



CITY OF CARSON

Legislation Text

File #: 2016-623, Version: 1

Report to Mayor and City Council

Wednesday, June 08, 2016

Consent

SUBJECT:

CONSIDER ADOPTION OF RESOLUTION 16-069 OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, SUPPORTING ASSEMBLY BILL NO. 2351, WHICH WOULD STRENGTHEN LOCAL RENT CONTROL LAWS (CITY COUNCIL)

I. SUMMARY

Assemblyman Roger Hernandez has introduced a bill - AB 2351 - that would strengthen local rent control laws. Existing State law (Civil Code § 798.17) exempts long-term leases (more than 12 months) from local rent control. Consequently, if a park owner can convince a mobilehome owner to sign a long-term lease, the City loses the ability to protect the mobilehome owner from exorbitant rent increases. AB 2351 would repeal this current State-law exemption and strengthen local control over mobilehome park rent increases.

The City Council has received a letter signed by several members of Laco Mobile Home Park requesting support of AB 2351.

The bill has currently stalled and will likely not be put to a vote during the current legislative term. However, the bill may be reintroduced next term and in anticipation of this reintroduction, Carson can make a clear statement in favor of the bill by adopting the attached Resolution of Support.

II. RECOMMENDATION

ADOPT Resolution 16-069, expressing support for AB 2351.

III. ALTERNATIVES

Do not express support for AB 2351, or express support for AB 2351 in a way that does not include a Resolution of Support.

IV. BACKGROUND

The City of Carson has 21 rental mobilehome parks and these parks are covered by Carson's Mobilehome Space Rent Control ordinances. Existing State law (Civil Code § 798.17) exempts long-term leases (more than 12 months) from local rent control. Consequently, if a park owner can convince a mobilehome owner to sign a long-term lease, the City loses the ability to protect the mobilehome owner from exorbitant rent increases. AB 2351 would repeal this current state-law exemption and strengthen local control over mobilehome park rent increases.

Assemblyman Roger Hernandez introduced AB 2351 in February 2016, and it was reviewed by the Assembly Committee on Housing and Community Development ("the Committee"). The bill was then amended and re-referred back to the Committee, but it failed passage and was not moved along. There is a possibility that the bill could be heard this year, but only if it receives a rule waiver. There is also a possibility that the bill could be reintroduced next session.

Mobilehome rent control - which is different from rent control over *all* residential rentals - serves many important purposes. Mobilehomes are unique among housing options in that mobilehome owners own their homes, but rent the plot of land that they sit on. This in itself would not necessarily create special problems if mobilehomes were easy to relocate, but, in fact, they are not: the great majority of mobilehomes are actually *immobile*. The costs of moving a mobilehome can be very high, and even if a mobilehome can be moved, there are often no vacant spaces in nearby parks since many parks are perpetually full or only accept new mobilehomes. The effect of these realities is potentially stark: every time a mobilehome owner is priced out of his plot by a rent increase he must either abandon his mobilehome - and lose any investment he has made in it - or sell his home, often for less than he bought it for since increased rent drives down the purchase price of a mobilehome. The result - without rent control - is a perpetual imbalance of economic power heavily tipped toward the interests of the park owner. The aim of rent control, consequently, is to restore economic balance and to provide a reasonable amount of security to mobilehome owners.

The best way to achieve a reasonable balance is to allow *local* control. Cities have the authority under their general regulatory police powers to adopt ordinances that provide rent control. Existing state law significantly limits local control by exempting long-term leases from local ordinances. While long-term leases may appear to provide some stability for mobilehome owners, this is misleading. A long-term lease agreement only provides stability if the mobilehome owner is able to continue paying the rent, which will likely be subject to scheduled increases. Moreover, such leases may be written in a way that makes it difficult to fully appreciate their terms. For example, in place of a clear statement such as "Your monthly rent will increase \$50 every year," a lease recently circulated by the owners of one of Carson's mobilehome parks included the following provision under the 15-year lease option:

The beginning monthly Base Rent under this lease shall be \$475.00 which shall remain in effect until the first anniversary date (or rent adjustment date) which is August 1st of each calendar year. Each anniversary date, then current monthly Base Rent shall be adjusted based upon 100% of the annual increase in the Consumer Price Index (CPI) for the Los Angeles-Riverside-Orange County area (1982-1984 = 100), utilizing the "All Urban Consumers" index as of the most recent month available at the time of the giving notice of the increase to Tenant. In no event shall the CPI rent adjustment under *this* paragraph be less than Seven (7) percent per month of the then last charged Monthly base rent. In the event that the CPI index is discounted or revised, another governmental index then in existence shall be selected by Owner and used to obtain substantially the same result as if the CPI index had not been discounted or revised.

The result of this clause is that after 15 years of adjustments, the mobilehome owner's monthly rent will have increased to at least \$1,310 a month - almost 3 times the original base rent - but this is far from apparent on the face of the lease agreement.

Moreover, current State law explicitly allows park owners to give mobilehome owners "gifts of value" in exchange for signing an extended lease. (Civil Code § 798.17(d).) At least one park owner in the City of Carson has admitted to offering several hundred dollars to mobilehome owners as an incentive to sign a long-term lease. This kind of cash incentive raises concerns about coercion, especially when a recipient of the cash incentive has immediate financial needs, and the willingness of the park owner to extend these incentives indicates that the transaction is still in the park owner's long-term favor. This potentially misleading and potentially coercive practice gives park owners the ability to undercut the protections afforded by local governments who are in the best position to assess the needs of their communities.

The proposed bill - AB 2351 - would still allow mobilehome owners to enter into long-term leases, but it would ensure that these leases remain covered by local rent control laws.

V. FISCAL IMPACT

None.

VI. EXHIBITS

1. Resolution 16-069: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, SUPPORTING ASSEMBLY BILL NO. 2351, WHICH WOULD STRENGTHEN LOCAL RENT CONTROL LAWS (P. 4)

Prepared by: City Attorney