

SENATE JUDICIARY COMMITTEE
Senator Thomas Umberg, Chair
2023-2024 Regular Session

AB 2373 (Rendon)
Version: March 7, 2024
Hearing Date: June 11, 2024
Fiscal: Yes
Urgency: No
ID

SUBJECT

Mobilehomes: tenancies

DIGEST

This bill specifies that a mobilehome park may not terminate the tenancy of a park resident, or issue a notice of termination, for non-payment of rent or a change of use of the park, if the park's permit to operate is suspended, until the violation that led to the suspension is corrected and a permit to operate issued or re-issued.

EXECUTIVE SUMMARY

Mobilehomes and the mobilehome parks in which they often reside are an important source of affordable housing in California. Because mobilehomes are pre-fabricated and can be moved, mobilehome owners often own their mobilehome, but lease the lot on which it sits from the owner of a mobilehome park. Current law regulates the relationship between park owners and park residents, and specifies that park residents may have their tenancies in the park terminated only for specified reasons. In addition, the Mobilehome Parks Act (MPA) regulates the construction, maintenance, and occupancy of mobilehome parks and mobilehomes to ensure protection of the health, safety, and general welfare of all mobilehome park residents. HCD is charged with enforcing the MPA, and is required to inspect mobilehome parks for violations of the MPA and corresponding regulations. Mobilehome parks must have a permit to operate in order to operate and charge park residents rent. Under the MPA, HCD is empowered to suspend a park's permit to operate if it is in violation of the MPA, and a park may not charge residents rent while its permit to operate is suspended. AB 2373 specifies that a mobilehome park may not terminate the tenancy of a park resident, or issue a notice of termination, for non-payment of rent or a change of use of the park, if the park's permit to operate is suspended, until the violation that led to the suspension is corrected and a permit to operate is issued or re-issued. AB 2373 is supported by the Golden State Manufactured-home Owners League, Inc. and the Western Center on Law and Poverty, and the Committee has received no timely opposition.

PROPOSED CHANGES TO THE LAW

Existing law:

- 1) Establishes the Mobilehome Residency Law (MRL) to regulate the relationship between mobilehome park management and park residents, and establishes various rights, responsibilities and limits of both groups. (Civ. Code § 798 *et seq.*)
- 2) Specifies that a mobilehome park may only evict a resident for: failing to comply with a local or state law or regulation on mobilehomes within a reasonable time after the homeowner receives notice of noncompliance; conduct of the resident that amounts to a substantial annoyance of other homeowners or residents; conviction for certain crimes; failure to comply with a reasonable rule of the park; condemnation of the park; a change of use of the park or any portion of it, as specified; or for nonpayment of rent, utilities, or other reasonable incidental services charged by the park. (Civ. Code § 798.56.)
- 3) Prohibits management from terminating or refusing to renew a tenancy, except for a reason specified in (2) and upon giving written notice to the homeowner to sell or remove the mobilehome from the park, at the homeowner's election, within a period of not less than 60 days. Requires a copy of this notice to be sent to the legal owner of the mobilehome, each junior lienholder, and the registered owner of the mobilehome, if other than the homeowner, by United States mail within 10 days after notice to the homeowner. (Civ. Code § 798.55(b)(1).)
- 4) Creates the Mobilehome Parks Act (MPA) to regulate the construction, maintenance, occupancy, use, and design of mobilehome parks to assure protection of the health, safety, and general welfare of all mobilehome park residents, and guarantee park residents maximum protection of their investment and a decent living environment. (Health & Saf. Code §§ 18200 *et seq.*)
- 5) Excludes from its provisions any park owned, operated, and maintained by the federal government, the state, any agency or political subdivision of the state, or any city, county, or city and county. Also excludes any apartment house, hotel, or dwelling under certain provisions, or any utilities facilities owned, operated, and maintained by a public utility. (Health & Saf. Code §§ 18303-18304.)
- 6) Provides that HCD enforces the provisions of the MPA, except where a city, county, or city and county has elected to assume responsibility for enforcement, notified HCD, and had their request to assume authority approved by HCD. (Health & Saf. Code §§ 18300, 18400.)
- 7) Provides HCD the authority to promulgate regulations relating to the MPA and its enforcement, and authorizes HCD officers or agents to enter public or private

property to determine whether there is a park to which the MPA applies on the property, and to enter and inspect all parks and examine any registers of occupants for enforcement purposes. (Health & Saf. Code § 18400.)

