

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: MEGAN BASINGER, DIRECTOR
HOUSING AND COMMUNITY SERVICES
SUBJECT: AMENDMENT TO CHAPTER 6-66 OF THE SANTA ROSA CITY
CODE, RENT CONTROL – MOBILEHOMES, TO SET
CUMULATIVE LIMIT ON RENT INCREASES FOR COMBINED
CALENDAR YEARS 2023 AND 2024

AGENDA ACTION: ORDINANCE INTRODUCTION

RECOMMENDATION

It is recommended by the Housing and Community Services Department that the Council introduce an ordinance amending Chapter 6-66 of the Santa Rosa City Code, Rent Control — Mobilehomes, to limit the cumulative rental increase for any mobilehome space in the combined calendar years 2023 and 2024 to the lesser of:

- (A) Four percent (4%) rent increase for 2023, plus the allowed increase in rent for 2024 under Chapter 6-66 (equal to 70% of the increase in annual CPI as of August 2023, not to exceed 4%), or
 - (B) Eight percent (8%) of the rent charged for the space in 2022.
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EXECUTIVE SUMMARY

In December 2022, the Council adopted an Amendment to the Mobilehome Rent Control Ordinance (Chapter 6-66) that reduced the maximum annual allowable rent increase for a mobilehome space from 100% of the Consumer Price Index (CPI) up to a 6% increase, to 70% of CPI up to a 4% increase. The Amendment took effect on January 6, 2023. Some mobilehome parks, however, had rent increases effective January 1, 2023, at 100% of CPI, which was 5.7%. Mobilehome parks with rent increases on and after January 6, 2023, applied the new reduced rate of 70% of CPI or 3.99%. Staff has been evaluating options to provide a remedy for the residents of mobilehome parks that had increases at 100% of CPI in early January 2023, and has determined that a further adjustment to the Ordinance is appropriate to provide consistency and equity in application of the Ordinance going forward.

BACKGROUND

- Chapter 6-66 of the Santa Rosa City Code – the Santa Rosa Mobilehome Rent Control Ordinance (Ordinance) applies to mobilehome parks within the Santa Rosa city limits where two or more mobilehome spaces are rented out by the park owner. The Ordinance took effect in 1993 and has been amended numerous times as detailed in Table 1, below. The table is not an exhaustive list of amendments.

Table 1 – Summary of Ordinance Updates

Adopted by Council	Effective	Ordinance No.	Provisions Amended
8/17/1993	9/17/1993	3072	Ordinance adopted – CPI max 8%, minimum 4%
9/5/1995	10/6/1995	3213	Definitions, Mobilehome Park Policy Board, CPI% increase, pass-throughs, in-place transfer, administration fee, rent freeze, disclosure.
9/26/1995	10/27/1995	3217	CPI%. Max 7%, min 3%
10/1/1996	11/1/1996	3281	Definitions, base rent, in-place transfer, administration fee, CPI% increase.
10/2/2001	11/2/2001	3540	Definitions, CPI% increase, pass-throughs. Added meet/confer, arbitration, Fair Return procedures. Eliminated MHPPB.
2/3/2004	3/5/2004	3648	CPI% increase, pass-throughs, petitions, Fair Return, in-place transfer. Max 6%, no minimum.
12/6/2022	1/6/2023	Ord 2022-017	Reduced allowed increases to 70% of CPI up to 4% and allows a 10% increase for in-place transfers.

- The Ordinance, updated via Ord 2022-017, allows for annual rent increases, effective January 6, 2023, at 70% of the annual percentage change each August of the San Francisco-Oakland-Hayward CPI, up to a maximum of 4%. The CPI in August 2022 was 5.7%. When applying the new formula, 70% of that CPI, 5.7%, the maximum allowed rent increase is 3.99% for mobilehome parks with rent increases effective January 6, 2023, and after. Table 2, below, provides a summary of the CPI increases from 2001 to 2022.

