

Date of Hearing: March 29, 2023

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Buffy Wicks, Chair

AB 318 (Addis) – As Introduced January 26, 2023

SUBJECT: Mobilehome Residency Law Protection Act

SUMMARY: Permanently extends the Mobilehome Residency Law (MRL) Protection Act by deleting the sunset date of January 1, 2024.

EXISTING LAW:

- 1) Regulates, pursuant to the MRL, the rights, responsibilities, obligations, and relationships between mobilehome park management and park residents. (Civil Code (CC) Section 798, et seq.)
- 2) Establishes the Mobilehome Residency Law Protection Act (MRLPA). States the intent of the Legislature in enacting the MRLPA is to protect and safeguard the most vulnerable mobilehome homeowners by affording them an additional avenue to enforce violations of the MRL. (Health and Safety Code (HSC) Section 18800)
- 3) Establishes the Mobilehome Residency Law Protection Program (MRLPP) within the Department of Housing and Community Development (HCD). Requires HCD to provide assistance in taking complaints, and helping to resolve and coordinate the resolution of those complaints, from homeowners related to the MRL. (HSC 18802)
- 4) Prohibits HCD from arbitrating, mediating, negotiating, or providing legal advice in connection with mobilehome park rent disputes, lease or rental agreements, or disputes arising from lease or rental agreements. Authorizes HCD to provide information on these issues to the complaining party, park management, or other responsible party. (HSC 18802)
- 5) Requires HCD to refer any alleged violations of law or regulations within HCD's jurisdiction to the Division of Codes and Standards within HCD. Authorizes HCD to refer any alleged violations of law or regulations that are not within HCD's jurisdiction, including, but not limited to, rent disputes, criminal activity, or alleged discrimination, to the appropriate enforcement agency. (HSC 18802)
- 6) Requires HCD to use good faith efforts to select the most severe, deleterious, and materially and economically impactful alleged violations of the MRL. Requires HCD to select a sample of these complaints that satisfy geographic representation of the state for evaluation. (HSC 18802)
- 7) Requires HCD to send a notice to the complaining party and the management or mobilehome park owner if the department selects a complaint for referral to and evaluation by a nonprofit legal services provider (LSP). The notice must advise the parties that they are required to negotiate the matter in good faith to resolve the matter in 25 days. If after 25 days no resolution has been reached, HCD may refer the complaint to an appropriate enforcement agency or a nonprofit LSP. (HSC 18802)

- 8) Requires HCD to contract with one or more qualified and experienced nonprofit LSPs in administering the program, and requires HCD to refer complaints selected for evaluation and not resolved by the 25-day good faith negotiation window to those nonprofit LSPs for possible enforcement action. (HSC 18803)
- 9) Prohibits a nonprofit LSP contracted with pursuant to the MRLPA from charging any fees to a homeowner for any services performed in connection with a complaint referred to it by the department. (HSC 18803)
- 10) Beginning January 1, 2019, and each subsequent year thereafter, requires HCD to assess and collect from park management an annual registration fee of \$10 per mobilehome lot within each mobilehome park subject to the MRL. Authorizes park management, notwithstanding any other law or local ordinance, rule, regulation, or initiative measure to the contrary, to pass on all or a portion of the amount of the annual registration fee to homeowners within the mobilehome park. Establishes the Mobilehome Dispute Resolution Fund in the State Treasury to receive all moneys collected via the MRLPA. (HSC 18804)
- 11) Requires, by January 1, 2023, HCD to submit a report to the Legislature outlining data collected from the MRLPP and recommendations for any statutory or administrative changes to the program. (HSC 18805)
- 12) Sunsets and repeals the MRLPA as of January 1, 2024. (HSC 18806)

FISCAL EFFECT: Unknown.

