



**AGENDA  
SPECIAL MEETING  
Mobile Home Park Rent Review Board  
Monday, October 29, 2018, 5:30 p.m.**

Oxnard City Council Chambers, 305 West Third Street, Oxnard CA 93030

**1. OATH OF OFFICE OF NEW COMMISSIONERS**

**2. CALL TO ORDER AND ROLL CALL**

**3. BOARD MEMBER BUSINESS**

**SUBJECT:** Selection of Chair and Vice-Chair

**RECOMMENDATION:** That the Board, by majority vote, select a Chair and a Vice-Chair

**4. PUBLIC COMMENT**

A person may address the Commission only on matters on the Special Meeting agenda. The presiding officer shall limit public comments to three (3) minutes per speaker. Public Comments will be heard during the Commission consideration of the item on the agenda.

**5. REPORTS FROM CITY STAFF**

**SUBJECT:** City of Oxnard Mobile Home Rent Stabilization System

**RECOMMENDATION:** Receive staff Presentation on Mobile Home Rent Stabilization System

**6. BOARD MEMBER BUSINESS**

**SUBJECT:** Annual Activity Reports for 2016 and 2017 (001)

**RECOMMENDATION:** Receive staff presentation on, review, and adopt Annual Activity Reports for 2016 and 2017; and authorize Chair to submit reports to City Council

**7. NEW BUSINESS**

**8. ANNOUNCEMENTS OF UPCOMING EVENTS**

**9. ADJOURNMENT**

In accordance with the Americans with Disabilities Act and City of Oxnard policy, if you need special assistance to participate in a meeting, please call 385-8095 (TDD 487-2850). Notification 72 hours prior to the meeting will assist the City in making reasonable arrangements to ensure meeting accessibility.



**TO:** Honorable Members of the Mobile Home Park Rent Review Board  
**FROM:** Karl Lawson, Rent Stabilization Director (KL)  
**DATE:** October 24, 2018  
**SUBJECT:** Mobile Home Park Rent Stabilization System Annual Activity Reports for 2016 and 2017

### **I. RECOMMENDATION**

That the Board review and adopt the 2016 and 2017 Annual Activity Report to City Council, and authorize the Chair to submit the reports to City Council

### **II. DISCUSSION**

The Mobile Home Park Rent Review Board is a quasi-judicial body established pursuant to Chapter 24-5 of the Oxnard City Code. Section 24-6 of the Oxnard City Code states in its entirety as follows:

#### ***SEC. 24-6 POWERS AND DUTIES OF THE BOARD***

*Within the limitations provided by state law, the Board shall have the following powers and duties:*

- (A) Reasons for Meetings – To meet from time-to-time to discharge the Board's duties as set forth in this Chapter.*
- (B) Powers – To collect evidence and information to implement this chapter, initiate investigations, schedule and conduct hearings or appeals, and issue written findings and decisions regarding the implementation of this Chapter.*
- (C) Annual Report – To prepare, at least annually, a comprehensive written report to the City Council concerning Board activities, decisions, findings, and actions, and all other matters governed by this Chapter.*

*(D) Administrative rules – Within the limitations provided by law or by rules adopted by the City Council, and after a public hearing, with due notice to owners and residents and/or their representatives, associations and councils, to adopt, amend and rescind administrative rules to effectuate the purposes and policies of this chapter.*

The current Board consists of three members who were appointed by City Council on January 23, 2018. There were no Board members in 2016 or 2017, and the meeting of October 28, 2018 represents the first Board meeting since 2016.

In accordance with Sec. 24-6(C) above, staff has prepared the attached Annual Activity Reports for both 2016 and 2017. Staff presents these reports to the Board for your review, input and discussion. Upon finalization, staff requests that the Board approve the reports and authorize the Chair to transmit the reports to the City Council.

**Attachment**

Draft Annual Activity Reports for 2016 and 2017

# 2016 AND 2017 COMBINED ANNUAL ACTIVITY REPORTS CITY OF OXNARD MOBILE HOME PARK RENT REVIEW BOARD

## 1. THE BOARD

The Mobile Home Park Rent Review Board consists of the following Commissioners, who were appointed to three-year terms at the City Council meeting of January 23, 2018: Cynthia Daniels, Felipe Flores, and Martin Lee Remmen.

## 2. BOARD MEETINGS

The Mobile Home Park Rent Review Board had no members, and did not meet, in calendar years 2016 or 2017.

## 3. PROCESSING OF RENT INCREASE APPLICATIONS IN 2016 AND 2017

### A. Types of Space Rent Increases

Chapter 24 of the City Code establishes two mechanisms by which owners of mobile home parks in the City may apply for general space rent increases. Chapter 24-9 of the Code defines the procedure for C.P.I. (Consume Price Index) Formula Adjustment increase applications, and Chapter 24-10 creates the mechanism for applying for Discretionary Rent Increases.

