



# M E M O R A N D U M

*City of Thousand Oaks • Thousand Oaks, California*

*Community Development Department*

**TO:** Scott Mitnick, City Manager

**FROM:** John C. Prescott, Community Development Director

**DATE:** July 12, 2011

**SUBJECT:** **Municipal Code Amendment MCA 2011-70254 – Comprehensive Amendment to Mobile Home Rent Stabilization Ordinance and Rescission of City Council Resolutions 84-037 and 2011-025 and Rent Adjustment Commission Resolutions RAC-4 and RAC 09-2011.**

## **RECOMMENDATION:**

1. Read Ordinance in title only, further reading be waived, and, if no objection introduce ordinance to:
  - a. comprehensively amend City's Mobile Home Rent Stabilization Ordinance;
  - b. repeal City Council Resolution 84-037 which set rent formula, age and income restrictions for Ranch Mobile Home Park; and
  - c. repeal City Council Resolution 2011-025, and Rent Adjustment Commission Resolution 09-2011, granting a "Just & Reasonable Return" rent increase for the Ranch Mobile Home Park in an amount not to exceed \$191.95 per space/per month to be phased in over a seven year period.
2. Adopt Resolution approving list of allowable Capital Expenditures and useful life categories and rescinding Rent Adjustment Commission Resolution RAC-4.
3. Approve in concept the draft Covenant and authorize the City Manager, or designee, to sign Covenants, and any ancillary and related documents such as tolling agreements, as approved by the City Attorney, on behalf of the City.

## **FINANCIAL IMPACT:**

**No Additional Funding Requested.** Indirect cost of Staff time to prepare and process this report, ordinance and resolution is absorbed in the approved FY 2010-11 and FY 2011-12 General Fund Budgets.

**BACKGROUND:**

Mobile Home Parks in the City

There are eight mobile home parks in the City of Thousand Oaks (Conejo Mobile Home Park was closed as of June 30, 2011), totaling 1,009 spaces. Five (5) mobile home parks are restricted to seniors; three (3) mobile home parks operate as family parks.

City of Thousand Oaks Rent Stabilization Program

The following are the key dates relative to the history of the City's Mobile Home Rent Stabilization Program:

April 1980: The City of Thousand Oaks Rent Stabilization Program ("Program") was first enacted by Interim Ordinance 747-NS, which was adopted on April 22, 1980 and applied to both apartments and mobile home parks.

August 1980 – January 1996: Ordinance was amended several times to either extend or amend the Program.

January 1996: Ordinance 1254-NS readopted and codified the Rent Stabilization Program as Chapter 25 (Mobile Home Rent Stabilization Ordinance) of Title 5 of the Thousand Oaks Municipal Code. The current Ordinance has been in effect since that time.

Recent Activity Related to Thousand Oaks Mobile Home Parks

*Closure of Conejo Mobile Home Park*

In 2005 the owner of Conejo Mobile Home Park announced his intention to close the park. After lengthy negotiations, an initiative, and litigation, in February 2010 City Council approved the closure of Conejo Mobile Home Park. The Park officially closed on June 30, 2011.

*Subdivision of Vallecito Mobile Home Park*

In 2008 the owner of Vallecito Mobile Home Park filed a Vesting Tentative Tract Map application to subdivide the mobile home park into individual lots for sale. In June 2009 the Planning Commission denied the subdivision application. The owner appealed and in November 2009, City Council granted the appeal approving the Vesting Tentative Tract Map. The owner has not yet recorded the final map to create legal separate lots or taken the other necessary steps to offer the lots for sale, and last fall agreed to not sell any individual lots until at least 2012.

*Thunderbird Oaks "Just and Reasonable Return" Rent Adjustment Application*

In June 2010, the owner of Thunderbird Oaks Mobile Home Park submitted a "Just and Reasonable Return" rent adjustment application in the amount of \$322.52 per space per month. In January 2011, the Rent Adjustment Commission ("RAC") heard the application and approved a rent adjustment in the amount of \$62.00 per space/per month, phased in over a two-year period. The park owner appealed the RAC's decision and in April 2011, City Council denied the appeal and sustained the RAC decision.

*Ranch "Just and Reasonable Return" Rent Adjustment Application*

In June 2010, the owner of Ranch Mobile Home Park submitted a "Just and Reasonable Return" rent adjustment application in the amount of \$620.11 per space per month. That requested amount was subsequently reduced to \$587.45. In February 2011, the RAC heard the application and approved a rent adjustment in the amount of \$191.95 per space/per month phased in over a seven-year period, with an added interest component on the deferred portion of the adjustment. The park owner appealed the RAC's decision and in May 2011, City Council denied the appeal and sustained the RAC decision.

*Vallecito Capital Improvement Reimbursement Application*

In December 2010, the owner of Vallecito Mobile Home Park filed a Capital Improvement Application, requesting a rent adjustment of \$116.30 per month per space, in order to reimburse the owner for capital expenditures previously incurred at the Park. This application is pending, due to the ongoing mediation discussions with mobile home park residents and owners.

Current Mobile Home Rent Stabilization Ordinance (MHRSO)

The City's current Mobile Home Rent Stabilization Ordinance ("MHRSO") is codified in Chapter 25 of Title 5 of the Thousand Oaks Municipal Code ("TOMC"). It is attached for reference (Attachment #6). The key provisions of the City's MHRSO are as follows:

*Allowable Rent Increases*

Rent levels under the Ordinance may be adjusted by any of 3 different means:

- *Automatic Annual adjustments:* A park owner may raise rents automatically each year not exceeding an amount determined by multiplying the "Index" amount times the "Maximum Base Rent." The "Index" amount is calculated as 75% of CPI change for the previous year, and is capped at 7%. The "Maximum Base Rent" is the space rental amount in 1986. (TOMC § 5-25.05)
- *Capital Improvement Adjustment:* A park owner may apply to the City Manager for a rent adjustment to cover the costs of capital improvements and rehabilitation for a park. (TOMC § 5-25.06(a))

- *“Just and Reasonable Return” adjustment:* Pursuant to Constitutional principles and Court decisions, a park owner is entitled to apply for a rent adjustment to insure that the operation of the park continues to provide a “Just and Reasonable Return” while subject to a rent control scheme. (TOMC § 5-25.06(b)). This type of request is heard by the Rent Adjustment Commission (RAC), a 5-member body appointed by City Council and including two mobile home park owner representatives, two mobile home park tenants, and a public member whose is neither of the other two categories. The decision of RAC may be appealed to the City Council.

#### *Vacancy Decontrol/Recontrol*

When a new tenant brings a new coach onto a vacant space, or replaces an existing coach, then the space rent is temporarily de-controlled, allowing the owner to lease the space at market rent. The MHRSO does not allow space rents to be increased when a new tenant purchases and occupies an existing coach, or when an existing tenant places a new coach on the space they are leasing.

#### *Reimbursement of Owner for Capital Improvements*

The MHRSO allows the park owner to apply for a rent adjustment in order to reimburse the owner for capital improvements and rehabilitation work. The Ordinance does not explicitly limit how far back in time an owner may include items in the requested reimbursement. Applications for rent adjustments to offset the cost of these items are heard by an Administrative Hearing Officer, whose decision may be appealed to the RAC, whose decision may then be appealed to City Council. There is no requirement that the owner notify the tenants prior to making a capital improvement.

In 1982, the RAC adopted Resolution RAC-4, in order to guide implementation of the capital improvements/rehabilitation provisions of the MHRSO by establishing allowable capital improvement and eligible rehabilitation categories.

#### **DISCUSSION/ANALYSIS:**

The recent increase in administrative adjustment applications for both “Just and Reasonable Return” and “Capital Improvements” has created uncertainty for both park owners and park residents, caused tremendous expenditure of time and resources by all parties, and left the City exposed to significant litigation risk.

In an attempt to address these issues, on November 16, 2010, (then) Mayor Pro Tem Fox recommended that City Council authorize him to facilitate discussions among mobile home park owners, residents, and the City to find common ground and build consensus regarding a variety of mobile home issues facing all parties as outlined above and as described in the attached memorandum (Attachment #3). In accordance with the recommendation, City Council authorized Mayor Fox to proceed as outlined. At an initial meeting held with the park owners and their representatives in January 2011, the owners expressed a willingness to start a formal dialogue with residents.

### February 12, 2011 Mobile Home Park Residents Meeting

On February 12, 2011 the City conducted a meeting in the Kavli Theater for all Thousand Oaks mobile home parks residents. At this meeting, the Mayor gave a presentation that included background on mobile home rent stabilization in the City, recent applications related to mobile home parks filed with the City, issues facing residents and owners, and a suggested process to facilitate mediation between park owners and residents to achieve long-term stability. A copy of the presentation is included as Attachment #4. The mediation process is discussed in the following section.

### Mediation Process

Mediation involves bring parties together to reach concurrence on some issue of interest and contention to the parties. The mediator is a neutral third party who tries to help the parties understand each others' views and interests and move them towards a mutually agreeable resolution of issues. The parties typically select representatives for mediation meetings, especially where large numbers are involved. The entire process is confidential and participants must sign a confidentiality agreement.

### *Appointment of Resident Delegates*

As shown in Attachment #4, the recommended process involved selection of delegates from each park based on the size of the park, with a potential total of 19 delegates. After holding meetings, each park selected delegates and notified the City of their selections. Lakestone, which was entitled to one delegate, did not select a delegate, and Ranch's two delegates declined to sign the confidentiality agreement, and therefore did not participate. So, 16 resident delegates participated.

### *Preliminary Meetings*

The Mayor and City staff met separately with the resident delegates and the park owners a number of times. During those meetings, City representatives shared information and facilitated internal discussions regarding key interests, goals, and issues. Both groups – owners and residents – selected two (2) individuals (non-attorneys) to be the spokespersons in discussions with the other party. Sufficient time was spent separately with each group to insure that they were up to speed and prepared to enter direct mediation with the other group.

### *Mediation Meeting*

On June 4, 2011, the Mayor, City Attorney and other City staff facilitated a ten-hour long mediation session, including direct meetings between the spokespersons for the owners and resident delegates, and separate meetings with each group. The mediation culminated in an agreement, which includes changes to the City's Rent Stabilization regulations, tenant protections, and a covenant to be recorded by the park owners.

*Key Results of Mediation*

The agreement reached between the resident delegates and park owners contains six (6) key provisions. City staff has drafted an ordinance (Attachment #1) and a resolution (Attachment #2) to implement these provisions, through amendments to the MHRSO and other legislative actions, as described in more detail later in this memorandum. The six (6) key provisions are:

1. Special (One-Time) Supplemental Rent Adjustment.
2. Tenant Subsidy Program for Supplemental Rent Adjustment
3. Revisions to the Index and Base Year used to determine the automatic annual adjustment.
4. Limited additional rent increases allowed through vacancy decontrol/recontrol
5. Adjustments to process and requirements for rent adjustment applications related to reimbursement for capital improvements/rehabilitation
6. Owners covenant not to sue or seek "Just and Reasonable Return" rent adjustments, and agree not to convert their parks (including Vallecito) for ten (10) years.

*June 25, 2011 Mobile Home Park Residents Meeting*

On June 25, 2011 a meeting was held in the Kavli Theater for Thousand Oaks mobile home parks residents to discuss the results of the mediation process between the park owners and resident delegates. The Mayor, resident delegates and city staff presented the results of the mediation. Residents were then given an opportunity to ask questions. A copy of the presentation from the meeting is included as Attachment # 5.

These changes are described in detail in the next section of this memorandum.

Proposed Changes to MHRSO and Related Actions

1. *Special Supplemental Rent Adjustment*

The mediation resulted in agreement that the park owners could impose a one-time supplemental monthly rent increase of \$100 for all mobile home parks except Ranch. The \$100 monthly increase would be phased in over six (6) years in the amount of \$16.67 per space per month each year. Please see Part 4 of the ordinance (Attachment #1), which adds a new Section 5-25.05.01 - Special Supplemental Rent Adjustment.

This special supplemental increase replaces the \$62.00 "Just and Reasonable Return" monthly rent increase over two years granted for Thunderbird Oaks Mobile Home Park, which is specifically rescinded by Part 9 of the ordinance (Attachment #1).

In the case of Ranch, the special supplemental rent adjustment would be in an amount exactly equal to the "Just and Reasonable Return" rent adjustment that City Council approved May 24, 2011, in the amount of \$191.95 per month, phased-in for occupied coaches over seven (7) years at \$27.42 per space per month per year, plus a small interest component on the deferred rent. The specific amounts are set forth in Part 4 of the ordinance (Attachment #1), which adds a new Section 5-25.05.01 - Special Supplemental Rent Adjustment.

It is important to note that the special one-time supplemental adjustment, both in the general City-wide case and in the case of Ranch, is in lieu of the owners being able to request any "Just and Reasonable Return" rent adjustments for the next ten (10) years.

Ratifying the recent increase approved for Ranch, which is higher than the City-wide Supplemental Rent Adjustment, is appropriate because this is the amount specifically determined for that Park as necessary to provide a just and reasonable return in recognition that current rents in the Park are only slightly higher than the rents approved when the Park opened in 1977, due to foregone opportunities to automatically raise rents.

## 2. *Tenant Subsidy Program*

The park owners will be required to offer a subsidy program, which must comprise deferral of all or part of this Special Supplemental Rent Adjustment for qualified tenants. The requirements of the Tenant Subsidy Program are also set out in Part 4 of the ordinance, specifically in new Municipal Code Section 5-25.05.1(d).

Requirements and key components of the tenant subsidy program are:

- a) A tenant must have lived in the park continuously since June 30, 2011, and must be in good standing, meaning current on rent and not in violation of park rules.
- b) A resident must meet the definition of a very-low income household based on Ventura County Income Limits published by the State Department of Housing and Community Development. The City will provide these income limits to the park owners every year.
- c) A resident must apply for the subsidy on a form provided by the park owner and submit information to document their entitlement to the subsidy.
- d) There is a presumption that a tenant meeting the very-low income threshold is eligible for the deferral. The park owner may rebut this presumption by showing that the tenant is not entitled to the deferral. The park owner bears the burden of any denial, which shall be in writing and explain the basis for rejecting the deferral. In granting or denying the deferral, the guiding principle will be that in no event shall a tenant be forced from the mobile home park due to an inability to pay the unimplemented special supplemental rent increase.

- e) The park owner may require that the deferred rent be secured by an interest-free lien on the coach. The tenant repays the deferred rent to the owner upon sale of the coach. Again, no interest will be charged on the deferred rent.

### 3. *Automatic Annual Adjustment*

Under the current MHRSO, a park owner is entitled to an automatic annual increase in rent. The dollar amount of this increase is calculated by multiplying the "Index" (which is defined as 75% of the CPI change for the current year) times the Base Year rent. The Base Year is either 1986, or a later date, in the case of a new tenant with a new coach starting a tenancy (vacancy decontrol/recontrol). The Index cannot exceed 7%.

