



# Mobilehome Rent Stabilization Ad Hoc Committee Recommendations

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&

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# The Ask

## **That the City Council:**

Provide staff direction on the components to include in the draft mobile home rent stabilization ordinance, which will be presented for first reading in late fall.

# Background

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- **June 2022:** In response to a new request from mobilehome residents for a rent stabilization ordinance ("RSO"), Council directs staff to develop an RSO and program.
- **November 2022:** City Council directs staff to analyze mobile home parks to determine if a "legitimate government interest" exists for rent stabilization ("Phase 1 Study").
- **October 2023:** RSG presents findings from the Phase I Study to City Council. The findings indicate that a "legitimate government interest" does exist for rent stabilization. City Council directs staff to proceed with establishing a local RSO and program.
- **August 2024:** RSG completes a "Phase II Study", which details various options for structuring a rent stabilization program and best practices for City Council to consider.
- **September 2024:** At City Council's Fall Policy Workshop, RSG presents the findings from the Phase II Study. City Council directs staff to move forward with a mobile home RSO and explore an in-lieu agreement with park owners.

# Background

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- **November 2024:** In a closed session, City Council creates an ad hoc committee to further analyze the in-lieu agreement concept and gather information from the community.
- **March and April 2025:** The ad hoc committee holds two park owner workshops and two homeowner workshops to collect feedback on the in-lieu agreement concept.
- **June 2025:** City Council directs staff to exclude an in-lieu agreement option from the RSO and directs the ad hoc committee to finalize its recommendations on key RSO provisions.
- **July 2025:** The ad hoc committee holds one park owner workshop and one homeowner workshop to collect feedback on key RSO provisions.

# Ad Hoc Committee Recommendations

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# Summary of Recommendations

## 1. Annual Rent Increase Limits

- ✓ Objectives
  - Allow park owners to increase rents to keep pace with rising operating costs
  - Prevent excessive and unreasonable rent increases
  
- ✓ Limits
  - Rent cannot be increased more than once in a 12-month period
  - Maximum annual increase = 100% of change in CPI\*, capped at 3%
  - No guaranteed minimum rent increase (“rent increase floor”)
  - No rent banking (“use it or lose it”)

\*CPI = Consumer Price Index, which is one of the U.S. government's official measures of inflation

# Historic Change in Local CPI

U.S. Bureau of Labor Statistics Data for Riverside-San Bernardino-Ontario, CA

Month	CPI	Change
January 2025	135.215	2.94%
January 2024	131.358	2.88%
January 2023	127.683	7.33%
January 2022	118.963	8.59%
January 2021	109.550	2.25%
January 2020	107.143	3.03%
January 2019	103.991	3.05%
January 2018	100.916	--

Source:



# Annual CPI Rent Increase Process

Date	Action
Mid-February	<ul style="list-style-type: none"><li>• U.S. Bureau of Labor Statistics releases January CPI</li><li>• City calculates January-to-January CPI percentage change<ul style="list-style-type: none"><li>◦ Determines maximum rent increase for following July to June</li></ul></li><li>• City emails each park owner maximum allowable rents by space</li></ul>
March to February	<ul style="list-style-type: none"><li>• Park owners submit CPI Rent Increase Certification Forms for the City to certify rent increases by space for the following July to June period</li></ul>
Upon City Certification for Each Park	<ul style="list-style-type: none"><li>• City emails park owner the certified July to June rents by space</li><li>• City posts online the certified July to June rents by space</li><li>• Park owners can start sending residents 90-day rent increase notices</li></ul>
Upon New Rent Increase	<ul style="list-style-type: none"><li>• Homeowners may request a City rent review for up to 2 years; if overcharges are confirmed, homeowner must file a Homeowner Petition</li></ul>

# Summary of Recommendations

## 2. Rent Adjustments Beyond Annual CPI Rent Increases

	Fair Return Petition	Capital Improvement Petition	Homeowner Petition
Petitioner	Park Owner	Park Owner	Homeowner
Purpose	Request <u>permanent</u> increase greater than the annual rent increase limit only if needed for the owner to earn a “fair return” (typically, defined as pre-RSO profit adjusted for inflation)	Request <u>temporary</u> increase to be reimbursed for rehabilitation or upgrades beyond ordinary maintenance (new improvements require 51% homeowner vote)	Request <u>permanent or temporary</u> freeze or decrease due to reduced services or amenities or non-compliance with the ordinance
Frequency	1x per year per park	As needed	1x per year per resident; City decisions on an issue are valid for 1 year
Limitations	Must be submitted within 6 months of the year in question	Must be submitted within 2 years of substantial completion	Must be submitted within 2 years of issue

