



CITY OF CARSON

Legislation Text

File #: 2018-499, Version: 1

Report to Mayor and City Council

Tuesday, July 17, 2018

Special Orders of the Day

SUBJECT:

PUBLIC HEARING TO CONSIDER RESOLUTION NO.18-093 AMENDING THE UNIFORM COMPREHENSIVE SCHEDULE OF FEES TO INCLUDE A FEE FOR PROCESSING CAPITAL IMPROVEMENTS AND FAIR RETURN APPLICATIONS FILED BY MOBILE HOME PARK OWNERS (CITY COUNCIL)

I. SUMMARY

In March, 2018, the City amended the Mobile Home Space Rent Control Ordinance. On June 5, 2018, the City finalized a contract with RSG, Inc. ("RSG"), to provide contractual services to review Fair Return and Capital Improvement applications filed by the Mobile Home Park owner under the rent control ordinance. The City's Schedule of Fees must be updated to reflect associated costs with these applications.

II. RECOMMENDATION

1. OPEN the Public Hearing, TAKE public testimony, and CLOSE the Public Hearing.

2. WAIVE further reading and ADOPT Resolution No. 18-093, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, ESTABLISHING NEW FEES AND CHARGES FOR THE GOODS AND SERVICES PROVIDED BY THE CITY OF CARSON AND AMENDING THE UNIFORM COMPREHENSIVE SCHEDULE OF FEES ADOPTED BY RESOLUTION NO. 18-063.

III. ALTERNATIVES

TAKE another action deemed appropriate by City Council.

IV. BACKGROUND

The Uniform Schedule of Fees was last updated in June 2018, with the adoption of

Resolution No. 18-063 following a public hearing on June 19, 2018. On June 28, 2018, more than 14 days prior to the public hearing, a notice was emailed to all parties who filed a written request with the City to be notified of new or increased fees.

The notice of the public hearing was published in *Our Weekly* on July 5, 2018, more than 10 days prior to the public hearing.

On March 6, 2018, the City Council adopted Ordinance 17-1622, amending Article IV, Chapter 7, of the Carson Municipal Code relating to Mobile Home Space Rent Control. The ordinance allows Mobile Home Park owners to submit an application to the City to increase rent. The Mobile Home Park owner can submit one of the approved three applications:

1. Automatic Consumer Price Index (CPI) Increase
2. Capital Improvement
3. Fair Return

Capital Improvement and Fair Return applications require a high degree of expertise, so the City utilizes contracted companies to manage the process. Because the Mobile Home Fair Return application and the Capital Improvement rent application fees were not included in the last Schedule of Fees update, staff recommends updating the Schedule of Fees again. The proposed fees will be listed as deposits. The fee for each application will be determined by the cost of the professional contract services of the City Attorney and RSG, as well as other costs associated to processing the applications. The applicant will be required to supplement the deposit if the deposit balance falls below 20%. If the applicant fails to supplement the deposit, staff and contracted companies will stop processing the application and any related requests and/or paperwork.

A **Fair Return** rent increase application is submitted when the park owner believes they are not earning a fair return on their investment, even after the automatic CPI increase allowed by the ordinance. The park owner submits the application but must also include paperwork relating the actual purchase of the park, rents and net operating income, park appraisal, and the total amount of equity in the park at the Fair Return application date.

The **Capital Improvement** rent increase application is submitted to recover the cost of a capital improvement made to the park. The park owner must include information of the quality of the improvement and any external factors that could affect its longevity. The rent increase is calculated by the total improvement costs plus interest, divided by amortization period, and then divided by 12 resulting in the monthly increase. A Capital Improvement increase cannot result in a monthly space rent increase greater than 10%.

The deposit for each application was determined using estimates by RSG and the City Attorney's office based on the cost of these applications in the past. Both applications require a substantial amount of time due to reviewing for completeness, resident and park owner input is considered, evidence is evaluated and analyzed, the park is inspected, calculations are performed to determine an appropriate rent increase, and a detailed staff report is written. For more complex Fair Return applications, the City hires an economic

expert to evaluate the evidence submitted by the park owner and residents.

Estimated costs associated for the Fair Return and Capital Improvement applications were determined by RSG and the City Attorney.

FAIR RETURN APPLICATION FEES		CAPITAL IMPROVEMENT APPLICATION FEES	
City Economic Expert	\$9,990	RSG Contracted Prof. Services	\$12,605
RSG Contracted Prof. Services	\$22,960	City Attorney Fees	\$1,622
City Attorney Fees	\$6,000		
TOTAL	\$38,950	TOTAL	\$14,227
CITY DEPOSIT	\$30,000	CITY DEPOSIT	\$13,000

After reviewing the quoted costs for each application, staff is recommending establishing minimum deposits of \$30,000 for a Fair Return application and \$13,000 for Capital Improvement rent application on the Schedule of Fees. Also, on the Schedule of Fees, clarifying statements have been added pertaining to the deposits and deposit refund.

Return of Deposit Money

Any excess deposit money at the conclusion of the application and review process will be refunded.

Deposits

Staff time, materials and/or contracted professional services that are spent on the project are charged against the deposit. Additional money will be required if the original deposit balance falls below 20%. Failure or refusal to supplement the deposit, when requested, will cause staff and/or contracted professional services to stop processing the application and any related requests and/or paperwork.

COMMUNITY SERVICES / COMMUNITY CENTER

On June 20, 2017, staff presented a staff report to City Council amending the Uniform Comprehensive Schedule of Fees (17-069). The staff report proposed establishing a new non-resident fee of \$70 per month for use of the Joseph B. Jr. and Mary Anne O'Neal Stroke Center. After reviewing the last adopted Schedule of Fees, it was noted that the word "monthly" was not included. To clarify for the public, as well as staff, "monthly" was added to the fee description.

V. FISCAL IMPACT

There is no fiscal impact to the City. The proposed deposit fees will allow the City to recover its costs for processing Fair Return and Capital Improvement rent increase applications.

VI. EXHIBITS

- A. Resolution No. 18-093, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, ESTABLISHING NEW FEES AND CHARGES FOR THE GOODS AND SERVICES PROVIDED BY THE CITY OF CARSON AND AMENDING THE UNIFORM COMPREHENSIVE SCHEDULE OF FEES ADOPTED BY RESOLUTION NO. 18-063 (pages 5-25).

- B. Table of Proposed Fee Changes (page 26).

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