The mediated agreement has the following changes to the automatic annual adjustment:

- a) There will be no automatic annual adjustment allowed in 2011.
- b) The Index will remain at 75% of CPI change through 2016. In 2017, the Index will change to 100% of the CPI change.
- c) Beginning November 1, 2011, the Base Year will change to 2005 (except for those new tenancies started after 2005, where the Base Year will be when they purchased the coach). On November 1, 2015, the Base Year will change to 2010. From that date forward, the Base Year will reset by 5 years every 5 years (e.g., on November 1, 2020, the Base Year will change to 2015).
- d) There will be no ceiling, or floor, on annual increases.

These provisions are addressed in Part 2 of the ordinance (Attachment #1) by amending the definitions of "Base Year" and "Index" in Section 5-25.02 – Definitions, and in Part 3 of the ordinance by amending Section 5-25.05 - Automatic adjustment to rent.

Please also refer to Attachment #5, a copy of the June 25, 2011 PowerPoint presentation to mobile home park residents, to review sample rent adjustment calculations through 2017, taking into account both the special supplemental adjustment and the automatic annual adjustment.

### 4. *Vacancy Decontrol/Recontrol*

Under the current MHRSO, the rent for a mobile home space is decontrolled only when a space is vacated voluntarily or by eviction for failure to pay rent. When the new tenant brings on a new coach, the new space rent is set by the market, and then it is re-controlled. The rent that the new tenant is paying becomes the new base year rent for purposes of calculating future allowable automatic increases. This part of the current Ordinance will not change.



The proposed changes to the MHRSO will allow some additional limited rent increase in the case where a new tenant occupies an existing coach, as follows:

a) For mobile home parks other than Ranch - from November 1, 2011 through October 31, 2016, the new tenant's rent may be increased by no more than 15% from the existing rent for that space. Beginning November 1, 2017, the rent may be increased by no more than 10%. The rent is then re-controlled at the new level.

b) For Ranch Mobile Home Park - the rent may be increased to include any portion of the special supplemental rent adjustment that had not yet been taken, and then by an additional 10% of that new total.

The MHSRO will also be amended to explicitly state that, where the new tenant is a family member of the existing tenant, then the rent shall not be decontrolled and there shall be no rent increase.

In addition, as is the case under the current MHSRO, when an existing tenant brings on a new coach, the rent for that space is not decontrolled and cannot be increased as a result of that change of coach. However, a proviso is added that if the tenant has been a resident for less than twelve (12) months at the time the new coach is brought on, then it will be treated as a "new tenant and new coach" situation. As stated above, under the existing (and proposed) MHRSO, the combination of new tenant and new coach allows the rent to be decontrolled, reset to market rate, and then re-controlled.

The current MHRSO provides that spaces decontrolled are re-controlled once the new rent is set, and this part of the Ordinance will not change.

Part 5 of the ordinance creates a new Section 5-25.02(b) – Vacancy Decontrol / Recontrol, which contains all the provisions related to this topic.

#### 5. *Capital Improvements and Rehabilitation.*

Under the current MHRSO, in addition to the automatic annual increases, owners may seek reimbursement via applications for two types administrative rent adjustments – (1) Capital Improvements and Rehabilitation and (2) Just and Reasonable Return. The MHRSO establishes specific procedures and requirements for each type of application.

The proposed amendment to the MHRSO does not alter existing law with respect to adjustments for just and reasonable returns, but it does make some key changes related to rent adjustments for reimbursement of capital improvements and rehabilitation work, the most important of which are as follows:

a) The expense must have been incurred by the owner within five (5) years prior to the date the application for rent adjustment is filed with the City. Owners will need to submit verifiable costs (canceled checks, contracts, etc. and proof of resident notification and vote when applicable). The improvement must have been installed by a licensed contractor when required by law, and exceed \$2,000 in value and have a useful life greater than two (2) years to be eligible for reimbursement.

b) Reimbursement to the owner of the cost of any new improvement via a rent adjustment requires approval of the tenants, by majority vote. Reimbursement for replacement of an improvement before the end of its useful life also must be approved by majority vote, unless the work is needed due to a “force majeure” (earthquake, flood or other Acts of God), or other good cause. Residents must be given ninety (90) days advance notice before the owner can file with the City. If the vote fails, the owner may still install the improvement, but cannot be reimbursed via a rent adjustment.

c) The application for rent adjustment will be submitted to the Community Development Department. Residents will have a thirty (30) day period from the time the application is accepted as or deemed complete to submit objections, which must include information to support the objection. If no objections with supporting documentation are filed, the Community Development Director may decide the application. If an objection is submitted, the application will be referred to a neutral hearing officer, who will render a decision after conducting a hearing. The administrative decision may not be appealed to any other City body (e.g., Rent Adjustment Commission or City Council).

d) Park owners are required to hold a meeting with tenants at least once a year to discuss plans for capital expenditures in the park.

e) Rent adjustments granted for Capital Improvements are temporary and terminate after the reimbursement period (amortization period or useful life) is complete. They and are not included in the base rent for purposes of calculating automatic annual adjustments.

These provisions are addressed in Part 6 of the ordinance, by amending Section 5-25.06(a) – Administrative Adjustments to Rents.

Rent Adjustment Commission Resolution RAC-4 (Attachment #7) currently defines allowable capital improvements and useful life categories. In order to bring more certainty to the consideration of this type of request, a new and expanded list has been developed through collaboration among park owners, residents, and City staff. That list is part of the proposed City Council Resolution (Attachment #2). City Council adoption of the new Resolution will also rescind Resolution No. RAC-4, and the new list will be used for future applications.

As part of the mediated agreement, the owner of Vallecito Mobile Home Park has also agreed to withdraw its application for a rent adjustment for reimbursement of capital expenditures, and submit a new application based on the requirements of the new MHRSO and Resolution.

6. *Park Owners' Covenant*

As part of the mediation agreement, the park owners must record a Covenant with the following four points:

- a) Not to bring suit against the City regarding the changes made to the Rent Stabilization Ordinance for 10 years,
- b) Agreement not to apply for "Just and Reasonable Return" rent increases for ten (10) years,
- c) Agreement not to convert any park, including Vallecito, to "for-sale" lots, for a period of ten (10) years, unless such a conversion was approved by sixty (60%) of the residents in the park. Vallecito, however, may finalize and record its subdivision map.
- d) The Covenant could be rendered void if (1) City Council substantively amended provisions of the Mobile Home Rent Stabilization Ordinance (MHRSO) that were implemented as part of the mediated agreement between park owners and tenants, or took other action that had the effect of significantly depriving or impairing the benefits of the revised MHRSO, or (2) if a Court invalidated any material portion of the revised MHRSO. A sample Covenant is included as Attachment #8.

The owner of Thunderbird Oaks Mobile Home Park has also agreed to hold in abeyance the Park's lawsuit challenging City Council's decision on the park owner's recent "Just and Reasonable Return" application. The lawsuit will be tolled through the statute of limitations period on challenge to the revised MHRSO or through the conclusion of any litigation on the revised MHRSO. The covenant also tolls any statute of limitations for any claim regarding mobile home rent stabilization for any park owner, in the event one of the described circumstances in (d) above occurs.

7. *Repeal of City Council Resolutions 84-037 & 2011-025 and RAC Resolution 09-2011, Relating to Ranch Mobile Home Park*

The proposed ordinance rescinds and supersedes City Council Resolution 84-037, which had set forth a net profit target formula for determining rent adjustments, and age and income qualifications for tenancy, at the Ranch Mobile Home Park. Also references to rent formula and tenant restrictions in the park's TPD permit are superseded by the ordinance and the ordinance provides that Ranch will now be governed exclusively by the MHRSO. The most recent administrative rent adjustment for a "Just and Reasonable Return" for Ranch Mobile Home Park has demonstrated the difficulties and limitations of reconciling Resolution No. 84-037 with the MHRSO. In order to provide consistent regulation of all mobile home parks within the City, and avoid likely litigation concerning the constitutionality of Resolution 84-037, Ranch Mobile Home Park should be fully subject to the authority of the new MHRSO and Resolution.

The new MHRSO provides adequate safeguards to ensure that Ranch Mobile Home Park remains affordable to lower income tenants. Under the new MHRSO, average monthly rent in Ranch Mobile Home Park is projected to be \$387 by 2018, which would still be the lowest in Ventura County by today's standards. By way of comparison, the State's Department of Housing and Community Development has defined an affordable monthly rent level for a very low income household in a one-bedroom unit to be \$881 in Ventura County. Even allowing for some mortgage payment on the coach itself, the monthly housing cost would be affordable to a lower income household.

This also is consistent with the adopted Housing Element of the City's General Plan, which identifies Ranch Mobile Home Park on the list of affordable housing at risk of conversion to market rate housing. The new MHRSO preserves affordability through rent regulation and Ranch Mobile Home Park will not be at risk of conversion to market rate rents for at least the next ten years. Furthermore, the revised ordinance maintains the affordability of rents for all mobile home parks in the City, which is in part the purpose of the MHRSO.

The attached ordinance also rescinds and supersedes both City Council Resolution No. 2011-025 and RAC Resolution No. RAC 09-2011, which approved Ranch Mobile Home Park's administrative application for a "Just and Reasonable Return" rent increase in the amount of \$191.95 per space per month to be phased-in over seven years. The substantive terms of these resolutions have been codified into the new MHRSO provisions governing the special supplemental increase for Ranch Mobile Home Park (see Part 4 of the attached ordinance). Therefore, the resolutions are now superfluous.

#### Comparison of Key Provisions of Existing Ordinance to Proposed Ordinance

Table 1, immediately following the next page summarizes the key changes as compared to the current MHRSO.

#### CONCLUSION:

The City's Mobile Home Rent Stabilization Ordinance has two key purposes – to safeguard residents from excessive rent increases, and at the same time provide landlords with a just and reasonable return. Over the years, it has fulfilled these purposes to differing degrees. Evidence gathered for the mediation process showed that Thousand Oaks' ordinance is one of the most restrictive in the State, the most restrictive in Ventura County, and has yielded average space rentals below the averages in the other cities although Thousand Oaks' mobile home parks are of as high a quality or higher than in these other cities. Evidence also showed that, over time, the cost of renting a mobile home space has increased significantly less than other cost items.

During the mediation, it was also demonstrated that mobile home park residents had a great interest in insuring a stable and predictable rent control scheme going forward, and were amenable to reasonable changes, so long as basic resident interests were protected. Each group – owners and tenants – compromised on original positions and worked together to create this agreement, the culmination of an historic mediation

process. Its components are now before City Council in ordinance and resolution form. Staff recommends Council move forward by introducing the attached ordinance, adopting the attached resolution and approving the other related recommendations.

**COUNCIL GOAL COMPLIANCE:**


Meets Council Goals B and I:

- B. Operate City government in a fiscally and managerially responsible and prudent manner to ensure that the City of Thousand Oaks remains one of California's most desirable places to live, work, visit, recreate, and raise a family.
- I. Implement high quality redevelopment projects within Thousand Oaks Boulevard Redevelopment Project Area and Newbury Road Project Area; Develop a pedestrian-oriented, viable and self-sustaining "Downtown"; and continue to produce long-term affordable housing.

Submitted by:

  
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John C. Prescott  
Community Development Director

Prepared by:

  
\_\_\_\_\_  
Bill Hatcher  
Senior Planner

**Attachments:**

- #1 Proposed Ordinance
- #2 Proposed Resolution
- #3 November 16, 2010 Memorandum from Mayor Pro Tem Fox to City Council
- #4 February 12, 2011 Presentation to Mobile Home Park Residents
- #5 June 25, 2011 Presentation to Mobile Home Park Residents
- #6 Current MHRSO (Chapter 25 of Title 5, Thousand Oaks Municipal Code)
- #7 Rent Adjustment Commission Resolution RAC-4.
- #8 Agreement and Covenant

**TABLE 1**  
**Key Changes in Ordinance**

<b>Provision</b>	<b>Existing MHRSO</b>	<b>Proposed MHRSO</b>
<i>Supplemental Increase</i>	Subject to individual "just and reasonable return" applications.	Yes, but for 10 yrs. only: Ranch is \$191.95 per month, plus an interest component, spread over 7 years. All other parks are \$100 per month spread over 6 years.
<i>Tenant Protection Subsidy Program for Supplemental Increase</i>	N/A	Yes. For eligible tenants, deferral of supplemental increase portion of rent, with repayment on sale of coach, secured by non-interest-bearing lien on coach.
<i>Index for automatic annual increase</i>	75% of CPI	through 11/01/16 - 75% of CPI 11/01/17 and thereafter – 100% of CPI
<i>Base Year for computing automatic rent increase</i>	1986	11/01/11 – 11/01/15 – Base Year is 2005 Then Base Year changes by 5 years every 5 <sup>th</sup> year, e.g.: 11/01/15 – base year is 2010 11/01/20 – base year is 2015
<i>Vacancy Decontrol Rent Increase</i>		
(1) New Resident/New Coach	Increase to market	Increase to market
(2) New Resident/Existing Coach	No Increase allowed	<ul style="list-style-type: none"> <li>●Ranch: New rent = Existing Rent + remainder of Supplemental + 10%</li> <li>●Other Parks: until 11/01/17 = Existing Rent + 15% from 11/01/17 = Existing Rent + 10%</li> <li>●Sale to family member exempt</li> </ul>
(3) Existing Resident/New Coach	No increase allowed	<ul style="list-style-type: none"> <li>●If resident 12+ months – no increase allowed</li> <li>●If resident less than 12 months, increase to market</li> </ul>
<i>Capital improvements adjustment</i>	<ul style="list-style-type: none"> <li>●Unlimited time frame</li> <li>●No resident vote</li> <li>●Appeals up to Council</li> </ul>	<ul style="list-style-type: none"> <li>●Last five years only</li> <li>●Resident vote required to increase rent for new improvements</li> <li>●Hearing officer decision final</li> </ul>

ORDINANCE NO.

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF THOUSAND OAKS AMENDING THOUSAND OAKS MUNICIPAL CODE SECTIONS 5-25.02, 5-25.05, 5-25.06(a), 5-25.10 AND 5-25.12, AND ADDING SECTIONS 5-25.05.1 AND 5-25.05.2, RELATING TO MOBILE HOME RENT STABILIZATION, AND RESCINDING RESOLUTION NO. 84-037, RESOLUTION NO. 2011-025, AND RENT ADJUSTMENT COMMISSION RESOLUTION NO. RAC 09-2011. (MCA 2011-70254)

The City Council of the City of Thousand Oaks does hereby ordain as follows:

**Part I**  
(Uncodified)

Findings

A. The City's current Mobile Home Rent Stabilization Ordinance ("Ordinance") codified as Thousand Oaks Municipal Code section 5-25.01 et. seq., provides mechanisms for mobile home park owners to make annual automatic rent adjustments, and in addition to seek discretionary administrative rent adjustments for Just and Reasonable Return and reimbursement for capital improvements and rehabilitation expenditures.