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# Summary of Recommendations

## 3. Rent Increases Upon Turnover

- ✓ Park owners may increase rents to market upon turnover (“vacancy decontrol”).
  - However, rent cannot be increased in the following circumstances:
    - Transfers among immediate relatives, provided the new owner(s) occupy the home
      - “Immediate relatives” include spouses, registered domestic partners, parents/stepparents, children/stepchildren, and siblings/stepsiblings
    - Transfers to a spouse or former spouse related to a dissolution of marriage or legal separation
    - Transfers between co-tenants, when both have occupied the mobilehome for at least one year and the new owner(s) continue to occupy the home
    - Replacement of an existing mobilehome by the homeowner, with continued occupancy of the space
    - Note: New owners must meet the park’s standard qualifications for occupancy (e.g., senior)

# Summary of Recommendations

## 3. Rent Increases Upon Turnover (continued)

- ✓ Park owners must annually report to the City the maximum rent that will be charged if a space becomes vacant in the upcoming year.
  - Ensures that homeowners selling their homes can inform potential buyers of the maximum new rent that will be charged

# Summary of Recommendations

## 4. Penalties for Non-Complying Park Owners

- ✓ General penalties per Municipal Code 1.08.025 would apply:
  - \$100 maximum for a first violation
  - \$200 maximum for a second violation of the same provision within 1 year
  - \$500 maximum for each additional violation of the same provision within 1 year
- ✓ If park ownership/management charges excessive rents, park ownership must pay 3x the overcharge to each affected household.
- ✓ If a park owner has unpaid RSO administration fees, the City will not approve or certify a rent increase until all fees are paid.

# Summary of Recommendations

## 5. Oversight and Petition Authority

- ✓ City program staff would serve as the oversight and petition authority with the support of consultants.

## 6. Appeals Process

Appeals of the City's decisions on petitions would be processed pursuant to Corona Municipal Code Section 1.09.060:

- ✓ A person objecting to the administrative decision has 10 days to file an appeal.
- ✓ The City Clerk forwards appeal for assignment to a qualified hearing officer to set a hearing date.
- ✓ To ensure the City recovers most of the costs of processing the appeal, the appealing party pays an appeal fee and half of the fees and costs charged by the hearing officer.
- ✓ The hearing officer's decision shall be final. No action by the City Council is required.

# Summary of Recommendations

## 7A. City Roles & Responsibilities

- ✓ Create and maintain City webpage where updates, forms, and resources will be posted
- ✓ Respond to general inquiries about the Ordinance, program, and City-approved rent increases
- ✓ Collect and manage program fees
- ✓ Track base rents of all spaces subject to the Ordinance
- ✓ Approve rent increases for complying park owners and provide notices for posting in the park
- ✓ Email homeowners on distribution list updates on petitions affecting their park
- ✓ Impose penalties on non-complying park owners

# Summary of Recommendations

## 7B. Park Owner/Management Roles & Responsibilities

- ✓ At the start of the program in January 2026, submit 2025 monthly rent rolls to establish base rents
- ✓ Upon space turnover, report updated tenant and rent information to City to establish new base rent
- ✓ Pay annual RSO fees
  - Up to \$5 per space per month may be passed through to homeowners on rent bill
- ✓ Pay petition fees with the submission of each capital improvement and fair return petition
  - Up to 50% may be passed through to homeowners as temporary rent increase
- ✓ Obtain City approval or certification prior to noticing and implementing rent increases
- ✓ Post City notices in the park upon request

