
THIRD READING

Bill No: AB 318
Author: Addis (D)
Amended: 9/6/23 in Senate
Vote: 21

SENATE HOUSING COMMITTEE: 9-1, 6/20/23
AYES: Wiener, Blakespear, Caballero, Cortese, McGuire, Padilla, Skinner,
Umberg, Wahab
NOES: Seyarto
NO VOTE RECORDED: Ochoa Bogh

SENATE JUDICIARY COMMITTEE: 9-2, 7/6/23
AYES: Umberg, Allen, Ashby, Caballero, Durazo, Laird, Min, Stern, Wiener
NOES: Wilk, Niello

SENATE APPROPRIATIONS COMMITTEE: 5-2, 9/1/23
AYES: Portantino, Ashby, Bradford, Wahab, Wiener
NOES: Jones, Seyarto

ASSEMBLY FLOOR: 56-17, 5/31/23 - See last page for vote

SUBJECT: Mobilehome Residency Law Protection Act

SOURCE: Golden State Manufactured-Home Owners League, Inc.

DIGEST: This bill extends 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 makes several changes to the program, as specified.

Senate Floor Amendments of 9/6/23 authorize the Department of Housing and Community Development (HCD) to adopt emergency regulations to implement the program and changes HCD's programmatic reporting requirements.

ANALYSIS:

Existing law:

- 1) Regulates, pursuant to the MRL, the rights, responsibilities, obligations, and relationships between mobilehome park management and park residents.
- 2) Establishes the Mobilehome Residency Law Protection Act (MRLPA) and 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.
- 3) Establishes the MRLPP within 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.
- 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.
- 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.
- 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.
- 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.

- 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.
- 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.
- 10) Requires HCD, beginning January 1, 2019, and each subsequent year thereafter, 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.
- 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.
- 12) Sunsets and repeals the MRLPA as of January 1, 2024.

This bill:

- 1) Extends the sunset on the MRLPP from January 1, 2024 to January 1, 2027.
- 2) Deletes 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.
- 3) Deletes 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.
- 4) Authorizes HCD to adopt emergency regulations to implement the MRLPP.

- 5) Requires HCD, in their annual report, to include specified data collected from the program and includes recommendations for any statutory or administrative changes to the program.

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.

Comments

- 1) *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 extends the sunset date in the MRLPA by 3 years, thereby extending the MRLPP by the same length of time.
- 2) *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, reporting the following:
 - a) 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% of complaints referred to a LSP are currently still either in the complaint intake pipeline or receiving assistance, leaving the cases “open.”
 - b) 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.
 - c) The most common types of allegations received related to violations of the following:
 - i) In-Writing and Required Contents of Rental Agreements (360 allegations),
 - ii) Seven Authorized Reasons for Termination of Tenancy (288 allegations),
 - iii) Notice for Amendments to Rules and Regulations (238 allegations),
 - iv) Trees and Driveways (149 allegations),
 - v) Notice of Rent Increase (146 allegations),
 - vi) Utility Service Billing; Rate Schedule (145 allegations),
 - vii) Fees Charged for Unlisted Services Without Notice (144 allegations),
 - viii) Application of Rules and Regulations to Park Owners and Employees (136 allegations), and
 - ix) Allegations involving housing discrimination – referred to the California Civil Rights Department (124 allegations).

d) Complaint outcomes.

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

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

- Extend the pilot program for two years and authorize HCD to begin implementing a grant program with an inception date of January 1, 2026.
- 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.
- Eliminate the selection of a complaint sample that satisfies geographic representation of the state for evaluation.
- Eliminate the documentation request.
- Eliminate the 25-day good faith negotiation period.
- 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.

3) *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.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

According to the Senate Appropriations Committee:

- Ongoing 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)

SUPPORT: (Verified 9/7/23)

Golden State Manufactured-Home Owners League, Inc. (source)
 California Commission on Aging
 California Democratic Party
 County of Santa Cruz
 Santa Cruz County Manufactured and Mobilehome Commission

OPPOSITION: (Verified 9/7/23)

California Mobilehome Parkowners Alliance
 Western Manufactured Housing Communities Association

ARGUMENTS IN SUPPORT: 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 extends the sunset of the successful Mobilehome Residency Law Protection Program, which protects and safeguards the most vulnerable mobilehome homeowners. Doing so will extend

protections for mobilehome residents across the state who have encountered violations in their parks, allow a self-funded program to continue to operate, and give ample time to resolve pending cases. Finally, AB 318 will enable a vulnerable and often-ignored population of Californians their right to seek justice.”

ARGUMENTS IN OPPOSITION: The California Mobilehome Parkowners Alliance and Western Manufactured Housing Communities Association have an oppose unless amended position, requesting an extension of the sunset by only one year “...to provide time for the Auditor to complete their work and for the Legislature to consider it.”

ASSEMBLY FLOOR: 56-17, 5/31/23

AYES: Addis, Aguiar-Curry, Alvarez, Arambula, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Juan Carrillo, Wendy Carrillo, Cervantes, Connolly, Mike Fong, Friedman, Gabriel, Garcia, Gipson, Grayson, Haney, Hart, Holden, Irwin, Jackson, Jones-Sawyer, Kalra, Lee, Low, Lowenthal, McCarty, McKinnor, Muratsuchi, Stephanie Nguyen, Ortega, Pacheco, Papan, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Reyes, Luz Rivas, Robert Rivas, Santiago, Schiavo, Soria, Ting, Villapudua, Ward, Weber, Wicks, Wilson, Wood, Zbur, Rendon

NOES: Alanis, Chen, Megan Dahle, Davies, Dixon, Essayli, Flora, Vince Fong, Gallagher, Hoover, Lackey, Mathis, Jim Patterson, Joe Patterson, Sanchez, Ta, Wallis

NO VOTE RECORDED: Bains, Calderon, Maienschein, Rodriguez, Blanca Rubio, Valencia, Waldron

Prepared by: Mehgie Tabar / HOUSING / (916) 651-4124
9/8/23 14:30:32

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