B. Recently some park owners have filed applications for administrative Just and Reasonable Return adjustments that have resulted in contentious and costly hearings and lawsuits, as well as creating uncertainty regarding the magnitude of future rent increases.

C. Specifically, Thunderbird Mobile Home Park was granted a \$62 per month Just and Reasonable Return increase to be implemented at \$31 per month per year over two years (City Council Resolution No. 2011-013). Ranch Mobile Home Park was granted a \$191.95 Just and Reasonable Return increase to be implemented over 7 years with an interest component (City Council Resolution No. 2011-025).

D. Without amendments to the Ordinance, it is likely that these contentious and costly Just and Reasonable Return rent adjustment applications will continue in the future.

E. Park owners from most mobile home parks and resident delegates chosen by the residents from most of the mobile home parks in Thousand Oaks agreed to participate in a voluntary mediation process where Mayor Andrew P. Fox acted as mediator, pursuant to City Council authorization.

F. The purpose of the mediation was to reach collective agreement between the park owners and the resident delegates on amendments to the City's Mobile Home Rent Stabilization Ordinance to provide certainty regarding future rent increases, maintain affordable rents for residents, provide a reasonable rate of return for owners and provide peace among the park owners, park residents, and City.

G. On June 4, 2011, the mediation culminated in an agreement on modifications to the Ordinance among the mobile home park owners and the resident delegates and City.

H. In order to effectuate the mediated agreement, City Council must adopt amendments to the Ordinance that are consistent with the mediated agreement and adopt a Resolution to implement changes to the capital improvements list.

I. As part of the mediated agreement, mobile home park owners have agreed to record certain covenants against their park property providing that the park owners will not sue over this revised ordinance or to seek Just and Reasonable Return rent adjustments for a period of ten (10) years.

J. City Council finds that the proposed Ordinance amendments contained herein will provide long term stability, by minimizing the need for contentious and costly administrative adjustment applications, providing certainty and predictability for future rent increases, and maintaining affordable rents and a reasonable rate of return.

K. City Council understands that if material amendments to this ordinance are made within the next ten (10) years, then park owners are not bound by their covenant not to sue or not to seek Just and Reasonable Return administrative rent adjustments.

L. Ranch Mobile Home Park has operated outside most of the provisions of the Ordinance and rent adjustments have been historically governed by City Council Resolution No. 84-037. The most recent administrative adjustment for a Just and Reasonable Return for Ranch Mobile Home Park has demonstrated the difficulties in reconciling Resolution 84-037 with the Ordinance. City Council finds that Ranch Mobile Home Park should be governed exclusively by the provisions of the Ordinance, in order to provide consistent regulation of all mobile home parks within the City. City Council further finds that the Ordinance



as amended will provide adequate safeguards to ensure that Ranch Mobile Home Park is affordable to lower income tenants.

## **Part 2**

Section 5-25.02 of the Thousand Oaks Municipal Code is hereby amended to add a definition of "Base Year," and revise certain other definitions therein as follows:

"Sec. 5-25.02. Definitions.

...

"Base Year" means the figure employed when determining allowable automatic adjustment to rent pursuant to Section 5-25.05 of this article, as follows:

- (1) Prior to November 1, 2011, the Base Year shall be 1986.
- (2) From November 1, 2011 through October 31, 2015, the Base Year shall be 2005.
- (3) From November 1, 2015 through October 31, 2020, the Base Year shall be 2010.
- (4) From November 1, 2020 through October 31, 2025, the Base Year shall be 2015.
- (5) Thereafter, on November 1 at five-year intervals, the Base Year shall increase by five years from the previous Base Year.

(6) For rental spaces vacated, as defined in Section 5-25.05.2, from January 1, 2005 and thereafter and eligible for decontrol/recontrol pursuant to this chapter, the Base Year shall be the year in which the space is re-rented and shall remain so until the Base Year is reset to a later year, as determined by reference to subsections (1) through (5) above. The following are examples: Coach A is sold June 15, 2008 and subject to decontrol and recontrol on that same date. The Base Year for Coach A is 2008 from June 15, 2008 until October 31, 2015. Starting November 1, 2015 the Base Year for Coach A shall be 2010, pursuant to subsection (3), above. Coach B is sold on March 1, 2012 and rent is decontrolled and then recontrolled on that same date. The Base Year for Coach B is 2012 from March 1, 2012 through October 31, 2020. Starting November 1, 2020, the Base Year for Coach A shall be 2015, as provided in subsection (4), above.

...

"Capital improvement" means the addition, replacement, or eligible major repair, of an improvement to a rental space(s) or the common areas or amenity of the mobile home park provided such new improvement has a useful life of two years or more, and exceeds \$2,000, including but not limited to, roofing, carpeting, draperies, stuccoing the outside of a building, air conditioning, security gates, swimming pool, sauna or hot tub, fencing, garbage disposal, washing machine or clothes dryer, dishwasher, recreational equipment permanently

installed on the premises, streets, driveways, curbs and gutters, sidewalks, water, wastewater, and other utility systems, and other similar improvement, and may include the actual interest cost incurred by the landlord to finance the improvement, so long as the terms and interest rate of such financing are commercially reasonable and negotiated at arm's length. To be considered eligible, a major repair must increase the useful life of the improvement by at least 2 years and exceed \$2,000 in cost.

..

"Index" means the figure employed when determining allowable rent increases under Section 5-25.05. Prior to November 1, 2017, the Index shall be calculated as seventy-five (75%) percent of the Los Angeles-Riverside-Orange Co. Consumer Price Index for all urban consumers for the year ending April 1, rounded to the nearest tenth. Commencing November 1, 2017, the Index shall be calculated as one hundred (100%) percent of said Consumer Price Index, rounded to the nearest tenth

...

"Maximum adjusted rent" means the maximum rent plus any rent increase subsequently imposed pursuant to Sections 5-25.05, 5-25.05.1, 5-25.05.2, and 5-25.06. Said amount shall be rounded to the nearest dollar and shall not include any administrative adjustment for capital improvement and/or rehabilitation granted pursuant to Section 5-25.06.

..

"Maximum base rent" means the highest legal monthly rent which was in effect for the rental space or spaces on November 1 of the Base Year. The temporary rent increase authorized by Section 5-25.05.1(a)(3) of this chapter shall not count toward the calculation of maximum base rent. Any increase subsequently effected pursuant to Section 5-25.05 shall be computed against the maximum base rent "

### **Part 3**

Section 5-25.05 of the Thousand Oaks Municipal Code is hereby amended to read as follows:

"Sec. 5-25.05. Automatic adjustments to rent.

The maximum adjusted rent for any occupied rental space may be increased without permission of the City as follows:

(a) For a rental space which at any time after August 1, 1980 has not had a rent increase for a period of twelve (12) consecutive months or more, the maximum adjusted rent may be increased in an amount, as set forth in subsection (b) below, and as limited by subsection (c) below:

- (b) Automatic annual adjustment.
- (1) For the year November 1, 2011 through October 31, 2012 no automatic annual adjustment shall be permitted.
- (2) For all other years, the automatic increase shall be determined by multiplying the Maximum Base Rent by the Index.
- (c) Notice of increases. Notice of any increase in rent pursuant to this section shall be given in accordance with the Civil Code of the State of California.
- (d) Notice of Index. After review of pertinent information from the U.S. Bureau of Labor Statistics, the Community Development Director or designee shall determine the Index for each year, and notify each landlord by mail of his or her determination ”

**Part 4**

A new Section 5-25.05.1 is added to the Thousand Oaks Municipal Code to read as follows:

“Sec. 5-25.05.1 Special Supplemental Rent Adjustment

The special supplemental rent adjustment is intended to serve in lieu of administrative adjustments for Just and Reasonable Return under Section 5-25 06(b) for a period of ten (10) years from the date this ordinance becomes, effective, August 18, 2011. The special supplemental rent adjustment is subject to the following requirements:

(a) For the Ranch Mobile Home Park, the maximum adjusted rent may be increased as follows:

(1) For spaces where the coach is unoccupied as of October 1, 2011, per space per month rents may be increased in the amount of \$191.95 as of October 1, 2011.

(2) For spaces where the coach is occupied as of October 1, 2011, per space per month rents may be increased according to the following phase-in schedule

October 1, 2011:	\$27.42
October 1, 2012:	\$27.42
October 1, 2013:	\$27.42
October 1, 2014:	\$27.42
October 1, 2015:	\$27.42
October 1, 2016:	\$27.42
October 1, 2017:	\$27.42

(3) In addition, for spaces where the coach is occupied as of October 1, 2011, a temporary increase in per space per month rent may be implemented in the following amounts (said amounts being an interest component on the supplemental rent pursuant to subsection (a) (2), above), during the following time periods:

October 1, 2011 through September 30, 2012:	\$6.58
October 1, 2012 through September 30, 2013:	\$5.48
October 1, 2013 through September 30, 2014:	\$4.39
October 1, 2014 through September 30, 2015:	\$3.29
October 1, 2016 through September 30, 2016:	\$2.19
October 1, 2017 through September 30, 2017:	\$1.10

(b) For all mobile home parks except Ranch Mobile Home Park, the maximum adjusted rent may be increased by \$100 per space per month, to be implemented in accordance with the following phase-in schedule:

November 1, 2011:	\$16.67
November 1, 2012:	\$16.67
November 1, 2013:	\$16.67
November 1, 2014:	\$16.67
November 1, 2015:	\$16.67
November 1, 2016:	\$16.67

(c) That portion of the special supplemental increases not yet implemented as authorized by subsections (a) and (b) above shall not apply to spaces that have been fully decontrolled and recontrolled after November 1, 2011, pursuant to Sections 5-25.05.2(d) and (f) of this chapter

(d) Notice of increases. Notice of any increase in rent pursuant to this section shall be given in accordance with the Civil Code of the State of California. If an increase has been noticed prior to the effective date of the ordinance adopting this section, said notice shall be construed as a valid notice to increase rents in an amount not to exceed the increase permitted by this section.

(e) Rent deferral program related to special supplemental increase. No special supplemental increase authorized by this section may be imposed for any space at any time, unless the mobile home park owner has offered tenants therein a rent subsidy program meeting the following criteria:

(1) The rent subsidy shall comprise a deferral of all or part of the special supplemental rent increase authorized above, as specified by a qualifying tenant.

(2) In order to qualify for a subsidy, a resident tenant must file a written application including all necessary supporting information, and an attestation to its truthfulness, with the park owner and must meet the following requirements:

(i) The tenant must have lived in the park continuously since June 30, 2011;

(ii) The tenant must be current in rent and not in violation of any park rules;

(iii) The tenant's annual household income must be at or below the "very low income" level for Ventura County, as defined by the State of California;

(iv) The tenant shall provide relevant information and documentation requested by the park owner as reasonably necessary to determine tenant's

entitlement to the rent subsidy (for example, copy of Federal income tax return and net worth statement).

(3) Any tenant that meets the criteria in subsection (2), above, shall be presumed entitled to the subsidy provided for herein. The park owner may rebut the presumption of eligibility and, if owner makes a determination of non-eligibility, then owner shall give the tenant a written response stating the reasons for rejection. The park owner bears the burden in cases of denial of the subsidy. In granting or denying the deferral, the guiding principle will be that in no event shall a tenant be forced from the mobile home park due to an inability to pay the unimplemented supplemental rent increase.

(4) The owner shall keep an accurate accounting of all deferred rent for each tenant, and shall provide each tenant receiving a rent deferral with an annual accounting thereof.

(5) As a condition of the rent deferral, the owner may require the tenant to repay to the owner any rent deferred, upon sale of the tenant's coach.

(6) No interest shall be charged or due upon repayment of deferred rent.

(7) As a condition of deferring rent, the park owner may require that the deferred rent be secured by a non-interest-bearing lien on the tenant's coach

(f) Notice of "very low income" range. After review of pertinent information from the State of California, the Community Development Director or designee shall determine the "very low income range" for Ventura County as defined by the State of California for each year, and notify each landlord by mail of his or her determination. Rent subsidy eligibility shall be based on the information provided pursuant to this subsection.

(g) There shall be a moratorium on filing of applications for administrative rent adjustment under Section 5-25.06(b) ("Just and Reasonable Return") of this chapter until August 18, 2021, unless a material provision of this Ordinance adopted on July 19, 2011, is subsequently amended, or invalidated by court order, or if the City takes any action that has the effect of significantly depriving or impairing a mobile home park owner of the benefits of this revised ordinance."

## **Part 5**

A new Section 5-25.05.2 is added to the Thousand Oaks Municipal Code to read as follows:

"Sec. 5-25.05.2      Vacancy decontrol/recontrol.

The following provisions apply to any rental space that is vacated, voluntarily or as the result of eviction, or to the replacement of any coach on a rental space.

(a) In all mobile home parks, except Ranch Mobile Home Park, for a new tenant occupying an existing coach, the maximum adjusted rent for the space may be increased upon re-rental as follows:

- (1) By 15%, if the space is re-rented prior to November 1, 2017.
- (2) By 10%, if the space is re-rented on or after November 1, 2017.
- (b) In the Ranch Mobile Home Park, for a new tenant occupying an existing coach, the maximum adjusted rent for the space may be increased to an amount equal to ten (10%) percent higher than the sum of the following:
  - (i) The current maximum adjusted rent for the space, plus
  - (ii) Any portion of the special supplemental rent increase allowed under Section 5-25.05.1(a)(2) that has not yet been taken.
- (c) Notwithstanding subsections (a) and (b) above, no increase shall be permitted if the new tenant is an immediate family member of the existing tenant. For purposes of this section, the term "immediate family member" shall include a parent, grandparent, child, sibling, stepparent, stepchild, or step-sibling only.
- (d) For a new tenant bringing a coach onto and occupying an empty rental space, or replacing the existing coach, the maximum adjusted rent may be increased to any amount upon the re-rental of the space.
- (e) For a change of coach by an existing tenant who has been a resident of the park at least one (1) year, no increase in rent shall be permitted.
- (f) For a change of coach by an existing tenant who has been a resident less than one (1) year, the maximum adjusted rent may be increased to any amount.
- (g) Thereafter, as long as the rental space continues to be rented by one or more of the same persons, no other rent increase shall be imposed except as provided in this chapter.
- (h) Notice of increases. Notice of any increase in rent pursuant to this section shall be given in accordance with the Civil Code of the State of California. If an increase has been noticed but not effected prior to the effective date of the ordinance codified in this chapter, said notice shall be construed as a valid notice to increase rents in an amount not to exceed the increase permitted by this section."

## Part 6

Section 5-25.06(a) of the Thousand Oaks Municipal Code is hereby amended to read as follows:

"Sec. 5-25.06. Administrative adjustments to rent.

