

Capitola City Council

Agenda Report



Meeting: May 18, 2023

From: Community Development Department; City Attorney's Office

Subject: Mobile Home Rent Stabilization

Recommended Action: 1) Consider adoption of an urgency ordinance adding Chapter 2.18 to the Capitola Municipal Code establishing mobile home park rent stabilization; and 2) Consider introducing, for first reading only, waiving fully reading of the text, an ordinance adding Chapter 2.18 to the Capitola Municipal Code establishing mobile home park rent stabilization.

Background: Capitola is home to eight mobile home parks. The residents of some parks, including Cabrillo Mobile Home Park ("Cabrillo"), are subject to long terms leases. The Cabrillo leases expire on May 31, 2023. Cabrillo residents have notified the City that their rents will be increasing by 56% from \$641 to \$1,000 on June 1, 2023, and, at the May 11 City Council meeting, asked the City Council to consider implementing mobile home rent control. At that same meeting, the City Council directed staff to bring an urgency ordinance to the May 25 City Council meeting.

At the May 25th meeting, staff will present an urgency rent stabilization ordinance and, for first reading only, a regular ordinance. Substantively, the ordinances ("RSO") are the same. Procedurally, the urgency ordinance becomes effective upon adoption. Assuming the Council approves the first reading on May 25, and passes the ordinance at the June 8 meeting, the regular ordinance would become effective on July 8. The urgency ordinance allows the Council to take action immediately and requires a 4/5 vote; the regular ordinance provides the City an extra layer of protection against challenge and requires a 3/5 vote.

The urgency ordinance will expire when the regular ordinance becomes effective, or when any State law that is more protective than the urgency ordinance becomes effective.

Discussion: *Overview of Mobile Home Parks in Capitola*

There are eight mobile home parks in Capitola. There are 681 mobile home spaces in the parks; if each space is occupied with a mobile home coach, and each coach is occupied by one resident, at least 7% of Capitola's residents live in mobile home parks.

The privately owned Cabrillo Mobile Home Estates Park includes 68 spaces and is located at 930 Rosedale Avenue. In 2011, the park owner and residents entered into long-term leases. The leases set the monthly base rent per space at \$475 with an annual increase consistent with the percentage increase in the Consumer Price Index. The current leases expire on May 31, 2023. Cabrillo would be subject to the proposed RSO.

Castle Mobile Home Estates includes 108 spaces and is located at 1099 38th Avenue. In 2011, Millennium Housing, an affordable housing non-profit, purchased Castle with financial assistance from the City RDA. The park is subject to a regulatory agreement that guarantees affordability of the coaches. Millennium's regulatory agreement includes rental caps, fixes annual rent increases at no more than 100% of the CPI, and special rates for eligible very low-, lower-, and moderate-income households, in an effort to ensure total housing costs do not exceed 30 percent of income. Assuming that the annual increases are less than the RSO, Castle would be exempt from the RSO (so long as the regulatory agreement remains in place).

Surf and Sand Mobile Home Park includes 74 mobile home spaces and is located at 750 47th Avenue. The park is privately owned. Very low- and low-income tenants, who were residents of the Park in 2011, are subject to maximum annual increase of 100% of CPI or 2%, whichever is greater, pursuant to a 34-year lease. The City does not presently know the details of lease agreements for other residents. Very low- and low-income tenants, because they are subject to a long-term lease, would be exempt from the RSO. It is possible that the other residents will be subject to the RSO.

Loma Vista Estates includes 90 spaces and is located at 4225 Clares Street. It is a 55+, moderate income park. In 2000, the park residents purchased the park. The City, using RDA funds and a CDBG grant, helped fund the purchase, with the requirement that all new residents be moderate income. Loma Vista, as a resident-owned park, will not be subject to the RSO.

Wharf Road Manor includes 36 spaces and is located at 2155 Wharf Road. Park residents purchased the park in January 2005, with assistance from Capitola RDA and HOME Reuse Funds. New residents must earn less than the median income. Wharf Road, as a resident-owned park, will not be subject to the RSO.

Turner Lane Mobile Home Park includes 79 spaces and is located at 920 Capitola Avenue. In 2008, the park residents purchased the park. There are affordable restrictions on seven spaces requiring new purchasers must earn less than 120% of median income. Turner Lane, as a resident-owned park, will not be subject to the RSO.

Brookvale Terrace includes 111 spaces and is located at 300 Plum Street. In 1993, the park residents purchased the park. To the City's knowledge, there are no affordability restrictions on rents. Brookvale Terrace, as a resident-owned park, will not be subject to the RSO.

