

STAFF REPORT

Business Agenda Item

DATE: April 6, 2026

TO: Honorable Mayor and Council Members

FROM: Amy Nilsen, City Manager

SUBJECT: Rent Stabilization Regulations for Mobile Home Parks Urgency Ordinance

STAFF RECOMMENDATION:

Staff recommends that the City Council:

1. Adopt an Urgency Ordinance of the City of Fortuna City Council Adopting Chapter 11.02 of the Fortuna Municipal Code, Rent Stabilization Regulations for Mobile Home Parks (4/5th Vote Required) (Attachment A); and
2. *Adopt Resolution 2026-10* establishing fees for Rent Stabilization Regulations for Mobile Home Parks Program Including Fees for Annual Consumer Price Index (CPI) Rent Increase Applications, Capital Improvement Pass-Through Applications, and Fair Return Rent Increase Applications (Attachment B).

BACKGROUND:

The purpose of this report is to propose an urgency ordinance to provide rent stabilization regulations for mobile home parks and summarize the substantive public feedback received during the public comment period on the Draft Urgency Ordinance for Rent Stabilization Regulations for Mobile Home Parks (RSRMHP) and to explain the revisions incorporated into the updated draft ordinance in response to that feedback. The revisions aim to address resident concerns, enhance fairness and transparency, and ensure City administrative capacity and efficiency to implement the ordinance while maintaining compliance with governing law.

Timeline:

- January 30, 2026, final public comments received.
- January 5, 2026, City staff released a draft Urgency Ordinance for Rent Stabilization Regulations for Mobile Home Parks.
- September 29, 2025, the City County approved an Urgency Ordinance Creating a Temporary Moratorium on Rent Increases on Mobile Home Spaces in the City of Fortuna until April 30, 2026.
- On September 15, 2025, City staff presented information to the City Council on mobile home rent stabilization and staff were directed to return with a mobile home rent stabilization ordinance.
- 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.

- July 17, 2025, 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. In addition, Royal Crest residents have continued to attend City Council meetings advocating for rent stabilization.

BACKGROUND:

On January 5, 2026, the City released an initial draft of the Urgency Ordinance for Rent Stabilization Regulations for Mobile Home Parks (RSRMHP). Public comments were accepted through the comment period, during which the City received extensive written and oral submissions from mobile home residents, advocates, mobile home park owners, and their representatives.

The public comments (Attachment C), as compiled and analyzed highlight several recurring themes including requests for:

- Automatic annual CPI increases with caps,
- A rent-reduction process for reductions in services,
- Neutral and final decision-making by Hearing Officers,
- Stronger limitations and clearer process for capital improvement passthroughs,
- Restrictions on rent increases at sale, and
- Administrative funding mechanisms to support implementation.

These comments, along with additional technical guidance from legal counsel, informed the changes reflected in the updated draft ordinance before City Council.

Summary of Urgency Ordinance Changes Based on Public Comment:

A. CPI Rent Adjustments

Public Input:

Residents overwhelmingly requested that CPI increases be automatic, predictable, and subject to a hard cap between 3–5%. They also asked to eliminate applications and fees associated with CPI adjustments.

Change Made:

The updated ordinance incorporates a 5% CPI cap, as shown in Section 11.02.030 of the revised draft. While CPI increases still require a standardized application, the ordinance now places a maximum ceiling on CPI-based rent increases, directly reflecting public requests for greater predictability.

B. Prohibition on Rent Increases Upon Sale (In-Place Transfer)

Public Input:

Residents and advocates requested strict limits, or elimination, of rent increases when a mobile home is sold in place.

Change Made:

The proposed urgency ordinance includes express language prohibiting any rent increase upon in-place sale or replacement of a mobile home. (Section 11.02.035 / In-Place Transfer Rent Increase).

C. Fair Return Petitions – Decision Maker and Process Reforms

Public Input:

Residents advocated for neutral, professional Hearing Officers (ideally from OAH or similarly qualified), limits on filing frequency, and final, non-appealable administrative decisions subject only to judicial review under Code of Civil Procedure (CCP) §1094.5. Park owners also requested a clearer, more predictable process.

Change Made:

The updated draft removes the City Council from the decision-making role and makes City-selected Hearing Officer decisions final, subject only to court review under CCP §1094.5. This change directly responds to requests for neutral, depoliticized adjudication and aligns with public recommendations.

D. Capital Improvement Passthroughs and Optional Pre-Approval

Public Input:

Residents requested stronger limitations, including requiring majority homeowner consent and preventing passthroughs for capital improvements. Park owners, conversely, requested the ability to seek pre-approval before capital expenditures are incurred.

Change Made:

The revised draft adds a capital improvement pre-approval option, allowing park owners to seek conditional review before undertaking improvements. The Hearing Officer may grant preliminary approval based on scope and cost, though such approval is not binding if the actual project materially differs. This balances operational predictability for park owners with continued oversight.

E. Establishment of a Process for Rent Reductions Due to Reduction in Services

Public Input:

Multiple residents requested a mechanism for proportional rent reductions when park-wide services are decreased.

Change Made:

While the full rent-reduction petition system was not explicitly incorporated in the latest draft, the issue has been flagged for further policy discussion and as administrative capacity increases within the City, as the ordinance's current provisions do not yet address this request.

