

Date of Hearing: April 30, 2025

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Matt Haney, Chair

AB 768 (Ávila Farías) – As Introduced February 18, 2025

SUBJECT: Mobilehome parks: rent protections: local rent control

SUMMARY: Limits the application of local rent control to mobilehome spaces that are not the only or principal residence of a homeowner, and deletes a presumption that a mobilehome is a homeowner's principal residence if they receive a homeowner's tax exemption for that mobilehome, among other changes. Specifically, **this bill:**

- 1) Exempts a mobilehome space within a mobilehome park from any ordinance, rule, regulation, or initiative measure adopted by any local jurisdiction which establishes a maximum amount that the landlord may charge a tenant from rent ("local rent control"), if the mobilehome space is not the only or principal residence of a homeowner.
- 2) Deletes a provision allowing a mobilehome space to remain subject to local rent control if the space is not the principal residence of the homeowner and the homeowner has rented the mobilehome to another party.
- 3) Deletes a provision requiring a mobilehome to be deemed to be the principal residence of a homeowner unless a review of state or county records demonstrates that the homeowner is receiving a homeowner's tax exemption for another property or mobilehome in this state, or unless a review of public records reasonably demonstrates that the principal residence of the homeowner is out of state.
- 4) Requires mobilehome park management, before modifying the rent or other terms of a tenancy as a result of learning through a review of state or county records that the mobilehome space is not the only or principal residence of a homeowner, to notify the homeowner in writing of the proposed changes and provide the homeowner with a copy of the documents upon which management relied.
- 5) Deletes a provision allowing a mobilehome space to remain subject to local rent control if the homeowner is unable to rent or lease the mobilehome because the owner or management of the park does not permit, or the rental agreement limits or prohibits, the assignment of the mobilehome or the subletting of the park space.
- 6) Deletes a provision allowing a mobilehome space to remain subject to local rent control if the legal owner has taken possession or ownership, or both, of the mobilehome from a registered owner through either a surrender of ownership interest by the registered owner or a foreclosure proceeding.

EXISTING LAW:

- 1) Permits local governments to restrict the amount by which residential rents may be increased, including the rent charged by a mobilehome park for occupancy by a mobilehome unit. (*Birkenfeld v. Berkeley* (1976) 17 Cal.3d 129, 165.)

- 2) Regulates, pursuant to the Mobilehome Residency Law (MRL), the rights, responsibilities, obligations, and relationships between mobilehome park management and park residents. (Civil Code (CIV) Section 798, *et seq.*)
- 3) Exempts mobilehomes from local rent control if the mobilehome is not the principal residence of the homeowner and the homeowner has not rented the mobilehome to another party. (CIV 798.21(a))
- 4) Deems a mobilehome to be its owner's principal residence unless a review of public records demonstrates that the homeowner receives a homeowner's tax exemption on another property in California or a review of public records reasonably demonstrates that the principal residence of the homeowner is out of state. (CIV 798.21(c))
- 5) Requires park management to provide a homeowner 90 days' notice before modifying the rent or other terms of tenancy for a mobilehome based on a determination that the mobilehome is exempt from local rent control under 3) above. Provides a homeowner 90 days to dispute the management's finding. (CIV 798.21(c)-(e))
- 6) Provides that the exemption from local rent control under 2) above does not apply under any of the following conditions:
 - a) The homeowner is unable to rent or lease the mobilehome because the owner or management of the mobilehome park in which the mobilehome is located does not permit, or the rental agreement limits or prohibits, the assignment of the mobilehome or the subletting of the park space;
 - b) The mobilehome is being actively held available for sale by the homeowner, or pursuant to a listing agreement with a real estate broker, as specified, or a mobilehome dealer, as specified. Requires a homeowner, real estate broker, or mobilehome dealer attempting to sell a mobilehome to actively market and advertise the mobilehome for sale in good faith to bona fide purchasers for value in order to remain exempt under this provision; or
 - c) The legal owner has taken possession or ownership, or both, of the mobilehome from a registered owner through either a surrender of ownership interest by the registered owner or a foreclosure proceeding. (CIV 798.21(f))

FISCAL EFFECT: None.

COMMENTS:

Author's Statement: According to the author, "AB 768 is about fairness and ensuring that rent control benefits those who need those most— working families, seniors on fixed incomes, and individuals who rely on mobile homes as their primary residence. Across California, especially in high-cost coastal and resort communities, a growing number of rent-controlled mobile home spaces are being occupied by second or vacation homeowners who can afford to live elsewhere. This undermines the original intent of rent control: to provide affordable housing and housing stability for vulnerable populations.

By closing this loophole, AB 768 restores integrity to local rent control ordinances and ensures that affordable housing is not misused by individuals with the financial means to maintain multiple properties. This bill helps return rent-controlled units to the people they were designed to serve, supporting California's broader housing equity and affordability goals."

Background: More than one million people live in California's approximately 4,500 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 thousands to tens of thousands of dollars 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 "space rent" and fees for the land and any community spaces. The mobilehome context is different from other rental housing because of this split in ownership between the structure and the land underneath. That split means that mobilehome owners not only risk having to move if rent becomes unaffordable; they also risk losing a major asset – the mobilehome – which may be among the only assets they possess. Moreover, the in-place value of a mobilehome depends largely on the rental rate for the ground underneath it. The higher the rent for the space, the lower the sale value of the mobilehome. In that context, just a small percentage change in the rent may take on heightened significance.

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.

