



CITY OF MENIFEE

SUBJECT: Mobile Home Rent Stabilization Ordinance Workshop

MEETING DATE: October 19, 2022

TO: Mayor and City Council

PREPARED BY: Molly Binnall, Management Analyst

REVIEWED BY: Cheryl Kitzerow, Community Development Director

APPROVED BY: Armando G. Villa, City Manager

RECOMMENDED ACTION

1. Review and discuss options for the Mobile Home Rent Stabilization Ordinance.

DISCUSSION

At a previous City Council meeting held on April 21, 2021, Councilmember Karwin requested a future agenda item (seconded by Councilmember Deines) related to mobile home rent stabilization in response to a public comment from a resident. Staff returned on August 18, 2021 and presented the City Council with Mobile Home Park Rent Stabilization Ordinance No. 760, which the City had adopted from the County of Riverside upon incorporation. The City Council directed staff to present items for discussion to repeal and replace the existing Ordinance with one that would better serve the City. On April 20, 2022 staff brought the item back to the City Council for discussion. Based on the community interest expressed at the April 2022 meeting, City Council directed staff to conduct additional community outreach, and comparisons of existing rent control ordinances in other local cities. Those efforts were completed during summer 2022 and are described in more detail below.

Staff is presenting the comparison and its findings to the Council. Staff has identified three potential options for Council's consideration:

1. Take no action at this time.
2. Modify the existing Ordinance to replace the language identifying "County of Riverside" with "City of Meniffee" and modify the language outlining the City's operational framework.
3. Prepare a streamlined replacement ordinance with revisions to each of the provisions utilizing feedback from the City Council.

Outreach Efforts

Staff conducted outreach efforts to collect information and input from both park owners and residents. In order to collect as much information as possible and to have more productive discussions, the meetings were held separately.

The park owner meeting was held on July 19, 2022 at City Hall. This meeting was noticed to the mobile home park owners directly on July 7, 2022. One mobile home park owner and a representative of the Western Manufactured Housing Communities Association (WMA) were in attendance, with post-meeting communication efforts held with the absent park owners. The existing ordinance was presented for discussion and both parties in attendance encouraged the City to keep all provisions of the ordinance the same, except to modify the administrative framework to fit the City's capabilities.

The resident meeting was held on July 21, 2022 at the Kay Cenicerros Senior Center. This meeting was publicly noticed in the Press Enterprise on July 12, 2022. Approximately 150 residents from all four mobile home parks attended. The existing ordinance was presented followed by a "question and answer" session. During this time, residents voiced their concerns about maintaining the ordinance in its current format.

A general consensus indicated residents would like the following:

- Annual allowed increase percentage (based on the CPI) reduced, as well as a percentage cap established.
- All property tax increases be removed as an allowed operating expense
- Lower management fees
- Maintain a rent control governing body that consists of mobile home park residents to ensure representation
- Continuation of allowing residents to petition the rent control governing body
- Removal of the language exempting leases in excess of 12 months

Existing Ordinance Provisions

Ordinance No. 760, Mobile Home Park Rent Stabilization, was originally established by the County of Riverside to encourage fair bargaining between mobile home residents and mobile home park owners to preserve the value of the resident's mobile homes and the park value as a whole. Ordinance No. 760 was created to address mobile home parks specifically in the unincorporated areas of Riverside County, and only applied to those space rent agreements that were entered into prior to January 1, 1990, consistent with provisions of California State law.

The existing ordinance regulations include:

1. **Annual Rent Increase:** Mobile home park owners are allowed to automatically increase rental rates up to 100% of the Consumer Price Index (CPI) annually, plus the potential for additional increases based on Net Operating Income and capital improvement projects (as defined in the Ordinance).
2. **Annual Registration and Fees:** Each mobile home park owner is required to collect \$12 per unit space per year and remit to the (County/City) for Ordinance maintenance.

3. **Defined Allowed and Not Allowed Operating Expenses:** “Allowed operating expenses” are fees authorized to be added to the rental rate annually without a petition. These include real property tax, utility costs, normal repair and maintenance expenses, license and registration fees, and management fees. “Not allowed operating expenses” are fees that are not authorized to be added to the rental rate at any time unless approved by the Hearing Officer or Mobile Home Board via petition. These include mortgage principal and interest payments, lease purchase payments, code violation charges, uninsured expenses, and real property depreciation.
4. **Petitioning Process:** The process allows mobile home park owners to petition for a rental increase if it is believed the annual allowed increase does not provide a fair return. It also allows mobile home park residents to dispute any proposed or actual rental increases by park owners. Both types of petitions require fees from the applicants to cover costs and are reviewed by a Hearing Officer. Any decision made by the Hearing Officer may be appealed to the Mobile Home Board and proceed through arbitration overseen by the (County/City).
5. **Mobile Home Board:** A regulating board consisting of 5 members and 2 alternate members to administer and enforce the Ordinance. Their duties include reviewing appeals from mobile home park owners or residents where a Hearing Officer’s decision is challenged, conducting public hearings, and providing determination on the appeal. The board can also approve rent adjustments as well as conduct studies and investigations. Each board member is entitled to compensation. The (County/City) shall provide all administrative support needs to the board.
6. **Exemptions from the Ordinance:** This Ordinance does not pertain to any mobile home park constructed after January 1, 1990, any rental agreement in excess of 12 months, any mutually agreed upon lease terms, or any increase that 2/3 of all residents affected by the increase approve in writing.