F. Registration, Transparency, and Maximum Allowable Rent (MAR) Establishment

Public Input:

Residents requested more structured registration timelines, access to filings, clearer MAR determinations, and earlier notification protocols.

Change Made:

Revised Section 11.02.060 now requires registration of rents and services by fixed deadlines (July 31 and September 8, 2026) and requires a Hearing Officer review if MAR is challenged. The process includes detailed notice timelines and public access to documents.

G. Additional Administrative and Procedural Clarifications

Public Input:

Additional public comments requested using a more localized CPI measure, adopting service-reduction remedies, and adopting park-closure procedures at a future point in time.

Change Made:

- CPI remains “Western States CPI-U,” unchanged to maintain administrative simplicity and because Western States CPI-U averages everything from Denver, CO to the coast, which is more representative of rural Northern California than the San Francisco or another metropolitan area’s index would be.
- Park-closure procedure suggestions are noted for potential future ordinance development.

The updated ordinance reflects substantial revisions directly responsive to stakeholder concerns, especially regarding fairness, transparency, predictability, and resident protections. Significant improvements include a CPI cap, elimination of rent increases upon sale, final Hearing Officer authority, and the addition of capital improvement pre-approval.

Further policy consideration may be needed on service-reduction remedies, local CPI selection, and long-term administrative funding.

FEES FOR RENT STABILIZATION REGULATIONS FOR MOBILE HOME PARKS:

California Government Code Sections 66014 and 66016 authorize local agencies to establish regulatory and processing fees to recover the reasonable cost of providing services. Administration of the RSRMHP requires City staff to process three types of applications:

1. Annual CPI increases (administrative review),
2. Capital improvement pass-throughs (hearing required), and
3. Fair return rent increase requests (hearing required).

To determine the fees, staff prepared a cost analysis of expected labor and hearing-related expenses as shown in Attachment D. The analysis also reviewed similar programs in jurisdictions such as County of Humboldt and Carson, California, which provided comparative benchmarks for estimated staff hours.

1. Annual CPI Rent Increase Application Fee

These applications require only administrative review by staff.

Based on estimated review time (5 hours Senior Planner; 2 hours CDD/City Engineer), the full cost totals \$594. The fee also includes a \$10 per space charge to reflect workload proportional to the number of affected tenants. Proposed Fee:

- \$594 + \$10 per space

2. Capital Improvement Pass-Through Application Fee

These applications require significant staff analysis, noticing, and a full evidentiary hearing before a Hearing Officer. Estimated costs include:

- Senior Planner: 16 hours
- CDD/City Engineer: 9 hours

- Hearing Officer: 20 hours @ \$350/hour

Total estimated cost: \$9,216 (rounded to \$9,217 deposit) Because actual costs may vary depending on the complexity of the application, deposits will be reconciled at closeout. Overages are billed and any remaining funds are refunded. Proposed Fee:

- \$9,217 deposit + \$10 per space

3. Fair Return Rent Increase Application Fee

Fair return applications require the most extensive analysis and hearing time.

Estimated costs include:

- Senior Planner: 30 hours
- CDD/City Engineer: 12 hours
- Hearing Officer: 25 hours @ \$350/hour

Total estimated cost: \$12,310 (rounded to \$12,311 deposit). Similar to capital improvement applications, this fee is structured as a deposit subject to reconciliation. Proposed Fee:

- \$12,311 deposit + \$10 per space

ADDITIONAL DISCUSSION:

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 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 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 stated in 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.

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

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%	2.50%

The average annual increase is \$31 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.

FINANCIAL IMPACT:

Adoption of the proposed fee schedule ensures the City can fully recover the costs of administering mobile home rent stabilization regulations. Without the fees, the General Fund would subsidize these regulatory functions.

No net fiscal impact is anticipated because:

- Deposits are reconciled against actual expenses;
- Overages are billed to the applicant; and
- Unused funds are refunded.

It should be noted the adoption of the RSRMHP is additional work for City staff, particularly for Community Development staff, where this program will be housed, and the proposed fees do not support the addition of an additional full-time equivalent staff person.

RECOMMENDED COUNCIL ACTION:

1. Receive staff presentation and review Council questions with staff.
2. Open and close Public Comment
3. Motion to adopt Urgency Ordinance 2026-784 and read by title only. Roll Call vote.
4. Motion to adopt Resolution 2026-10 and read by title only. Roll Call vote.

ATTACHMENTS:

Attachment A – *Urgency Ordinance 2026-784, an Ordinance of the City of Fortuna City Council Adopting Chapter 11.02 of the Fortuna Municipal Code, Rent Stabilization Regulations for Mobile Home Parks*

Attachment B – Ordinance with tracked changes

Attachment C – *Resolution 2026-10, A Resolution of the City Council of the City of Fortuna Authorizing Fees for Rent Stabilization Regulations for Mobile Home Parks Program, Including Fees for Annual CPI Rent Increase Applications, Capital Improvement Pass-Through Applications, and Fair Return Rent Increase Applications*

Attachment D – Proposed Fee Calculations

Attachment E – All public comments received on draft ordinance