(a) Capital improvements and rehabilitation. The Community Development Director shall have the authority to grant rent adjustments for capital improvement and rehabilitation work subject to the procedures set forth below for a rental space or spaces located in the same park upon receipt of an application for adjustment filed by the park owner of the rental space or spaces. In Resolution No. 2011- \_\_\_\_, adopted on July 12, 2011, the City Council has defined useful life categories for capital improvements and eligible rehabilitation work. Rent increases approved under this section shall be calculated on a per

space per month basis and shall be amortized over the useful life of the improvement as set forth in such Resolution and apportioned equally among the total number of rentable spaces in the park. An increase granted under this subsection 5-25.06(a) shall remain in effect only during the amortization period of the improvement. All applications for rent adjustments to reimburse the owner for capital improvements or rehabilitation work shall be governed by the procedures and requirements of this subsection (a) and not subsection (b).

(1) General requirements. A rent increase for purposes of reimbursing a park owner for a capital improvement or rehabilitation work shall be approved, if all of the following requirements are met, and the application for said rent increase otherwise complies with the provisions of this subsection 5-25.06(a):

(i) The expenditure has been made within five (5) years of the date of filing the application.

(ii) Work for which reimbursement is requested has been performed by a licensed contractor, where required by law.

(iii) The owner submits copies of the contract for the work, cancelled checks, paid invoices, and such other documentation as may be necessary in order to verify the costs incurred for the specific work for which reimbursement is sought.

(2) Individual tenant space improvements. No increase shall be allowed when the improvement was discrete to the interior of a tenant's rental space and said improvement was not necessary to safeguard the landlord's property from deterioration or loss in value, unless the tenant has given express written consent to said increase.

(3) Special requirements. If the rent increase application is for the purpose of reimbursing a park owner for a new improvement, or for replacement of an improvement before the end of its useful life, then the rent increase shall not be approved unless the park owner obtains approval of a majority of tenants voting on the matter in conformance with the following requirements, and also submits satisfactory evidence with the application that demonstrates compliance with said requirements:

(i) all of the tenants whose rent would be increased have been provided notice of the nature of the improvement, its total cost, the rental increase (both monthly amount and duration) that will be requested, their right to vote on the issue of whether the improvement should be eligible for a City-approved rent increase in order to reimburse the owner for its cost, and the time and manner in which an election on the matter will be held;

(ii) the notice was given at least 90 days prior to submittal of the application to the City;

(iii) the election required by subsection (i) above has been held by secret written ballot with each space affected by the proposed increase entitled to cast one (1) and only one (1) ballot, and the ballot itself shall recite the specific information required in the notice;

(iv) a majority of ballots have been cast in favor of the improvement being eligible for reimbursement through a rent increase, as attested jointly by a representative of the park owner and a representative of the tenants, based on

personal inspection and count of the ballots. If the tenant representative refuses to attest to the vote, then owner may attest and submit all ballots cast along with said attestation as proof of the vote;

(v) the owner shall provide documentation of number of ballots cast and the names and space numbers of those persons casting ballots in the election.

(4) Special requirements exception. The special requirements set forth in subsection 5-25.06(a)(3) above shall not apply to applications for a rent increase to reimburse a park owner for replacement or renovation work before the end of an improvement's useful life, if it is demonstrated to the satisfaction of the Community Development Director or hearing officer, as applicable, that the work was necessary due to conditions of force majeure (floods, fire, earthquakes, or other Acts of God) or other good cause.

(5) Application filing procedure. Applications for rent adjustments under this subsection shall be submitted to the Community Development Department on forms provided for that purpose, and shall be accompanied by a filing fee of twenty dollars (\$20) plus five dollars (\$5) per space affected by the proposed increase. The Department shall notify the applicant of its determination whether the application is complete within thirty (30) days of receipt. If the application is not complete, the Department shall identify information that is missing and required for a complete application. If the Department fails to so notify the applicant within thirty (30) days of receipt, then the application shall be deemed complete.

(6) Notice to tenants by landlord. Upon the Community Development Department determining an application is complete, or if the application is deemed complete pursuant to subsection 5-25.06(a)(5) above, the landlord shall provide a notice to each tenant whose rent would be increased that an application has been filed, the nature of the work for which reimbursement is sought, and the amount and duration of rent increase requested. The park owner shall make available to tenants for inspection a copy of the complete application, including all supporting information and documentation, and upon a tenant's request shall provide a copy at a reasonable direct cost of copying.

(7) Tenant opportunity to object. Tenants affected by the proposed rent increase may submit objections regarding the application to the Community Development Department, along with supporting information that evidences non-compliance with the provisions of this section and/or City Council Resolution No. 2011- \_\_, adopted on July 12, 2011.

(8) Consideration by Community Development Director. If the Community Development Director receives no objections, or no objections that are supported by evidence of non-compliance, from any tenant within thirty (30) days after the application is complete, and can make all of the findings required by Section 5-25.06(a)(12) of this chapter, the Community Development Director may approve the application, in whole or in part, without hearing. The Community Development Director shall notify the applicant of the decision in writing no later than 45 days after the application is accepted as complete or deemed complete, and the decision shall state the amount and duration of the



approved increase, effective date, and recite the findings required by subsection 25.06(a)(12) of this chapter, if applicable.

(9) Consideration by hearing officer. Except for applications or parts thereof approved by the Community Development Director pursuant to subsection 5-25.06(a)(8) above, all other applications or parts thereof shall be decided by a hearing officer following a hearing. The hearing shall take place no later than sixty (60) days after the application is complete. The hearing officer shall consider the information provided in the application, any information submitted by tenants affected by the requested rent increase, the provisions of the Resolution referenced in Section 5-25.06(a) above, and any other factors the hearing officer deems to be relevant to the purposes of these provisions. The City Manager may provide additional procedural rules for consideration of applications under this subsection.

(10) Notice of hearing. Notice of the any hearing required pursuant to this subsection shall be given by mailing at least fourteen (14) days prior to the hearing, to the applicant and to all tenants whose rent would be increased. The notice shall state the date, time, and location of the hearing.

(11) Decision of hearing officer. The hearing officer shall render a decision on the application in writing to the park owner and Community Development Director no later than thirty (30) days after the hearing date. The hearing officer's decision shall state the amount and duration of the approved increase, effective date, and reasons for the decision, and the findings required by subsection 25.06(a)(11) of this chapter, if applicable. The park owner shall post a copy of the decision at the Park Office in a conspicuous location.

(12) Findings for approval. A rent increase for purposes of reimbursing a park owner for a capital improvement or rehabilitation work shall be approved, if all of the following findings have been made:

(i) The work for which a rent adjustment is requested and the application submitted by the landlord meet the applicable requirements of subsections 5-25.06(a)(1) through 25.06(a)(5), above.

(ii) Landlord has given notice to tenants as required by subsection 5-25.06(a)(6), above

(iii) The type of capital improvement or rehabilitation work and its useful life are listed in and comply with the provisions of the Resolution referenced in Section 5-25.06(a) above. If the particular capital improvement or rehabilitation work is not listed in said Resolution, then a determination of the useful life has been made based on similar items listed in the Resolution and/or other competent evidence.

(13) Effective date. Any rent adjustment granted under this section shall become effective after the landlord has received the decision from the Community Development Director or hearing officer, as applicable, and upon providing such notice of the approved increase to tenants whose rent is adjusted pursuant to the decision as may required by the Civil Code of California.

(14) Finality of decision. The decision of the Community Development Director or hearing officer, as the case may be, shall be final, and no appeal of

that decision may be taken by any party to the City Manager, Rent Adjustment Commission, City Council or any other officer of the City.

(15) Required annual meeting. Park owners shall meet with tenants at least once in each calendar year to review and discuss future capital expenditure needs and plans, as well as upcoming potential applications for rent increases to reimburse for capital expenditures.”

### **Part 7**

Section 5-25.10 of the Thousand Oaks Municipal Code is hereby amended to read as follows:

“Sec. 5-25.10. Prior Ordinances.

This chapter is derived from Ordinances 747-NS and 755-NS as amended by Ordinances 782-NS, 787-NS, 805-NS, 831-NS, 838-NS, 846-NS, 933-NS, 1040-NS, 1216-NS, and 1254-NS. This chapter shall control to the extent a conflict exists between it and any former law to the contrary.”

### **Part 8**

Section 5-25.12 of the Thousand Oaks Municipal Code is hereby amended to read as follows:

“Sec. 5-25.12. Registration.

(a) Purpose. The purpose of the registration requirement is to enable the City to monitor rents under this chapter and to provide for the assessment of fees to assist in the financing of the reasonable and necessary expenses of the implementation and administration of the mobile home rent stabilization program within the City of Thousand Oaks.

(b) Registration. On or before January 1 of each year, a landlord shall furnish to the Community Development Department, upon a form provided by said Department, information indicating the maximum base rent and maximum adjusted rent for each rental space in the complex as of November 1 of the prior year. Such spaces shall be individually designated by their space number and mailing address. Additionally, the landlord shall indicate when the rent for each individual space was last increased pursuant to Sections 5-25.05, 5-25.05.1, and 5-25.05.2.

(c) Registration fee. By January 1 of each year, the landlord shall submit to the Community Development Department, a registration fee in the amount of ten dollars (\$10) for each controlled rental space in landlord's park. This section shall not apply to any space which will not receive an increase in rent pursuant to Section 5-25.05 in any year for which the fee is due, provided that the landlord identify each space which will not receive such an increase by

indicating “no increase” in the “Comments” section of the Registration Form (Section 5-25.12(b)), above.”

**Part 9**  
(Uncodified)

This ordinance rescinds and supersedes in its entirety Resolution No. 84-037, adopted on February 7, 1984, which set forth a net profit target formula for determining appropriate rent adjustments and age and income qualifications for tenancy at the Ranch Mobile Home Park. This ordinance brings Ranch Mobile Home Park under the full authority of the Mobile Home Park Rent Stabilization ordinance and removes any existing regulations pertaining to rate of return for the park owner or income and age restrictions on the park residents. Therefore, this ordinance controls over any conflicting provisions in Resolution No. 267-74 PC (TPD 74-6), including any subsequent modifications or amendments thereto. This ordinance also rescinds and supersedes in their entirety Resolution No. 2011-025, adopted by the City Council on May 24, 2011, which set a Just and Reasonable Return rental increase for Ranch Mobile Home Park, and Rent Adjustment Commission Resolution RAC 09-2011, pertaining to the same subject

**Part 10**  
(Uncodified)  
Severability

If any section, subsection, clause or phrase of this ordinance is for any reason held to be invalid or unconstitutional, such invalidity or unconstitutionality shall not affect the validity or constitutionality of the remaining portions of this title; it being hereby expressly declared that this title, and each section, subsection, sentence, clause and phrase hereof, would have been prepared, proposed, adopted, approved and ratified irrespective of the fact that anyone or more sections, subsections, sentences, clauses or phrases be declared invalid or unconstitutional.

**Part 11**  
(Uncodified)  
Continuation

Amendment herein of any provision of Chapter 25 Mobile Home Rent Stabilization of Title 5 of the Thousand Oaks Municipal Code will not affect any penalty, forfeiture, or liability incurred before, or preclude prosecution and imposition of penalties for any violation occurring before, this ordinance's effective date. Any such amended part will remain in full force and effect for sustaining action or prosecuting violations occurring before the effective date of this ordinance.

**Part 12**  
(Uncodified)  
Effective Date

This ordinance shall take effect on the thirty-first (31<sup>st</sup>) day following its final passage and adoption, or when covenants, in a form approved by the City Attorney, are recorded against all existing mobile home parks in the City as stipulated under Paragraph I of Part 1 of this ordinance, whichever is later


PASSED AND ADOPTED THIS

Andrew P. Fox, Mayor  
City of Thousand Oaks, California

ATTEST:

\_\_\_\_\_  
Linda D. Lawrence, City Clerk

APPROVED AS TO FORM:  
Office of the City Attorney

  
\_\_\_\_\_  
By: Amy Albano, City Attorney

APPROVED AS TO ADMINISTRATION.

  
\_\_\_\_\_  
Scott Mitnick, City Manager

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE  
CITY OF THOUSAND OAKS ESTABLISHING A LIST  
OF CAPITAL IMPROVEMENTS AND  
REHABILITATION WORK AND USEFUL LIFE  
CATEGORIES IN MOBILE HOME PARKS AND  
RESCINDING RESOLUTION NO. RAC-4

WHEREAS, the City of Thousand Oaks has adopted a Mobile Home Rent Stabilization Ordinance, which is codified as Chapter 25 of Title 5 of the Thousand Oaks Municipal Code; and,

WHEREAS, pursuant to that Ordinance, the City's Rent Adjustment Commission has adopted Guidelines for granting rent adjustments to reimburse mobile home park owners for the cost of completion of eligible capital improvements and rehabilitation work, said Guidelines being set forth in Rent Adjustment Commission Resolution RAC-4, adopted June 10, 1982; and,

WHEREAS, Park owners from most mobile home parks and resident delegates chosen by the residents from most of the mobile home parks have concluded a voluntary mediation process that culminated in an agreement on modifications to said Mobile Home Rent Stabilization Ordinance, including the regulations and procedures pertaining to rent adjustments allowable to reimburse owners for capital improvements and rehabilitation work within mobile home parks; and,

WHEREAS, revised Section 5-25.06.(a) of the Thousand Oaks Municipal Code provides that City Council shall adopt a resolution defining useful life categories for capital improvement and rehabilitation work; and,

WHEREAS, on July 12, 2011, the City Council conducted a duly noticed public hearing and introduced an ordinance to comprehensively amend the existing Mobile Home Rent Stabilization Ordinance, including changes to the provisions relating to rent adjustments allowable for reimbursement of owner expenses for capital improvements and rehabilitation work.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Thousand Oaks that:

1. Rent Adjustment Commission Resolution No. RAC-4 is hereby rescinded and superseded by this Resolution.

2. A non-exclusive list of the most common capital improvements and rehabilitation work with their useful life categories is hereby established as set forth in attached Exhibit "A".

\* \* \* \* \*

PASSED AND ADOPTED

\_\_\_\_\_  
Andrew P. Fox, Mayor  
City of Thousand Oaks, California

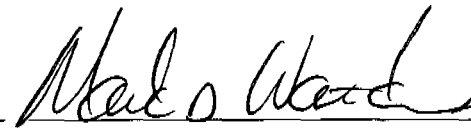
ATTEST

\_\_\_\_\_  
Linda D. Lawrence, City Clerk

APPROVED AS TO FORM:  
Office of the City Attorney

APPROVED AS TO ADMINISTRATION:

  
\_\_\_\_\_  
Amy Albano, City Attorney

  
\_\_\_\_\_  
for Scott Mitnick, City Manager

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TO ALLOW FOR INSERTION OF CERTIFICATION  
BY CITY CLERK

## EXHIBIT A

Capital improvements or rehabilitation work are defined as a project with a cost of at least \$2,000 and consisting of either the addition of a new asset or amenity at the Community with a useful life of at least two years, the replacement of an existing asset or amenity at the Community, or a major repair to an existing asset or amenity at the Community. Major repairs are projects that increase the useful life of such asset by more than two years and exceed \$2,000 in amount.

