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**Subject:** Response to Council Member questions regarding Agenda Item 11 - Amendments to the City's Mobile Home Rent Stabilization Regulations  
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Council Members,

This non-privileged email is in response to some Council Member questions we received regarding the mobile home rent stabilization amendment item on tonight's agenda. We can elaborate tonight if you have further questions. Thank you.

First, regarding the amendments to the arbitration provisions, if a park owner notices a rent increase that exceeds the allowable rent cap, that will trigger arbitration, and the park owner would need to demonstrate to an arbitrator why the increase is necessary. The need to make capital improvements is a basis that an arbitrator may agree justifies a rent increase to protect park owner's right to a reasonable return. The annual arbitration fee that park owners must pay is \$65 per unit per year; park owners may pass half of that amount on to park tenants.

Under the City's Mobilehome Rent Stabilization Ordinance regulations, a park owner can only charge a "new base rent" if there is a "lawful space vacancy." The base rent is how much a park owner can charge a mobilehome unit to rent that space.

Lawful space vacancy is defined in Petaluma Municipal Code Section 6.50.240 and only occurs if a mobilehome is removed from the space, for reasons other than rehab or improvements to the mobilehome, or if the tenancy is terminated under the Mobilehome Residency Law. A termination of tenancy is similar to a "just cause eviction." Pursuant to Civil Code Section 798.56, a termination of tenancy can result from: a tenant failing to comply with a local or state law after receiving notice; conduct causing a substantial annoyance to residences; failure to comply with a reasonable park rule after receiving notice and opportunity to cure; conviction for drugs or prostitution at the park; nonpayment of rent, condemnation of the park; or a change of use of the park.

We understand it is rare for a lawful space vacancy to occur. As a result, Petaluma has fairly strict vacancy control. However, when a lawful space vacancy does occur in Petaluma, the City's regulations do not restrict the amount a park owner may charge for the new base rent. The Council could cap how much a park owner is able to increase the base rent when a lawful space vacancy occurs.

While the proposed amendments to the City's mobile home rent stabilization regulations do not fundamentally change the approach to vacancy control, per the Council's direction, the amendments do increase vacancy control related protections, including by providing that relocating a unit to another space in the same park, and some title transfers, such as by bequest of the former owner, do not constitute a voluntary removal and do not result in a lawful space vacancy. Another amendment prohibits a new base rent as a result of a lawful vacancy if there was a new base rent as a result of a lawful vacancy within the prior 24 months.

The proposed amendments to the City's regulations also add a requirement that all park owners must provide tenants and tenants-to-be with a notice that informs the tenants of their

rights. The form will be created by City staff and will clarify what is and is not a “lawful space vacancy.” Under the recommended amendments, annual registration forms that park owners must provide to the City will specify the rent of each unit whether there have been lawful space vacancies. These requirements will help the City to monitor annual rent increases and ensure they comply with the City’s regulations. The proposed amendments also require park owners to comply with the City’s regulations as a prerequisite to permitted rent increases.

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