



AGENDA REPORT

Department: Housing Authority
Prepared by: Carlos Aguirre, Director
Meeting Date: Tuesday, November 15, 2022
Approved by: Brad Raulston, City Manager

SUBJECT:

Public hearing and Adoption of an Ordinance of the City Council of the City of National City, California, amending Title 9 of the National City Municipal Code by adding Chapter 9.64 pertaining to Mobilehome Park Rent Stabilization.

RECOMMENDATION:

Conduct a public hearing and consider the ordinance for adoption.

BOARD/COMMISSION/COMMITTEE PRIOR ACTION:

Not Applicable.

EXPLANATION:

The negative economic effects of COVID-19 and the increase of homelessness throughout the region have exacerbated the ongoing housing crisis affecting National City. The County of San Diego recently declared a public health crisis due to the rapid increase in homelessness on September 22, 2022. The National City City Council has received numerous comments and complaints regarding significant rent increases on mobilehome space rents. The supply of mobilehome parks is very limited in National City, with little to no vacancies advertised at most mobilehome parks. The limited supply of such spaces and mobilehomes contributes to escalating rents in a manner that would, in absence of regulation, result in the elimination of mobilehomes as a source of affordable housing for seniors, veterans, and families.

The State of California' Mobilehome Residency Law ("MRL"), found in California Civil Code Section 798 establishes the rights and responsibilities of homeowners and park management including the terms and conditions for tenancies. The MRL was recently amended by Assembly Bill 978 which prohibits management of a qualified mobilehome park from increasing the gross rental rate for a tenancy for a mobilehome space more than 3% plus the percentage change in the cost of living, as defined, or 5%, whichever is lower, of the lowest gross rental rate charged at any time during the immediately preceding 12 months. Assembly Bill 978 also prohibits management of a qualified mobilehome park from increasing the gross rental rate for a tenancy in more than 2 increments over a 12-month period, after the tenant maintains a tenancy over a 12-month period. The State's law defines "qualified mobilehome park" as a mobilehome park that is located within and governed by the jurisdiction of two or more incorporated cities.

National City has four mobilehome parks with one park currently covered by the rent cap implemented by AB 978 since a portion of the park is located in City of San Diego and a portion in National City.

National City Mobilehome Parks

Mobilehome Park Name	Address	Approx. No. of Spaces	AB 978 Qualified Mobilehome Park
Bonita Paradise	3131 Valley Road, National City	167*	Yes
Bonita Vista	2621 Sweetwater Road, National City	87	No
Happy Hollow	999 E. Division Street, National City	90	No
Keystone	3221 National City Blvd., National City	91	No

*approximately half of the total units are in the City of National City

There are six jurisdictions in County of San Diego that have ordinances regulating rent in mobilehome parks. The most recent ordinance was adopted by emergency by the City of Imperial Beach on October 5, 2022 and does not allow rent to be increased more than 3% during the term of the ordinance. The term of the ordinance for Imperial Beach would end 60 days after the end of the local COVID-19 emergency or the County of San Diego's declaration of a public health crisis due to the rapid increase in homelessness, whichever occurs first.

Mobile Home Rent Stabilization Ordinances in San Diego County

City	Year of Ordinance	No. of Mobile Home Parks	No. of Units	Rent Cap Structure
Chula Vista	1997	30	3414	100% CPI < 3%, 75% CPI > 3%
Escondido	1988	30	3185	Board/ Commission Review
Imperial Beach	2022	*	*	3% cap during State of Emergency
Oceanside	1982	20	2401	100% CPI, 8% cap
San Marcos	1980	12	2312	Board/ Commission Review
Santee	1989	11	2004	See Title 2, Chapter 2.44 of Santee Municipal Code

*data not available

The attached Mobilehome Park Rent Stabilization Ordinance ("Ordinance") for City Council's consideration would implement the rent cap adopted by the State of California to mobilehome parks in National City not currently regulated by the provisions of AB 978. The Ordinance would prohibit management of a mobilehome park from increasing the gross rental rate for a tenancy for a mobilehome space more than 3% plus the percentage change in the San Diego Metropolitan Area Urban (broader base) Consumer Price Index, as defined, or 5%, whichever is lower, from the lowest gross rental rate charged at any time during the immediately preceding 12 months. The Ordinance would not allow the rent to be increased more than two times in any 12-month period during the term of the Ordinance.

The Ordinance also provides for both civil and criminal remedies if rent in excess of the maximum rent allowable is collected. The Ordinance would be retroactive to July 1, 2022 and rent increases occurring on or after July 1, 2022 would have to be in conformance with the Ordinance. The Ordinance serves as a temporary relief measure for two years and would expire on June 30, 2024.

