



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
County Manager's Office



Date: December 21, 2015
Board Meeting Date: January 5, 2016
Special Notice / Hearing: N/A
Vote Required: Majority

To: Honorable Board of Supervisors

From: John Maltbie, County Manager

Subject: Amendments to the San Mateo County Mobilehome Rent Control Ordinance and development of Mobilehome Rent Control Ordinance education and outreach program

RECOMMENDATION:

Adoption of an ordinance amending Chapter 1.30 of the San Mateo County Ordinance Code and directing staff to develop and implement a Mobilehome Rent Control Ordinance education and outreach program, previously introduced on December 15, 2015, and waive the reading of the ordinance in its entirety.

BACKGROUND:

During an affordable housing study session on March 17, 2015, the Board of Supervisors directed staff to conduct a review of compliance with the County's existing Mobilehome Rent Control Ordinance (the "Ordinance").

The Ordinance, which was adopted in 2003 and codified at Chapter 1.30 of the County Ordinance Code, instituted rent control in mobilehome parks located within the unincorporated area of the County. Under State law, the Ordinance applies only to rental agreements for a term of 12 months or less. (Cal. Civ. Code, § 798.17.)

The Ordinance was designed to protect mobilehome park tenants in three primary ways. First, the Ordinance places a cap on the amount by which a mobilehome park owner can increase the rent for a mobilehome park space in any given year. The cap is pegged to the rent for the space in effect on July 1, 2003, with increases allowed no more than once each year in an amount that does not exceed 75% of the annual increase in the Consumer Price Index (CPI) for the San Francisco-Oakland-San Jose area. (SMC Ord. 1.30.030.) Second, the Ordinance protects against elimination or reduction in services or maintenance by requiring a reduction in rent for a mobilehome park space "by an amount that is proportionate to the value of the eliminated or reduced

services or maintenance.” (SMC Ord. 1.30.030.2.) Third, the Ordinance prohibits a park owner or manager from requiring “any homeowner or prospective homeowner to sign a rental agreement with a term in excess of twelve (12) months as a condition to residence in a mobilehome park.” (SMC Ord. 1.30.100.)

The Ordinance provides mobilehome park owners with a remedy if they believe that they are not receiving a fair rate of return on their property. Specifically, owners who believe that the maximum rent permitted under the Ordinance is too low to generate a fair rate of return may petition for an additional rental increase. (SMC Ord. 1.30.040.) The petition, which must be accompanied by a non-refundable fee of \$2,000.00, is adjudicated by the Director of Community Development or his/her designee. (SMC Ord. 1.30.020, 1.30.040)

To help cover the costs of administering the Ordinance, all mobilehome park owners are required to collect from their respective tenants and pay to the County an administrative fee of \$2.00 per month per mobilehome space. (SMC Ord. 1.30.030.1.)

DISCUSSION:

A review of the Ordinance and historical compliance trends revealed that the County has *never* received a petition from a mobilehome park owner requesting an additional rental increase. In connection with this review, County staff researched current rental rates at a number of the mobilehome parks within the unincorporated area and determined that most appeared to be charging rents at levels permitted under the terms of the Ordinance for rental agreements subject to the Ordinance (i.e., those lasting 12 months or less). However, staff also concluded that at least one mobilehome park owner may have directed tenants into longer term leases to avoid the provisions of the Ordinance.

These two issues – mobilehome park owners not petitioning for rental increases and tenants being routed into longer-term leases – appear to be related and may result, to an extent, from a lack of knowledge regarding the Ordinance and its requirements. To address these issues, staff proposes the following:

- Amend the Ordinance to require that mobilehome park owners complete an annual report providing information about occupancy, rental rates, and uses of the mobilehome parks;
- Amend the Ordinance to require that mobilehome park owners post the provisions of the Ordinance in the rental offices of the mobilehome parks and include the material terms of the Ordinance in all rental agreements in the language in which the rental agreement is negotiated; and
- Develop an education and outreach program regarding the Ordinance for mobilehome park owners and tenants.

In addition, staff determined that, to date, the County has not collected the monthly \$2.00 per space administration fee required under the Ordinance. Staff’s review indicates that the cost of administering the Ordinance is likely to remain relatively

modest and that this fee is ultimately borne by the mobilehome park tenants, many of whom are low-income families and seniors. Further, a significant portion of the cost of administering the Ordinance is captured by the non-refundable \$2,000.00 fee associated with any petition for increased rent. In light of the foregoing, staff proposes amending the Ordinance to eliminate the \$2.00 per month administration fee.

Also, staff notes that the Ordinance is, in part, a component of the County's efforts to ensure the availability of a range of affordable housing options and that the County's Housing Department has significant expertise regarding the economics of the local housing market, including with respect to mobilehomes. Staff therefore recommends that the Ordinance be amended to provide that the Director of Housing, rather than the Director of Community Development, will act as the adjudicator of any petitions for increased rents under the Ordinance.

Finally, staff anticipates that, in connection with the research, outreach and other work to be done in connection with the development of potential regulations on closure and conversion of mobilehome parks, additional potential changes to the Mobilehome Rent Control Ordinance may be identified. If so, staff will bring such proposed changes to the Board for consideration.

SHARED VISION 2025:

Adopting amendments to Chapter 1.30 of the San Mateo County Ordinance Code and directing the development and implementation of a Mobilehome Rent Control Ordinance education and outreach program will help to preserve affordable housing units in the County, which is consistent with the livable community shared vision goal.

FISCAL IMPACT:

There is no fiscal impact associated with adopting this ordinance except that, if the amendments are adopted, the County will forego the monthly \$2.00 per space fee that is presently collectible under the Ordinance. (Staff notes, however, that, to date, this fee has not been collected by the County.)