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# SENATE COMMITTEE ON APPROPRIATIONS

Senator Anthony Portantino, Chair  
2023 - 2024 Regular Session

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## AB 318 (Addis) - Mobilehome Residency Law Protection Act

**Version:** June 23, 2023

**Urgency:** No

**Hearing Date:** August 14, 2023

**Policy Vote:** HOUSING 9 - 1, JUD. 9 - 2

**Mandate:** No

**Consultant:** Mark McKenzie

**Bill Summary:** AB 318 would extend the sunset on the Mobilehome Residency Law Protection Program (MRLPP), which provides for the administrative review and referral of complaints alleging violations of the Mobilehome Residency Law (MRL), from January 1, 2024 to January 1, 2027, and make several changes to the program, as specified.

### Fiscal Impact:

- Ongoing Department of Housing and Community Development (HCD) administrative costs of approximately \$1 million until January 1, 2027 to continue to administer the MRLPP. (Mobilehome Dispute Resolution Fund)
- Ongoing costs of approximately \$3 million annually for HCD to contract with nonprofit legal service providers, to the extent contracts are funded at the same level as the prior three fiscal years. (Mobilehome Dispute Resolution Fund)
- Ongoing annual fee revenue gains of approximately \$3 million annually until January 1, 2027 from the continued collection of an annual registration fee of \$10 for each mobilehome lot located within a park that is subject to the MRL. (Mobilehome Dispute Resolution Fund)

**Background:** Existing law, the Mobilehome Residency Law, outlines various obligations, rights, and responsibilities between mobilehome park management and park residents. Among other provisions, the MRL requires rental agreements between the management and a homeowner to be in writing and to contain specified terms and provisions, requires the management to meet and consult with homeowners, either individually, collectively, or with representatives of a group of homeowners, on specified matters within thirty days of a written request to do so, and prohibits management from terminating or refusing to renew tenancy within a park, except for specified reasons and upon giving written notice to the homeowner.

Existing law, as enacted by AB 3066 (Stone), Chap. 774/2018, establishes the MRLPP within HCD as a five-year pilot program to coordinate the resolution of alleged violations of the MRL by providing mobilehome park residents with an avenue for lodging complaints of MRL violations and receiving assistance with the resolution of those violations. Under the program, HCD is required to receive, review, and refer allegations of MRL violations to the appropriate enforcement agency. Existing law requires HCD to select the most severe, deleterious, and impactful alleged violations and select a sample of these complaints for evaluation, and may also refer complaints to nonprofit legal service providers that it contracts with for evaluation and to assist the resident in

resolving the issues with park management. For any complaints selected for referral and evaluation, HCD must send a specified notice to the complaining party and management that includes a requirement for the parties to negotiate in good faith to resolve the issue within 25 days before HCD will refer the issue for enforcement or evaluation. To fund the program, existing law requires HCD to assess upon the management of a mobilehome park and collect an annual registration fee of \$10 for each mobilehome lot located within the mobilehome park that is subject to the MRL. Park management may pass on all or a portion of the fee to the homeowners within the mobilehome park, as specified. Existing law requires HCD to submit a report on the program by January 1, 2023, and sunsets the MRLPP on January 1, 2024.

**Proposed Law:** AB 318 would extend the sunset on the MRLPP from January 1, 2024 to January 1, 2027 and make the following changes to the program:

- Delete a provision that requires HCD to use good faith efforts to select the most severe, deleterious, and impactful alleged violations of the MRL and to select a sample of these complaints that satisfy geographic representation of the state for evaluation.
- Delete the 25-day good faith negotiation period that requires homeowners and park managers to negotiate in good faith to resolve the issue in 25 days, and authorizes HCD to refer the complaint to an enforcement agency or nonprofit legal services provider if either party notifies HCD that the matter is not resolved.
- Require HCD to submit a report to the Legislature by January 1 of each year that outlines specified data collected from the program and includes recommendations for any statutory or administrative changes to the program.

**Related Legislation:** AB 3066 (Stone), Chap. 774/2018, established the MRLPP within HCD as a five-year pilot program for the administrative review and referral of complaints alleging violations of the MRL, and sunsets the program on January 1, 2024.

**Staff Comments:** HCD included the required MRLPP sunset report in its 2021-22 annual report released last October. The report summarized the MRLPP's financials, showing that it had collected \$10,878,986 in total program revenue and had at the time of reporting expended \$3,763,703 (which does not account fully for encumbrances related to contracts for LSPs). HCD noted that nearly 69 percent of complaints referred to legal services providers were either in the complaint intake stage or still receiving assistance, leaving cases open and more expenses to be incurred before the program's end. HCD also reported that it received 3,561 allegations of MRL violations received under the MRLPP, and processed 2,999 of those complaints, referring 409 to another enforcement agency and 579 to a LSP for legal assistance. The report also includes a number of key findings and six specified recommendations for statutory and administrative changes to the MRLPP, several of which are included in this bill.

Based on information provided by HCD, program revenues of approximately \$13.44 million have fully offset expenditures and encumbrances of approximately \$13.04 million in the aggregate over the five year history of the MRLPP. Staff notes, however, that annual expenditures and encumbrances, including contract costs of \$3 million per year, have exceeded revenues in each of the last three fiscal years.

Staff notes that the Joint Legislative Audit Committee approved an audit of the MRLPP on March 22, 2023 (Audit Request 2023-112). This audit is ongoing and will likely not be completed until after the conclusion of the current legislative year. The three year sunset extension in this bill is intended to provide sufficient time for evaluation of the program prior to taking action to permanently extend or end the MRLPP.

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