jose, San Luis Obispo, Santa Ana, Santa Clarita, Upland, Ventura, and Yucaipa have rent caps, some as low as 3%. There is significant precedence for implementing a rent cap.
  
2. **Lower the Annual Permissive Rent Increase from 100% of CPI to 66% of CPI**
  - a. Current CPI in Riverside, San Bernardino is running about 9.5%, but about of third of the current increase is a direct result of food and energy (gas prices), neither of which are significant costs associated with running a mobile home park.
  - b. There is precedent for this as Azusa, Carson, Carpinteria, Cathedral City, Chino, Colton, Fremont, Fresno, Goleta, Hayward, Lancaster, Lompoc, Los Angeles, Milpitas, Moreno Valley, Palm Desert, Palm Springs, Palmdale, Redlands, Riverside, San Bernardino, San Luis Obispo, Santa Barbara, and many other cities have established 50% to 80% of CPI as reasonable rent increases.

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## 3. Remove the “Property Tax Loophole” on sale of the park.

- a. Bel Aire Estates was just sold to Sun Communities, a corporation based in Southfield, MI.
- b. Property taxes are still being calculated on the old value of the property.
- c. The County will now reassess the value and raise the property taxes on Sun Communities.
- d. Under the current ordinance, these property taxes will very likely be passed on to the homeowners as an additional rent increase. In some cases, these property tax increases can result in a \$150 a month increase over 2-3 years.
- e. Property tax increases should be factored into the overall cost of the purchase, not used to overinflate the true value of the park.

## 4. We **MUST HAVE** some type of “Rent Review Process”.

- a. Without a Rent Review process park owners are allowed annual permissive rent increases, with no guarantee that they will continue to maintain the parks as they should.
- b. Homeowners need to be able to petition for a cessation of rent increases, until such time as the park owners live up to their end of the bargain.
- c. Currently, homeowners have almost no recourse when a park owner “fails to maintain” the park.
  - i. The Mobilehome Residency Law does allow for “Failure to Maintain” lawsuits, but those are very costly and finding an attorney to handle one is difficult, as they only want the most egregious cases.
  - ii. Mobilehome owners are “captive customers” that must pay rent “no matter what”. Our homes can be seized for any failure to pay our entire invoice, so “withholding” rent until maintenance is performed, which traditional renters can do, is not an option for us.
- d. A Rent Review process would give homeowners desperately needed leverage when we ask for maintenance activities to be performed. Here are examples:

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## Other Talking Points

1. There are 4 mobilehome parks in Menifee and none are really “local” small businesses as all are owned by either out of state corporations or out of area owners. Profits from these parks is going out of area. Per Housing and Community Development, the four parks in Menifee are owned by:
  - a. Sun Meadows – Partners all live out of County, listed in Beverly Hills.
  - b. Bel Aire - now owned by Sun Communities out of Southfield, Michigan.
  - c. Hillside - owned by someone in Palos Verdes Estates, in LA County
  - d. Sun City Mobile - owned by a company out of Sierra Madre, CA
2. All four parks in Menifee are Senior Parks and considered part of Menifee’s low-income housing solution. In Sun Meadows, starting rents are now \$825 (approx..) meaning that a prospective new resident must have a monthly income of almost \$2,500 to qualify for a tenancy. We are quickly becoming unaffordable.
3. Seniors, in general, live largely on fixed incomes. Seniors, in general, also don’t like to travel very far for goods and services. This means that every dollar in additional rent increases is one less dollar that seniors can spend at local businesses. Less money to spend on local handymen, local restaurants, local businesses of all kinds. In 2022 seniors in just Sun Meadows have about \$18,000 less collectively, per month, to spend locally, because there was no rent cap. (Calculated as \$26,000 per mo. rent increase in 2021 (est.) vs. \$8,000 had we had a 3% rent cap, yielding a net loss of \$18,000 in monthly purchasing power.)
4. Mobilehome parks are NOT large employers in the community. Sun Meadows, the largest park in Menifee only employs 3 people full-time, and 2-3 people part-time.
5. Mobilehome park owners are ABSOLUTELY entitled to a “fair” or “reasonable” return on their investment, but what is “fair and reasonable”? Consider the case of Mohammed Ali, the owner of Laguna Vista Mobile Home Park in Oceanside, CA who has petitioned the local housing board for a rent increase because he is ONLY making a 35% NET PROFIT. He believes, based on historical data, that he is ENTITLED to a 65% NET PROFIT. Is this “fair and reasonable”?
6. “Rents” are not the only profit centers in parks. Park owners may also receive utility differentials of 25%, and fees for storage, clubhouse use, and equipment.