

AMENDED IN ASSEMBLY APRIL 10, 2023

CALIFORNIA LEGISLATURE—2023–24 REGULAR SESSION

ASSEMBLY BILL

No. 1035

Introduced by Assembly Member Muratsuchi

February 15, 2023

An act to add Section 798.30.7 to the Civil Code, relating to mobilehomes.

LEGISLATIVE COUNSEL’S DIGEST

AB 1035, as amended, Muratsuchi. Mobilehome parks: rent caps.

Existing law, the Mobilehome Residency Law, prescribes various terms and conditions of tenancies in mobilehome parks. Existing law defines “tenancy” for these purposes as the right of a homeowner to use a site within a mobilehome park on which to locate, maintain, and occupy a mobilehome for human habitation, including the use of the services and facilities of the park. Existing law, prohibits, with certain exceptions, the management of a mobilehome park from increasing the gross rental rate for a tenancy in a qualified mobilehome park, as defined, more than 3% plus the percentage change in the cost of living, or 5%, whichever is lower, of the lowest gross rental rate charged for a tenancy at any time during the 12 months prior to the effective date of the increase, subject to specified conditions. Existing law defines “qualified mobilehome park” for these purposes as a mobilehome park that is located within and governed by the jurisdictions of 2 or more incorporated cities.

This bill would *enact the Mobilehome Affordability Act. The bill would* prohibit the 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 cost of living, as defined, over

the course of any 12-month period, as specified. The bill would prohibit management from increasing the gross rental rate for a tenancy in more than 2 increments over a 12-month period, after the tenant maintains the tenancy over a 12-month period. The bill would prohibit management from imposing an increase in rent on a prospective purchaser or homeowner that purchases a mobilehome if the purchase qualifies as an in-place transfer, as specified. The bill would exempt specified mobilehome spaces from these provisions. ~~The~~

This bill would specify that these provisions apply to rent increases for mobilehome spaces occurring on or after January 1, 2023. The bill would provide that in the event that management increased the rent by more than the amount specified above between January 1, 2023, and January 1, 2024, then the applicable rent on January 1, 2024, is the rent as of January 1, 2023, plus the maximum permissible increase, and that management is not liable to the homeowner for any corresponding rent overpayment. The bill would provide that its provisions shall not impair, alter, or change any rental term or obligation contained in a rental agreement in effect between management and a resident as of January 1, 2024, and which was entered into or became effective before January 1, 2023, except as described. The bill would void any waiver of the rights provided under these provisions. The bill would authorize a local government to adopt or maintain an ordinance, rule, regulation, or initiative measure that establishes a maximum amount that may be charged for rent, or other regulations for a tenancy. The bill would not apply to a mobilehome park when a local government has adopted an ordinance, rule, regulation, or initiative measure prior to the effective date of the bill before January 1, 2024, that establishes a maximum amount that may be charged by management for rent or otherwise regulates the rental rate for a mobilehome tenancy. tenancy in that mobilehome park.

This bill would state that its provisions are severable.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 *SECTION 1. This act shall be known, and may be cited, as the*
- 2 *Mobilehome Affordability Act.*
- 3 ~~SECTION 1.~~
- 4 *SEC. 2. Section 798.30.7 is added to the Civil Code, to read:*

1 798.30.7. (a) (1) Subject to *paragraph (2) and except as*
2 *provided in subdivision (b)*, management shall not, over the course
3 of any 12-month period, increase the gross rental rate for a tenancy
4 in a mobilehome park *by* more than 3 percent plus the percentage
5 change in the cost of living, or 5 percent, whichever is lower, of
6 the lowest gross rental rate charged for the tenancy at any time
7 during the 12 months prior to the effective date of the increase.

8 (2) If the same homeowner maintains a tenancy over any
9 12-month period, the gross rental rate for the tenancy shall not be
10 increased in more than two increments over that 12-month period,
11 subject to the other restrictions of this subdivision governing gross
12 rental rate increases.

