

CONCURRENCE IN SENATE AMENDMENTS

AB 318 (Addis)

As Amended September 6, 2023

Majority vote

SUMMARY

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 Amendments:

- 1) Eliminate the requirement for the Department of Housing and Community Development (HCD) to select the most severe, deleterious, and materially and economically impactful alleged violations of the MRL.
- 2) Eliminates the requirement for parties to a complaint to negotiate the matter in good faith for 25 days before HCD may refer the complaint to an appropriate enforcement agency or a nonprofit legal services provider.
- 3) Makes the MRLPP report due annually.
- 4) Authorizes HCD to adopt regulations or readopt regulations to implement the MRLPP via the Administrative Procedure Act's emergency regulations process, and requires HCD to solicit and consider stakeholder comments prior to submitting an emergency regulation.

COMMENTS

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 Mobilehome Residency Law (MRL) extensively regulates the relationship between landlords and homeowners who occupy a mobilehome park. 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.

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 Mobilehome Parks Act and Title 25. The program is funded through a \$4 fee, of which the property owner may charge half 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 legal service providers (LSPs). The MRLPP was originally scheduled to sunset on January 1, 2024. This bill extends for three years the sunset date of the MRLPP to January 1, 2027 and makes changes to the program rules.

HCD Report to the Legislature on the MRLPP: AB 3066 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:

- 1) *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."
- 2) *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.
- 3) *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:
 - a) Civil Code (CC) Section 798.15 – In-Writing and Required Contents of Rental Agreements (360 allegations),
 - b) CC Section 798.56 – Seven Authorized Reasons for Termination of Tenancy (288 allegations),
 - c) CC Section 798.25 – Notice for Amendments to Rules and Regulations (238 allegations),
 - d) CC Section 798.37.5 – Trees and Driveways (149 allegations),
 - e) CC Section 789.30 – Notice of Rent Increase (146 allegations),
 - f) CC Section 798.40 – Utility Service Billing; Rate Schedule (145 allegations),

- g) CC Section 798.32 – Fees Charged for Unlisted Services Without Notice (144 allegations),
 - h) CC Section 798.23 – Application of Rules and Regulations to Park Owners and Employees (136 allegations), and
 - i) Allegations involving housing discrimination – referred to the California Civil Rights Department (124 allegations).
- 4) *To the extent possible, the outcome of each complaint received by the program.*
- 5) *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.

Policy Considerations: 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% of complaints referred to LSPs are currently still either in the complaint intake pipeline or receiving assistance, leaving the cases "open." In addition, while the bill now incorporates some of HCD's recommendations for revisions to the program, a Joint Legislative Audit Committee audit will not be complete and published for several months. Given these considerations and HCD's remaining recommendations, this bill extends the sunset date 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 and evaluate changes to the program structure.

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."

Arguments in Support

According to the Golden State Manufactured-home Owners League (GSMOL), this 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."

FISCAL COMMENTS

According to the Senate Appropriations Committee:

- 1) 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)

- 2) 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)
- 3) 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)

VOTES:**ASM HOUSING AND COMMUNITY DEVELOPMENT: 6-2-0****YES:** Wicks, Wendy Carrillo, Gabriel, Juan Carrillo, Quirk-Silva, Ward**NO:** Joe Patterson, Sanchez**ASM APPROPRIATIONS: 11-4-1****YES:** Holden, Bryan, Calderon, Wendy Carrillo, Mike Fong, Hart, Lowenthal, Papan, Pellerin, Weber, Ortega**NO:** Megan Dahle, Dixon, Mathis, Sanchez**ABS, ABST OR NV:** Robert Rivas**ASSEMBLY FLOOR: 56-17-7****YES:** 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**NO:** Alanis, Chen, Megan Dahle, Davies, Dixon, Essayli, Flora, Vince Fong, Gallagher, Hoover, Lackey, Mathis, Jim Patterson, Joe Patterson, Sanchez, Ta, Wallis**ABS, ABST OR NV:** Bains, Calderon, Maienschein, Rodriguez, Blanca Rubio, Valencia, Waldron**UPDATED**

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