### B. Calculation of C.P.I. Space Rent Increases

The formula by which the maximum permissible C.P.I. space rent increase for which a park may apply is set forth in Chapter 24-9(A)(1), and as based on the change in the C.P.I. from August of one year to August of the next year. Whenever that change is 4 percent or less, the maximum permissible space rent increase for the next calendar year is equivalent to 100% of that August-to-August percentage change. The C.P.I. change has not exceeded that 4% threshold since 2008.

The permissible C.P.I. space rent increase for rent increases applied for in 2019, as determined by the inflation rate, will be 3.87%. Maximum permissible increases in recent years have been as indicated below:

2018:	2.82%
2017:	1.43%
2016:	1.14%
2015:	1.81%
2014:	0.84%
2013:	2.32%
2012:	2.41%
2011:	0.83%
2010:	No increase (2009 was a deflationary year)

### **C. Park Applications for C.P.I. Formula Rent Increases in 2016**

There are twenty (20) mobile home parks in Oxnard, ranging in size from 39 spaces to 265 spaces. In 2016, the following nineteen (19) parks applied for C.P.I. space rent increases, in the amount of 1.14%:

Country Club Mobile Estates	Cypress Mobile Home Park
Evergreen R. V. Park	Imperial Oxnard Mobile Estates
Kona Kai Mobile Estates	Meadowlake Park
Ocean-Aire Mobile Estates	Oxnard Mobile Home Lodge
Oxnard Pacific Mobile Estates	Oxnard Shores Mobile Home Park
Pleasant Valley Mobile Home Park	Royal Palms Mobile Estates
Royal Duke Mobile Estates #1	Royal Duke Mobile Estates #2
Sunny Acres Park	Sunshine Manor Mobile Home Park
The Colony Mobile Home Park	Valley Trailer Villa
Villa Capri Mobile Estates	

One other park, Silverwheel Park, did not apply for a C.P.I. Formula space rent increase in calendar year 2016. However, as indicated later in this report, Silverwheel had applied for and been granted a 9.73% Discretionary Rent Increase in late 2015.

### **C. Park Applications for C.P.I. Formula Rent Increases in 2017**

In 2016, the following eighteen (18) parks applied for C.P.I. space rent increases, in the amount of 1.43%:

Country Club Mobile Estates	Cypress Mobile Home Park
Evergreen R. V. Park	Imperial Oxnard Mobile Estates
Kona Kai Mobile Estates	
Ocean-Aire Mobile Estates	Oxnard Mobile Home Lodge
Oxnard Pacific Mobile Estates	Oxnard Shores Mobile Home Park
Pleasant Valley Mobile Home Park	Royal Palms Mobile Estates
Royal Duke Mobile Estates #1	Royal Duke Mobile Estates #2
Silverwheel Park	Sunny Acres Park
The Colony Mobile Home Park	Valley Trailer Villa
Villa Capri Mobile Estates	

The parks which did not seek C.P.I. Formula space rent increases in calendar year 2017 were Meadowlake Park (which opted voluntarily not to apply for a 2017 increase) and Sunshine Manor Mobile Home Park (which had been granted a 38.05% Discretionary Rent Increase in December of 2016).

#### **D. Homeowner Association Protests of C.P.I. Rent Increase Applications**

The Rent Stabilization System permits associations or groups of homeowners to challenge C.P.I. formula rent increase applications by filing a protest as defined in Chapter 24-2 of the City Code. When a protest is filed, the independent Hearing Officer conducts an evidentiary, in accordance with Chapter 24-9(B) and 24-13 of the Code. If the Hearing Officer determines that the homeowners have presented evidence of a reduction in services by the park owner, and a monetary savings, the Hearing Officer may reduce the pending rent increase by the amount saved by the park owner due to the deletion of reduction in services provided to homeowners.

In calendar year 2016, no protests were filed. In 2017, Homeowners Associations in two parks (Kona Kai and Ocean-Aire) filed formal protests challenging their respective park owners' application for C.P.I. increases, alleging service level reductions. Hearings were conducted in those cases, and the Hearing Officer ultimately ruled that the homeowners had not met their burden of proof. As a result, the C.P.I. increases applied for by both parks were approved.