Ordinance Comparison

As requested by the City Council, an analysis was conducted of other cities in California who have adopted rent stabilization ordinances to gain insight on framework and administrative processes currently in place. The analysis included the cities of Beaumont, Hemet, Riverside, Moreno Valley, Palm Springs, Jurupa Valley, Santa Ana, and Mountain View. All cities are within Riverside County, except Santa Ana and Mountain View, however both cities have adopted rent stabilization ordinances within the last year. The neighboring cities of Temecula, Lake Elsinore, Murrieta, Perris and Wildomar do not have rent stabilization ordinances at this time. The ordinances in the cities of Beaumont and Jurupa Valley were adopted from Riverside County Ordinance No. 760 and therefore, the language of these ordinances mirror what the City of Menifee currently has in place.

The following comparisons were made for each of the major ordinance provision described above:

TABLE 1: Annual Rent Increase Allowances

City	Annual Rent Increase Allowance
Menifee	100% CPI
Hemet	Undefined
Riverside	80% CPI, 2% max increase on property taxes, CIP projects on existing amenities
Moreno Valley	5% of base rent – OR – lesser of 65% CPI or 8% of current rent, CIP projects (new & existing)
Palm Springs	75% CPI
Santa Ana	80% CPI or 3% increase, whichever is less
Mountain View	100% CPI but no less than 2% or more than 5% of current rent

TABLE 2: Allowed Operating Expenses

City	Allowed Operating Expenses
Menifee	Real property tax, utilities, management fees, license & registration fees, normal repair & maintenance
Hemet	Undefined
Riverside	CIP project costs on existing amenities
Moreno Valley	CIP project costs on existing amenities
Palm Springs	Undefined
Santa Ana	Undefined
Mountain View	Undefined

TABLE 3: Petitioning Process

City	Petitioning Process
Menifee	Park owners & residents allowed, reviewed by Hearing Officer, decision can be appealed to Mobile Home Board, no appeals to Council
Hemet	Residents only, >50% must sign petition to be reviewed by Rent Review Commission, no appeals to Council
Riverside	Owners & residents allowed, hearings conducted by Rent Review Hearing Board, no appeals to Council
Moreno Valley	Owners & residents allowed if dispute is not resolved by In-Park Committee. City Manager appoints AdHoc committee to conduct hearings, committee proposes recommendation and City Manager makes decision, can appeal to Council
Palm Springs	Owners only can petition Rent Review Commission, no process defined
Santa Ana	Owners only can petition City Manager, residents have 30 days to respond, City Manager makes decision, can appeal to Council
Mountain View	Owners & residents allowed, Rental Housing Committee appoints Hearing Officers to conduct hearings, appeal process not defined

TABLE 4: Administration

City	Administration
Menifee	\$12 annual fee per space. Mobile Home Board of 5 members (1 park resident, 1 park owner, 3 non-Mobile Home park residents) to conduct hearings, entitled to compensation
Hemet	No annual fee. Commission of 5 members (1 park resident, 1 park owner, 3 non-Mobile Home park residents) to conduct hearings
Riverside	No annual fee. Hearing Board of 3 members (non-Mobile Home resident or park owner) to conduct hearings. Optional In-Park Committee
Moreno Valley	No annual fee. All parks shall have an In-Park Committee for conflict resolution. If unable to be resolved, AdHoc committee of 3 members to conduct hearings.
Palm Springs	No annual fee but can be modified by resolution if needed. Rent Review Commission not defined.
Santa Ana	No annual fee. City Manager reviews petitions.
Mountain View	Annual fee per space (not defined). Rental Housing Committee not defined.

TABLE 5: Exemptions

City	Exemptions
Menifee	Leases >12 months, any space rented after Jan. 1, 1990, exemptions per CA Civil Code
Hemet	Undefined
Riverside	Leases >12 months, exemptions per CA Civil Code
Moreno Valley	Exemptions per CA Civil Code
Palm Springs	If park owner occupies a unit on the property, exemptions per CA Civil Code
Santa Ana	Leases >12 months, any space rented after Jan. 1, 1990, and space used as non-primary residence, exemptions per CA Civil Code
Mountain View	Leases >12 months, any space rented after Jan. 1, 1990, and space used as non-primary residence, exemptions per CA Civil Code

Summary Conclusion

As the comparison research indicates, provisions are highly variable city by city, as this is a very complex and local issue.

Staff is recommending a discussion of the above analysis and requesting the City Council to provide feedback on the three options below:

1. Take no action at this time.
2. Modify the existing Ordinance to replace the language identifying “County of Riverside” with “City of Menifee” and make updates to the administrative framework of the Ordinance to meet the City’s operational needs.
3. Prepare a streamlined replacement ordinance with revisions to some or all of the provisions listed above based on specific feedback from the City Council.

STRATEGIC PLAN OBJECTIVE

Livable and Economically Prosperous Community

FISCAL IMPACT

There is no fiscal impact associated with this workshop item.

ATTACHMENTS

1. Riverside County Ordinance No. 760
2. WMA Correspondence
3. Resident Requests