



Staff Report

TO: City Council
FROM: Christina Taylor, Deputy City Manager
DATE: February 6, 2024
SUBJECT: Second Reading of Amendments to Beaumont Municipal Code Chapter 13.21 Mobile Home Park Rent Stabilization Ordinance

Description Second reading of an ordinance for the periodic review and recommended changes to Beaumont Municipal Code Chapter 13.21 Mobile Home Park Rent Stabilization for the purposes of streamlining processes and consistency with state law.

Background and Analysis:

A Public Hearing and first reading of this ordinance was held on January 16, 2024.

On November 7, 2023, the City Council met regarding proposed amendments to City Code, Chapter 13.21, the "Mobile Home Park Rent Stabilization" ordinance, which has been in effect since around 1996. Prior to the November 7, 2023 City Council meeting, the City Attorney's office and staff reviewed the current mobile home rent stabilization provisions and recommended certain amendments be made to the ordinance. Following public comment and Council questions, Council requested staff come back with additional amendments. Per Council request, the updated proposed ordinance does the following:

1. Removes/amends outdated and/or unnecessary recitals.
2. Provides that the administration of the ordinance be under the general direction of the City Manager and/or their designee, rather than the Planning Director, in-which the position no longer exists.
3. Removes outdated statutory and other exemptions. Per public comment and Council direction, an exemption for vacancies has been added.
4. Updates/adds definitions and the CPI Index as applicable. During the November 7, 2023 City Council meeting, Council discussed whether the definition of "Mobile home park" should be further amended to raise the number of mobile home sites sufficient to fall within the ordinance. Currently, the proposed definition includes two or more mobile home sites, which mirrors state law. However, the Council may consider raising this limit to three or four.

5. Removes duplicative requirement for park registration, as mobile home park owners are required to obtain a business license, which serves the same purpose. In lieu of the registration requirement, the proposed amendments require mobile home park owners to provide specified information upon City request.
6. Updates the available annual adjustments and petition requirements. Consistent with the current ordinance provisions, mobile home park owners may adjust the maximum rent ceiling annually in an amount equal to 100 percent of the CPI for that year. The proposed amendment recommends an increase cap at 7% per year, as well as an increase floor of 3% per year, per public request. In addition, mobile home park owners can petition for Net Operating Income Adjustments (if they are not receiving a just and reasonable rate of return on their property) or for costs of certain capital improvements.
7. Provides that petitions for adjustments be heard by the City Administrative Appeals Board, and makes corresponding reference changes throughout. The City Code already provides that the Administrative Appeals Board has the duty to conduct administrative hearings on appeals pertaining to Mobile home Park Rent Stabilization (City Code Chapter 2.30.040). This amendment creates consistency between the two provisions.
8. Removes provisions permitting petitions by tenants and landlords to seek determinations of whether proposed or actual actions by landlords are permitted under the ordinance. These provisions have not been used by tenants or landlords in at least the past several years, if at all.
9. Removes provisions related to appeals to an arbitrator. Administrative Appeals Board decisions are currently appealable to Court pursuant to Code of Civil Procedure Sections 1094.5 and 1094.6.
10. Updates enforcement provisions.
11. Removes requirement for periodic review.
12. Removes provisions related to introduction, effective date and repeal, which are governed by state law.
13. Adds language as to when a capital improvement shall be “deemed completed” for purposes of increasing rent pursuant to a capital improvement increase petition.

In addition to the above, there has been a public request to add an exemption *at the local level* for long-term leases. Previously, state law expressly exempted long-term leases from local rent control ordinances, provided certain requirements were met. This state exemption is now being phased out over concerns that residents lacked bargaining power and/or were being incentivized to enter such leases, without knowledge that such lease would remove residents from the protection of local rent control. If Council requests an exemption for long-term agreements be added at the

local level, the following language (with or without change), may be added at Section 13.21.050, subsection C.