# Summary of Recommendations

## 7C. Homeowner Roles & Responsibilities

- ✓ Collectively identify one homeowner in your park to serve as a primary point of contact with the City
- ✓ Pay your share of annual fees (\$5 per month per space)
  - Will be charged as a monthly fee on your rent bill
- ✓ Pay your share of petition fees for each capital improvement and fair return petition for your park
  - Will be charged as a temporary monthly rent increase for a set period
- ✓ Confirm that your rent increases match the City's certified rent for your space
  - Certified rents will be posted in a common area at your park and on the City's website
  - Certified rents = base rent (excludes additional charges, such as utility charges and RSO fees)

# Fee Estimates

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# Fee Study

- ✓ Willdan is completing a fee study.
- ✓ Once completed, the fee study will be presented to City Council, and City Council will approve a fee schedule and determine how fees will be split between park owners and homeowners.
- ✓ The fees shown on the following slides are **estimates** based on the Ordinance elements as recommended tonight. If the City Council changes any of these elements, these estimates will change accordingly.

# Fee Payment Structure

Fee Type	Recommended Payment Structure
RSO Administration Fees	<ul style="list-style-type: none"><li>• Park owner pays entire fee to City annually</li><li>• Park owner collects \$5 per space per month as fee on rent bill</li></ul>
Capital Improvement & Fair Return Petition Fees	<ul style="list-style-type: none"><li>• Park owner pays entire fee to City with petition submission</li><li>• If City approves a rent increase, City also approves a temporary rent increase to reimburse homeowners' 50% portion to owner over time<ul style="list-style-type: none"><li>◦ No rent increase = no fee pass-through to homeowners</li></ul></li></ul>
Homeowner Petition Fee	<ul style="list-style-type: none"><li>• Homeowner pays City with petition submission</li><li>• City reimburses homeowner if petition results in rent decrease or freeze</li></ul>

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# RSO Administration Fee Estimates

	Total Fee	Recommended Homeowners' Portion	Recommended Park Owners' Portion
Year 1	\$99.00 per space per year	\$60.00 per space per year (charged as \$5.00 per month)	\$39.00 per space per year
Year 2	\$62.16 per space per year	\$60.00 per space per year (charged as \$5.00 per month)	\$2.16 per space per year
Year 3 & On	To Be Determined Based on Review of Costs in Years 1 & 2		

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# RSO Administration Fee Estimates – Year 1

Park	# of Spaces	Year 1 Cost per Space	Year 1 Recommended Homeowner Fee per Space	Year 1 Recommended Park Owner Fee per Space	Year 1 Total Fee	Year 1 Park Owner Portion
Green River Village	333	\$99.00	\$60.00	\$39.00	\$32,967.00	\$12,987.00
Villa Corona MHP	187	\$99.00	\$60.00	\$39.00	\$18,513.00	\$7,293.00
Corona La Linda	132	\$99.00	\$60.00	\$39.00	\$13,068.00	\$5,148.00
Corona West	98	\$99.00	\$60.00	\$39.00	\$9,702.00	\$3,822.00
Flamingo Mobile Lodge	92	\$99.00	\$60.00	\$39.00	\$9,108.00	\$3,588.00
Countrywood Estates	90	\$99.00	\$60.00	\$39.00	\$8,910.00	\$3,510.00
Amberlite MH Estates	79	\$99.00	\$60.00	\$39.00	\$7,821.00	\$3,081.00
La Corona MHP	52	\$99.00	\$60.00	\$39.00	\$5,148.00	\$2,028.00
Rancho Corona MHP	49	\$99.00	\$60.00	\$39.00	\$4,851.00	\$1,911.00
Corona MHP	31	\$99.00	\$60.00	\$39.00	\$3,069.00	\$1,209.00

# RSO Administration Fee Estimates – Year 2

Park	# of Spaces	Year 2 Cost per Space	Year 2 Recommended Homeowner Fee per Space	Year 2 Recommended Park Owner Fee per Space	Year 2 Total Fee	Year 2 Park Owner Portion
Green River Village	333	\$62.16	\$60.00	\$2.16	\$20,699.28	\$719.28
Villa Corona MHP	187	\$62.16	\$60.00	\$2.16	\$11,623.92	\$403.92
Corona La Linda	132	\$62.16	\$60.00	\$2.16	\$8,205.12	\$285.12
Corona West	98	\$62.16	\$60.00	\$2.16	\$6,091.68	\$211.68
Flamingo Mobile Lodge	92	\$62.16	\$60.00	\$2.16	\$5,718.72	\$198.72
Countrywood Estates	90	\$62.16	\$60.00	\$2.16	\$5,594.40	\$194.40
Amberlite MH Estates	79	\$62.16	\$60.00	\$2.16	\$4,910.64	\$170.64
La Corona MHP	52	\$62.16	\$60.00	\$2.16	\$3,232.32	\$112.32
Rancho Corona MHP	49	\$62.16	\$60.00	\$2.16	\$3,045.84	\$105.84
Corona MHP	31	\$62.16	\$60.00	\$2.16	\$1,926.96	\$66.96

