



*City of Arts & Innovation*

# Housing and Homelessness Committee Memorandum

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**TO: HOUSING AND HOMELESSNESS COMMITTEE MEMBERS**                      **DATE: SEPTEMBER 23, 2024**

**FROM: HOUSING AND HUMAN SERVICES**                      **WARDS: ALL**

**SUBJECT: PROPOSED AMENDMENTS TO THE MOBILE HOME PARKS RENT STABILIZATION ORDINANCE**

**ISSUE:**

Discuss proposed amendments to the Mobile Home Parks Rent Stabilization Ordinance.

**RECOMMENDATIONS:**

That the Housing and Homelessness Committee:

1. Receive an update on proposed amendments to the Mobile Homes Parks Rent Stabilization Ordinance; and
2. Provide direction on the proposed amendment to the Mobile Homes Parks Rent Stabilization Ordinance and forward the proposed amendments to City Council for consideration.

**BACKGROUND:**

A significant portion of mobile homeowners or tenants in the City are senior citizens, who live on limited or fixed incomes. City Council wanted to provide a mechanism to 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.

On August 25, 1992, City Council amended Section 5 of the Riverside Municipal Code (RMC) to add Chapter 5.75, establishing a rent stabilization procedure for mobile home park that allowed annual rent increases for the following.

- Up to 80% of the change in the Consumer Price Index (CPI) for the year ending in August
- 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

On September 15, 2020, the City Council adopted an amendment to the Riverside Municipal Code Section 5.75.040 to change the CPI region data from Los Angeles-Anaheim-Riverside to Riverside-San Bernardino-Ontario and change the CPI year ending from August to July since the U.S. Bureau of Labor Statistics does not produce data in July for the Riverside-San Bernadino-Ontario region.

The following table shows prior annual rental increases based on 80% of the CPI.

<b>Mobile Home Parks Annual Rent Increase</b>			
<b>Year</b>	<b>CPI Index</b>	<b>Maximum Rent Increase</b>	<b>CPI Source</b>
2011	2.40%	1.92%	Los Angeles–Anaheim-Riverside
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%	
2020	2.60%	2.08%	
2021	1.70%	1.36%	
2022	6.50%	5.20%	
2023	9.20%	7.36%	
2024	3.40%	2.72%	

From 2011 to 2024, the average rent increase is 2.42%. The lowest mobile home parks rent increase was 0.64% and the highest rent increase was 7.36%.

In 2019, staff was directed to conduct a review of the entire Mobile Home Parks Rent Stabilization Ordinance (Ordinance – Attachment 1) that was adopted in 1992. Staff worked with the City Attorney's Office to review the current Ordinance as well as the mobile home park rent stabilization procedures of 91 cities and 10 counties. Staff identified sections within the Ordinance that could be improved and met with the Western Manufactured Housing Communities Associations (WMA) to discuss the current ordinance and sections that required further clarification. Staff was in the process of scheduling a series of meetings with the WMA, local mobile home park owners, and park residents to review the Ordinance, but these meetings were placed on hold due to the Coronavirus pandemic.

During the 2022 Ordinance annual public hearing, when the maximum rent increase for 2023 was announced at 7.36%, the highest rent increase experienced under the Ordinance, City Council directed staff to research capping rent increases and to work with mobile home park

owners and residents through community outreach and present recommended amendments to the Ordinance to the Housing and Homelessness Committee for discussion.

## **DISCUSSION:**

Staff rereviewed the proposed amendments to the Ordinance with the City Attorney's Office. The proposed amendments to the Ordinance were then shared with the park residents in June 2024 and with the WMA and local mobile home park owners in July 2024 to solicit feedback. At the end of each mobile home park residents meeting, staff conducted a question-and-answer session. Those questions that were asked during the community outreach meetings are shown in Attachment 2 - Frequently Asked Questions.

Based on the research and feedback received from the WMA, local mobile home park owners and residents, staff is proposing the following changes to the Ordinance:

1. Adding and revising definitions of legal terms shown in Attachment 3
2. Adding requirements for tenant notifications under the ordinance
  - a. Forty-eight hours prior to any rental agreement in excess of 12 months being executed by a current mobile home owner or prospective mobile home owner, the mobile home park owner must:
    - i. Offer the option of a 12 month or less rental agreement to receive the benefits of the Mobile Home Parks Rent Stabilization Program (MHPRSP).
    - ii. Provide a City Informational Sheet to residents that give tenants an overview of the MHPRSP, its benefits, and contact information of the Administrator.
    - iii. Provide in writing that if a rental agreement with a term of more than 12 months is signed, the rental agreement is not subject to the MHPRSP.
    - iv. At the time the rental agreement is first offered to the mobile home owner or prospective mobile home owner, they should have at least 30 days to inspect the Rental Agreement, and void the Rental Agreement by notifying the MH Park Owner in writing within 72 hours of the acceptance of a Rental Agreement.
    - v. MHPRSP should be posted in the office of every mobile home park and in the recreation building or clubhouse of every mobile home park
3. Adding annual registration requirements for park owners due annually on June 1<sup>st</sup>
  - a. Mobile Home Parks contact information
  - b. Identify number of park spaces and total number participating in the MHPRSP
  - c. Provide rent schedule
  - d. Listing of other charges including utilities not included in the space rent
  - e. Notice of sale of park
  - f. Notice to prospective park purchasers that include a copy of the Ordinance and notice that the following would be a prerequisite to filling a rent increase application pursuant to the Ordinance:
    - i. A statement of the base year income, expenses, and net operating income of the Park with a breakdown of income and expenses by category.

- ii. Documents supporting the amounts reported in the income and expense statement.
4. Prohibiting retaliation for tenants participating in the Mobile Home Parks Rent Stabilization Program
5. Placing a cap on annual rent increases to the lesser of 80% of the Consumer Price Index or 3% of the base rent charged prior to the increase. The percentage amount of said increase shall be rounded to the nearest one-quarter of one percent.
  - a. This percentage was derived from using the average rent increase from 2011 to 2024, which was 2.42% and rounding up to 3%.
6. Rent following the expiration of an exempt lease: A mobile home space that was previously exempt under a lease pursuant to Civil Code Section 798.17, upon the expiration of that lease and conversion to a less than 12-month lease, the Base Space Rent, for the purposes of calculating the annual adjustment, shall be the rent in effect as of the date of expiration of the lease.
7. Rent increases upon in-place transfer
  - a. No rent increase may be imposed where the title to the mobile home passes to one or more person(s) who at the time of title transfer were/are parents, siblings, children, nieces, or nephews of the mobile homeowner and the mobile home remains in the same space
  - b. No increase may be imposed if an increase was imposed pursuant to the Ordinance within the 24-month preceding the most recent transaction that would justify the increase pursuant to this new section
8. Limiting the frequency of rental increases
  - a. To not more than once per calendar year
  - b. Proposed rental increases resulting from an unseen assessment, special tax or general tax increase shall be submitted to the Rent Review
9. Clarifying procedures for collecting utility and capital improvement fees and other increases in rents.

### **STRATEGIC PLAN:**

This item contributes to Riverside's Envision Strategic Priority 2: Community Well-Being and Goal No. 2.2: Collaborate with partner agencies to improve household resiliency and reduce the incident and duration of homelessness.

### **FISCAL IMPACT:**

There is no fiscal impact related to this staff report.

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Approved as to form: Phaedra A. Norton, City Attorney

## Attachments

1. RMC 5.75 - Mobile Home Parks Rent Stabilization Ordinance
2. Frequently Asked Questions
3. RMC 5.75 New or Replaced Definitions
4. Presentation