

Factors that support the Space Rent Stabilization Ordinance (RSO) of St. Helena

Why:

To stabilize the cost of living in Mobile Home Parks in St Helena (currently Vineyard Valley Senior MHP, but it would apply to any new parks). The RSO promotes health, welfare and financial security to mobile homes in St. Helena currently owned by seniors 55+. The City is committed to maintaining affordable housing in St. Helena, especially for senior citizens¹.

What it is:

The RSO.

The Rent Stabilization Ordinance was officially adopted by City Council in Nov 2018. Immediately, the RSO was contested by the park owners, by circulating a city-wide petition for an expensive referendum. Only 83 residents of VV signed the petition, not a majority.

The St. Helena RSO is a locally-crafted ordinance, tailored to our city's housing needs, yet patterned after ordinances upheld by the California courts. St. Helena is committed to protecting affordable housing. Our neighbors in Napa, Calistoga, Sonoma and Santa Rosa also have RSO's. There are over 110 municipalities in CA with RSO's for mobile home parks including Santa Barbara, San Jose, Marina, Vacaville, Santa Monica, Los Gatos, Petaluma and more.

Annual increases. An RSO lease allows the rents to be adjusted once a year, based on the lessor of 3% or 100% of CPI. Rent increases over this stipulation must be transparent, including pass through fees such as utilities, repaving roads, or capital improvements. It requires the landlord to follow procedures before charges are passed on to residents, giving homeowners a voice that is not currently available. No speculation; simple, secure and reasonable senior housing in St Helena.

Fair Return on Investment

St Helena's RSO guarantees a fair and reasonable rate of return on the park owners investment and keeps the mobile home park operating for the benefit of both residents and the LLC park owners. The park owners may seek an adjustment, to insure fair return on investment when needed for major capital improvements. The current park manager has publically stated that their business model is based on 3% increases. City Council heard this and made this RSO workable for them.

Vacancy Control

Vacancy control is a mechanism to maintain affordability for space rents in VV when homes are sold. If the current owner has an RSO lease, the new owner gets the same rent as the previous owner, until the next renewal period, when the rate can go up 3% or 100% of CPI (whichever is less). If the home was not under an RSO lease, the new owner may chose the RSO or the landlord's lease. The vacancy control provision does not allow exponential rent increases and keeps the long-term affordability of the mobile

¹ "Maintain, sustain and improve access to housing" is one of five three-year goals that the City Council adopted in 2017.

http://www.cityofsthelelena.org/sites/default/files/fileattachments/planning_resources/page/3395/staff_report-white_paper.pdf

home park. If a home is vacated, as per the CA Mobile home Residency Law², the landlord may set the rent to be similar to a comparable lot in the park.

Vacancy control protects the value of the homes and the homeowner's ability to sell their home. As rents increase, the value of the home goes down. Remember, the prospective buyer must have the ability to receive financing, which is dependent upon the ability to pay both the mortgage and the space rent. If rents are escalating the home price will have to go down to make up for the total value. This is seen happening all over California.

Opt-In. The RSO lease is optional (with the one temporary exception described in vacancy control). Every mobile home owner may choose either, to sign an RSO lease, renewable each year **or** they may sign a traditional, extended lease (more than a year) with the landlord, which is not subject to the terms of the RSO. The landlord's lease comes with no guarantee what the rate of increase will be when it is renewed.

Right to Protect our Investment

Mobile home owners are in a unique position. We have a substantial investment in our homes, but we rent the land beneath it. These homes are not really considered mobile once on a site, they are manufactured homes; the expense and damage caused to move them is significant and there are virtually no empty spaces to take them to. Due to this MH owners are considered a 'captive tenant' to investors.

The median home sold in VV is about \$270,000³, with 214 homes in VV that's a cumulative value of over \$57,000,000. We have a right and an obligation to protect it. For many seniors it is our biggest asset. (Many homes in VV have substantial upgrades like, granite counters, chef's kitchens with high-end appliances, hardwood floors, plantation shutters, skylights etc.)

Service Reductions

The RSO requires that services must be maintained to the same standards they were at when the lease was signed (landscaping, pools, spa, fitness room, maintenance and other buildings or spaces covered by the lease...). If there is a reduction or elimination of services then the rent must be proportionately reduced.

Other provisions of the RSO

City Council will review the RSO and make adjustments if needed and absorb administrative cost until a later date. The RSO is only applicable to full-time, primary homeowners in the MH park.

Other pertinent information

The LLC that currently owns Vineyard Valley also operates 2 other parks with RSO's in Contra Costa County, none have been sold since the RSO was instituted. The LLC is made up of about 40 people, 51% are not part of the original family that owned the park, and the family no longer has a majority voting power.

Rent stabilization is not equal to rent control.

Rent control is established on property (apartment buildings or homes) not land. It also does not include provisions for fair return on investment for the owners, or a process for raising the rents as necessitated

² CA Mobile home Residency Law allows rents to be raised by the landlord if there is a lawful eviction, or the home is removed or abandoned.

³ Comparable market analysis by a local realtor, from 2017- current.

by improvements or unforeseen expenses. Rent control does not include a required maintenance of services to the tenants, hence the perceptions that the rent control units get run down over time. This is important to understand and discriminate. Rent stabilization attempts to be fair to both the landowner and the homeowner.

Many residents of Vineyard Valley move here after downsizing from their current home. They come from large homes in St. Helena, other cities in CA and from out of state as well, freeing up those home to growing families. Many of these seniors want to be here to be close to their family, especially grandchildren. We don't want Vineyard Valley to become a second home enclave for the wealthy.

For all the reasons given above the St. Helena RSO will maintain affordability, hold or increase the value of the homes, and discourage predatory investors from purchasing the park.

Help us protect this affordable, senior housing in St. Helena by VOTING YES on Measure F.