

STAFF REPORT

City Council Study Session

DATE: September 15, 2025

TO: Honorable Mayor and Council Members

FROM: Amy Nilsen, City Manager

SUBJECT: **Mobile Home Rent Stabilization**

PURPOSE:

The purpose of this Study Session is to provide the City Council with an overview of rent stabilization measures for mobile homes, and to receive input and direction from the Council on options related to a mobile home rent stabilization ordinance.

BACKGROUND:

A mobile home space rent stabilization ordinance applies to mobile home residents who own a mobile home and rent the site in a mobile home park on which a home is placed. A rent stabilization ordinance, as discussed in further detail below, regulates rent increases for the mobile home space while at the same time providing park owners with reasonable returns on their investment in the park.

On July 17 City staff and the Mayor Pro Tem met with citizens from the Royal Crest Mobile Home Park to listen to their concerns regarding rent increases that were becoming unaffordable. On July 21, 2025, the City Council received significant public comment from the community on the need for a mobile home rent stabilization ordinance. In addition, prior to the July 21 City Council meeting the Council received a number of email communications from Royal Crest Mobile Home Park tenants. In addition, Royal Crest residents have continued to attend City Council meetings advocating for rent stabilization.

DISCUSSION:

California Mobile Home Residency Law

In response to the special situation of mobile home park residents (whose homes are, practically, immobile), California has adopted some Statewide laws which provide special protections for mobile home park residents (California Civil Code Chapter 2.5: The Mobilehome Residency Law (MRL)). The MRL regulates rental agreements for mobile home spaces, park rules and regulations, and sale of mobile homes. The MRL does not regulate rent stabilization and leaves that up to local jurisdictions but addresses three aspects of mobile home residency that bear upon the issue of rent stabilization:

1. First, the MRL requires park management to provide residents at least 90 days' notice before implementing a rent increase.

2. Second, the MRL limits the reasons the park owner may use to terminate a lease of a mobile home space or deny its renewal to seven specific reasons: (1) failure to comply with local or State law or ordinances; (2) annoying conduct to other homeowners or residents; (3) conviction for prostitution; (4) failure to comply with reasonable park rules and regulations; (5) nonpayment of rent, utilities, or other reasonable charges; (6) condemnation of the park by a public agency or utility; and (7) change of use of park or portion thereof. Management is required to specify any rule broken and give the resident seven days to correct the rule violation. If not corrected, management can start an unlawful detainer action to evict the tenant from the space. In general, the resident has the choice to sell the mobile home “in place” or remove it from the park, although the latter is typically impractical as moving costs can exceed the value of the home and there may be no place to move it to.
3. Third, the MRL allows cities to regulate those spaces held out for rent before January 1, 1990 and exempts from rent stabilization spaces with certain long-term leases over 12 months and spaces where the mobile home is not the owner’s principal residence and the mobile home has not been rented out to another party (i.e., vacation homes). It is the City’s understanding the four mobile home parks in Fortuna began operating before 1990, and so it appears likely that most of the 281 spaces in Fortuna could be subject to rent regulation.

Investment in Residence

Mobile homeowners, unlike apartment tenants or residents of other rental units, are in the unique position of having made a substantial investment in a residence which is located on a rented or leased parcel of land (the mobile home park) either through acquisition of a mobile home from a prior owner or through purchase of a new mobile home which is then assembled on-site or delivered there by the vendor. The investment commonly includes the purchase of the mobile home (varying in price depending on the size and amenities, up to \$150,000 or more) and/or the cost of installing the mobile home on its space and installing related improvements, such as a foundation, carports, and integrated landscaping (depending on the job and local contractor costs, up to \$20,000 or more). Alternatively, the investment consists of the purchase of an “in-place” mobile home (varying in price from \$27,000 to \$185,000 depending on size, space rent, condition, and location). The mobile home owner rents a space in a mobile home park upon which the mobile home is located. The investments of mobile home park residents can only be realized by continuing occupancy in the mobile home or by an “in-place” sale/transfer of the mobile home since:

- Physical relocation of mobile homes is costly;
- Relocation within other mobile home parks is difficult because there are frequently no vacant spaces in mobile home parks;
- Park owners generally will not permit older mobile homes to be moved into their parks when they do have vacant spaces for rent; and
- The supply of mobile home park spaces in California is either stable or declining. Mobile home park construction in urbanized areas of California virtually ceased by the early 1980s as alternative land uses became more profitable and land use policies continually tightened restrictions on the construction of new mobile home parks.