The useful life or amortization period (in months) is also listed for capital improvement or rehabilitation project. If a capital improvement or rehabilitation project reimbursement application has been submitted, but said improvement or rehabilitation project is not on the list below, the City will determine the useful life for the same, and if appropriate, consider which item on the list most closely matches the improvement or rehabilitation project in question.

Description of Capital Improvement or Rehabilitation Project <sup>1</sup>	Useful Life
	<b>36 months/3 years</b>
Slurry Seal, Striping	
	<b>60 months/5 years</b>
Appliances	
Carpets & Flooring	
Computers, Televisions and Electronics	
Furniture	
Gas Barbeque	
Paint – Exterior/Interior	
Plaster	
Pool heaters, filters, safety equipment	
Sound System including audio and visual entertainment centers	
Tree Removal with Replacement	
Recreation Equipment – Interior (e.g. pool table, dart board, etc)	
	<b>84 months/7 years</b>
Exercise/fitness facilities and equipment	
Fencing – Wood or Chain Link	
Gates & Entrance Gates including control systems	
Heating & Cooling Systems	
Lawn mower/landscaping tools	
Lighting Fixtures	
Plumbing Fixtures	
Pool & Spa – Repair including plaster	
Security System	
Signage	

<sup>1</sup> Item must still meet \$2000 threshold to be reimbursable.



	<b>120 months/10 years</b>
Artificial Lake, Stream or Water Feature	
Doors & Windows – Exterior	
Irrigation System	
Landscape Renovation	
Patio Covers	
Pool /spa cover	
Restrooms	
Streets, Driveways & Parking Lots – Overlay Asphalt	
Trash Enclosure including dumpsters	
Window coverings	
	<b>180 months/15 years</b>
Pools & Spas – Decking including patios	
Sports Court and Playgrounds	
Street, Driveways & Parking Lots – Replacement of asphalt	
Walkways – Material other than concrete	
	<b>240 months/20 years</b>
Community Infrastructure/Delivery System (Drainage, Electrical, Gas, Sewer, Telephone, Water)	
Concrete Curb, gutter, sidewalk	
Driveways & Parking Lots - concrete	
Drywall	
Pools & Spas – New Construction	
Roof	
Walls & Retaining Walls – Block, Concrete, Slumpstone	
Walkways – Concrete	



# M E M O R A N D U M

*City of Thousand Oaks • Thousand Oaks, California*

**TO:** City Council

**FROM:** Andrew P. Fox, Mayor Pro Tem

**DATE:** November 16, 2010

**SUBJECT:** **Mobile Home Park Discussions**

**RECOMMENDATION:**

Authorize Mayor Pro Tem Andy Fox to:

1. Facilitate discussion among Thousand Oaks mobile home park owners, mobile home park tenants, and the City to find common ground and build consensus with respect to proposed mobile home park subdivisions/conversions, rent increases, and related matters.
2. Provide quarterly status update reports to City Council.

**FINANCIAL IMPACT:**

**No Additional Funding Requested.** Indirect staff costs associated with providing support will be absorbed through the adopted FY 2010-2011 General Fund Budget.

**BACKGROUND:**

City's Long History of Supporting Affordable Housing

The City of Thousand Oaks has an extensive proven history of producing and supporting affordable housing. The City's level of support to mobile home park tenants is unparalleled in Ventura County, if not throughout the State of California. Over the past several decades, City Council has taken considerable steps to further protect mobile home park tenants in an effort to guarantee very low (below market) rents and provide a variety of other forms of assistance not available to the general population.

Adoption of the Mobile Home Park Rent Stabilization Ordinance

In 1980, City Council adopted a very stringent Mobile Home Park Rent Stabilization Ordinance. Over the years, this Ordinance was amended and made even more protective of mobile home park tenants. This Ordinance has protected and assisted several thousand mobile home park tenants for more than three decades.

## **Mobile Home Park Negotiations**

**November 16, 2010**

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### Considerable Redevelopment Agency Financial Assistance to Mobile Home Park Tenants

Since the 1990s, the Thousand Oaks Redevelopment Agency has provided over 290 low-interest loans and grants totaling over \$1.6 million to nearly one-third of all mobile home owners for rehabilitation and improvement purposes.

### Proposal to Close Conejo Mobile Home Park

In 2005, Conejo Mobile Home Park owner announced his intent to close the park in order to develop the site for office/commercial use and a senior assisted living project. In response, City Council designated Mayor Pro Tem Andy Fox to negotiate with this park owner to obtain a better outcome for the tenants. Several negotiation meetings took place.

### Adoption of Mobile Home Park Closure Moratorium & Mobile Home Park Closure and Conversion Ordinance

In March 2006, as a result of the proposed Conejo Mobile Home Park closure, City Council enacted (and subsequently extended for a total time of two years) a mobile home park closure moratorium which allowed the City time to prepare and adopt the Mobile Home Park Closure and Conversion Ordinance to provide further protections for mobile home park tenants faced with park closures and conversions to a condominium form of ownership.

### Adoption of Mobile Home Park Ordinance 1503-NS

In July 2008, City Council further demonstrated its resolve and support for mobile home park tenants with the adoption of Mobile Home Park Ordinance 1503-NS (Erickson's Law) to further mitigate the impact of mobile home park closures.

### Closure of Conejo Mobile Home Park

Unfortunately, the Conejo Mobile Home Park tenants were unable to reach an agreement with the park owner. The park owner sued the City. The City counter-sued the park owner. Ultimately, the court ruled against the City and invalidated portions of the City's Mobile Home Park Ordinance 1503-NS. After the court's decision, in February 2010, City Council approved the Conejo Mobile Home Park owner's closure application in accordance with the court's ruling. This park is currently going through the closure process.

### Proposal to Subdivide Vallecito Estates Mobile Home Park

In 2009, the owner of Vallecito Estates Mobile Home Park submitted an application to subdivide this park into individual home sites. In compliance with State law, the City approved this application. As proposed, the individual home sites will be able to be sold to current tenants or others who are interested in owning both their home and home site. As a reminder, once a single space is sold within a subdivided mobile home park, State law allows for the existing local rent control for non-purchasing, non-low income tenants throughout the park to be phased out.

## **Mobile Home Park Negotiations**

**November 16, 2010**

**Page 3**

When the City approved the proposed subdivision, however, it was able to negotiate a more gradual phase-out schedule. State law would have allowed for a shorter phase out of rent control. This was another example of how the City was able to obtain a tangible benefit to mobile home park tenants.

### Proposals to Increase Rent at Thunderbird Oaks & Ranch Mobile Home Parks

During the summer of 2010, the owners of both Thunderbird Oaks Mobile Home Park and Ranch Mobile Home Park submitted formal applications to significantly increase the monthly rents charged to their mobile home park tenants. These proposed rent increases are well beyond the automatic annual rent increases provided for with the City's Mobile Home Park Rent Stabilization Ordinance.

### DISCUSSION/ANALYSIS:

In an effort to better understand and balance the interests and perspectives of both the tenants and park owners, in September 2010, Mayor Pro Tem Andy Fox reached out to the Vallecito Estates Mobile Home Park ownership and participated in discussions. This interaction resulted in a positive outcome for this park's tenants. As stated during the October 13, 2010 City Council Forum at Vallecito Estates Mobile Home Park, the park owner agreed to delay selling any of the park spaces until 2013.

This gesture by Vallecito park management will result in further protection of controlled rents for a longer period of time. It will also provide the tenants more certainty for their future because this action will further delay the 'phasing out' of the City's long-standing Rent Control Ordinance for this mobile home park. Without this delay, Vallecito's owner would be able to sell off units in the near term, and begin the gradual phase-out of the City's rent control ordinance for this park.

During this discussion, Vallecito management indicated a willingness to come to the table and meet with tenant and City representatives to find common ground and build consensus concerning mobile home park issues. Since that initial discussion, City staff was informed that park owners are willing to participate in such discussions. This encouraging news signaled an important breakthrough in working collaboratively with both mobile home park owners and tenants.

The next step in working on behalf of mobile home park tenants should be to solicit participation from tenant and owner representatives of every mobile home park to work through similar proposed rent increases, subdivisions/conversions, and related issues.

### CONCLUSION:

The City of Thousand Oaks has a long history of successfully working on behalf of mobile home park tenants. The level of local protections in place are stronger than any other city in the County, if not the State. The most recent example of working with the owners of Vallecito Estates Mobile Home Park is another example of the City successfully obtaining a valuable outcome for mobile home park tenants. Nevertheless, more work on behalf of the

**Mobile Home Park Negotiations**  
**November 16, 2010**  
**Page 4**

tenants is needed, especially given the recent rent increase requests from other mobile home park owners. As a result, there is value in working further with the owners and tenants of Thunderbird Oaks Mobile Home Park, Ranch Mobile Home Park, and other mobile home parks as they deal with proposed mobile home park rent increases, potential subdivisions/conversions, and other related matters.

If City Council concurs, Mayor Pro Tem Fox will report back with quarterly status updates. If necessary, he will return to City Council for further direction.

**COUNCIL GOAL COMPLIANCE**

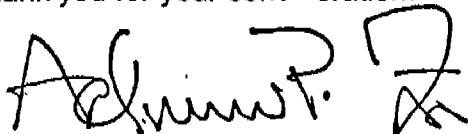
This agenda item complies with City Council Goal I:

- I. Implement high quality redevelopment projects within Thousand Oaks boulevard and Newbury road Project Areas: Develop a pedestrian-oriented, viable, and self-sustaining 'Downtown:' and, continue to produce long-term affordable housing."

This agenda item also complies with Citywide FY 2010-2011 Top Priority 9:

9. Produce affordable housing units to help City comply with State Regional Housing Needs Assessment (RHNA) requirements & work to resolve related low-income housing challenges:
  - B. "Work with nonprofit affordable housing providers to develop a plan to deal with transitional housing issues, including developing priority list for income-eligible residents that may be displaced from closed mobile home parks."
  - C. "Work with Conejo Mobile Home Park residents to find affordable housing alternatives and explore ability of City/Redevelopment Agency to provide additional grants and/or loans to income-eligible residents who may be displaced as a result of this mobile home park closure."

Thank you for your consideration.



Andrew P. Fox  
Mayor Pro Tem

## Mobile Home Park Resident Meeting

Mayor Andy Fox  
Saturday, February 12, 2011  
Thousand Oaks Civic Arts Plaza



### Agenda:

- I. Welcome
- II. Introductions – Staff & Residents
- III. Historical overview
- IV. Current status of mobile home park rent control
- V. Strategy/Process for securing long term stability
- VI. Wrap up
- VII. Question & Answer
- VIII. Adjourn – 11 a.m.

## Historical Overview:

### Rent Stabilization Program Purpose:

*... safeguard tenants from excessive rent increases*

*... and at the same time provide landlords with a just and reasonable [return] from their rental units.*

## Historical Overview:

- 1980 – City Council adopts rent control ordinance
  - Permanently Codified in 1996
- Most restrictive in Ventura County
- Among the most restrictive in California
  - 91 Cities have Mobile Home Ordinances

## Historical Overview:

City Ordinance Allows :

- Annual automatic rent increases:
  - 75% of CPI x 1986 base rent
  - CPI can not exceed 7% in any one year
  - No compounding of increases

## Current Status:

- **Nine Mobile Home Parks**
  - five senior
  - four family
- **1,058 total spaces (865 senior; 193 family)**
  - One MHP closing
  - One MHP converting to 'for sale' lots



## Current Status:

- 3 Parks have filed Rent Adjustment Requests
  - 2 Parks seeking a “just and reasonable return” adjustment to rents (Thunderbird & Ranch)
  - 1 park seeking Capital Improvement and Rehabilitation adjustment to rents (Vallecito)
- Threat of other parks pursuing adjustments as well
- Threat of law suits

## Comparisons:

Item	1986 Average Cost	2010 Average Cost
Automobile	\$9,225*	\$28,100*
Dozen Eggs	\$.87*	\$2.60*
Haircut	\$4.61*	\$13.78*
Social Security	\$428.47/mth	\$1,100/mth

\* National averages

## Comparisons:

Park	1986 Avg. Rent	2010 Avg. Rent
Elms Plaza	\$ 227	\$ 435
Lakestone	\$ 139	\$ 411
Ranch	\$ 127	\$ 132
Thunderbird Oaks	\$ 277	\$ 397
Twin Palms	\$ 198	\$ 320
Vallecito	\$ 344	\$ 543
Ventu Estates	\$ 292	\$ 443
Ventu Park Villa	\$ 247	\$ 412
<b>Average Monthly Rent</b>	<b>\$231</b>	<b>\$ 387</b>

## Comparisons:

- Changes over the last 25 years:

Commodity	% Increase
Automobile	207%
Dozen Eggs	198%
Haircut	200%
Social Security	157%
T.O. Mobile Home Park Rent	67%

## **What are the owners saying?**

- **Owners are seeking modification to:**
  1. CPI rent adjustment formula
  2. Some level of rent adjustment after sale of coach
- **Concession by owners:**
  - Owners have agreed that, if treated fairly (reach consensus), then no long term resident in good standing will be displaced because of financial inability to pay rent.

## **Strategy:**

- Bring some level of certainty for Residents, Park Owners, and City over the next 30 years
- Time for true dialogue between Residents & Park Owners

**How do we accomplish this?**

## Process:

- **Create a Delegation of 19 Park Residents**
  - Elected or appointed individually by each park
  - Individual delegates represent own park
  - Collectively delegates represent the best interest of all park residents as a whole
- **Residents may involve their attorneys in discussions**

## Delegate Makeup:

Park	# of Spaces	# of Delegates
Elms Plaza	34	1
Lakestone	28	1
Ranch	74	2
Thunderbird Oaks	161	3
Twin Palms	81	2
Vallecito	303	4
Ventu Estates	156	3
Ventu Park Villa	171	3
<b>Total</b>		<b>19</b>

## **Selection of Delegates:**

- Go back to your park and select your delegates
- Delegate must be a resident of the park that he/she is representing
- Make and submit your selections by **February 25<sup>th</sup>**
- Send names with contact information into City
- As you leave you will receive a sheet outlining delegate selection and submission process

## **Residents Associations:**

- How many parks have a resident association?
- We'd like to hear from each park ...
- Will a representative from each association please see John Prescott or Amy Albano at the conclusion of today's meeting.

## **Next Steps:**

- Will schedule strategy meetings for delegates
  - Hoping to schedule an evening meeting during the first week of March
- Ultimately delegates will meet with owners
- Delegates will decide the best way to report back to park residents

## **In Summary:**

### **What is the status?**

- Strict rent control protections in place since 1980
- Numerous applications for increases from owners
- Unknown legal climate

## **In Summary:**

### **What are the owners saying?**

Seeking modification to:

1. CPI rent adjustment formula
2. Some level of rent adjustment after sale of coach

One initial concession offered by owners:

- If treated fairly (reach consensus), then no long term resident in good standing will be displaced because of financial inability to pay rent.

