

# Capitola City Council

## Agenda Report



**Meeting:** May 28, 2026

**From:** Community & Economic Development Department

**Subject:** Mobile Home Park Rent Stabilization Anniversary Date

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**Recommended Action:** Rescind Resolution No. 4362 establishing an anniversary date of July 1, pursuant to Capitola Municipal Code Chapter 2.18 Mobile Home Park Rent Stabilization, and adopt a resolution which specifies an anniversary date for rent increases at Cabrillo Mobile Home Estates to occur on October 1 of each year, and provides that other parks remain subject to the anniversary date of July 1.

**Background:** On May 25, 2023, the City Council established mobile home rent stabilization ordinances (RSO) through the adoption of Ordinance Nos. 1059 and 1060, codified in the Capitola Municipal Code as Chapter 2.18.

On April 25, 2024, the City adopted Resolution No. 4362, which established an anniversary date of July 1st for purposes of the RSO.

On March 17, 2025, Vieira Enterprise, Inc. the owner of the Cabrillo Mobile Home Estates mobile home park, served 90-day notices of an increase in rent from \$641.76/month to \$2,252.57/month. The homeowners petitioned for a rent review pursuant to Municipal Code Chapter 2.18. Pursuant to an RFP, the City initially appointed an arbitrator on May 8, 2025, but the Park Owner subsequently objected to the appointment. Although the appointment power rests with the City, the City proceeded by an appointment selection process where both parties to the dispute could provide input as to the selection of the arbitrator. Following this process, the City appointed an arbitrator on October 23, 2025.

On April 9, 2026, after an extensive briefing and hearing process, the City's appointed Arbitrator issued a ruling that the Park Owner is owed a rent increase of \$75.36 per month, along with a surcharge that lasts 60 months in the amount of \$6.29. The rent increase is retroactive to July 1, 2025, as that is when the notice of the rent increase was supposed to go into effect.

Following the arbitration, Vieira Enterprise, Inc. requested the City adjust the anniversary date to allow them time to notice a rent increase for 2026, which would not have been possible with noticing requirements under the Mobilehome Residency Law under the current anniversary date. Under the ordinance, the Park Owner is allowed to increase rents once a year by right (provided the increase does not exceed the prescribed limit).

**Discussion:** Capitola Municipal Code (CMC) Chapter 2.18: Mobile Home Rent Stabilization sets parameters for rent control regulations. CMC Section 2.18.060 specifies the City Council shall establish an anniversary date for all rent increases unless the space or park is exempt by law. Mobile home park owners are required to post the anniversary date in the park office or areas where it can easily be seen by homeowners.

The current anniversary date for rent increases is July 1. The attached resolution modifies the rent anniversary date from July 1 to October 1 for Cabrillo Mobile Home Estates and leaves other parks subject to the July 1 date. Mobile home park owners must continue to comply with provisions of California's Mobile Home Residency Law for instituting rent increases, including Civil Code section 798.30, which requires at least 90 days' notice before imposing a rent increase.

**Fiscal Impact:** There is no fiscal impact associated with adopting the proposed resolution.

**Attachments:**

1. Resolution

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Reviewed By: Julia Gautho, City Clerk; Deepa Sharma, Deputy City Attorney

Approved By: Jamie Goldstein, City Manager