Given the substantial investment by mobile homeowners in the physical structure of the mobile home but the lack of mobility or alternative options to move that physical structure from an existing mobile home park, mobile home park owners have unequal power over mobile home owners to charge high/excessive space rent increases.

Space Rent

In addition to the substantial investment made by the mobile homeowner (which might require mortgage payments), rent must be paid for a space in a mobile home park. While space rent is required to continue occupancy, just like an apartment, overall affordability of the housing depends on rent, utility and service charges, and the cost of the mobile home. Due to the unique nature of the mobile home space tenancies, the amount paid for space rent has a direct correlation to the value of the mobile home. As space rents increase, the mobile home will depreciate in value (loss in equity) while the land value appreciates (gain in equity). The general industry rule of thumb is that for every \$10 per month space rent increase, \$1,000 in mobile home equity is lost. This is a key rationale why, besides State law, local laws have been incorporated regulating the rate at which space rents can be increased. Without regulation, park owners can strip homeowners of the values of their homes, sometimes buying them and placing them in the rental market or reselling them.

Rent Stabilization in Other Jurisdictions

The MRL does not provide for rent stabilization regulations, but leaves it up to local jurisdictions with some limitations, as discussed earlier. Over time, approximately 100 jurisdictions (out of 483 cities and 58 counties) in California have adopted some type of rent stabilization for mobile home park spaces to protect mobilehome owners to preserve the affordable housing which parks provide. Most mobile home rent stabilization regulations in California apply to space rent alone. If a tenant were to rent a mobile home from either a private owner or a mobile home park owner, rental of the mobile home itself would not be regulated. Local rules usually apply to all mobile home spaces in a city or county with exceptions for mandatory exemptions under State law (e.g., spaces built after 1990 and spaces used for vacation homes are exempt). Typically, the rent stabilization ordinances tie annual allowable rent increases to the percentage increase in the Consumer Price Index (CPI). The MRL also does not regulate rent increases in case of an “in-place” sale of a mobile home. This allows mobile home park owners to reset the rent at market in case of an “in-place” sale/transfer (vacancy decontrol). Most local ordinances adopted some type of vacancy control and do not permit additional rent increases or alternatively limit rent increases to 10 percent or less when a mobile home is sold in place. This prevents a loss of affordable housing and reduces incentives to encourage homeowners to move away. Under all ordinances, park owners are entitled to petition for additional rent increases in order to obtain a fair return on investment, as required by the federal Constitution. The below chart provides an overview of mobile home rent stabilized jurisdictions in Humboldt County and key policy components.

Table 1: Mobile Home Rent Stabilization Ordinances in Other Local Jurisdictions

<u>City</u>	<u>County</u>	<u>Yes/No</u>	<u>Parks with MH Spaces</u>	<u>Spaces</u>	<u>Annual General Adjustment of Rent</u>	<u>Vacancy Control</u>
Arcata 95521		Yes	8	618	Annually, 100% of the CPI	No

Blue Lake 95525		No	2	41	N/A	N/A
Eureka 95501		No	6	154	N/A	N/A
Ferndale 95536		No	1	13	N/A	N/A
Fortuna 95540		No	4	281	N/A	N/A
Rio Dell 95562		No	5	94	N/A	N/A
Trinidad 95570		No	7	80	N/A	N/A
County of Humboldt – includes cities	Yes ¹		97	3018	Annually, 100% of the CPI	No

Rent Stabilization in Fortuna

According to the California Department of Housing and Community Development (HCD) Mobile home/RV Parks database there are 115 parks in Humboldt County but only 97 of the parks have mobile home spaces. The others may be campsites or house RVs. These 97 parks have 3,018 mobile home spaces that are licensed and monitored by the State Department of Housing and Community Development (HCD). According to HCD, the City of Fortuna contains 4 mobile home parks within its city limits for a total of 283 spaces. Fortuna’s four parks, which vary in size from 3 to 205 spaces, are located at:

- 544 Fortuna Boulevard – 3 spaces
- 2432 Newburg Road – 30 spaces
- 365 Fortuna Boulevard – 43 spaces
- 2283 Crest Drive – 205 spaces

Rent stabilization mechanisms are relatively consistent with Council’s goals through the Housing Element and General Plan to: (1) Provide decent housing for all persons regardless of age, sex, race, marital status, ethnic background, income, or arbitrary factors; (2) Provide adequate housing by location, type, price, and tenure, including for those of low and moderate income; and (5) Improve and conserve existing residential neighborhoods.

