



City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: SEPTEMBER 24, 2019
FROM: OFFICE OF HOMELESS SOLUTIONS WARDS: ALL
SUBJECT: MOBILE HOME PARKS RENT STABILIZATION ORDINANCE – ANNUAL PUBLIC HEARING

ISSUE:

Conduct a public hearing pursuant to Section 5.75.080 of the Riverside Municipal Code, relative to activities associated with the Mobile Home Parks Rent Stabilization Ordinance over the preceding 12-month period from September 1, 2018 through August 31, 2019.

RECOMMENDATIONS:

That the City Council:

1. Conduct a public hearing as required by Section 5.75.080 of the Riverside Municipal Code for the Mobile Home Parks Rent Stabilization Ordinance;
2. Direct staff to notify mobile home park owners and tenants representatives on record of the maximum allowable rent increase that will be in effect in calendar year 2020 according to Section 5.75.040 of the Riverside Municipal Code, upon receipt of the appropriate Consumer Price Index data for August 2019; and
3. Receive a report on all activities that have taken place relative to the Mobile Home Parks Rent Stabilization Ordinance for the 2018 reporting from September 1, 2018 through August 31, 2019.

LEGISLATIVE HISTORY:

Section 5.75.080 of the Riverside Municipal Code (RMC) requires that a public hearing be conducted every September and an annual report be made by the City Manager regarding any activity with respect to the Mobile Home Parks Rent Stabilization Ordinance (Ordinance) during the preceding 12-month period.

DISCUSSION:

This report reviews all activities that have taken place relative to the Ordinance during the reporting period of September 1, 2018 through August 31, 2019.

Mobile Home Courtesy Review Program

The purpose of the Mobile Home Courtesy Review Program is to provide the Mobile Home Rent Review Hearing Board and any other interested parties with a photographic history of the appearance of the parks streets over time. Under RMC section 5.75.055, that board is comprised of three City employees designated by the City Manager.

On September 4, 2018, letters were mailed out to 15 mobile home park owners requesting authorization to take photos of the streets within their parks. Responses were due back by September 18, 2018. The City received two authorization forms from Santiago Mobile Home Park and Riverside County Club Mobile Home Park. Staff went out and took photos of the streets in these two parks.

Disclosure Requirement — RMC 5.75.027

California law requires every mobile home park owner to provide each tenant-to-be with a written notification within two business days of receiving a request for an application for residency titled "Information for Prospective Homeowners," which includes a statement that advises that signing a long term lease (more than one year) will remove that rental space from the local rent control ordinance. California law also requires mobile home park owners to include in each rental agreement a printed copy of the Mobile Home Residency Law (Civil Code Chapter 2.5, Sections 798 - 799.10).

On December 6, 2011, the City Council amended Chapter 5.75 of the RMC to include a disclosure requirement for prospective tenants that a rental agreement of a term of more than one year is not subject to City rent stabilization. Property owners are to be notified on an annual basis of their notice obligations under state law and RMC 5.75.027. This new regulation was mailed to all mobile home park owners in the City in 2012 and is reiterated in the maximum allowable rent increase letters that are mailed out annually.

In the event the City is notified by prospective or existing tenants that proper state law notice is not being provided, the Office of Homeless Solutions will notify the California Department of Housing and Community Development. Similarly, in the event the City is notified by prospective or existing tenants that there is a failure to follow the notice requirements in the RMC, the Office of Homeless Solutions will work with the City Attorney's Office for appropriate action.

In addition to the above activities, Office of Homeless Solutions (OHS) — Housing Authority staff have been available during the current reporting period to answer questions from mobile home park tenants regarding the Consumer Price Index for all Urban Consumers (CPI) as it relates to the maximum rent increases and to provide interpretations of the RMC relative to the Ordinance.

During last year's public hearing, City Council directed staff to replace the Consumer Price Index data being used to calculate allowable annual rent increases from Los Angeles-Anaheim-Riverside to Riverside-San Bernardino-Ontario, which was completed by the City Attorney's Office. Staff was also directed to conduct a review of the entire Mobile Home Parks Rent Stabilization Procedure that was adopted in 1992.

Staff worked with the City Attorney's Office to review other cities and counties procedures and created a new draft Mobile Home Parks Rent Stabilization Procedures that will prevent excessive, unreasonable and frequent rent increases, while at the same time recognizing the need of mobile home park owners to receive a just and reasonable return on their investment. At the time this staff report was drafted, OHS staff was meeting with City Councilmembers to receive feedback

on the draft procedures. A final draft will be shared with the mobile home park owners, park representatives and park residents for feedback. Staff will then present an Ordinance for the draft Mobile Home Parks Rent Stabilization Procedure along with feedback received at community meetings to City Council for consideration.

Mobile Home Parks Rent Stabilization Ordinance

Under the current Ordinance, mobile home park rent increases are allowed for certain items, provided that they meet the defined criteria. Specifically, Section 5.75.040 of the RMC allows annual increases in rent each calendar year for the following:

- Up to 80% of the change in the CPI for the year ending August 31, 2019
- Changes in property taxes or government mandated costs in excess of 2% per year
- Capital improvements to existing facilities
- Increases in state fees
- Rent increases associated with sale of a space

Below is a table that shows prior annual rental increases based on the 80% of the CPI for the twelve-month period ending August 31st.

| Mobile Home Parks Annual Rental Increase | | |
|--|-----------|-----------------------|
| Year | CPI Index | Maximum Rent Increase |
| 2010 | 0.80% | 0.64% |
| 2011 | 2.40% | 1.92% |
| 2012 | 2.40% | 1.92% |
| 2013 | 2.30% | 1.84% |
| 2014 | 0.80% | 0.64% |
| 2015 | 1.80% | 1.44% |
| 2016 | 1.10% | 0.88% |
| 2017 | 1.40% | 1.12% |
| 2018 | 2.80% | 2.24% |
| 2019 | 3.90% | 3.12% |

At the time of preparing this report, the Federal Bureau of Labor Statistics had yet to release the CPI data for August 2019; therefore, staff will announce the CPI data for August 2019 at the September 24, 2019 City Council meeting.

FISCAL IMPACT:

There is no fiscal impact associated with this report.

Prepared by: Michelle Davis, Housing Authority Manager
 Certified as to availability of funds: Edward Enriquez, Chief Financial Officer/City Treasurer

Approved by: Moises Lopez, Deputy City Manager
Approved as to form: Gary G. Geuss, City Attorney

Attachments:

1. Presentation
2. Public Hearing Notice