# Petition Fee Estimates – Years 1 & 2\*

Fee Type	Fee Estimates (per petition)	Recommended Park Owner's Portion (per petition)	Recommended Homeowners' Portion (per petition)	Notes
Capital Improvement Petition Fee	\$12,000	\$6,000	\$6,000 (paid over time)	If the petition does not result in a rent increase, the petition fee cannot be passed through to homeowners.
Fair Return Petition Fee	\$25,000	\$12,500	\$12,500 (paid over time)	
Homeowner Petition Fee	\$100 (Total City Cost: Up to \$6,115)	No Fee	\$100	If the petition results in a rent decrease or freeze, City will reimburse the petition fee to homeowner(s).

\*Petition fees in Year 3 and beyond will be determined based on review of costs in Years 1 & 2.

# Next Steps

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# Tentative Schedule

Timing	Action
<b>November 12</b>	<ul style="list-style-type: none"><li>• Link to draft ordinance will be made available to City Council and the public</li></ul>
<b>November 19</b>	<ul style="list-style-type: none"><li>• First reading of ordinance</li><li>• Presentation of Willdan's fee study</li><li>• City Council considers approval of fee schedule (effective with Ordinance)</li></ul>
<b>December 3</b>	<ul style="list-style-type: none"><li>• Second reading of ordinance</li></ul>
<b>Mid-December</b>	<ul style="list-style-type: none"><li>• City publishes webpage where updates, forms, and resources will be posted</li><li>• City emails park owners about upcoming deadlines</li></ul>
<b>January 3</b>	<ul style="list-style-type: none"><li>• Ordinance is effective</li><li>• Park owners start notifying City of updated rents upon vacancy</li></ul>
<b>By January 30</b>	<ul style="list-style-type: none"><li>• Park owners report maximum rent upon vacancy for 2026 (annual requirement)</li><li>• Park owners submit 2025 rent rolls (one-time requirement)</li></ul>

# Tentative Schedule (continued)

Timing	Action
<b>Mid-February</b>	<ul style="list-style-type: none"> <li>• City calculates maximum rent increase percentage for July 2026 to June 2027</li> <li>• City emails each park owner maximum allowable rents by space</li> </ul>
<b>March 2</b>	<ul style="list-style-type: none"> <li>• Park owners can start submitting CPI Rent Increase Certification Forms</li> </ul>
<b>April 1</b>	<ul style="list-style-type: none"> <li>• All rent increases taking effect April 1, 2026 or later must comply with the Ordinance</li> </ul>
<b>April to June</b>	<ul style="list-style-type: none"> <li>• Transitional phase when no rent increases can take effect (2026 only)</li> </ul>
<b>May 1</b>	<ul style="list-style-type: none"> <li>• Park owners can start submitting capital improvement and fair return petitions</li> <li>• Homeowners can start submitting homeowner petitions</li> </ul>
<b>June 30</b>	<ul style="list-style-type: none"> <li>• Deadline for park owners to pay Year 1 fees (due January 30 in future years)</li> </ul>
<b>July 1</b>	<ul style="list-style-type: none"> <li>• Earliest date that the first CPI Rent Increase can take effect, provided that:               <ul style="list-style-type: none"> <li>• Park owner has obtained City certification</li> <li>• Park owner has provided 90-day notice to household <u>after</u> certification</li> <li>• It has been at least 12 months since the space's last rent increase</li> </ul> </li> </ul>

# The Ask

## **That the City Council:**

Provide staff direction on the components to include in the draft mobile home rent stabilization ordinance, which will be presented for first reading in late fall.