Removing Mobilehomes from Local Rent Control: Over 100 jurisdictions in California have enacted some form of rent control applicable to mobilehome parks. Those rent control ordinances are a proper exercise of the local government's police power if their provisions are "reasonably calculated to eliminate excessive rents and at the same time provide landlords with a just and reasonable return on their property." (*Birkenfeld v. Berkeley* (1976) 17 Cal.3d 129, 165.) Although mobilehome parks are not subject to the Costa-Hawkins Rental Housing Act, which restricts the use of rent control in other residential properties, the MRL itself imposes limitations on the application of rent control to mobilehome parks, and some park rentals not owned by a homeowner are also subject to the Tenant Protection Act of 2019.

Under existing law, local rent control ordinances governing space rent increases only apply to mobilehomes that are the principal residence of the owner or mobilehomes that the owner has rented to another party. This bill would eliminate local rent control for mobilehome owners who rent out their mobilehomes to others, as well as for mobilehome owners who own more than one residence (mobilehome or otherwise), regardless of whether that mobilehome is claimed as their principal residence. This bill would also delete the existing presumption that a mobilehome is a person's principal residence if they are claiming the homeowner's tax exemption on that

mobilehome, and instead would provide that park management may claim the mobilehome is not the person's only or principal residence by a review of "state or county records."

Policy Considerations: This bill, like a handful of others before it, open up a policy debate around what individuals "deserve" the benefits of local rent control. The bill's author and sponsor discuss the likelihood or potential that people who own a mobilehome and another residence are using one of the properties as a second home or vacation home; however, the committee may wish to consider that the language in the bill may capture other scenarios not related to vacation homes. By modifying the existing exemption to specify that the mobilehome has to be the homeowner's only residence, rather than just their principal residence, the bill could create a situation where the homeowner's residence could be removed from local rent control if, for example, they inherited a home from a deceased parent or relative, or if they bought a mobilehome or other residential property intending to have a family member live there.

Similarly, should mobilehome owners who are themselves acting as landlords receive the benefits of rent control if their tenants do not? The committee may wish to consider whether removing rent control from these homes will lead to higher rent for their tenants, as it seems likely that any increase in space rent would ultimately end up being passed along to the tenants rather than borne by the owner.

This bill would also remove the existing presumption that a mobilehome is a person's principal residence if they are claiming the homeowner's tax exemption on that mobilehome, and instead would provide that park management may claim the mobilehome is not the person's only or principal residence based on a review of "state or county records." The committee may wish to consider there could be circumstances where a person might need to relocate temporarily, like moving in with a friend or relative for a few months or performing seasonal work in a different region or state.

Arguments in Support: According to the Western Manufactured Housing Communities Association (WMA), the bill's sponsor, "AB 768 encourages a policy that extends rent-control protection to just the people who need it. Rent-controlled mobilehomes should not be used by homeowners with a second home to profit from their rent-control protections – especially in cases where the 2nd or vacation home is used as a short-term or vacation rental on VRBO or Airbnb. AB 768 only affects those homeowners who use these mobilehomes as vacation or second homes, not their sole principal residence. Further, AB 768 maintains all existing laws that permit an owner of a mobilehome to challenge an assertion that the mobilehome is not the individual's primary residence. All AB 768 does is deny rent-control benefits to people who are wealthy enough to own two homes and who are not the ones rent-control was intended to benefit."

Arguments in Opposition: According to Bay Federal Credit Union, "Often, a homeowner will be forced to temporarily change where they reside, from their primary permanent residence to a temporary residence, for example, for the reasons of employment or to care for a sick relative or friend. Under Civil Code section 798.21's current rent control exemption, this would not cause a problem. However, under AB [768], they would lose local rent control on their primary residence, causing them to lose their mobilehome and their investment in it when they cannot afford to pay their new rent. Under AB 768, the only way to avoid this is to sell their primary residence-mobilehome, even when their circumstances will change again and require them to return to it. This will not only be devastating to these mobilehome owners; it makes it impossible

for Bay Federal and other lending institutions to ensure our mobilehome purchase loans are secure because any homeowner may, at some point, be required to temporarily relocate under the above, or similar, circumstances that are not within their control.”

Related Legislation:

SB 722 (Moorlach) of 2017 would have altered the evidentiary requirements and procedures that determine whether or not state law exempts a mobilehome from local rent control, for leases entered into on or after January 1, 2019. This bill failed passage in the Senate Judiciary Committee.

AB 317 (Calderon), Chapter 337, Statutes of 2012: Required mobilehome leases to include a notice regarding exemptions from local rent control.

AB 481 (Ma) of 2009 was substantially similar to AB 285, below. This bill died pending a hearing in this committee.

AB 285 (Garcia) of 2007 would have broadened the evidentiary basis on which a mobilehome park could assert that a mobilehome is not the principal residence of the owner and therefore not covered by rent control. AB 285 would also have eliminated provisions keeping a mobilehome under local rent control when the owner leases the mobilehome to someone else. This bill died pending a hearing in this committee.

AB 1173 (Haynes), Chapter 132, Statutes of 2003: Added an exception to the default rule that a mobilehome shall be deemed the homeowner’s principal residence by specifying that if a review of public records reasonably demonstrates that the homeowner’s principal residence is out of state, the mobilehome is exempt from local rent control.

SB 1181 (Haynes), Chapter 392, Statutes of 1996: Exempted mobilehomes from local rent control if they are not the principal residence of the homeowner and the homeowner has not rented the mobilehome to another party.

Double-referred: This bill was also referred to the Assembly Committee on Judiciary where it will be heard should it pass out of this committee.

REGISTERED SUPPORT / OPPOSITION:

Support

Western Manufactured Housing Communities Association (Sponsor)

Opposition

Bay Federal Credit Union
City of Watsonville

Analysis Prepared by: Nicole Restmeyer / H. & C.D. / (916) 319-2085