## **In Summary:**

- **Why are we here?**
  - Create long term stability
  - Protect you from unpredictable rent increases
- **What is the process?**
  - Creating a representative delegation of 19 residents
  - Make & submit selections by February 25<sup>th</sup>
  - Strategy meetings will be scheduled with delegates
  - Delegates will determine process for reporting back to park residents

# Questions & Answers





## Mobile Home Park Resident Meeting

Mayor Andy Fox & Resident Delegates  
Saturday, June 25, 2011  
Thousand Oaks Civic Arts Plaza



### Agenda:

- I. Welcome
- II. Introductions – Staff & Resident Delegates
- III. Ground Rules
- IV. Brief Historical Overview
- V. Current Status Mobile Home Park Rent Control
- VI. Mediation Process & Outcome
- VII. Next Steps & Wrap up
- VIII. Question & Answer
- IX. Adjourn – 11 a.m.

## Historical Overview:

### Rent Stabilization Program Purpose:

*... safeguard tenants from excessive rent increases*

*... and at the same time provide landlords with a just and reasonable [return] from their rental units.*

## Historical Overview:

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- Among most restrictive in California
- 91 Cities have Mobile Home Rent Control

## **Historical Overview:**

Current City Ordinance Allows :

- Annual automatic rent increases:
  - 75% of CPI x 1986 base rent
  - CPI capped at 7% in any one year
  - No compounding of increases

## **Current Status:**

- **Nine Mobile Home Parks**
- **1,058 total spaces**
  - Conejo closing as of June 30, 2011
  - Vallecito approved conversion to 'for sale' lots

### **Current Status:**

#### **“Just & Reasonable Return” Adjustment granted to:**

- Ranch \$191.95 per space/month
  - spread over 7 yrs
- Thunderbird \$62.00 per space/month
  - spread over 2 yrs
  - Thunderbird Owner filed lawsuit against City challenging amount

### **Current Status:**

- Vallecito seeking Capital Improvement and Rehabilitation adjustment to rents
- Other parks have contacted City about filing adjustments

## **Residents Perspective:**

- Stress on Residents caused by process
  - Lengthy + Time consuming
  - Expensive for tenants (legal rep)
- Same for Vallecito residents during conversion process
- Subject to litigation
- Owner may regularly file new applications

## **Strategy:**

- Bring some level of certainty for Residents, Park Owners, and City
- Facilitate direct dialogue between Residents & Park Owners

**How did we accomplish this?**

## **Mediation Process:**

- 17 Park Resident Delegates participated
- Ranch & Lakestone chose not to participate
- Five meetings as a group with Mayor & staff
  - March 2 – April 7
- Group devised + agreed on proposed deal points
  - Thumbs up from all

## **What residents wanted:**

- Preserve Rent Stabilization
- Maintain Mobile Home Parks as source of “affordable” housing
- Opportunity for dialogue with owners
- Certainty, Certainty, Certainty

### **What the owners wanted:**

- 100% CPI on current rent for annual adjustment
- Some level of decontrol of rents upon sale of coach, even if coach remains
- Supplemental rent increase
  - Make rents comparable to other Ventura County cities
- Owners willing to come to the table in good faith

### **Comparison T.O. to other cities:**

- T.O.'s average rents are 30-47% less than the average rents of all other cities in the County.
- If Ranch is excluded, the average rent in T.O. is 16 to 37% less than the average rents of all other cities in the County.

## **Mediation Meeting with Residents/ Owners:**

- June 4<sup>th</sup>
- 2 spokespersons per residents/owners
  - Not attorneys
- Each side presented their negotiating points

## **Mediation Meeting with Residents / Owners:**

- 10 hour process of give and take
- Resulting in Agreement to:
  - Amend Ordinance
  - Park Owners will Record Covenants not to sue



### Outcome of Mediation:

- Certainty over at least next 10 years
- Maintained a level of Rent Control
- Still have base year that is not current year for annual automatic adjustments

### Covenant Not To Sue:

- Recorded against the Park property
- In place for 10 years
- Owners will not apply for “Just and Reasonable” rent increase
- Owners will **not** sue and Thunderbird law suit is dismissed

## Covenant Not To Sue:

- No conversion of any park unless a vote of residents held and 60% approve
- Vallecito conversion is not implemented
- CAVEAT If City Council substantively amends Ordinance, then the owner Covenant is void.
- Enforceable by Residents or City

## Supplemental Rent Adjustment:

- In lieu of Just & Reasonable rent adjustment for each park
- Over 6 years the rent will increase
  - Nov. 1, 2011 through Nov. 1, 2016

## Supplemental Rent Adjustment:

- \$16.67 per space/per month each year for a total of \$100.00
- No automatic annual increase for 2011
- Retract rent letters if already sent

## Specifics for Ranch Rent Adj:

- To be implemented per City Council action
  - Increase is \$191.95 over 7 years instead of \$100.00
- Reason Ranch is different is average rent is lower than other T.O. Parks
  - Average Monthly Rents:
    - Other T.O. Parks = \$450
    - Ranch = \$132
- Phase in of rent increase only applies to spaces that are currently lived in

## Ranch Rent Adjustment:

Year	Increase Per Space/Month
Initial (2011)	\$34.00
Second (2012)	\$32.90
Third (2013)	\$31.81
Fourth (2014)	\$30.71
Fifth (2015)	\$29.61
Sixth (2016)	\$28.52
Seventh (2017)	\$27.42

## Tenant Protections for Phased-in Supplemental Rent Adjustment:

- Owners will subsidize all or part of \$100 or \$191.95 through deferral of rent
- Resident qualifications:
  - Lived in Park prior to July 1, 2011
  - Meet definition of “Very-low Income” household for Ventura County
  - Must be current on rent and in conformance with park rules

### **Tenant Protections for Phased-in Supplemental Rent Adjustment:**

- Tenant must apply for subsidy and provide documentation to verify income
- Deferred rent will be secured by non-interest bearing lien on coach
- Subsidy will be recaptured on sale of coach

### **Annual Automatic Rent Adjustment:**

- New Base Year for setting rents - 2005
- Rent Base Year changes by 5 years every 5 years

<b>Year</b>	<b>Rent Base Year</b>
2011	2005
2015	2010
2020	2015

## Annual Automatic Rent Adjustment:

- No automatic increase in 2011
- 75% of CPI x Rent Base Year beginning November 1, 2012 through November 1, 2016
- 100% of CPI x Rent Base Year beginning November 1, 2017

## Annual Automatic Rent Adjustment:

Year	Base Year Rent	CPI %
2011	2005	N/A
2012	2005	75%
2017	2010	100%
2020	2015	100%

## Assumptions for Sample Rent Adjustment Calculation:\*

- Current Average Rent = \$450
- 2005 Average Base Year Rent = \$409
- 2010 Average Base Year Rent = \$447
- Assumed Consumer Price Index = 3%
- 75% CPI years 2012-2016
- 100% CPI beginning 2017

\*Does not include Ranch

## Formulas for Annual Adjustment:

- Years 2012-2014
  - 75% of CPI X 2005 Base Year Rent
  - 75% of 3% = 2.25% X \$409 = **\$9.20** + current rent + phased in rent
- Years 2015-2016
  - 75% of CPI X 2010 Base Year Rent
  - 75% of 3% = 2.25% X \$447 = **\$10.06** + current rent + phased in rent

## Formulas for Annual Adjustment:

- Year 2017
  - 100% of CPI X 2010 Base Year Rent
  - 3% X \$447 = **\$13.41** + current rent

## Sample Rent Adjustment Calculation:

Year Nov. 1 <sup>st</sup>	Base Year/Base Year Rent	Current Rent	Adjustment		New Rent Total
			Phase In	Annual	
2011	2005/\$409	\$450	+\$16.67	N/A	\$466.67
2012	2005/\$409	\$466.67	+\$16.67	+2.25%=\$9.20	\$492.54
2013	2005/\$409	\$492.54	+\$16.67	+2.25%=\$9.20	\$518.41
2014	2005/\$409	\$518.41	+\$16.67	+2.25%=\$9.20	\$544.28
2015	2010/\$447	\$544.28	+\$16.67	+2.25%=\$10.06	\$571.01
2016	2010/\$447	\$571.01	+\$16.67	+2.25%=\$10.06	\$597.74
2017	2010/\$447	\$597.74	N/A	+3%=\$13.41	\$611.15



### **Avg Rent Comparison with Adjustments:**

- In 2017, T.O.'s average rent would be \$611.15.
- Assuming other Cities average rents didn't change from 2010 levels ...
  - \$611.15 would be in the mid-range
  - T.O.'s average rent wouldn't exceed the current lowest rent in other cities until 2014
- Other cities average rent will not remain constant and will increase over this period.

### **Formulas for Ranch Annual Adjustment:**

- Years 2012-2014
  - 75% of CPI X 2005 Base Year Rent
  - 75% of 3% = 2.25% X \$132 = \$2.97 + Current rent + Phase-In
- Years 2015-2016
  - 75% of CPI X 2010 Base Year Rent
  - 75% of 3% = 2.25% X \$132 = \$2.97 + Current rent + Phase-In

## Formulas for Ranch Annual Adjustment:

- Year 2017
  - 100% of CPI X 2010 Base Year Rent
  - 3% X \$132 = \$3.96 + Current rent + Phase-In
  
- Year 2018
  - 100% of CPI X 2010 Base Year Rent
  - 3% X \$132 = \$3.96 + Current rent

## Sample Rent Adjustment – Ranch:

Year Nov. 1 <sup>st</sup>	Base Year/Base Year Rent	Current Rent	Adjustment		New Rent
			Phase In	Annual	
2011	2005/\$132	\$132	34.00	N/A	\$166.00
2012	2005/\$132	\$166.00	\$32.90	2.25%=\$2.97	\$201.87
2013	2005/\$132	\$201.87	\$31.81	2.25%=\$2.97	\$236.65
2014	2005/\$132	\$236.65	\$30.71	2.25%=\$2.97	\$270.33
2015	2010/\$132	\$270.33	\$29.61	2.25%=\$2.97	\$302.91
2016	2010/\$132	\$302.91	\$28.52	2.25%=\$2.97	\$334.40
2017	2010/\$132	\$334.40	\$27.42	3%=\$3.96	\$365.78
2018	2010/\$132	\$365.78	N/A	3%=\$3.96	\$369.74

## **Average Rent Comparison – Ranch:**

- Ranch's average rent will still be well below other local parks
- By 2018, the average rent of \$387 will still be the lowest average rent in Ventura County.

## **Vacancy Decontrol:**

- Sale to new resident & new coach – no limit on rent increase, then recontrolled
  - Current ordinance
- Resident more than 12 months – change coach – no rent increase

## **Vacancy Decontrol:**

- Sale to new resident & same coach on or before October 31, 2017, up to 15% increase on current space rent, then recontrolled.
- Sale to new resident & same coach on or after November 1, 2017, up to 10% increase on current space rent, then recontrolled.

## **Vacancy Decontrol:**

- This means that during the 6 year period that CPI is at 75%:
  - Decontrol is at 15%
  - Once CPI goes to 100% in November 2017, decontrol goes to 10%.
- Ranch: Sale to new resident & same coach 10% of current rent + full phased in rent, then recontrolled

## **Capital Expenditures:**

- New Improvements
  - 90-day advance notice to residents
  - Residents vote on improvements
- Replacement/Renovation
  - Vote required if before end of useful life unless due to Acts of God or other good cause
- Licensed Contractor used to be reimbursed

## **Capital Expenditures:**

- Application heard by Neutral Hearing Officer
- Verification of cost, cancelled checks, contract for work etc.
- Residents notified of application 30 days in advance of hearing
- Residents may submit information
- No appeal except to court

## Capital Expenditures:

- Application may include expenditures going back 5 years
- City, Residents & Owners are revising list of approved Capital Expenditures, their Useful Life and definition of a CE.
- Rent adjustment reimburses for eligible expenditure and is removed once paid back.

## Capital Expenditures:

- Example:
  - Park with 150 spaces
  - New carpet in club house cost \$3000
  - Life expectancy is 60 months (5 years)
  - Rent increase based on capital expenditure = 33 cents per space/month for 60 months

## **Capital Expenditures:**

- Park Owners will meet annually with residents to discuss planned capital expenditures
- Vallecito will withdraw current application for capital expenditure reimbursement and reapply under new ordinance provision.

## **Delegates' Perspective:**

How Delegates feel about the process and outcome.

## Next Steps:

- City Council public hearing on ordinance amendments, as outlined above, July 12
- Adoption of ordinance amendments July 19
- Rent increases of \$16.67 per space/per month goes into effect November 1, 2011; Ranch's initial increase is \$34 per space/month.

## Wrap Up & Summary





## Questions & Answers



## Questions after today?

Contact Bill Hatcher  
805-449-2388  
[bhatcher@toaks.org](mailto:bhatcher@toaks.org)



The City of Thousand Oaks, CA Municipal Code

TITLE 5. PUBLIC WELFARE, MORALS AND CONDUCT  
CHAPTER 25. MOBILE HOME RENT STABILIZATION

## CHAPTER 25. MOBILE HOME RENT STABILIZATION

### Sec. 5-25.01. Findings and purpose.

There is a shortage of vacant and available mobile home spaces in the City of Thousand Oaks resulting in a critically low vacancy factor. Many mobile home tenants are on fixed incomes and, if displaced as a result of their inability to pay increased rents, must relocate at a substantial loss or expense, and, in addition, as a result of such housing shortage they may be unable to find decent, safe and sanitary new housing at affordable rent levels. Aware of the difficulty in finding alternative decent housing, some tenants attempt to pay requested and uncontrolled rent increases, but as a consequence, must expend less on other necessities of life. This situation has had a detrimental effect on substantial numbers of renters in the City, especially creating hardships on senior citizens on fixed incomes, and low- and moderate- income households.

The City causes data to be collected through the annual registration statements submitted by mobile home landlords, which confirms a mobile home space and housing shortage continues to exist in the City, the vacancy rate in mobile home parks remains critically low and the deregulation of rents at this time could lead to exorbitant rent increases and aggravation of the crisis, problems and hardships which existed prior to the adoption of the program. This housing shortage necessitates the continuation of the mobile home rent stabilization program. Therefore, it is necessary and reasonable to continue to regulate rents so as to safeguard tenants from excessive rent increases and at the same time provide landlords with a just and reasonable return on their rental spaces.

(§ 2, Ord. 1254-NS, eff. January 23, 1996)

### Sec. 5-25.02. Definitions.

The following words and phrases, whenever used in this chapter shall be construed as defined in this section.

“Average per space capital improvement cost” means an amount determined by dividing the cost of the capital improvement by the total number of mobile home unit rental spaces in the mobile home park with respect to which the cost was incurred.