COMMENTS:

Author's statement. According to the author, "Mobilehomes are an underserved and often unsubsidized affordable housing for hundreds of thousands of Californians. Even so, California lacks many of the protections needed to preserve this type of housing for seniors, working families, veterans, and other community members on fixed incomes. AB 318 makes permanent the successful Mobilehome Residency Law Protection Program, which protects and safeguards the most vulnerable mobilehome homeowners. Doing so will enable residents to express concerns, report violations, and seek fair and reasonable protections in their communities."

Background. More than 700,000 people live in California's approximately 4,700 mobilehome parks. Mobilehomes are not truly mobile, in that it is often cost prohibitive to relocate them. The cost to move a mobilehome ranges from \$2,000 to upwards of \$20,000 depending on the size of the home and the distance traveled. A mobilehome owner whose home is located in a mobilehome park does not own the land the unit sits on, and must pay rent and fees for the land and any community spaces.

The MRL extensively regulates the relationship between landlords and homeowners who occupy a mobilehome park. A limited number of provisions also apply to residents who rent, as opposed to own, their mobilehome. The MRL has two parts: Articles 1 through 8 apply to most mobilehome parks and Article 9 applies to resident-owned parks or parks which are established as a subdivision, cooperative or condominium. The provisions cover many issues, including, but not limited to: 1) the rental and lease contract terms and specific conditions of receipt and delivery of written leases, park rules and regulations, and other mandatory notices; 2) mandatory

notice and amendment procedures for mobilehome park rules and regulations; 3) mandatory notice of fees and charges, and increases or changes in them; and 4) specified conditions governing mobilehome park evictions. A dispute that arises pursuant to the application of the MRL generally must be resolved in a civil court of competent jurisdiction.

HCD oversees several areas of mobilehome law, including health and safety standards, registration and titling of mobilehomes and parks, and, through the Mobilehome Ombudsman, assists the public with questions or problems associated with various aspects of mobilehome law. The Mobilehome Ombudsman provides assistance by taking complaints and helping to resolve and coordinate the resolution of those complaints. However, the Ombudsman does not have enforcement authority for the MRL, and cannot arbitrate, mediate, negotiate, or provide legal advice on mobilehome park rent disputes, lease or rental agreements, but may provide general information on these issues.

HCD also inspects parks and mobilehomes for health and safety issues. Under the Mobilehome Park Maintenance (MPM) program, HCD annually inspects 5% of parks for compliance with health and safety requirements under the Health and Safety Code (Mobilehome Parks Act) and Title 25. The program is funded through a \$4 fee, of which the property owner may charge half (\$2) to the homeowners. In addition to the MPM program, HCD also responds to health and safety complaints under the Mobilehome Parks Act.

Mobilehome Residency Law Protection Program. AB 3066 (Stone), Chapter 744, Statutes of 2018, established the MRLPP as a time-limited five year pilot program to intake complaints regarding alleged violations of the MRL and refer complaints to LSPs. This bill deletes the sunset date in the MRLPA, thereby permanently extending the MRLPP.

HCD report to the Legislature on the MRLPP. The MRLPA required HCD to produce a sunset report on the MRLPP. HCD included the report in its Annual Report 2021-22. HCD was required to report the following information:

- *The amount of registration fees collected pursuant to HSC Section 18804 and the amount expended on the program.* HCD collected \$10,878,986 in total revenue and expended \$3,673,703 at the time of report publication. HCD notes that the final expenditure amount is expected to change due to the fact that nearly 70 percent of complaints referred to a LSP are currently still either in the complaint intake pipeline or receiving assistance, leaving the cases “open.”
- *The total number of allegations received, the total number of allegations processed, and the total number of allegations referred to another enforcement agency or to a nonprofit legal services provider.* HCD reported receiving 3,561 total allegations, processing 2,999 of those allegations, referring 409 allegations to another enforcement agency, and referring 579 allegations to a LSP.
- *The type of allegations received, and the most common type of allegations received.* The most common types of allegations received related to violations of the following:
 - CC Section 798.15 – In-Writing and Required Contents of Rental Agreements (360 allegations),