- 8) Establishes the Mobilehome Park Maintenance inspection program and requires HCD to enter and inspect mobilehome parks to ensure enforcement of the MPA and related regulations, with a goal of inspecting at least five percent of the parks in the state per year. Requires inspections to include an inspection of the exterior of mobilehomes in each park inspected. Requires HCD to inspect the mobilehome parks that it determines have complaints made to the agency regarding serious health and safety violations. (Health & Saf. Code § 18400.1.)
- 9) Requires a mobilehome park owner or operator to abate any nuisance in the park within five days, or within any longer period set by HCD, of receiving written notice to remove the nuisance. Requires that the District Attorney of the county in which the park or the greater portion of the park is located to bring a civil action in the Superior Court of the county to abate the nuisance. Allows that an Attorney General, a county counsel, or a city attorney or prosecutor may also bring a civil action to abate the nuisance. (Health & Saf. Code § 18402.)
- 10) Provides that, if any park is constructed, altered, converted, used, occupied, or maintained in violation of the MPA, related regulations, or any order or notice issued by HCD, HCD may institute any appropriate action or proceeding to prevent, restrain, correct, or abate the violation, and that a Superior Court may make any order on an application for such an action from HCD. (Health & Saf. Code § 18404.)
- 11) Requires that, if HCD or another enforcement agency determines that a mobilehome park is in violation of the MPA or any regulation adopted pursuant to the MPA after an inspection, HCD must promptly, but no later than 10 days after the inspection, issue a notice to correct the violation to the owner or operator of the park and to the responsible person, as defined. Clarifies that, if the violation constitutes an imminent threat to health and safety, the notice of the violation be issued and served immediately. (Health & Saf. Code § 18420.)
 - a) Specifies that the owner or operator of the mobilehome park is responsible for the correction of a violation that is noticed by the enforcement agency. (*Id.*)
- 12) Requires that, if upon an inspection the enforcement agency determines that manufactured home, mobilehome, or accessory building or structure is in violation of Chapters 4, 5, and 6 of the MPA, or any regulation adopted pursuant to those chapters, the enforcement agency promptly, but no later than 10 days after the inspection, issue a notice to correct the violation to the registered owner and occupant (if different) of the mobilehome or manufactured home. (*Id.*)
 - a) Specifies that the registered owner of the mobilehome is responsible for the correction of any violations pursuant to this section.

- 13) Allows that an owner or operator of a mobilehome park, or the registered owner of a mobilehome subject to a notice of violation may dispute HCD's determination of an alleged violation, a failure to correct the violation in the required time, or the reasonableness of the deadline for correction by requesting an informal conference with HCD. (Health & Saf. Code § 18421.)
- 14) Specifies that Health and Safety Code Sections 18420 to 18423 remain in effect until January 1, 2025. (Health & Saf. Code § 18424.)
- 15) States that it is unlawful, without a valid permit to operate the mobilehome park issued by HCD, to: construct a park; construct additional buildings or lots, or alter the park; operate, occupy, rent, lease, sublease, or let out any lot in the park constructed, reconstructed, or altered without a permit; or operate a park or any portion thereof. (Health & Saf. Code § 18500.)
- 16) Specifies that, if a park violates their permit to operate or the MPA, the permit may be suspended by HCD. (Health & Saf. Code § 18510.)
- 17) States that HCD shall issue a permit to operate to parks, and that a permit to operate shall be issued for a 12-month period. Specifies that a mobilehome park's permit to operate shall not be issued for a park when its previous permit to operate has been suspended, until the violations which were the basis for the original suspension are corrected. (Health & Saf. Code § 18506.)
- 18) Requires that, if HCD intends to suspend a park's permit to operate, a notice of suspension must be sent to the person to whom the permit was issued, and must be posted in a conspicuous place on the premises of the park. The notice must state how the permit or MPA has been violated, and must notify the park owner that, unless the violation is corrected within 30 days, the permit to operate will be suspended. (Health & Saf. Code §§ 18511-18512.)
- 19) States that, if the requirements in the notice of suspension are not complied with before the expiration of the 30 days, HCD may suspend the park's permit to operate. However, if park complies with the MPA and the notice, and submits proof to HCD, HCD must reinstate the permit or issue a new permit to operate. (Health & Saf. Code §§ 18517-18518.)

This bill:

- 1) Specifies that a mobilehome owner's tenancy in a mobilehome park may not be terminated because the tenant has failed to pay rent or because of a change of use of the park or a portion of it, during any period in which the park's permit to operate is suspended or expired, and that a notice of termination may not be issued during such a period.

- a) Specifies that a tenancy may only be terminated and a notice of termination issued only after both of the following:
 - i. the violation that was the basis of the suspension or expiration has been corrected;
 - ii. a valid permit to operate has been issued by HCD.

COMMENTS

1. Author's statement

According to the author:

Californians living in mobile homes tend to be older, lower-income, immigrants, and/or people of color. This is a disadvantaged population that needs and deserves greater eviction protections from the state of California. By ensuring that mobile home park owners have valid, up-to-date permits and are in good legal standing before they begin initiating eviction proceedings against tenants, this bill will hold management accountable, while offering a new level of protection for mobile home residents.

2. Mobilehomes represent an important source of affordable housing in California

There are an estimated 508,589 mobilehome units in California.¹ Mobilehomes are pre-fabricated homes that are designed to be able to be transported and moved between locations. Because mobilehomes are transportable, they are considered personal property instead of real property like traditionally-built homes, and are not tied to the land on which they sit. Thus, mobilehomes are unique among all residential options. However, while they are technically mobile, a significant amount of time, effort, and money is often required to actually move a mobilehome. Costs for moving a mobilehome range from a few thousand to tens of thousands of dollars. Mobilehomes are also unique because many mobilehome residents own their mobilehome, but lease the land upon which their home is located from a mobilehome park. In this arrangement, the mobilehome sits on a lot within a park of mobilehomes and common space. The mobilehome park and the lots on which the mobilehomes sit are usually privately owned and managed by a mobilehome park company.