“Average per space rehabilitation cost” means an amount determined by dividing the cost of the rehabilitation, less any offsetting insurance proceeds, by the total number of mobile home unit rental spaces in the mobile home park with respect to which the cost was incurred.

“Capital improvement” means the addition or replacement of improvements to a rental space, spaces or the common areas of the mobile home park, provided such new improvement has a useful life of five years or more, including but not limited to, roofing, carpeting, draperies, stuccoing the outside of a building, air conditioning, security gates, swimming pool, sauna or hot tub, fencing, garbage disposal, washing machine or clothes dryer, dishwasher, recreational equipment permanently installed on the premises, and other similar improvements as determined by the Commission.

“Commission” means the Rent Adjustment Commission of the City of Thousand Oaks.

“Decontrolled space” means any space formerly subject to the Rent Stabilization Ordinance, as amended, which was vacant on or after June 26, 1981, and such vacancy occurred on or after May 1, 1981 by reason of the tenants' voluntary vacation of that space or the tenants' eviction for nonpayment of rent.

“Housing services” means services connected with the use or occupancy of a mobile home rental space including, but not limited to, utilities (including cable T.V., light, heat, water and telephone), ordinary repairs or replacement and maintenance, including painting. This term shall also include the provision of elevator service, laundry facilities and privileges, common recreational facilities, janitor service, resident manager, refuse removal, furnishings, parking, and any other benefits, privileges or facilities.

“Index” means the figure employed when determining allowable rent increases under Section 5-25.05, and shall be calculated by taking seventy-five (75%) percent of the Los Angeles-Long Beach-Anaheim, Consumer Price Index for all urban consumers for the year ending April 1, rounded to the nearest tenth. No index in excess of seven (7%) percent shall be employed.

“Landlord” means an owner, lessor or sublessor (including any person, firm, corporation, partnership, or other entity) of a mobile home park, who receives or is entitled to receive rent for the use of any mobile home rental space, or the agent, representative or successor of any of the foregoing.

“Maximum adjusted rent” means the maximum rent plus any rent increase subsequently effected pursuant to Sections 5-25.05 and 5-25.06, less any rent reductions required by regulations promulgated by the Commission. Said amount shall be rounded to the nearest dollar and shall not include any increase for capital improvement work or rehabilitation work approved by the City.

“Maximum base rent” means, for a rental space that was occupied by one or more of the same tenants from July 1, 1986 to February 22, 1996, the highest legal monthly rent which was in effect for the rental space or spaces on July 1, 1986. For rental spaces vacated, as defined in Section 5-25.05 (b), between July 1, 1986 and February 22, 1996 and for all spaces vacated after that date and eligible for decontrol/recontrol pursuant to this Chapter, the maximum base rent shall be the highest legal rent in effect on the re-renting of the space. Any increase subsequently effected pursuant to Section 5-25.05 shall be computed against the maximum base rent.

“Maximum rent” the highest legal monthly rate of rent which was in effect for the rental space during any portion of the month of June 1980. If a rental space is not rented during said month, then it shall be the highest legal monthly rate of the rent in effect between June 1, 1979 and May 31, 1980. If a rental space was not rented during either of the above periods, then it shall be the rent charged for an equivalent space that was rented during the month of June 1980, or if not so rented then, during the period between June 1, 1979 and May 31, 1980.

“Mobile home” means a single dwelling unit structure designated or designed for human habitation, transported over the highways to a permanent occupancy site, and installed on the site either with or without a permanent foundation.

“Mobile home park” means a parcel of land where five or more mobile home spaces are rented or leased out for mobile homes used as residences. “Mobile home park” does not include developments which sell lots for mobile homes or manufactured housing, or which provide condominium ownership of

such lots, even if one or more homes in the development are rented or leased out.

“Mobile home tenant or resident” means any person entitled to occupy a mobile home which is located within a mobile home park.

“Rehabilitation work” means any rehabilitation or repair work done on or in a rental space or common areas of the housing complex containing the rental space and which work was done in order to comply with an order issued by the Community Development Department, the Health Department, or the Fire Department, or to repair damage resulting from fire, earthquake or other natural disaster.

“Rent” means the consideration, including any bonus, benefits or gratuity, demanded or received by a landlord for or in connection with the use or occupancy of a rental space, or the assignment of a lease for such a space including, but not limited to, any monies demanded or paid for parking, furnishings, housing services of any kind, subletting or security deposits.

“Rental space,” except as provided below, includes underlying land and mobile homes thereon, whether rent is paid for the mobile home and the land upon which the mobile home is located, or rent is paid for the land alone. The term shall not include:

- (1) Four or fewer mobile homes located on the same lot or parcel.
- (2) Mobile homes located in nonprofit cooperative parks owned and controlled by a majority of the residents.
- (3) Mobile homes which a governmental unit, agency or authority owns, operates or manages which are specifically exempt from municipal rent regulations by state or federal law or administrative regulations. Accommodations to which rental assistance is paid pursuant to 24 CFR 882 (“HUD Section 8 Federal Rent Subsidy Program) may be exempted wholly or partially from the terms of this chapter on an individual basis by written application to the City Manager and after notice to the tenant and landlord involved.
- (4) Mobile homes located in a mobile home park for which a certificate of occupancy was first issued after June 30, 1980.
- (5) Nonprofit mobile home parks. Mobile home parks operated by an organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code provided that the gross income derived therefrom does not constitute unrelated business income as defined in Section 512 of the Internal Revenue Code.

“Tenant” means a tenant, subtenant, lessee, sublessee, or any other person entitled to use or occupancy of a mobile home rental space.

“Vacancy” means when a tenant voluntarily vacates a mobile home rental space or when a tenant is evicted for nonpayment of rent. A vacancy shall not exist when the tenant sublets or assigns his interest in the rental space, including the subletting or sale of a mobile home coach which remains on the same space within a mobile home park. If a mobile home is removed from the space, the space is decontrolled until re-rented to a new tenant and thereafter is subject to all the provisions of this chapter.

(§ 2, Ord. 1254-NS, eff. January 23, 1996)

### **Sec. 5-25.03. Rent Adjustment Commission.**

(a) Creation and organization of the Rent Adjustment Commission. The "Rent Adjustment Commission of the City of Thousand Oaks" is hereby created. The Commission shall consist of five seated members comprised of one landlord, one tenant and three individuals who are neither landlords nor tenants of a residential rental property. Three alternate commissioners may be appointed by the City Council to the Commission, comprised of one landlord, one tenant, and one individual who is neither a landlord nor a tenant of a residential rental property. The seated members and alternates shall be appointed and removed by the Council, all serving at the Council's pleasure. If at any time during the term of a seated member or alternate member, the member becomes a landlord or tenant of residential rental property, or ceases to be same in conflict with his/her Commission designation, the office or position of that member shall immediately become vacant and a new appointment made thereto.

The term of office or assignment for each member of the Commission shall be for the period of time from their appointment to the time that this section is no longer in effect. The Commission shall designate one of its members as a chairperson and one of its members as vice-chair, which officers shall hold office for one year and until their successors are elected.

(b) Commission action and procedure. Each of the five seated Commissioners shall be entitled to one vote. Three members shall constitute a quorum for purposes of conducting a meeting. The decisions of the Commission shall be determined by a majority vote of the seated members present. An alternate Commissioner may only become a seated Commissioner for purposes of Commission action or decision in the absence of the Commissioner appointed as a seated member of the Commission or if the seated member asks to be excused. In the event of such absence, an alternate Commissioner shall be seated only in accordance with his/her designation as a landlord, tenant, or nonlandlord/nontenant. In no event shall more than five votes be cast for any action or decision of the Commission.

(c) Powers and responsibilities. The Commission shall have the power and be responsible for carrying out the provisions of this chapter and the provisions of any ordinance regulating rents in apartment complexes. It shall have the authority to issue orders and promulgate policies, rules and regulations to effectuate the purposes of this chapter. It may make such studies and investigations, conduct such hearings, and obtain such information as it deems necessary to promulgate, administer and enforce any regulation, rule or order adopted pursuant to this chapter. The City Manager shall designate employees to furnish staff support to the Commission.

Every year the Commission may render to the City Council a written report of its activities pursuant to the provisions of this Chapter along with such comments and recommendations as it may choose to make. The Commission shall meet as often as necessary to perform its duties.

(d) Compliance with Brown Act. The meetings of the Commission shall be held within the city and open to the public. Such meetings shall be conducted in accordance with the items contained in a posted agenda and conducted in compliance with the state Brown Act.

(§ 2, Ord. 1254-NS, eff. January 23, 1996)

### **Sec. 5-25.04. Restrictions on rents.**

No landlord shall demand, accept or retain more than the maximum rent or the maximum adjusted rent for a mobile home rental space permitted pursuant to this chapter or to regulations or orders adopted

pursuant to this chapter, nor shall any landlord effect a prohibited rent increase through the reduction of housing services.

All landlords shall maintain records setting forth the maximum adjusted rent, the maximum base rent and the current rent being charged for each rental space. This information shall be disclosed to the City upon the City's request. Each landlord who demands or accepts a rent higher than the maximum adjusted rent or demands or accepts a fee or surcharge shall inform the tenant or any prospective tenant of the rental space, in writing, of the factual justification for the fee, surcharge or difference between said maximum adjusted rent and the rent which the landlord is currently charging or proposes to charge.

(§ 2, Ord. 1254-NS, eff. January 23, 1996)

#### **Sec. 5-25.05. Automatic adjustments to rent and vacancy decontrol.**

The maximum adjusted rent for any rental space may be increased without permission of the Rent Adjustment Commission as follows:

(a) Occupied rental spaces. For a rental space which at any time after August 1, 1980 has not had a rent increase for a period of twelve (12) consecutive months or more, the maximum adjusted rent may be increased in an amount determined by multiplying the Maximum Base Rent by the Index.

Notice of index. After review of pertinent information from the U.S. Bureau of Labor Statistics, the City Manager shall determine the Index from each year and notify each landlord by mail of his finding. Automatic adjustments effected September 1 through August 31 shall employ the Index immediately prior to that period.

(b) Vacancy decontrol/recontrol. If a rental space is vacated voluntarily or as a result of eviction for nonpayment of rent, the maximum adjusted rent may be increased to any amount upon the re-rental of the rental space. Thereafter, as long as the rental space continues to be rented to one or more of the same persons, no other rent increase shall be imposed except as provided in this chapter.

(c) Notice of increases. Notice of any increase in rent pursuant to this section shall be given in accordance with the Civil Code of the State of California. If an increase has been noticed but not effected prior to the effective date of the ordinance codified in this chapter, said notice shall be construed as a valid notice to increase rents in an amount not to exceed the increase permitted by this section.

(§ 2, Ord. 1254-NS, eff. January 23, 1996)

#### **Sec. 5-25.06. Administrative adjustments to rent.**

(a) Capital improvements and rehabilitation. The City Manager or his designee, in accordance with such guidelines as the Commission may establish, shall have the authority to grant rent adjustments subject to the procedures set forth below for a rental space or spaces located in the same park upon receipt of an application for adjustment filed by the landlord of the rental space or spaces if he finds that one or more of the following grounds exist:

(1) That on or after January 1, 1982, the landlord has completed a capital improvement with respect to a rental space and has not increased the rent to reflect any of the cost of such improvement. If such a finding is made, the landlord shall be entitled to a monthly rent increase equivalent to the cost of

the improvement divided by the number of months of the improvement's useful life, except that no increase shall be allowed when the improvement was discrete to the interior of a tenant's rental space and said improvement was not necessary to safeguard the landlord's property from deterioration or loss in value without the express written consent of the tenant to such an increase. The Commission shall provide, by resolution, for the categorization of the capital improvement into five (5), ten (10) and fifteen (15) year useful lives and shall, when necessary, decide which useful life category shall be applied to capital improvements which are not identified within the above-mentioned resolution. The City Manager or his designee shall be responsible, in the absence of the tenant's written consent, for determining whether or not an improvement was necessary to safeguard the landlord's property from deterioration or loss in value. Nothing in this section shall be interpreted to preclude a landlord from making or performing a capital improvement.

(2) That on or after January 1, 1982, the landlord has completed rehabilitation work with respect to a rental space and has not increased the rent to reflect any of the cost of such work. If such a finding is made, the landlord shall be entitled to a monthly rent increase equivalent to the cost of the improvement divided by the number of months that the City Manager or his designee determines to be the appropriate amortization period for that rehabilitative work.

(b) Just and reasonable return.

(1) Commission adjustments. The Commission shall have the authority, in accordance with such guidelines as the Commission may establish, to grant increases in the rent for a rental space or spaces located in the same mobile home park, upon receipt of an application for adjustment filed by the landlord and after notice and hearing, if the Commission finds that such increase is in keeping with the purposes of this chapter and that the maximum rent or maximum adjusted rent otherwise permitted pursuant to this chapter does not constitute a just and reasonable rent on the rental space or spaces. The following are factors, among other relevant factors as the Commission may determine, which may be considered in determining whether a rental space yields a just and reasonable return:

- (i) Property taxes;
- (ii) Reasonable operating and maintenance expenses;
- (iii) The extent of capital improvements made to the common area or spaces as distinguished from ordinary repair, replacement and maintenance;
- (iv) Living space, and the level of housing services;
- (v) Substantial deterioration of the rental spaces other than as a result of ordinary wear and tear;  
and
- (vi) Failure to perform ordinary repair, replacement and maintenance; and
- (vii) Financing costs on the property if such financing was obtained prior to April 1, 1980 and if it contains either a balloon payment or variable rate provision.

(2) Anti-speculation provision. If the only justification offered for the requested rent increase on the landlord's application is an assertion that the maximum rents or maximum adjusted rents permitted pursuant to this chapter do not allow the landlord a return sufficient to pay both the operating expenses and debt service on the rental space or spaces or on the mobile home park containing the rental space or

spaces, a rent adjustment will not be permitted pursuant to this subsection to a landlord who acquired an interest in the rental space or spaces after January 1, 1980.

(c) Procedures.

(1) All applications for rent adjustment shall be submitted to the City Manager and shall include, among other things, the mailing addresses and space numbers of the space or spaces for which an adjustment is requested. Each application shall be accompanied by a filing fee of Twenty and no/100ths (\$20.00) Dollars plus Five and no/100ths (\$5.00) Dollars per space affected by the proposed increase. The City Manager shall determine whether an application is complete within thirty (30) days of submittal. The applicant shall produce at the request of the City Manager or Commission such records, receipts and reports as may be necessary to make a determination on the adjustment request. Failure to produce such requested items shall be sufficient basis for the termination of the rent adjustment proceedings. All applications for rent adjustment, together with all oral and written evidence presented in support thereof, shall be under oath or penalty of perjury.

(2) Within ten (10) days of the determination by the City Manager that the application is complete, the City Manager shall set a date for a hearing and determination. The City Manager shall notify the tenant or tenants of the subject space or spaces by mail of the receipt of such application, the amount of the requested increase, the landlord's justification

for the request, and the place, date and time of the hearing on the adjustment request. The hearing shall be set no less than ten (10) days and no more than forty-five (45) days after the date of mailing such notice.