- CC Section 798.56 – Seven Authorized Reasons for Termination of Tenancy (288 allegations),
 - CC Section 798.25 – Notice for Amendments to Rules and Regulations (238 allegations),
 - CC Section 798.37.5 – Trees and Driveways (149 allegations),
 - CC Section 789.30 – Notice of Rent Increase (146 allegations),
 - CC Section 798.40 – Utility Service Billing; Rate Schedule (145 allegations),
 - CC Section 798.32 – Fees Charged for Unlisted Services Without Notice (144 allegations),
 - CC Section 798.23 – Application of Rules and Regulations to Park Owners and Employees (136 allegations), and
 - Allegations involving housing discrimination – referred to the California Civil Rights Department (124 allegations).
- *To the extent possible, the outcome of each complaint received by the program.*

Outcomes – Complaints Closed as of September 29, 2022	Number of Complaints	Number of Allegations
Closed anonymous complaint	51	13
Complainant requested complaint to be closed	312	468
Duplicate complaint	241	212
No response/unable to reach complainant during intake	335	557
Non-jurisdictional	613	323
Complainant requested complaint to be closed during the documentation request or good faith discussions	25	66
Complaint was not the most severe, deleterious, and economically material and economically impactful or non-jurisdictional after review of the documentation request	269	545
Resolved during documentation	3	7
No response to good faith inquiry	56	138
Resolved during good faith discussions	47	100
LSP referral: Closed due to no response from complainant	10	19
LSP referral: Complainant requested complaint to be closed	9	21
LSP referral: Complainant declined services (e.g. would not sign retainer, complainant retained their own attorney, complainant would not answer eligibility questions, complainant is no longer interested in receiving services)	2	5
LSP referral: LSP reviewed the cases, applicable MRLPP statutes, and California law, and determined there are no viable causes of action	3	16
LSP referral: LSP provided referral to complainant (e.g. lawyer referral service, another program)	3	6

LSP referral: Counsel and advice provided	27	95
LSP referral: Case resolved (e.g. settlement reached, unlawful detainer dismissed, agreement reached with park)	14	38

- *Activities completed by a nonprofit legal services provider contracted with pursuant to the program.* LSPs have authority to determine which complaints to address or pursue and undertake a variety of activities to address complaints. This includes performing interviews with homeowners, providing legal advice or referrals, conferring with park management, conducting onsite investigations, counseling and advice, and initiating judicial or administrative actions to resolve the MRLPP complaint as appropriate.

In addition, HCD was obligated to make recommendations for any statutory or administrative changes to the program. Recommendations include:

- 1) Extend the pilot program for two years and authorize HCD to begin implementing a grant program with an inception date of January 1, 2026. HCD notes that establishing a grant program to directly fund LSPs would allow for homeowner education opportunities and more immediate cost-free legal assistance, and would allow LSPs to provide legal services to homeowners who contact the LSP directly. Operating under a grant program would reduce HCD’s operational overhead while maintaining the MRLPP fee structure as the funding source.
- 2) Eliminate HCD’s obligation to make a good faith effort to select the most severe, deleterious, and materially and economically impactful alleged violations of the MRL. HCD notes that eliminating this requirement will allow for any mobilehome owner to receive assistance until the funds are depleted.
- 3) Eliminate the selection of a complaint sample that satisfies geographic representation of the state for evaluation.
- 4) Eliminate the documentation request. HCD notes that this would reduce the amount of time it takes to process complaints and allow for the LSPs to obtain any necessary documents.
- 5) Eliminate the 25-day good faith negotiation period. HCD notes that this would increase homeowner participation in the program due to fear of retaliation of engaging directly with the park and reduce complaint processing time to allow for more immediate legal assistance.
- 6) Expand the authority for LSPs and/or HCD to establish contracts to specifically provide outreach and education to homeowners within mobilehome parks regarding the MRL.

Pending audit. On March 22, 2023 the Joint Legislative Audit Committee (JLAC) approved an audit of the MRLPP, Audit Request 2023-112. The audit will take several months to complete so any findings from it will likely not be available until after session concludes this year.