It has been a long time since new mobile home parks have been developed. Many mobile home parks that were originally developed in low-density areas are now surrounded by higher-density and residential uses, and the underlying lands have increased in value. The increased value of land as well as increases in utilities and insurance has also increased pressure on rent prices. The impact of rent increases are considerable, bearing in mind that mobile home residents often live on a fixed income, and each rent increase is money not being spent on mortgage or other living costs.

Table 2 below analyzes rent trends at Royal Crest Mobile Home Estates from 2012 to 2025. Average.

¹ Regulates spaces in mobile home parks in the unincorporated area with 10 or more spaces.

Table 2: Royal Crest Mobile Home Increases

Rent Effective Date	Space Rent	Annual Increase \$ Value	% Increase	CPI - San Francisco Bay Area, August
2012	\$419			
2013-Sept.	\$441	\$22.00	5.25%	2.00%
2014-Oct.	\$462	\$21.00	4.76%	3.00%
2015-Oct.	\$487	\$25.00	5.41%	2.60%
2016-Oct.	\$509	\$22.00	4.52%	3.10%
2017-Oct.	\$535	\$26.00	5.11%	3.00%
2018-Oct.	\$570	\$35.00	6.54%	4.30%
2019-Nov.	\$609	\$39.00	6.84%	2.70%
2020-Dec.	\$669	\$60.00	9.85%	1.60%
2021-Dec	\$699	\$30.00	4.48%	3.70%
2022	\$699	\$0.00	0.00%	5.70%
2023-Jan.	\$733	\$34.00	4.86%	3.40%
2024-Jan.	\$777	\$44.00	6.00%	2.70%
2025-Jan.	\$822	\$45.00	5.79%	

The average annual increase is \$31.00 per year or 5.34%. The highest increase was \$60 in 2020 (9.85%), significantly above CPI (1.6%). In most years, rent increases exceeded inflation, especially in 2020 and 2019. Cumulative growth in rent rose from \$419 in 2012 to \$822 in 2025 — a 96% increase over 13 years.

Options for City Council Consideration

a. Do not pursue a City initiated mobile home rent stabilization ordinance.

Your city council may choose not to implement a mobile home rent stabilization ordinance. However, this decision could prompt constituents who support such a measure to pursue a voter-initiated ballot initiative. In California, this process requires submitting proposed ballot language and collecting valid signatures from at least 10 percent of the city’s registered voters. If these requirements are met, the city council would be obligated to place the initiative on the next general election ballot, perhaps November 2026.

b. Mediate between the tenants of Royal Crest and Storz Management in order to develop a Memorandum of Understanding

On August 28, city staff—including the Mayor—met with representatives from park operator Storz Management to gain a clearer understanding of the recent rent increases implemented at Royal Crest. Royal Crest cited increases in operational costs such as insurance, utilities, interest, bluff maintenance, and fire code related improvements as explanation for rent increases.

One potential option is for the City Council to consider a Memorandum of Understanding between the City of Fortuna and owners of mobile home parks. A potential long-term MOU could include language defining the annual rent increase, pass through adjustments such as capital improvements, and a rent subsidy program.

An MOU would be designed as an alternative to a rent stabilization ordinance, aiming to:

- Prevent excessive rent increases for 10 or more years based on an annual allowable rent increase, likely tied to the Consumer Price Index.
- Ensure park owners receive a reasonable return on investment.
- Promote communication between park owners, residents, and the city.
- Continuation of pass-through costs such as capital improvements (with resident approval), capital replacement (with notice and amortization).
- Potentially provide a rental subsidy program
- Provide annual reports to the City detailing rent increases and any rental subsidies.

An MOU between the City of Rancho Cordova (Sacramento County) and its mobile home park owners is attached under Attachment A. Investment in an MOU would be currently budgeted city staff time.

In addition, if your City Council chooses this option, the Council may want to consider the creation of an ad hoc committee to participate in MOU negotiations with the mobile home park owners.