(3) The hearing shall be conducted in accordance with rules of procedure which the Commission may choose to adopt. In the event that the Commission does not adopt such rules of procedure, the hearing shall be conducted in general accordance with the City Council Manual of Procedure, Ordinance 488-NS. At the time of the hearing, the landlord and/or any affected tenants may offer such documents, testimony, written declarations or evidence as may be pertinent to the proceedings.

(4) A determination with written findings in support thereof shall be made within seventy-five (75) days from the determination that the application for rent adjustment was complete. The rent adjustment may be granted for less than, but not for more than, the amount requested.

(5) Copies of the findings and determination of the Commission shall be mailed by the City Manager to the applicant and all affected tenants.

(§ 2, Ord. 1254-NS, eff. January 23, 1996)

**Sec. 5-25.07. Evictions.**

(a) A landlord may bring an action to recover possession of a rental space only upon one of the following grounds:

(1) The tenant has failed to pay the rent to which the landlord is entitled.

(2) The tenant has violated an obligation or covenant of the tenancy, other than the obligation to surrender possession upon proper notice, and has failed to cure such violation after having received written notice thereof from the landlord.



(3) The tenant is committing or permitting to exist a nuisance in or is causing damage to, the rental space or to the appurtenances thereof, or to the common areas of the park containing the rental space, or is creating an unreasonable interference with the comfort, safety, or enjoyment of any of the other residents of other mobile homes in the park, and has failed to cure such violation after having received written notice thereof from the landlord.

(4) The tenant is using or permitting a rental space to be used for any illegal purpose.

(5) The tenant, who had a written lease or rental agreement which terminated on or after the effective date of this ordinance, has refused, after written request or demand by the landlord, to execute a written extension or renewal thereof for a further term of like duration with similar provisions and in such terms as are not inconsistent with or violative of any provisions of this chapter.

(6) The tenant has refused the landlord reasonable access to the space for the purpose of making repairs or improvements, or for the purpose of inspection as permitted or required by the lease or by law, or for the purpose of showing the rental space to any prospective purchaser or mortgagee.

(7) The person in possession of the rental space at the end of a lease term is a subtenant not approved by the landlord.

(8) The landlord seeks in good faith to recover possession so as to demolish or perform other work necessitating the removal of the rental space from rental housing use, except that if the landlord seeks to recover possession for the purpose of converting the space into a stock cooperative, the landlord must have complied with the notice requirements of Government Code section 66427.1 and applicable City ordinances.

(9) The landlord seeks in good faith to recover possession in order to permanently remove the rental space from rental housing use.

(b) If the dominant intent of the landlord in seeking to recover possession of a rental space is retaliation against the tenant for exercising his/her rights under this chapter, and if the tenant is not in default as to the payment of rent, the landlord may not recover possession of a rental space in any action or proceeding or cause the tenant to quit involuntarily.

(c) Before a landlord can use tenant violation of a covenant or obligation of tenancy as grounds for eviction, the landlord must have provided the tenant with a written statement of the respective covenants and obligations of both the landlord and tenant prior to such alleged violation, and such statement must have set forth the particular covenant or obligation subsequently alleged to have been violated.

(d) In any action by a landlord to recover possession of a rental space, the tenant may raise, as an affirmative defense, any of the grounds set forth in Subsections (a), (b), and (c) of this section.

(e) In the event it should be determined that any provision of this section is in conflict with California law relative to landlord/tenant relationships, including eviction of tenants, then, and in that event, any rental space which becomes vacant following eviction for any reason other than nonpayment of rent, shall not be re-rented at a rent in excess of the maximum adjusted rent as defined herein.

(§ 2, Ord. 1254-NS, eff. January 23, 1996)

**Sec. 5-25.08. Remedies.**

Any person who demands, accepts or retains any payment of rent in excess of the maximum rent or maximum adjusted rent in violation of the provisions of this chapter, or any regulations or orders promulgated hereunder shall be liable in a civil action to the person from whom such payment is demanded, accepted or retained for damages of three times the amount by which the payment or payments demanded, accepted or retained exceed the maximum rent or maximum adjusted rent which could be lawfully demanded, accepted or retained together with reasonable attorney's fees and costs as determined by the court, together with a civil penalty not to exceed the sum of Five Hundred and no/100ths (\$500.00) Dollars.

(§ 2, Ord. 1254-NS, eff. January 23, 1996)

**Sec. 5-25.09. Refusal of a tenant to pay.**

A tenant may refuse to pay any rent in excess of the maximum rent or maximum adjusted rent permitted pursuant to this chapter or regulations or orders adopted hereunder. The fact that such rent is in excess of maximum rent or maximum adjusted rent shall be a defense in any action brought to recover possession of a rental space or to collect the illegal rent.

(§ 2, Ord. 1254-NS, eff. January 23, 1996)

**Sec. 5-25.10. Prior Ordinances.**

(a) This chapter is derived from Ordinances 747-NS and 755-NS as amended by Ordinances 782-NS, 787-NS, 805-NS, 831-NS, 838-NS, 846-NS, 933-NS, 1040-NS, and 1216-NS. This chapter shall control to the extent a conflict exists between it and any former law to the contrary, however, the former ordinances shall provide a supporting basis for the findings and interpretations of this ordinance and shall be employed when necessary in determining the maximum rent, maximum adjusted rent and maximum base rent for a space.

(§ 2, Ord. 1254-NS, eff. January 23, 1996)

**Sec. 5-25.11. Appeals.**

Any dispute, contention, or disagreement relative to interpretation, application or enforcement of this chapter or any provisions thereof, shall be submitted to the City Council for determination in accordance with the provisions of section 1-4.01 through section 1-4.05 of the Thousand Oaks Municipal Code, provided that all decisions of the City Manager shall first be appealable to and ruled on by the Commission.

(§ 2, Ord. 1254-NS, eff. January 23, 1996)

**Sec. 5-25.12. Registration.**

(a) Purpose. The purpose of the registration requirement is to enable the City to monitor rents under this chapter and to provide for the assessment of fees to assist in the financing of the reasonable and necessary expenses of the implementation and administration of the mobile home rent stabilization

program within the City of Thousand Oaks.

(b) Registration. On or before January 1 of each year, a landlord shall furnish to the City Manager, upon a form approved by the City

Manager, information indicating the maximum base rent and maximum adjusted rent for each rental space in the complex as of October 1 of that year. Such spaces shall be individually designated by their space number and mailing address. Additionally, the landlord shall indicate when the rent for each individual space was last increased pursuant to section 5-25.05.

(c) Registration fee. By January 1 of each year, the landlord shall submit to the City Manager, a registration fee in the amount of Ten and no/100ths (\$10.00) Dollars for each controlled rental space in the City of Thousand Oaks. A landlord who does not pay the registration fee by January 1 of any given year shall be assessed a late charge of Two and no/100ths (\$2.00) Dollars per month per space for which the registration fee is not paid. The City Council may from time to time adjust this fee by resolution. This section shall not apply to any space which will not receive an increase in rent pursuant to section 5-25.05(a) in any year for which the fee is due, provided that the landlord identify each space which will not receive such an increase by indicating "no increase" in the "Comments" section of the Registration Form (Section 5-25.12(b)), above.

(§ 2, Ord. 1254-NS, eff. January 23, 1996)

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RESOLUTION RAC-4

A RESOLUTION OF THE RENT ADJUSTMENT COMMISSION OF  
THE CITY OF THOUSAND OAKS ADOPTING USEFUL LIFE  
CATEGORIES FOR CAPITAL IMPROVEMENTS

WHEREAS, the City of Thousand Oaks has provided for the interim control of residential rents within the City for a three-year period by adopting Ordinance No. 755-NS known as the Rent Stabilization Ordinance; and

WHEREAS, Section VII of the Rent Stabilization Ordinance provided a means for landlords to recover the costs of capital improvements; and

WHEREAS, the City of Thousand Oaks has adopted Ordinance No. 805-NS which amended the Rent Stabilization Ordinance, establishing guidelines for administrative adjustments pursuant to capital improvements and rehabilitative expenditures; and

WHEREAS, the Thousand Oaks Rent Adjustment Commission at its special meeting of April 1, 1982, pursuant to Ordinance No. 805-NS considered and adopted the establishment of useful life categories for capital improvements and rehabilitative expenditures, as shown on Exhibit "A" attached.

NOW, THEREFORE, BE IT RESOLVED that the useful life categories for capital improvements and rehabilitative expenditures as provided for in Ordinance No. 755-NS are hereby amended in accordance with the resolution and attached Exhibit "A".

PASSED AND ADOPTED this 10th day of June, 1982.

  
Frank Miller, Chairman  
Rent Adjustment Commission

ATTEST:

  
Paul B. Farr, Commission Staff  
Rent Adjustment Commission

CITY OF THOUSAND OAKS

RENT ADJUSTMENT COMMISSION

- CAPITAL IMPROVEMENT PROGRAM -  
USEFUL LIFE CATEGORIES

FIVE YEAR

- appliances
- waterheaters
- clothes dryer
- clothes washer
- dishwasher
- carpeting
- garbage disposal
- drapes
- swimming pool and spa plastering, heaters (gas/solar), filters, pumps
- recreational equipment permanently installed
- air conditioners and heaters
- rainspouts, gutters
- landscaping
- wooden fencing

TEN YEAR

- non-wooden fencing
- security gates
- stucco
- resurfacing of parking areas or other blacktop (not coatings or emulsions)
- bath, tub, tile
- swimming pool, spa, jacuzzi
- tennis court installation
- solar water heater system and equipment

FIFTEEN YEAR

- plumbing
- roofing
- major structural renovations
- sidewalks, curbs
- central air/heaters (ducting)
- wiring installation

DO NOT PLACE RECORDING DATA ABOVE THIS LINE

**RECORDING REQUESTED BY AND WHEN  
RECORDED RETURN TO:**

**City of Thousand Oaks  
Office of the City Clerk  
2100 Thousand Oaks Boulevard  
Thousand Oaks, California 91362**

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**AGREEMENT AND COVENANT**

This Agreement and Covenant ("Covenant") is made and executed on this \_\_\_\_\_ day of \_\_\_\_\_, 2011, by \_\_\_\_\_ ("Owner").

RECITALS

- A. The undersigned Owner hereby certifies that it is the fee title owner of a mobile home park ("Park") located at \_\_\_\_\_, Thousand Oaks, County of Ventura, State of California, also known as Assessor's Parcel No. \_\_\_\_\_.
- B. The Park is subject to the Thousand Oaks Mobile Home Rent Stabilization Ordinance (Thousand Oaks Municipal Code ("TOMC") §§ 5-25.01 et seq.) ("Ordinance").
- C. Owner participated in a voluntary mediation ("Mediation") with other mobile home park owners in Thousand Oaks and resident delegates from most the mobile home parks in Thousand Oaks. The purpose of the Mediation was to reach collective agreement between the owners and the resident delegates on proposed amendments to the Ordinance to provide certainty regarding future rent increases in the mobile home parks.
- D. The Mediation culminated in an agreement on modifications to the Ordinance between the mobile home park owners and resident delegates on June 4, 2011.
- E. A condition of the mediated agreement required the City of Thousand Oaks ("City") to make certain revisions to the Ordinance consistent with the mediated agreement ("Revised Ordinance"). On July 19, 2011, City adopted the Revised Ordinance (Ordinance No. \_\_\_\_\_).
- F. The mediation agreement also requires each mobile home park owner to record certain covenants against the mobile home park properties.

## AGREEMENT AND COVENANT

For valuable consideration, and in compliance with the terms and conditions of the mediated agreement, the undersigned Owner hereby covenants, acknowledges and agrees as follows:

1. Owner shall bring no lawsuit challenging any provision of the Revised Ordinance during the term of the Covenant. Notwithstanding the foregoing, owner may bring a writ action challenging any administrative decision made by City under the Revised Ordinance.

2. Owner shall bring no administrative adjustment application for a Just and Reasonable Return under the Revised Ordinance during the term of the Covenant.

3. Owner shall not implement the Just and Reasonable Return administrative rent increase approved by the Rent Adjustment Commission on January 18, 2011 (Resolution No. RAC 08-2011) and affirmed by City Council on April 26, 2011 (Resolution No. 2011-013). (Thunderbird only).

4. Owner understands that the Revised Ordinance codifies the Just and Reasonable Return administrative rent increase approved by City Council in Resolution No. 2011-025 on May 24, 2011, as a special supplemental increase, and rescinds Resolution No. 2011-025 in its entirety. (Ranch only)

5. No conversion of any park including Vallecito for 10 years unless a vote of residents was held and 60% of tenants approved conversion. If Vallecito was to breach this section of the covenant, it would not constitute a breach by any other covenanting owner.

6. Vallecito shall have the right to record and file its final subdivision map. (Vallecito only).

7. Owner vacates and withdraws the capital improvement and rehabilitation application filed and received by City on January 4, 2011. Owner may file such an application under the Revised Ordinance. (Vallecito only)

This Covenant shall run with the land and be binding upon Owner, and any future owners, their successors, heirs or assigns. The Covenant shall be enforceable by remedy of injunctive relief in addition to any other remedy in law or equity. City and each resident of the Park shall have the right, but not the obligation, to enforce each and every provision of this Covenant. Notwithstanding the foregoing, prior to residents taking legal action to enforce this covenant, residents shall consult with the City about any perceived or alleged violation and allow City: first, the opportunity to mediate the dispute between the residents and Owner; and second the right to file the action, if City believes a violation had or is occurring and the mediation is unsuccessful.

This Covenant and the provisions hereof are irrevocable and non-modifiable without the written consent of City.

This Covenant shall expire and be of no further effect on August 18, 2021, or upon the occurrence of the any of the following events:

- 1) The adoption of any amendment to the Revised Ordinance not approved in writing by the Owner that materially changes the Revised Ordinance; or
- 2) Any court action that has the effect of voiding or invalidating any material provision of the Revised Ordinance; or
- 3) Any action taken by the City that has the effect of significantly depriving or impairing the Owner of the benefits of the mediated settlement as reflected in the Revised Ordinance.

In the event that any of the circumstances set out above in 1, 2 or 3 does occur, City agrees that Park Owner may initiate, renew, or pursue any claim or action existent on July 6, 2011, related to the Mobile Home Rent Stabilization ordinance. City agrees to toll all statute of limitations, equitable defenses, laches, as well as any and all other time-related bars and defenses, relative to claims that were or might have been asserted by Park Owner against the City from July 6, 2011 until the occurrence of the circumstances set out above in 1, 2 or 3.

STATE OF CALIFORNIA ) (Company Name)  
COUNTY OF )

On, \_\_\_\_\_ before me,  
\_\_\_\_\_ a Notary  
Public in and for said County and State, personally appeared

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument, the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_

\_\_\_\_\_  
OWNER SIGNATURE

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
OWNER SIGNATURE

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Title)