Arguments in support. According to the Golden State Manufactured-home Owners League (GSMOL), the bill’s sponsor, “Modeled after Washington state’s Manufactured Housing Dispute Resolution Program, the Mobilehome Residency Law Protection Act was the first time California enacted legislation to protect and safeguard the most vulnerable mobilehome

homeowners by affording them an additional avenue to enforce violations of the MRL. HCD's most recent data regarding the MRLPP has highlighted the continued need of the MRLPP. [...] The HCD's October 1, 2022 report shows revenue collected at \$9,894,656 with total expenditures at \$3,455,293, leaving the MRLPP solvent and with the ability to continue without any cost pressures on the state."

Arguments in opposition. According to the Western Manufactured Housing Communities Association (WMA), "The amount of unspent non-general fund dollars, almost \$8 million at this point, and the lack of substantiated complaints shows lack of need for the program. WMA believes that placing more duties on HCD only deflects from the goal of increasing affordable housing in California and that is why WMA believes the program should expire, but now that the JLAC has authorized the State Auditor to review the program; WMA believes a one-year extension of the sunset is appropriate."

Committee amendments. The author's office notes that the MRLPP was not statutorily permitted to accept complaints until July 1, 2020, and HCD did not start referring complaints to LSPs until June 2021, meaning five full years have not elapsed from the time the program became available to residents and LSPs began intake activities. HCD further notes that the program expenditures are expected to change due to the fact that nearly 70 percent of complaints referred to LSPs are currently still either in the complaint intake pipeline or receiving assistance, leaving the cases "open." In addition, HCD has recommendations for revisions to the program which the Legislature has not had adequate time to consider, and the recently approved JLAC audit will not be complete and published for several months. Given these considerations, committee staff recommend extending the sunset on the MRLPP by three years in order to facilitate a more robust evaluation of the program and afford sufficient time for stakeholders and HCD to seek changes to the program structure. The following amendments would extend the sunset for the MRLPP program by three years:

- 1) Strike out Section 1 of the bill and instead make the following changes to Section 18806 of HSC.

~~SECTION 1. Section 18806 of the Health and Safety Code is repealed.~~

SECTION 1. Section 18806. This part shall remain in effect only until January 1, ~~2027~~ 2024, and as of that date is repealed.

Related legislation:

AB 3066 (Stone), Chapter 774, Statutes of 2018, established the Mobilehome Residency Law Protection Act.

AB 1269 (Stone) of the 2017-2018 Session would have established the Mobilehome Residents and Senior Protection Act, a dispute resolution and enforcement program within the Department of Fair Employment and Housing to resolve disputes related to the MRL, until January 1, 2023. The bill was vetoed by the Governor:

I am returning Assembly Bill 1269 without my signature.

Beginning July 1, 2020, this bill would require the Department of Fair Employment and Housing to enforce the Mobilehome Residency Law and conduct mandatory dispute

resolution between mobilehome residents and park owners.

While well-intentioned, this bill would significantly expand the operations and duties of the Department of Fair Employment and Housing without an adequate fee structure that supports the additional workload.

I believe increased education and enforcement are needed to protect mobilehome owners and residents. For this reason, I am directing the Department of Housing and Community Development to work with the author to make changes to the Mobilehome Assistance Center to address the concerns raised by the sponsors.

AB 1803 (Nava) of the 2010-2011 Session would have created the Mobilehome Residency Law Mediation Act, a dispute resolution program within the Attorney General's Office to resolve disputes related to the MRL. AB 1803 failed passage in the Assembly Committee on Housing and Community Development.

REGISTERED SUPPORT / OPPOSITION:

Support

Golden State Manufactured-home Owners League (Sponsor)
California Commission on Aging
Santa Cruz County Manufactured and Mobilehome Commission

Opposition

Western Manufactured Housing Communities Association
California Mobilehome Parkowners Alliance (Oppose unless amendment)

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