On September 11, the City received an additional communication from Storz Management, which is attached as Attachment B. The communication indicates that they are willing to limit an upcoming rent increase to the San Francisco Bay Area Consumer Price Index (CPI) and are open to negotiating a Memorandum of Understanding (MOU).

c. Set up a rent conciliation service in lieu of rent stabilization

A rent conciliation service is typically a local government or nonprofit program designed to help resolve disputes between landlords and tenants—especially in areas that do *not* have formal rent stabilization laws.

Rent conciliation is a voluntary mediation process where both parties—landlord and tenant—work with a neutral third party to resolve disagreements over issues such as:

- Rent increases
- Lease terms
- Repairs and maintenance
- Eviction threats
- Security deposit disputes

A mobile home rental assistance program does exist through Manufactured Housing Education Trust for Royal Crest residents.

A City coordinated rent conciliation service would require the investment of General Fund dollars from reserves. Royal Crest does offer a rental assistance program through

the Manufactured Housing Educational Trust, Mobile Home Assistance Program and must meet specific criteria to qualify.

d. Develop and adopt an ordinance to require the reporting of rent increases which exceed CPI

This option would require development and adoption of an ordinance that would require mobile home park owners to submit annual reporting on rent increases above CPI. This option provides the City an opportunity to gather information to justify potential regulation at a later date.

e. Develop and adopt a Mobile Home Rent Stabilization Ordinance

This option would require development and adoption of an ordinance that would regulate rent increases to likely no more than the CPI. While this option is what is currently being advocated for by some of your constituents, the likelihood of litigation following adoption of such an ordinance is high. Rent control litigation is excluded from liability coverage according to the Liability Memorandum of Coverage for California Intergovernmental Risk Authority, Section V – Exclusions, T. Land-Use and Other Regulation, the approval, disapproval, or enforcement of any rent control ordinance.

A rent stabilization ordinance provides protections, ensuring that mobile home residents are not subjected to excessive rent increases and may include provisions such as:

- Base Rent: The ordinance may set a base rent for mobile homes, which is typically based on rent charged at a certain date, often before the ordinance is adopted to avoid encouraging last-minute rent increases.
- Rent Increases: The ordinance may limit the amount a mobile home park owner can increase the rent for a mobile home space to 100% of or another percentage of the CPI.
- Notice Requirements: The ordinance may require park management to provide at least 90 days' advance written notice before any rent increase (although, as noted above, state law already does so).
- Dispute Resolution: The ordinance may include provisions for residents to report violations of the rent stabilization ordinance and provide provisions for mobile home park owners to receive fair return on their investment by seeking an increase above the CPI when justified by costs of maintaining a park.

The adoption of a rent stabilization ordinance can include a fee the City may charge to mobile home park residents for the administration of the rent stabilization program. Attachment E is the City of Arcata's Mobile Home Rent Stabilization ordinance.

Storz Management's and the Save our Seniors Advocacy Group's recent communications with the City are included in Attachments B through D.

FINANCIAL IMPACT:

There is no immediate financial impact in the preparation and presentation of this study session as staff costs are included in the fiscal year 2025-26 budget. There are costs associated with each of the options for consideration, mostly in General Fund staff time and up to and including potential litigation.

RECOMMENDED COUNCIL ACTION:

1. Receive staff presentation and review Council questions with staff.
2. Open and close Public Comment.
3. City Council provide feedback to staff on the following mobile home rent stabilization options:
 - a. Do not pursue a City initiated mobile home rent stabilization ordinance.
 - b. Mediate between the tenants of Royal Crest and Storz Management in order to develop a Memorandum of Understanding.
 - c. Set up a rent conciliation service in lieu of rent stabilization.
 - d. Develop and adopt an ordinance to require the reporting of rent increases which exceed CPI.
 - e. Develop and adopt a Mobile Home Rent Stabilization Ordinance

ATTACHMENTS:

Attachment A – MOU between City of Rancho Cordova and mobile home park owners

Attachment B – September 11, 2025 Storz Communication

Attachment C - Mobile Home_Storz Communication

Attachment D– Mobile Home_Storz Communication Exhibits

Attachment E – Save our Seniors submitted Draft Rent Stabilization Ordinance

Attachment F – City of Arcata Mobile Home Rent Stabilization Ordinance