



City of Sunnyvale

Agenda Item

17-0919
Agenda Date: 2/16/2018

2018 COUNCIL STUDY ISSUE

NUMBER

CDD 17-03

TITLE Rent Stabilization for Mobile Home Parks

BACKGROUND

Lead Department: Community Development

Support Departments: Office of the City Manager

Office of the City Attorney

Sponsor(s): Councilmembers: Davis, Griffith, Martin-Milius

History: 1 year ago: Deferred

2 years ago: N/A

SCOPE OF THE STUDY

What precipitated this study?

In 2016, several residents of Plaza del Rey Mobile Home Park requested that the City impose rent stabilization on their Park due to the 7.5% rent increase imposed by the new park owners in early 2016 and concerns about future rent increases. Mobile home parks are unique in that typically the home is owned by the resident and rent is paid to a park owner for the use of the space. The rent varies due to a number of factors, including: the amenities available at the park (e.g., pools, spas, parks, recreation rooms, etc.); whether utilities are included in the rent; the level of maintenance and management services; and property taxes on the land.

What are the key elements of the study?

Key elements include:

Phase I. Conduct initial research on the types of mobile home park rent stabilization programs that exist and identify alternative approaches being used. Also assess the benefits, costs, and possible unanticipated effects of implementing rent stabilization, such as possible impacts on mobile home sale prices, impacts on the mobile home parks and/or possible pricing impacts on other types of housing in the City.

Hold community outreach meetings and study sessions with the Housing and Human Services Commission and with the City Council to collect feedback on approaches. Council direction will be sought on whether or not to proceed with rent stabilization for mobile home park residents. Staff presentations will include a discussion of various approaches, such as a Council adopted ordinance, or a voter adopted ordinance or Charter Amendment (through a ballot measure) in order to establish rent stabilization for mobile home park residents. The Council could also consider initially adopting an ordinance and then placing a ballot measure for voter approval on the ballot. If directed to proceed, the remaining scope of the study could be as outlined below, or as otherwise directed by Council at

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the conclusion of Phase I.

Phase II. If Council decides to proceed with further evaluating rent stabilization for mobile home residents, prepare preliminary budget for administration of rent stabilization program; also identify costs that other communities have experienced due to litigation. Council could decide to adopt an ordinance (see Phase II A below) or place an ordinance or amend the charter on the ballot for voter approval (see Phase II B below).

Phase II A. If Council is interested in adopting an ordinance, preliminary language would be developed. After outreach with stakeholders (i.e., park residents, park owners, Sunnyvale voters, and other interested parties) regarding draft language and implementation plan staff will prepare a draft ordinance and schedule public hearings for formal consideration of a rent stabilization ordinance.

Phase II B. If Council is interested in placing an ordinance or charter amendment on the ballot, staff recommends developing a draft ballot measure and hiring a public opinion research firm to conduct initial polling of likely Sunnyvale registered voters to determine level of support for a proposed mobile home park rent stabilization measure. If polling results indicate enough support for possible passage, staff would bring forward for Council consideration a draft administrative plan, including cost and proposed funding structure, to implement the program if measure passes.

Continue public outreach among stakeholders regarding draft language and implementation plan. Conduct follow-up polling with likely Sunnyvale voters on ballot measure with updated language (as modified through public input) as well as any fees that would be imposed on mobile home park residents and/or park owners to fund program.

Return to Council with findings from second iteration of polling as well as a summary of the community engagement results to determine whether the measure should be placed on a ballot for voter consideration

Note: In 2017 a similar study issue (CDD 17-06) was proposed to analyze rent stabilization options for other types of rental housing in the City; Council dropped that item as a potential study issue.

Also in 2017 the City Council approved and ranked CDD 17-09 (2017 Housing Strategy), which was offered as an alternative to the following study issues: CDD 17-03 (Rent Stabilization for Mobile Home Parks), CDD 17-05 (Consider Certain Requirements for the Sunnyvale Municipal Code Chapter 19.72: Mobile Home Park Conversions), and CDD 17-06 (Explore Introduction of a Rent Stabilization Ordinance). The 2017 Housing Strategy study issue was ranked number 1 for the Community Development Department (CDD).

Estimated years to complete study: 1 year for Phase I, if the study is ranked as a top policy action. Future phases would depend on interim actions of the City Council.

FISCAL IMPACT

Cost to Conduct Study

Level of staff effort required (opportunity cost):	Major
Funding Required for Non-Budgeted Costs:	Phase I: \$80,000
	Phase II: > \$100,000

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Funding Source:

Will seek budget supplement

Phase I will require funding for outreach, postage and other noticing expenses, contract staff and/or consultants, etc. A significant public outreach process is anticipated to include outreach to about 4,000 households residing in mobile home parks and to the mobile home park owners, managers, and industry associations. Contract staff or consultants would assist with the outreach process, preparing meeting materials and facilitating meetings, or have specialized skills in rent stabilization programs, and/or market analysis. Staff assistance may also be needed for Communications, City Attorney, City Clerk, and City Manager staff due to high volume of inquiries, media contacts, multiple stakeholder contacts, need for specialized legal counsel, etc.

Depending on Council direction, **Phase II** would likely require more than \$100,000 for additional consultant assistance for preparation of an ordinance and administrative programs (Phase II A), and for a public opinion research firm to conduct two-phase polling study (Phase II B). Consultant assistance would also be needed with the preparation of regulations and administrative programs.

Cost to Implement Study Results

Unknown. Study would include assessment of potential costs, including capital and operating, as well as revenue/savings.

EXPECTED CITY COUNCIL, BOARD OR COMMISSION PARTICIPATION

Council-Approved Work Plan: No

Council Study Session: Yes

Reviewed by Boards/Commissions: Housing and Human Services Commission

STAFF RECOMMENDATION

Drop. This policy issue does not merit discussion at a Study Issues Workshop.

At the 2017 Study Issues Workshop, Council ranked another Study Issue, 2017 Housing Strategy (CDD 17-09), which incorporated Phase 1 of this study issue as described above, as the highest priority study for CDD. Work on CDD 17-09 is currently underway, with Council approval of the work plan anticipated to occur before the 2018 Study Issues Workshop. Because CDD 17-09 incorporates most of the initial analysis required under CDD 17-03, and will include recommendations for further study and/or implementation related to mobile home park rent stabilization, staff recommends dropping CDD 17-03 to avoid duplication of effort.

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