#### **E. Discretionary Rent Increase Applications**

The Rent Stabilization System provides an avenue for parks to apply for space rent increases in amounts greater than the C.P.I. Formula Adjustment method. When a park believes that it is not receiving a fair return on its investment, it may apply for a Discretionary Rent Increase. Such an application requires presentation of an audit; a review of the park's application by City staff; a review of the park's income and expenses by an independent Certified Public Accounting firm hired by the City; a report by that CPA to the Hearing Officer; a public hearing on the findings during which representatives of the affected homeowners and of the park owner present their evidence and arguments; and ultimately a written Decision with Findings of Fact, issued by the Hearing Officer. The requirements for the processing of Discretionary Rent Increase applications are set forth in Chapter 24-10 of the City Code, and City Council Resolution No. 11,468.

In 2016, the owner of Sunshine Manor Mobile Home Park submitted an application for a Discretionary Rent Increase, seeking an increase in the amount of 68.1%. It was the first rent increase sought by the owner of that park since the year 2002. Following review and analyses, presentation of the findings of the CPA, and testimony and cross-examination in the evidentiary hearing, the independent Hearing Officer issued written Findings and Decision, in which Sunshine Manor was granted a Discretionary Rent Increase of 38.05%, which the park began collecting in December of 2016.

There was one Discretionary Rent Increase application in 2015 (Silverwheel, which was granted a 9.87% increase). No parks applied for Discretionary increases in calendar year 2017.

## **F. Utility Passthrough Applications**

The City Code also permits park owners to apply for approval to pass through utility costs when segregated out or separately metered to individual homesites within a mobile home park. A utility passthrough for water consumption and sewer costs in Meadowlake Park became effective in 2016, following submission by that park of a Utility Passthrough Application.

Prior to 2016, the cost of the provision of water and sewer services to the 181 homesites in Meadowlake were included as part of the rent. In 2014, the park owners installed individual water meters at each space in the park, along with separate water meters for water consumption in the park's common areas (pool, clubhouse, median strips, grounds, etc.). Under the Utility Passthrough Application provisions of the City Code, the park applied to the City for permission to institute a separate, consumption-based charge to each homesite, based on metered consumption. In order to institute such a segregated charge, the park owner is required to remove from the space rent structure the cost of the previously-included utilities. The passthrough application process required review by the City of both common-area and individual consumption, application of a formula for allocation of sewer costs, an evidentiary hearing with presentation of findings, and ultimately a Decision of the Hearing Officer. In his ruling, the Hearing Officer reduced space rents by \$43.10 per space per month; adopted a staff recommendation for future apportionment of sewer costs, and for apportionment of common-area utility costs.

No utility passthrough applications were submitted in 2017.

## **G. Hearings conducted by Independent Hearing Officer**

Evidentiary hearings are required for the implementation of the rent stabilization ordinance. CPI Protest and Discretionary hearings are adversarial in nature, while passthrough applications are investigative. Those hearings are conducted by an independent professional hearing officer, selected through the City's formal procurement policies. Mr. David B. Hart serves the City as hearing officer for all matters related to mobile home rent stabilization. Mr. Hart's rulings for cases initiated in 2016 and 2017 were as follows:

- (1) Sunshine Manor Mobile Home Park, 2016 Discretionary Rent Increase
- (2) Meadowlake Park, 2016 Water and Sewer Utility Passthrough
- (3) Kona Kai Mobile Estates, Homeowners Protests of 2017 CPI Application:
  - (a) Ruling on Homeowners' Request for Issuance of Subpoena for Production of Records (April 24, 2017)
  - (b) Decision on Allegations of Service Level Reductions (Dec. 4, 2017)

- (4) Ocean-Aire Mobile Estates, Homeowners' Protest of 2017 CPI Application:
  - (a) Decision on Park Owners' Objection to Subpoena for Production of Records (November 14, 2017)
  - (b) Decision on Allegations of Service Level Reductions (April 26, 2018)

**4. APPEALS TO THE RENT REVIEW BOARD**

Pursuant to Chapter 24 of the City Code, either party may appeal Decisions of the Hearing Officer if that party is dissatisfied with the ruling. Unlike appeals of rulings by the City's Planning Commission, however, appeals under the rent stabilization system do not go to the City Council. Any Hearing Officer decision which is appealed is presented to the full Mobile Home Park Rent Review Board, which conducts a review of the record in open session, in accordance with Section 24-15 of the City Code. The Board reviews the record, and entertains arguments from the parties, but does not receive testimony nor conduct a de novo hearing on the matter in dispute.

In 2016 and 2017, no Hearing Officer decisions were appealed to the full Rent Review Board.

**5. ADOPTION**

Pursuant to Chapter 24-6(C) of the Oxnard City Code, the 2016 and 2017 Annual Activity Report of the Mobile Home Park Rent Review Board is hereby presented to the Oxnard City Council, having been adopted by a majority vote of the Commission at the Special Meeting of October 29, 2018.

Respectfully submitted,

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Chair

Date: October 29, 2018