After the first public hearing was held on November 1, 2022, City Council requested additional information on current zoning, further information on the impacts of retroactivity of the Ordinance, and information on the rent increase noticing requirements under the Mobilehome Residency Law.

National City Mobilehome Park Zoning

Mobilehome Park Name	Address	Zoning	Overlay
Bonita Paradise	3131 Valley Road	RS-2 Small Lot Residential	Mobile Home Park
Bonita Vista	2621 Sweetwater Road	RS-2 Small Lot Residential	Mobile Home Park
Happy Hollow	999 E. Division Street	RM-2 High Density Multi-Family Residential	Mobile Home Park
Keystone	3221 National City Blvd.	CA- Commercial Automotive	Mobile Home Park

All of the existing mobilehome parks are under a Mobile Home Park Overlay Zone (“MHP”) which is found in Section 18.29.060 of the National City Municipal Code. The purpose of the MHP overlay zone is to provide for appropriate locations for mobile home parks to be established, maintained, and protected. New mobilehome parks are subject to conditional use permit approval.

Retroactivity of Ordinance

The City Council began acknowledging concerns about rent increases at mobilehome parks in August 2022 primarily due to a 20% increase that occurred on July 1, 2022 at Keystone Trailer Park. In response to the concerns, the proposed National City Ordinance was drafted with a retroactive cap on rent increases on or after July 1, 2022. Similarly, AB 978 was drafted and approved retroactively by the State of California in an effort to mitigate the impacts of high rent increases experienced by the Rancho La Paz Mobilehome Park in Anaheim and Fullerton, California. Chula Vista’s rent stabilization ordinance was only retroactive to the first reading and the urgency ordinance adopted most recently in Imperial Beach was not retroactive but made effective upon adoption of the ordinance. Staff did not find any other rent stabilization ordinances approved with retroactive clauses in the San Diego region.

During the public hearing on November 1, 2022, the City Council received a request to consider amending the Ordinance to remove the retroactive date of July 1, 2022 and have the ordinance apply to rent increases on or after January 1, 2023. There was a second request to consider changing the retroactive date to August 1, 2022. The table below compares scenarios using Keystone Trailer Park as an example and assumes that the change in CPI will stay above 5%. Rent amounts are rounded to the nearest dollar. Scenario 1 assumes the Ordinance as currently proposed and retroactively applied to rent increases on or after July 1, 2022. Scenario 2 assumes a change in the proposed Ordinance to apply only to rent increases on or after January 1, 2023.

Ordinance Scenarios	Scenario 1	Scenario 2
	Retroactive to rent increased on or after 7/1/2022	Applies to rent increases on or after 1/1/2023
Rent before 7/1/2022	\$485	\$485
Max Rent after 7/1/2022	$\$485 + (5\% \text{ of } \$485) = \$509$	\$585
Max Rent on or after 1/1/2023	\$509	$\$585 + (5\% \text{ of } \$485^*) = \$609$
Max Rent on or after 7/1/ 2023	$\$509 + (5\% \text{ of } \$509) = \$534$	\$609
Max Rent on 1/1/ 2024	\$534	$\$609 + (5\% \text{ of } \$609) = \$639$

*\$485 is the lowest rent 12 months prior.

Rent Noticing Requirements

The Mobile Home Residency Law requires park management to provide a homeowner written notice of any increase in rent at least 90 days before the increase takes effect. (Civil Code Section 798.30).

If amendments to the Ordinance are proposed through a motion and ratified by a majority vote of the City Council after the public hearing held on November 15, 2022, a final public hearing and adoption of the Ordinance would be scheduled for December 6, 2022.

FINANCIAL STATEMENT:

The financial impacts to the City are mostly the cost of creating and processing the Ordinance into municipal law. The City designed the Ordinance to limit the administrative burden on the City by avoiding the creation of a specific City program or oversight or ad hoc committee and allow mobilehome park residents to access non-profit tenant counseling and legal services to assist with filing for a remedy. In National City, CSA San Diego County, a local non-profit tenant and property owner-counseling agency, can assist tenants and property owners free of charge. The costs of providing information on the Ordinance through the City's website and other media are also minor.

RELATED CITY COUNCIL 2020-2025 STRATEGIC PLAN GOAL:

Housing and Community Development

ENVIRONMENTAL REVIEW:

This is not a project under CEQA and is therefore not subject to environmental review.CCR15378; PRC 21065.

PUBLIC NOTIFICATION:

Agenda Report posted within 72 hours of meeting date and time in accordance with Brown Act.

ORDINANCE:

Second Reading and Adoption

EXHIBITS:

Exhibit A - Ordinance