

MEMO

January 22, 2024

RE: City Attorney suggested Mobile Home Rent Control Code revisions

To: Mayor Mark Milberg, City Attorney Gary Bell, Acting City Manager Amy Cunningham

From: Los Robles Mobile Home Park Homeowners Association Secretary Steven Rosenfeld,
Goldstone Management VP Tim Hansen

Hi everyone,

This is a short summary of comments by the Los Robles Mobile Home Park (LRMHP) HOA Board and Tim Hansen, V.P. of Goldstone Management (GM), which owns the park, on the suggested Chapter 20 revisions presented by Gary at the January 9 City Council meeting. Board members and Tim met last week to coordinate our suggestions before our scheduled meeting with the Mark, Gary and Amy on Tuesday, January 23. They met again on January 21.

The City Attorney made four suggestions (staff report, page five). Our comments:

- A. Reduction in service or facilities petition. GM does not oppose this proposal but would add that the residents should pay for this administrative hearing process if they lose.
- B. Banking Annual Adjustments. This idea, first raised by GM's Tim, is included in the co-signed letter by GM owner Paul Goldstone and HOA President Katie Cartwright that was presented by the HOA at the Jan. 9 City Council meeting. This idea was not well received by one Council member. At a subsequent HOA meeting, some members said that it was not easily understood. In discussions with Tim, he also had misgivings despite the letter. The more easily understood alternative is a fixed cap on CPI-triggered annual base rent increases, Tim and the HOA board agreed. The question is what is the right figure?

On Monday, January 22, Tim and HOA Secretary Steven Rosenfeld discussed this. Tim suggested 4%. That figure is what other North Bay municipalities have or are looking at. Had that cap been in effect in the past 10 years, it would have twice limited annual rent increases. (August 2018's CPI was 4.3%. August 2022's CPI was 5.7). Steven was hoping for a slightly lower figure, saying he'd like to do more for residents with fixed incomes. Tim suggested Chapter 20 could add a "tenant concessions" section where the park owner could, at his discretion, offset the total monthly bill from January to June. This period is when home hearing costs are the highest. (See item "G" below).

- C. Selecting Tenant Representative. Both GM and the HOA want a single representative body, which, in this park would be the HOA. (GM has drafted language that the HOA endorses. That is attached below.)

- D. Resident-Owner Settlement Arrangements. Both GM and the HOA find the petition and administrative hearing processes in Chapter 20 to be largely unworkable. The remedy we seek is more specific. Under 20-9, Individual Adjustments, at c. (*Tenant Approval of Rent Increases Avoids Hearing Process*), we suggest adding a sentence that authorizes a vote by the HOA Board to allow the owner to begin charging an assessment to recover the cost of beneficial capital improvements. These expenses and the payback period are denoted in the IRS tax code and depreciation schedules. Management can begin to institute these assessments 30 days after the work is substantially completed.

Other Suggestions.

- E. Clear Language That All Leases Are Protected by Chapter 20. Section 2-13, Disclosures, predates 2020's AB 2782, a new state law which says that all mobile home park leases – month-to-month and long-term – shall be rent control protected. The Novato code now says that residents signing long-term leases self-exempt themselves from rent control. The HOA would like the old language deleted and a new statement that all leases shall be protected, citing AB 2782. GM supports this.

See: <https://mhphoa.com/news/2020/09#AB-2782>

- F. Resident's Right to Buy Park. The HOA and GM support adding this provision to the city law. It should include a reasonable timetable to exercise the right of first refusal.
- G. Tenant Concessions. A new section should state that tenant concessions made by the owner shall not be considered rent. These concessions, at the owner's discretion, could be for offsetting rent increases for low-income individuals in the first 6 months of the year (when annual rent increases take affect and heating bills are the highest). They would not be applicable to the park as a whole.
- H. Add to Definitions (20-1). Tim's suggested language for the HOA is on the next page.

- I. Other Improvements. Two suggestions from Tim for a new section:

Improvements that are not beneficial capital improvements or are not HOA-requested improvements shall not be paid by Park residents.

Changes to structures, required by government officials or changes in the building code, shall be considered beneficial capital improvements. (The HOA agrees, but would like these costs to be reimbursed over longest reasonable time period, like the schedules in the IRS code, which minimizes monthly cost to residents.)

ATTACHMENT, 12-12-24 email from Tim with more specifics:

Definitions

Qualified Homeowners Association (HOA) A qualified Homeowners Association shall meet the following conditions:

1. All and only Los Robles Mobile Home Park (Park) residents are members.
2. No fees are charged to be an HOA member.
3. The Board is elected by the HOA members.
4. Each lot, except lots owned by Park Management, has one vote determined by the resident(s) leasing the lot.
5. The HOA is recognized by the Park Management as representing the Park.
6. The HOA, with Park Management approval, may apply for grants for Park improvements.

New Sections

HOA requested improvement. The HOA, with a majority vote of the HOA members participating, may request Park improvements from Park Management. After the HOA and Park Management agree to the project and notice is given to the members, 30 days must pass before the project may begin. The improvements need not be capital improvements.

The request shall include the estimated cost of the project, the proposed payback period, and a suggested amount of return (interest) for financing the project. The amount to be paid by the members shall not be considered rent for purposes of the annual CPI rent adjustment and shall be shown as a separate line item on the members' monthly invoices.

Should a Park member object to an HOA requested improvement and Park Management has agreed to the project, the objecting member may request that the City of Novato appoint a hearing officer to hear the matter. The request for a hearing must be made within 30 days after notice is given to the members of the HOA decision. A deposit for the estimated cost of the hearing shall be paid to the City of Novato by the objecting party. In the event the appeal is lost the objecting party shall pay for the cost of the hearing. If the HOA/Park Management loses the hearing costs shall be paid for by Park Management. In the event of a split decision the costs shall be divided as the hearing officer determines.

Beneficial Capital Improvements with hearing

Should Park Management petition for a hearing to be reimbursed for beneficial capital improvements and the hearing officer grants the petition, then the hearing officer shall allow Park management to collect the cost of the hearing and a fair return on expenses associated with the delay caused by failure to approve the project. In the event of a split decision the costs shall be divided as the hearing officer determines.

Other Improvements

Improvements which are not beneficial capital improvements or not HOA requested improvements shall not be paid for by the Park members.

Changes to structures, required by government officials or changes in the building code, shall be considered beneficial capital improvements.