



City Charter Section 803 Summary Report

Background

In the City of Huntington Beach, there are 18 mobile home parks with approximately 2,955 households. One mobile home park, Ocean View Estates, is owned by the City of Huntington Beach, and the remaining 17 are owned privately. Mobile home parks are regulated by the State of California Department of Housing and Community Development (HCD), but the City of Huntington Beach provides safety-related services such as fire and police protection.

Over the past couple decades, residents or private park owners have intermittently raised issues concerning the mobile home park community, and the City has engaged in and issued policy decisions on the following:

Date	Policy	Policy Description
October 1993	Formation of the Mobile Home Advisory Board	The City Council voted to form the Mobile Home Advisory Board comprised of 3 mobile home park owners, 3 mobile home residents, and 3 at-large residents (who do not reside in a mobile home). Board members are to act in an advisory capacity to the City Council on matters concerning the mobile home community.
March 2002	Measure EE Charter Amendment (known today as Charter Section 803) <i>In the link above, go to pages 21-23 for the ballot description, impartial analysis and arguments.</i>	A petition-led initiative was placed on the March 2002 Special Election ballot as Measure EE and approved by 69% of voters (27,513 yes; 12,558 no). Measure EE prohibits the City from legislating or regulating the price or terms concerning the sale, lease, rental, exchange or transfer of private property. This Measure ultimately prohibits rent control ordinances.
November 2004	Mobile Home Conversion Ordinance (Ordinance No. 3689)	This ordinance requires mobile home park owners who wish to convert their property for a different use to relocate their current tenants to a comparable park within 20 miles (per state law) or reimburse them for the market value of their mobile homes.
August 2013	Temporary Moratorium on Conversions (Urgency Ordinance Nos. 3986 and 3990)	Seniors in Rancho Huntington voiced concerns about the new park owners' plans to convert the park into an all-ages family park. As such, the City Council adopted a temporary moratorium on conversions of parks primarily occupied by seniors (ages 55+). The temporary moratorium ended April 30, 2014 after the City established the Mobile Home Overlay District.
April 2014	Mobile Home Overlay District	The City established an overlay district that prohibits owners of 10 senior parks from converting their properties into all-ages/family parks or other land uses.

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July 2014	Repealed Charter Amendment: Limited Exemption for Mobile Homes in Section 803	This proposed “limited exemption” for mobile homes in Section 803 would have applied to tenants whose monthly rent payment exceeded 33% of their gross monthly income. These tenants’ annual rent increases would be capped at 4% or the CPI, whichever is higher. City Council adopted a Resolution to place the proposed Charter amendment on the November 2014 ballot. However, an agreement was reached with a local mobile home park owner to develop a lease that would lower rents and include more seniors in a rent subsidy program. As such, the Council repealed the Resolution and removed the Charter amendment from the ballot.
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Recent Concerns

In Fall 2021, the City began receiving communications from residents of Skandia Mobile Country Club, a 167-unit senior mobile home park on 16444 Bolsa Chica Street. Their communications were centered around the August 2021 acquisition of the park by Investment Property Group (IPG), who announced that space rents for current tenants would increase by \$75 per month annually for the next 3 years (starting March 1, 2022). IPG provided the estimated impacts of the rent increases, listed below:

- Average rents for current tenants would increase from \$1,114 to \$1,189 per month
- Rents for new residents would increase from \$1,445 to \$2,195 per month

IPG’s \$75 monthly rent increase would represent an average 6-7% increase and would apply to all Skandia residents whether they possess multi-year, one year or month-to-month leases. Based on statements made by some residents, past rent increases under the previous park owner did not exceed 3%. As such, Skandia residents have indicated that the rent increases are not affordable, particularly for seniors who may be on fixed incomes and cannot afford the increases over the long-term. Residents also have stated that the rent increases would decrease the value of their manufactured homes.

For comparison purposes, the City conducted an informal phone survey of Huntington Beach space rents on June 24, 2021. The City was able to speak with 15 out of 18 parks owners and calculated an average space rent of \$1,775 per month with rents ranging \$1,115 to \$3,000. Lastly, the City’s mobile home park, Ocean View Estates, currently charges \$1,294 monthly (excluding utilities) with annual 3-7% rent increases based on CPI.

IPG has stated that their initial 3-year rent increases would be used to cover property tax reassessment costs. IPG also indicated that future rent increases after the 3-year period would be either 5% or Consumer Price Index (CPI) – whichever is greater - plus any allowable pass-through expenses. Since IPG announced their new rent structure, they began participating in the Manufactured Housing Education Trust’s Rent Assistance Program, which assists low-income mobile home owners by offering rent subsidies equal to 10% of their monthly space rent. However, some residents expressed concerns about the Program’s eligibility requirements and the absence of a guarantee that the subsidies will be available year over year.

Since Fall 2021, the City has met with Skandia residents, IPG, and other stakeholders who have shared opposing viewpoints. Furthermore, all stakeholders are well aware of Charter Section 803, which prohibits the City from implementing any form of rent control on privately owned properties.

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Residents' Proposed Amendment to Charter Section 803

City Charter Section 803 prohibits the City Council from enacting any form of rent control or rent stabilization ordinance. As such, Skandia residents have asked the City Council to implement a two-phased approach to address their concerns about current and future rent increases:

1. Place a Charter amendment on the November 2022 ballot to exempt mobile home parks from Section 803; and
2. If voters approve the amendment, adopt a rent control ordinance to cap annual mobile home rent increases by a certain percentage.

The Mobile Home Advisory Board has been asked by a subset of Skandia residents and advocates to consider item number 1 above. If the Board approves item 1 or any variation, it would be forwarded to the City Council for possible consideration.

Similarly, the Charter Revision Committee was asked to consider item number 1 above on March 24, 2022. Following a comprehensive review of Measure EE/Section 803, the Committee voted not to recommend any amendments to Section 803.

Outside Policies and Legislation

Stakeholders outside of Huntington Beach have implemented other forms of rent control either locally or statewide. A summary is below for reference:

- On January 1, 2020, Assembly Bill 1482 (Chiu, Tenant Protection of Act of 2019) took effect retroactively to March 15, 2019, applying rent control to apartments and other multi-family buildings that are at least 15 years old. Rent increases are capped at 5% annually plus CPI for a maximum of 10%. This law expires on January 1, 2030 and does not apply to mobile home parks.
- On November 19, 2021, Santa Ana became the only city in Orange County to enact rent control for both apartments and mobile home parks, because a large share of the city is comprised of renters, and particularly those who spend a sizeable share (30%+) of their income on rent. The new ordinance will cap rent increases at 3% annually or 80% of the percent change in the CPI, although there are exemptions in certain circumstances.
- On January 1, 2022, Assembly Bill 978 (Quirk-Silva, Mobilehome parks: rent caps) took effect retroactively to February 18, 2021. This bill applies only to mobile home parks located within and governed by 2 or more incorporated cities and caps rent increases to 3% plus CPI for a maximum of 5%. The only applicable mobile home park is Rancho La Paz Mobile Home Park in Anaheim/Fullerton. This law remain in effect until January 1, 2030 or when repealed.