

Quick summary of Novato Code Chapter 20 – RENT CONTROL – MOBILE HOMES.

The city's mobile home rent control law is not complicated. It is a 25-page document. It has a handful of sections. In general, it mostly focuses on the park owner's options for reimbursing themselves for beneficial capital improvements—as designated by the IRS. It also has some protections for renters, such as tying annual rent increases in some leases (not all) to the federal consumer price index, and various ways renters can appeal those increases.

The following "summary" describes the law's sections. It also suggests where some revisions could be made. Those sections are underlined, and our proposals are in parentheses. There are a few proposals that would require new language or sections that are not enumerated below. IE, granting residents a right of first refusal to buy the park if it were put up for sale.

On January 9, we will submit a letter co-signed by the park owner and HOA president that described 5 revisions. That letter, and our testimony, is simpler than what's described below.

There also are a handful of somewhat technical revisions that we might not want to bring up on January 9. These can wait until meeting with the city attorney. Such as new language allowing the owner to individually charge homeowners for a part of utility-related improvements, such as installing individual water meters. (That was a management proposal that could save residents money). Also, attached below, are some proposed timeline changes from management.

Here's how the ordinance is structured. Some of our proposed changes are in parentheses.

Chapter 20 – sections and brief comments

20-1. Terms and Definitions. (We'd add Homeowners Association, as a representative body acting on behalf of park residents).

20-2. Applicability and Exceptions. The city atty can assess if cited dates, i.e., 1990, are needed.

20-3. Purpose and Intent. This could be moved to the top and updated to say that mobile home parks are an important affordable housing solution that addresses city and state policy goals.

20-4. Base Rent. The city atty can assess if cited dates, i.e., 1996 references, are needed.

20-5. General Rent Adjustments.

20-6. Limitations on Rent Increases.

Beyond possible removing dated language, this may be where new annual rent cap language would likely be placed. Or possibly under 20-12, at Fair Return Standard.

20-7. Pass Throughs.

20-8. Vacancy Control.

20-9. Individual Adjustments. This is the bulk of the law. It allows the park owners to increase monthly rents to reimburse IRS-designated beneficial capital improvements. This section lays out two ways to do that: Either a petition from the owner that starts an administrative hearing process; or a petition signed by a majority of park residents that starts the same process.

(Our suggestion is to create a new, unbureaucratic alternative. Under “*c., Tenant Approval of Rent Increase Avoids Hearing Process,*” we’d simply add a phrase at 4, to create a new efficient process. The language, underlined and italicized below, would be something like: “

...signed by at least a majority of the tenants in the park who are subject to rent control and affected by the proposed rent increase consenting to the rent increase, *or by a vote of the Homeowners Association board,* the rent increase may take affect...)

Management would also like more realistic deadlines under 20-9(a)(4). See Tim Hansen’s 11-27-23 memo, attached below this summary.

20-10. Hearing Procedures.

20-11. Intentionally Left Blank. Other ordinances referenced.

20-12. Fair Return Standard. The city attorney can assess if old dates should remain.

20-13. Disclosures. This section’s wording is murky. This is where the HOA would like to add an explicit unambiguous statement saying, “All tenancy leases are protected by this chapter.”

The rationale is to protect all residents from a future owner that may seek to greatly increase rents for tenants after their long-term leases expire. This scenario has occurred in nearby North Bay cities. FYI, residents have two types of leases: month-to-month (protected by Chapter 20), and long-term (that are exempt from Chapter 20’s protections; see paragraph b.)

20-14. Fees.

20-15. Intentionally Left Blank. Other ordinances referenced.

20-16. Solicitations of Any Petitions...

20-17. Tenant Complaints.

20-18. RV Space Tenants (This is not applicable to Los Robles residents)

20-19. Disclosure Under PRA.

20-20. Enforcement.

20-21. Penalties.

20-22. Fees.

20-23. Sunset Clause. (If the code is amended, the renewal dates should be revised.)

(This is an e-mail from Tim Hansen, Goldstone Management's VP.)

Regarding revisions to the Novato Mobile Home Park Rent Control Ordinance

27 November 2023

Executive Summary:

The recent petition for a Beneficial Capital Improvements rent increase at the Los Robles Mobile Home Park brought to light 3 features of the Rent Control Ordinance which we believe should be addressed in any revision.

1. Regardless of how much a Beneficial Capital Improvement benefits the residents, there is a strong economic incentive not to approve an increase and avoid a public hearing under section 20-9(c). This renders the section virtually worthless and is a waste of thousands of dollars for the owner.
2. The notice period of 90 days for a Beneficial Capital Improvement under 20-9(a)(4) is excessive and should be reduced to the State required notice period of 30 days.
3. Given the use of disinformation and the way rumors spread in the Park, a Tenant approval process would not be possible within the 21 days allotted to gather the signatures. This renders section 20-9(c) unusable.

We believe the above features can be addressed easily within the existing rent control ordinance. We realize that a revision process should include all parties and suggest the following only as the beginning of a revision process.

1. Win or lose, under 20-9(a)(4) the petitioner will have to pay the fees and bear the cost of interest on the projects. We believe that if the petitioner prevails the fees and other costs should be paid for by the other party. If the petition is only partly granted or not granted at all, then the cost should be divided as the hearing officer see fit. The recovery period of the cost should not exceed 2 years. This would ensure that the parties deal in good faith.
2. The 20-9(a)(4) hearing approval process and the construction would take more than 90 days, add on to that the ordinance required 90-day notice after the hearing and tenants would have a half year to adjust. This is more than adequate given that 20-9(c) process only requires a 30 day notice. When one is dealing with hundreds of thousands of dollars, 2 months interest can add up to a lot. The petitioner should not have to lose interest when adequate notice is given.
3. We believe that a Los Robles Homeowners Association board should be able to approve a Beneficial Capital Improvement under 20-9(c). Board members would be elected by the Park residents and represent their interests. This change would only make sense if the costs of a hearing under 20-9(a)(4) is paid by the opposing and losing party. If a group of residents objected to the HOA's decision, they could file a complaint under section 20-17.

A Postmortem of the September 8, 2023 Beneficial Capital Improvement process is attached.

Tim Hansen
Vice President, Goldstone Management, Inc.