13 (b) (1) Except as provided in paragraph (2), for a new tenancy
14 in which no homeowner from the prior tenancy remains in lawful
15 possession of the mobilehome space, management may establish
16 ~~the an initial rental rate not subject to~~ *for the new tenancy without*
17 *complying with subdivision (a).* ~~Subdivision~~ *However, subdivision*
18 *(a) shall be applicable to subsequent increases of the rental rate*
19 *after that initial rental rate has been established, except as unless*
20 *otherwise provided in this section.*

21 (2) Notwithstanding paragraph (1), management shall not impose
22 an increase in rent on a prospective purchaser or homeowner that
23 purchases a mobilehome if the purchase qualifies as an in-place
24 transfer. Subdivision (a) shall apply to the new tenancy created
25 after an in-place transfer and the initial rental rate shall be set at
26 the rental rate of the previous tenancy.

27 (c) Management shall provide notice of any increase in the rental
28 ~~rate, pursuant to subdivision (a), rate~~ to each homeowner in
29 accordance with Section 798.30.

30 (d) (1) This section shall not apply to a tenancy for any of the
31 following:

32 (1)

33 (A) A mobilehome space restricted by deed, regulatory
34 restriction contained in an agreement with a governmental agency,
35 or other recorded document as affordable housing for persons and
36 families of very low, low, or moderate income, as defined in
37 Section 50093 of the Health and Safety Code, or subject to an
38 agreement that provides housing subsidies for affordable housing
39 for persons and families of very low, low, or moderate income, as

1 defined in Section 50093 of the Health and Safety Code or
2 comparable federal statutes.

3 ~~(2)~~

4 (B) A mobilehome space subject to any ordinance, rule,
5 regulation, or initiative measure that restricts annual increases in
6 the rental rate to an amount less than that provided in subdivision

7 (a).

8 ~~(3)~~

9 (C) A mobilehome space within a resident-owned mobilehome
10 park, as defined in Section 799.

11 ~~(4)~~

12 (D) A mobilehome space occupied by a resident who is not a
13 homeowner, including, but not limited to, any spaces that are
14 directly rented by management. The rental amount to be charged
15 for any such spaces shall be governed by Sections 1946.2, 1947.12
16 and 1947.13.

17 (2) *This section shall not apply to a mobilehome park when a*
18 *local government has adopted an ordinance, rule, regulation, or*
19 *initiative measure before January 1, 2024, that establishes a*
20 *maximum amount that may be charged by management for rent*
21 *or otherwise regulates the rental rate for a mobilehome tenancy*
22 *in that mobilehome park.*

23 (3) *This section shall not impair, alter, or change any rental*
24 *term or obligation contained in a rental agreement in effect*
25 *between management and a resident as of January 1, 2024, and*
26 *which was entered into or became effective before January 1, 2023.*
27 *However, any rental provisions contained in those agreements*
28 *shall be subject to the provisions of this section following the date*
29 *upon which the term of the agreement has ended or has been*
30 *renewed or extended.*

31 (e) (1) ~~This~~ *Except as provided in subdivision (d), this section*
32 *shall apply to all rent increases occurring on or after January 1,*
33 *2023.*

34 (2) In the event that management has increased the rent by more
35 than the amount permissible under subdivision (a) between January
36 1, 2023, and January 1, 2024, both of the following shall apply:

37 (A) The applicable rent on January 1, 2024, shall be the rent as
38 of January 1, 2023, plus the maximum permissible increase under
39 subdivision (a).

1 (B) Management shall not be liable to a homeowner for any
2 corresponding rent overpayment.

3 (f) Any waiver of the rights under this section shall be void as
4 contrary to public policy.

5 (g) For the purposes of this section:

6 (1) “Consumer Price Index for All Urban Consumers for All
7 Items” means the following:

8 (A) The Consumer Price Index for All Urban Consumers for
9 All Items (CPI-U) for the metropolitan area in which the property
10 is located, as published by the United States Bureau of Labor
11 Statistics, which are as follows:

12 (i) The CPI-U for the Los Angeles-Long Beach-Anaheim
13 metropolitan area covering the Counties of Los Angeles and
14 Orange.

15 (ii) The CPI-U for the Riverside-San Bernardo-Ontario
16 metropolitan area covering the Counties of Riverside and San
17 Bernardino.

18 (iii) The CPI-U for the San Diego-Carlsbad metropolitan area
19 covering the County of San Diego.

20 (iv) The CPI-U for the San Francisco-Oakland-Hayward
21 metropolitan area covering the Counties of Alameda, Contra Costa,
22 Marin, San Francisco, ~~and San Mateo~~ *San Mateo, and Santa Clara*.