Tradewinds Mobile Home Park includes 114 spaces and is located at 4160 Jade Street. The park residents purchased the park in 1980. To the City's knowledge, there are no affordability restrictions on rents. Tradewinds, as a resident-owned park, will not be subject to the RSO.

Overview of Mobile Home Rent Stabilization Ordinances in California

Numerous cities and counties in California have some form of mobile home rent control. While the structure of such ordinances may be similar, individual terms vary, based on the policy choices of the Council. The following rent stabilization ordinance comparison chart was prepared based on data from the Mobile Home Park Homeowners' Alliance and is offered for reference purposes.

City/ County	Parks/ spaces	Annual increase	Vacancy control?
Calistoga	3/ 497	100% CPI; 6% cap	Yes, 0%
Goleta	5/ 650	75% CPI	Yes, 10%, 1-5 years
Lompoc	7/ 887	75% CPI; 10% cap	Yes, 15%
Los Angeles	57/ 6,696	100% CPI	Yes, 10%
Malibu	1/ 262	100% CPI; 5% cap	Yes, 15%
Marina	5/ 399	100% CPI	Yes, 5%, 2 years
Pacifica	1/ 93	75% CPI	No
Petaluma	9/ 874	100% CPI; 6% cap	No
Salinas	11/ 1,437	75% CPI; 4% cap	No
San Jose	58/ 10,667	75% CPI; 3-7% cap	Yes
Santa Cruz (city)	2/ 250	75% CPI; 8% cap	Yes
Santa Cruz (county) ⁱ	45/ 2,013	50% CPI; pass through	Yes
Scotts Valley	3/ 261	100% CPI	Yes
Watsonville	9/ 1066	70% CPI; 5% cap	No

Overview of Capitola Ordinance

- Sets maximum allowable annual increase at 5% + CPI, or up to 10% of the base rent, whichever amount is lower, consistent with the State Tenant Protection Act. The base rent is the rent as of May 25, 2023.
- Exempts the following:
 - Spaces that are subject to a lease longer than 12 months;
 - Newly constructed spaces;
 - Spaces where the tenant does not claim the space as a principal residence;
 - Spaces that are subject to any agreement that offers more protection than the ordinance; and
 - Parks that are owned by residents.
- Requires park owners who are requesting a long term lease, which would be exempt from the ordinance, to allow residents the option of a shorter term lease, which would be subject to the ordinance.
- Permits park owners to raise the rent of spaces that become vacant by 15% (“vacancy control”); that rent will become the new base rent and, when the space is occupied, the annual rent caps will apply.
- Provides a process for the resident to dispute rent increases in excess of the above:
 - Owner must provide notice and documentation supporting the increase;
 - If the resident objects to the increase, the owner and resident must attempt to resolve the issue informally;
 - If that process fails to resolve the matter, the resident may file a petition for rent review with the City; and
 - The City selects an arbitrator and forwards the petition. Resident and owner attend arbitration to resolve dispute.
- Requires the owner to provide, within 30 days, a City Information Sheet to residents that explains the ordinance.
- Requires the owner, within 60 days, to register with and provide identifying information regarding the park(s) they own to the City.
- Guarantees a fair return on the owner’s investment in the park.
- Enables the Council to adopt, by resolution, a Rent Stabilization Administrative Fee.

At the hearing to consider the RSO on May 25th, the City Council may adjust the maximum annual rent increases that are allowed under the proposed RSO while a space is occupied, as well as the permissible rent increase when a space becomes vacant. The Council could also decide not to proceed with vacancy control.

Fiscal Impact: There will be staff time associated with educating mobile home park residents and owners, monitoring compliance with the ordinance, and enforcement of the ordinance. If disputes arise, and proceed to arbitration, the ordinance requires the City to pay the arbitrator’s fees.

Environmental Analysis: The action to adopt this Ordinance is not subject to the California Environmental Quality Act (“CEQA”) pursuant to Sections 15060(c)(2) of the CEQA Guidelines (Title 14, Chapter 3 of the California Code of Regulations) (the activity will not result in a direct or reasonable foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378 of the CEQA Guidelines because it has no potential for resulting in physical change to the environment, directly or indirectly).

Attachments:

1. Urgency Ordinance
2. Ordinance

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Reviewed By: Julia Moss, City Clerk

Approved By: Jamie Goldstein, City Manager

ⁱ The Santa Cruz County ordinance applies to unincorporated areas of Santa Cruz County, not cities within the County.