

Proposed Changes to San José's Mobilehome Rent Ordinance (MRO)

The year 2025 closed with an attack on rent control. This attack began in secret. San José's Mobilehome Rent Ordinance (MRO) had to be updated to match changes in state law regarding long term leases. Someone decided to also sneak in some other changes, most of which are favorable to park owners, and disfavorable to homeowners.

Is "sneak it in" accurate? Yes. These changes were unveiled for the first time less than a week before the Housing Commission meeting in November, with no public input. People raised enough of a stink that the meeting was postponed for a month.

During that time, we in Silicon Valley Village Mobile Home Park (SVVMHP) got organized. We got 475 signatures on a petition to protect rent control. Over 100 homeowners from all over the city showed up in person for the December 11 Housing Commission meeting, and over 100 more viewed the meeting online.

The results of that meeting were in our favor. They finally (at 10PM) decided to recommend only the state-mandated change and none of the rest. However, the Housing Director continues to lobby for the original entire package of amendments, in direct contradiction to the vote of the Housing Commission.

So what changes to the MRO were proposed? Here is a rundown.

Changes to State Law

The current MRO exempts long term leases from rent control. This no longer conforms to state law. This proposal removes that exemption so that all mobile home owners are covered by rent control.

This was the original reason for making changes to the MRO. This change should be approved. However, this was used as an excuse to propose other, unnecessary changes to the MRO.

Vacancy Decontrol

Some folks think that rent control should eventually freeze your space rent. That is not true, and never was. The purpose of rent control is to control how much your rent can go up each year. It is based on inflation (the Consumer Price Index for the Bay Area) and can vary between 3% and 7% (usually around 3%). If space rents were frozen, parks could not handle the rising costs of labor, materials, and services. Either parks would go bankrupt or conditions would deteriorate to unhealthy or unsafe levels. Space rents increases tied to inflation are fair.

The current MRO has Vacancy Control. This means a buyer inherits the seller's space rent. This provision is crucial to keeping mobile homes affordable. These proposed changes would allow space rents to increase 10% (rather than the usual annual 3%) when a mobile home is sold. This is called Vacancy Decontrol. Over time, this would make mobile homes less affordable.

Vacancy Decontrol is touted as a way to give more money to park owners without affecting the space rent of the vast majority of homeowners who do not sell their homes. However, no evidence has been presented that park owners need more income to stay afloat. Fair Return Hearings are infrequent and often result in space rent increases only a

tiny fraction of what owners requested. This indicates that mobile home parks, for the most part, are doing okay. Even if there was a widespread financial crisis among parks, there is no data to tell whether 10% is the correct amount.

Another reason cited for Vacancy Decontrol is that the MRO restricts rent increases to about 3% a year, while the Apartment Rent Ordinance allows up to a 5% annual increase. That makes sense because mobile home owners are responsible for all maintenance and repairs, unlike apartment renters.

While Vacancy Decontrol does not affect the current homeowner's space rent, it does affect their equity. Common sense tells us that a noticeably higher space rent will cause a buyer to offer noticeably less money for the exact same home. For seniors, the disabled, and others on fixed incomes, their mobile home might be their only asset. Selling your home to move to a nursing facility is a cruel time to lose equity.

Vacancy control keeps mobile homes affordable. We need to keep vacancy control.

Capital Improvement Pass Through

Currently, park owners who feel they are not making enough money can ask for a Fair Return Hearing. In this process, the city looks at their finances over multiple years. If the park's profitability has gotten too low, the city can allow a space rent hike above the annual 3%.

This proposal allows parks to charge residents even without a hearing for the cost of projects "that provide added benefits to residents" or "that materially improve sustainability,...accessibility, safety, or flood mitigation." This definition is too broad, and it does not consider whether the park can easily afford a given project.

Park owners claim this provision is needed because of the high cost of replacing aged infrastructure. Many do not realize that parks already get money every month from every homeowner to maintain utilities. The park buys gas and electricity from PG&E at one price and resells it to homeowners for more money. That difference is supposed to be set aside for maintenance, which is required by law and should be part of a park's operating expenses.

Fair return hearings are the proper way to deal with project costs.

Petition Decision Appeal Process

Currently, the Fair Return Hearing does a thorough examination and determines how much of a rent increase is needed to maintain a park's profitability. This decision can be challenged in court. This proposal allows a park owner to appeal the decision to the Housing Department Director, who single-handedly can change the outcome of the hearing. The fairness of an appeal decision depends on the fairness of this director.

Fair return hearings look at all the facts to reach a decision. If one person can set all that work aside, it negates the value of the hearing.

Resident Process to Settle Rent Disputes

This section would allow rent complaints from homeowners to be resolved by the Housing Department. It claims to be inspired by processes that exist for apartment renters.

Nothing in this section is a problem in itself. However, if this is added, park owners could say it's not fair for only homeowners to get relief directly from the Housing Department. It would increase pressure to adopt the Petition Decision Appeal Process discussed previously.

Park Registration Requirements

Currently, parks must report some basic information to the city. This proposal would require that parks also report changes in rent and ownership for each mobile home owner.

Aside from the added administrative costs, this granular data on space rents for each homeowner would likely be public information, available to park owners and everyone else. There is no need to collect this much data.

Removal of Outdated Provisions

and

Relocating Provisions to Regulations

On the surface, this appears innocuous, even helpful. Who wouldn't want to keep up with the times? The trouble is that the specific changes are not detailed. Who would decide what to change and how to change it?

We should not give a blank check to whoever would make these changes to do whatever they want.

Summary

City Council should follow the recommendation of the Housing Commission. Approve only the change to make the MRO conform to current state law, and reject everything else.