

AGENDA ITEM 10.2

**PUBLIC HEARING AND ADOPTION OF AN
ORDINANCE- MOBILEHOME PARK RENT
STABILIZATION**

Presented by Carlos Aguirre, Housing Authority Director
November 15, 2022



Proposed Ordinance

- The proposed Mobilehome Rent Stabilization Ordinance (“Ordinance”) for City Council’s consideration would apply the rent cap adopted through Assembly Bill 978 by the State of California to all mobilehome parks in National City.
- 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.

Proposed Ordinance (cont.)

- The Ordinance does not affect rent increases on mobilehome spaces leases having a term longer than 1 year.
- 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.

Mobilehome Park Zoning

	Address	Zoning	Overlay Zone*
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

*The purpose of the Mobile Home Park (“MHP”) overlay zone is to provide for appropriate locations for mobilehome parks to be established, maintained, and protected (from National City Municipal Code Section 18.29.060).

Retroactivity of Ordinance

- 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.
- Chula Vista's rent stabilization ordinance was only retroactive to the first reading.
- 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 and state 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).

Retroactivity of Ordinance (Cont.)

- 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 approved retroactively by the State of California to mitigate the impacts of high rent increases experienced by the Rancho La Paz Mobilehome Park in Anaheim and Fullerton.
- State 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).

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.

- The table 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 7/1/22.
- Scenario 2 assumes a change in the proposed Ordinance to apply only to rent increases on or after 1/1/23.

Amendments to the Ordinance

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.

Public Hearing

City Council Discussion

Consider Ordinance for Adoption