Table 2 – San Francisco-Oakland-Hayward CPI increases between 2001 and 2022

Percent Change in CPI for 12-month Period Ending in August	
2001	5.1%
2002	1.3%
2003	1.4%
2004	1.2%
2005	2.2%
2006	3.8%
2007	2.6%
2008	4.2%
2009	0.2%

2010	1.0%
2011	2.9%
2012	2.8%
2013	2.0%
2014	3.0%
2015	2.6%
2016	3.1%
2017	3.0%
2018	4.3%
2019	2.7%
2020	1.6%
2021	3.7%
2022	5.7%

To provide consistent and equitable application of allowable rent increases in 2024 and beyond, an adjustment to the calculation of the rent formula is proposed. The maximum allowed annual rent increase for all mobilehome parks subject to rent control will be reset for 2024 so that rents in all parks incorporate the 2023 rent increase limits into their calculation.

PRIOR CITY COUNCIL REVIEW

On November 29, 2022, the Council held a Public Hearing to review proposed amendments to the Ordinance. Council approved a decrease in the allowed annual rent increases from 100% of CPI, up to a 6% increase, to 70% of CPI, up to a 4% increase. The amendment also allowed in-place transfers to increase the space rent by 10% at time of transfer.

ANALYSIS

1. The Amended Ordinance currently allows mobilehome park owners to, once in any 12-month period, increase space rent by 70% of CPI, not to exceed a 4% increase.
2. To provide consistent application of allowable rent increases in 2024 and beyond, it is recommended that the Ordinance language be amended as follows:
 - (A) Consumer Price Index.
 - i. Subject to the provisions of subsection (ii), an owner, once in any 12-month period, may impose a rent increase for a mobilehome space by 70 percent of the percentage increase, if any, in the Consumer Price Index (CPI) during the most recent 12-month period ending in August; provided, however, the rental increase shall not exceed four percent of the previous rent charged for the space. If an owner has obtained a rent increase under subsection 6-66.050(B), the owner may calculate the rent increase allowed by this subsection based upon the approved

comparable rent as allowed in subsection 6-66.050(B) instead of upon the actual rent in effect at the time of the increase.

- ii. In no event shall the cumulative rental increase for any mobilehome space in the combined calendar years 2023 and 2024 exceed the lesser of:
 - a. Four percent (4%) rent increase for 2023, plus the allowed increase in rent for 2024, as set forth in subsection (A)(i), (equal to 70% of the 12-month CPI as of August 2023, not to exceed 4%); or
 - b. Eight percent of the rent charged for the space in 2022.

For example, if, in 2023, prior to the effective date of Ordinance 2022-017, an owner imposed a rent increase for a mobilehome space of 5.7%, the allowable rent increase for 2024 cannot exceed 2.3%.

- 3. To assist in explaining how subsection (ii) will be applied to spaces, sample calculations are provided below
 - a. Example 1 – Estimated space rent without applying the proposed subsection (ii) :

2022 Space Rent	\$700.00
5.7% CPI Increase	5.70%
Allowed Rent	\$739.90
2023 Rent	\$739.90
70% CPI (4.2% CPI*)	2.94%
Rent Increase	\$21.75
Estimated 2024 Rent	\$761.65

***4.2% is being used as an example based on current CPI trends**

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- b. Example 2 – Estimated space rent applying the proposed subsection (ii) to calculate 2024 rent based on no more than 4% for 2023, plus the 2024 allowed increase, or 8% of the 2022 rent, whichever is less.

2022 Space Rent	\$700.00
4% CPI Increase	4%
Allowed Rent	\$728.00
2023 Rent	\$728.00
70% CPI (4.2% CPI*)	2.94%
Rent Increase	\$21.40
Estimated 2024 Rent	\$749.40

*4.2% is being used as an example based on current CPI trends

4. The rent calculation adjustment will reduce the 2024 rent increases that would otherwise apply for residents whose increase took effect on January 1, 2023, prior to the effective date of the Ordinance No. 2022-017. The requirement to recalculate the allowable rent increase in 2024 will set an equal rent calculation going forward for all mobilehome parks subject to rent control in Santa Rosa.

FISCAL IMPACT

Approval of this action as proposed does not have a fiscal impact on the General Fund.

ENVIRONMENTAL IMPACT

This action is exempt from the provisions of the California Environmental Quality Act (CEQA) under CEQA Guidelines Section 15061(b)(3) and 15378 in that there is no possibility that the implementation of this action may have significant effects on the environment, and no further environmental review is required.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

- Mobilehome Park Owners and Managers
- Santa Rosa Manufactured Homeowners Association

ATTACHMENTS

- Attachment 1 - Mobilehome Rent Control Ordinance (SRCC 6-66) REDLINE
- Resolution

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PRESENTER

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