23 (v) Any successor metropolitan area index to any of the indexes
24 listed in clauses (i) to (iv), inclusive.

25 (B) If the United States Bureau of Labor Statistics does not
26 publish a CPI-U for the metropolitan area in which the property
27 is located, the California Consumer Price Index for All Urban
28 Consumers for All Items as published by the Department of
29 Industrial Relations.

30 (C) On or after January 1, 2024, if the United States Bureau of
31 Labor Statistics publishes a CPI-U index for one or more
32 metropolitan areas not listed in subparagraph (A), that CPI-U index
33 shall apply in those areas with respect to rent increases that take
34 effect on or after August 1 of the calendar year in which the
35 12-month change in that CPI-U, as described in subparagraph (B)
36 of paragraph (2), is first published.

37 (2) (A) “Percentage change in the cost of living” means the
38 percentage change in the applicable CPI-U, as described in
39 paragraph (1) and computed pursuant to subparagraph (B) of this
40 paragraph.

(B) (i) For rent increases that take effect before August 1 of any calendar year, the following shall apply:

(I) The percentage change shall be the percentage change in the amount published for April of the immediately preceding calendar year and April of the year before that.

(II) If there is not an amount published in April for the applicable geographic area, the percentage change shall be the percentage change in the amount published for March of the immediately preceding calendar year and March of the year before that.

(ii) For rent increases that take effect on or after August 1 of any calendar year, the following shall apply:

(I) The percentage change shall be the percentage change in the amount published for April of that calendar year and April of the immediately preceding calendar year.

(II) If there is not an amount published in April for the applicable geographic area, the percentage change shall be the percentage change in the amount published for March of that calendar year and March of the immediately preceding calendar year.

(iii) The percentage change shall be rounded to the nearest one-tenth of 1 percent.

(3) “In-place transfer” means the sale of a mobilehome pursuant to Article 7 (commencing with Section 798.70) where the mobilehome is transferred by a homeowner to a subsequent homeowner and remains at the same mobilehome space.

(h) (1) Nothing in this section affects the authority of a local government to adopt or maintain an ordinance, rule, regulation, or initiative measure that establishes a maximum amount that may be charged for rent, or other regulations for a tenancy.

(2) This section is not intended to express any policy regarding the appropriate, allowable rental rate increase imposed by ordinance, rule, regulation, or initiative measure regulating rent increases, nor in connection with the continuation of any mobilehome rent regulation that a local government has chosen to enact and administer, based upon the particular needs or economic conditions within the local jurisdiction.

~~(i) This section shall not apply to a mobilehome park when a local government that has adopted an ordinance, rule, regulation, or initiative measure prior to the effective date of this section that establishes a maximum amount that may be charged by~~

1 ~~management for rent or otherwise regulates the rental rate for a~~
2 ~~mobilehome tenancy.~~

3 ~~SEC. 2.~~

4 *SEC. 3.* The provisions of this measure are severable. If any
5 provision of this measure or its application is held invalid, that
6 invalidity shall not affect other provisions or applications that can
7 be given effect without the invalid provision or application.

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May 3, 2023

The Honorable Al Muratsuchi
1021 O Street, Suite 5610
Sacramento, CA 94249-0066

RE: AB 1035 Mobilehome parks: rent caps
Notice of Opposition

Dear Assemblymember Muratsuchi:

The City of Huntington Beach respectfully opposes AB 1035. The proposed legislation would interfere with the free market rent system, which can interfere with a property's ability to produce sufficient income and remain competitive.

The City of Huntington Beach Charter Section 803 states "The City shall not enact or enforce any measure which mandates the price or other consideration payable to the owner in connection with the sale, lease, rent, exchange or other transfer by the owner of real property...."

For these reasons, the City of Huntington Beach respectfully opposes AB 1035.

Sincerely,

Tony Strickland
Mayor
City of Huntington Beach

Cc: Senator Janet Nguyen
Senator Dave Min
Assembly Member Diane Dixon
Assembly Member Tri Ta
ACC-OC Board of Directors (via email)
Bismarck Obando, Director of Public Affairs (*bismarck@calcities.org*)
League of California Cities (*cityletters@calcities.org*)