

City of Paramount Mobilehome Park Memorandum of Understanding (MOU)

Homelessness Ad Hoc Committee
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Potential Options to Address Rent Regulation

- Mobilehome Rent Stabilization Ordinance
- Rent mediation
- Mobilehome Park Memorandum of Understanding (MOU)
- No local ordinance or other regulation

Mobilehome Park Rent Stabilization Ordinance

- Local law adopted by City Council as part of the Municipal Code
- Regulate methods, timing and procedures to determine rent increases for mobilehome park residents
- Violations may be prosecuted criminally or civilly by City or by affected residents
- Defense to eviction
- Potential litigation

What is a Mobilehome Park MOU?

- A negotiated long-term agreement between park owners and the City
- Recorded with the County Recorder
- During the term, exempt from any rent control or rent stabilization ordinance
- During the term, park owners agree to seek only those rent increases allowed under the MOU
- **Goals**
 - Establish terms and procedures acceptable to mobilehome park owners and residents
 - Protect residents against unreasonable and excessive rent increases while providing park owners with a fair return
 - Give residents stability and predictability
 - Keep space rents from escalating due to market pressures in light of limited flexibility to move
 - Eliminate the risks of potential litigation, thereby reducing costs to the City, park owners and residents

Components of MOU

- **Parties:**

- City and participating mobilehome park owners

- **Term**

- Beginning and ending dates
 - Examples: Five, seven, ten, twenty years

- **Definitions of Terms**

- **Recordation with County Recorder**

- **Provide copies to prospective residents**

Components of MOU

■ Applicability of MOU

- Generally, any park or space not otherwise exempt under State law
- Homeowner (moves their own mobilehome onto pad or site, or buys mobilehome from another resident)
- Maybe: Recreational vehicles in park for more than nine continuous months?
- Maybe: Spaces subject to long-term rental agreements (more than 12 months)?
- Exemptions
 - “New construction” (Civil Code Sections 798.7 and 798.45)
 - “New mobilehome park construction (Civil Code Sections 798.7 and 798.45)
 - Spaces occupied by Park-owned mobilehome (resident rents mobilehome and space)
 - Resident rents Park-owned mobilehome and space from Park Owner
 - “Snowbird space”
 - Resident-owned mobilehome parks or subdivisions

Components of MOU

■ Annual rent increase

- Simplified process
- Base date or year?
- Maximum rent increase each year?
- How determine allowable increase?
 - Increase in X% of Consumer Price Index (CPI)?
 - Minimum or maximum percentage increase?
- What procedure will apply?

■ Review of historical CPI increases

History of Increases in CPI

Source:

- Bureau of Labor Statistics Consumer Price Index (CPI)
- All items in Los Angeles-Long Beach-Anaheim, CA, all urban consumers, not seasonally adjusted

RENT PERIOD	CPI INCREASE
Jan 2014-Jan 2015	0.8%
Jan 2015-Jan 2016	-0.1%
Jan 2016-Jan 2017	3.1%
Jan 2017-Jan 2018	2.1%
Jan 2018-Jan 2019	3.5%
Jan 2019-Jan 2020	3.2%
Jan 2020-Jan 2021	3.1%
Jan 2021-Jan 2022	0.9%
Jan 2022-Jan 2023	7.5%
Jan 2023-Jan 2024	5.8%
Jan 2024-Jan 2025	2.5%

Components of MOU

- What other types of rent increases should be allowed?
- Changes in governmental taxes, levies and assessments?
- Increases in certain utility costs?
 - Utilities included in space rent
 - Not separately billed utilities
 - Not utilities regulated by the Public Utilities Commission
- Increases in property taxes?

Components of MOU

■ Costs of Capital Improvements or Capital Replacements?

- “Pass-throughs”
- Construction or replacement of streets; water utility lines; clubhouse, pools, etc.
- Distinguish from ordinary repairs or maintenance
- Amortize costs over useful life
- Temporary increase that is eliminated at end of useful life
- Procedural requirements?
 - Advance notice of proposed improvement or replacement?
 - Resident vote?
 - How deal with emergency capital improvements or capital replacements?

Components of MOU

- **Rent increases on vacancy or transfer of ownership of mobilehome**
 - Vacancy Control or decontrol?
 - Define “vacancy”
 - Define “transfer”
- **Specify what is the allowable increase on each type of vacancy or transfer**
 - When ownership of a home changes?
 - When resident voluntarily moves out of Park and new resident moves in with their home?
 - When title transfers by inheritance?
 - When resident is evicted from Park?
- **Types of potential rent increases**
 - Rent increase limited to specified percentage of current rent?
 - Full vacancy decontrol – market rent?
 - Specify other caps on rent increases due to vacancy or transfer

Components of MOU

- Maintenance of amenities?
- Dispute Resolution
 - Meetings between Park Management and Resident Committee
 - Mediation
 - Binding Arbitration
- Park Rules and Regulations still apply
- Provisions of existing rental agreements other than those relating to rent still apply

Components of an MOU

- No amendments without City consent
- Extensions
- Enforcement / Remedies
 - City right to file litigation upon breach
 - Litigation by Park Residents upon breach

What is not covered by MOU?

- **Park-owned mobilehomes**

- Tenant Protection Act of 2019

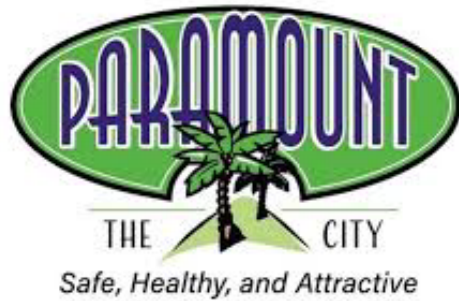
- **Landlord-Tenant relationships**

- 90-Day Notice of Rent Increase
- Separate billing of utility costs
- Eviction
- Changes of use (closure, conversion, procedures, relocation assistance)
- Content of rental agreements
- Enforcement of park rules and regulations
- Maintenance issues

- **Applicable laws**

- Mobilehome Residency Law (MRL) (Civil Code §798, et seq.)
- Mobile Home Parks Act (Health & Safety code §18200 et seq.)
- MRL provisions enforced through private litigation/courts

Questions?



Thank you!

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