C. Long Term Rental Agreement.

1. Any rental agreement in excess of 12-months duration which also meets all criteria specified below shall be exempt from the space rent ceiling provisions of this ordinance. To qualify for this exemption, the rental agreement must meet all of the following criteria:
 - a. The rental agreement shall be in excess of 12 months duration.
 - b. The rental agreement shall be entered into between the management and the homeowner for the personal and actual residence of the homeowner.
 - c. The homeowner shall have at least 30 days from the date the rental agreement is first offered to the homeowner to accept or reject the rental agreement.
 - d. The homeowner who signs the rental agreement pursuant to this section may void the rental agreement by notifying management in writing within 72 hours of returning the signed rental agreement to management.
 - e. The homeowner who signs a rental agreement pursuant to this section may void the agreement within 72 hours of receiving an executed copy of the rental agreement in accordance with the Mobilehome Residency Law. This paragraph shall only apply if management does not provide the homeowner with a copy of the signed rental agreement at the time the homeowner returns the signed rental agreement.
 - f. The rental agreement contains a statement in the first sentence of the first paragraph, in at least twelve-point type or capital letters, giving notice to the mobilehome resident that, by entering into the lease, the rent control provisions of this ordinance will be automatically superseded by the lease provisions regarding rent and rent increases.
2. The exemption shall apply only during the term of such rental agreement or any uninterrupted, continuous extensions thereof. If such rental agreement is not extended and no new rental agreement in excess of 12-months duration is entered into, then the last month's rent under the expired rental agreement shall be the base rent for purposes of this ordinance.
3. Any rental agreement exempt from this ordinance by virtue of this section shall remain so exempt despite voluntary amendments made thereto, as long as any amendments extending the term contain the disclosures required above.

4. If, pursuant to paragraph (c) or (d) of subsection (1), the homeowner rejects the offered rental agreement or rescinds a signed rental agreement, the homeowner shall be entitled to instead accept a rental agreement for a term of 12 months or less from the date the offered rental agreement was to have begun. In the event the homeowner elects to have a rental agreement for a term of 12 months or less, including a month-to-month rental agreement, the rental agreement shall contain the same rental charges, terms, and conditions as the rental agreement offered pursuant to subdivision (1), during the first 12 months, except for options, if any, contained in the offered rental agreement to extend or renew the rental agreement.
5. No rental agreement shall contain any terms or conditions with respect to charges for rent, utilities, or incidental reasonable service charges that would be different during the first 12 months of the rental agreement from the corresponding terms or conditions that would be offered to the homeowners on a month-to-month basis.
6. No rental agreement for a term of 12 months or less shall include any provision which authorizes automatic extension or renewal of, or automatically extends or renews, the rental agreement beyond the initial term for a term longer than 12 months at the sole option of either the management or the homeowner.
7. Nothing in this section shall be construed to prohibit the management from offering gifts of value, other than rental rate reductions, to homeowners who execute a rental agreement pursuant to this section.
8. At the time the rental agreement is first offered to the homeowner, the management shall provide written notice to the homeowner of the homeowner's right (1) to have at least 30 days to inspect the rental agreement, and (2) to void the rental agreement by notifying management in writing within 72 hours of receipt of an executed copy of the rental agreement. The failure of the management to provide the written notice shall make the rental agreement voidable at the homeowner's option upon the homeowner's discovery of the failure. The receipt of any written notice provided pursuant to this subdivision shall be acknowledged in writing by the homeowner.
9. No rental agreement shall have a provision which authorizes automatic extension or renewal of, or automatically extends or renews, the rental agreement for a period beyond the initial stated term at the sole option of either the management or the homeowner.

Alternatively, Council may elect to exempt only those long-term leases already in effect, during the current term of the long-term lease. If Council requests this exemption, the following language (with or without change), may be added at Section 13.21.050, subsection C.

C. Long Term Rental Agreement.

1. Subject to subsection 2, any rental agreement entered into on or before December 31, 2023, which is in excess of 12-months duration and meets the criteria specified in the Mobilehome Residency Law, including Section 798.15 and Section 798.17 of the California Civil Code.

Any long-term rental agreement that meets the requirements of subsection 1, above, shall be exempt from this Ordinance during the current term of the agreement in effect on or before December 31, 2023, only.

Fiscal Impact:

The cost to prepare this staff report is approximately \$1,000.

Recommended Action:

Waive the second full reading and adopt by title only, “An Ordinance of the City Council of the City of Beaumont California Amending Chapter 13.21 Mobile Home Park Rent Stabilization of the Beaumont Municipal Code”.

Attachments:

- A. Ordinance Amending Chapter 13.21
- B. Proposed Chapter 13.21 – Redline Version
- C. Proof of Public Notice