Under this relationship, while residents technically own their mobilehome, they pay rent to the park management, are subject to the rules of the mobilehome park set by the ownership of the park, and they often rely on the park for the provision of utilities. If they fall behind on their rent payments to the park for their mobilehome's lot, or if they violate a rule of the park, they can be evicted from the park. Considering they may have

¹ U.S. Census Bureau, 2021 American Community Survey 1-Year Estimates (2021), available at <https://data.census.gov/>.

paid considerable amounts of money into buying the mobilehome that they can no longer live in, they could lose the equity they've accumulated in their mobilehome upon eviction by the park, either by having to sell the mobilehome quickly, or spend thousands of dollars to move their mobilehome elsewhere.

Mobilehome residents in California tend to be poorer and older than the average California renter, for whom mobilehome ownership is an important option for affordable housing. In fact, the median price of a mobilehome in 2022 was \$82,600, making mobilehome ownership one of the most significant, un-subsidized sources of affordable housing.²

3. The laws that regulate mobilehome parks

In light of the unique nature of mobilehome parks and issues, the Legislature passed the Mobilehome Residency Law (MRL) in 1978 to regulate the relationship between mobilehome park management and park residents, and establish various rights, responsibilities, and limits of both groups. (Civ. Code § 798 *et seq.*) The MRL covers a variety of areas, including: permissible rental and lease contract terms; park rules and mandatory notices to residents; limits on fees and charges, as well as increases to them; and conditions and limits related to mobilehome park evictions. Provisions of the MRL relating to eviction require park management to give written notice to the resident, and provide for at least 60 days for the resident to either sell their mobilehome or remove it from the park. (Civ. Code § 798.55.) It also specifies that a park may evict a resident only for: failing to comply with a local or state law or regulation on mobilehomes within a reasonable time after the homeowner receives notice of noncompliance; conduct of the resident that amounts to a substantial annoyance of other homeowners or residents; conviction for certain crimes; failure to comply with a reasonable rule of the park; condemnation of the park; a change of use of the park or any portion of it, as specified; or for nonpayment of rent, utilities, or other reasonable incidental service charged by the park. (Civ. Code § 798.56.)

Mobilehomes and Mobilehome parks are also regulated through two other acts: The Manufactured Housing Act of 1980 (Health & Saf. Code § 18000 *et seq.*) and the Mobilehome Parks Act (MPA) (Health & Saf. Code § 18200 *et seq.*). The Manufactured Housing Act prescribes various standards on the structural, fire safety, plumbing, heating, and electrical systems of a manufactured home, or mobilehome, and prescribes the selling, titling, registration, and installation of mobilehomes. The MPA defines the requirements for permits and fees for the construction and operation of mobilehome parks, and governs the health and safety standards for parks and the occupancy of mobilehomes. Included in the MPA is Chapter 4, which provides that a permit is required to construct a park, to construct or alter existing or any additional buildings or

² U.S. Census Bureau, Manufactured Housing Survey (Jun. 2022), available at <https://www.census.gov/data/tables/time-series/econ/mhs/annual-data.html>.

lots in an existing park, to operate, occupy, rent, lease, or sublease a lot, and for any construction, mechanical, plumbing, electrical, and installation of a mobilehome. It also provides for fees for such permits, and outlines the requirements for the park's permit to operate. Chapter 5 requires HCD to adopt regulations on the use and occupancy of mobilehomes, establishing minimum requirements to protect the health and safety of occupants and the public, and providing for the repair or abatement of any unsafe or unsanitary condition of the home. It also requires HCD to adopt building standards for the construction, location, and use of mobilehomes, and requires HCD to enforce these standards. Under Section 18550 of Chapter 5, mobilehomes must conform to HCD's regulations for fuel, gas, water, electricity, sewage, and installation requirements, and must be in a safe and sanitary condition, structurally sound, and registered with HCD. (Health & Safety Code § 18550.) Chapter 6 requires HCD to adopt regulations reasonably necessary for the protection of life and property relating to gas equipment and installations in parks, and regulations and rules relating to fire prevention.

4. HCD's regulatory and inspection authority

Under the provisions of the MPA, HCD has authority over the enforcement of health and safety standards for and permitting of mobilehomes and mobilehome parks. A mobilehome park must be issued a permit to operate by HCD in order to operate the park and collect rent from mobilehome residents, and the park must renew the permit to operate every year. (Health & Saf. Code § 18506.) HCD also has the authority to inspect parks for compliance with the MPA's health and safety standard, and the Mobilehome Park Maintenance program (MPM) (AB 925 (O'Connell, Ch. 1125, Stats. 1990) requires HCD to annually inspect parks with a goal of inspecting five percent of parks in the state a year. (Health & Saf. Code § 18400.1.) Through this program, HCD inspects mobilehome parks for either violations of the MPA by the park, or for violations of the MPA by a mobilehome resident. The MPM as originally passed included a sunset date for the program, but its sunset has been regularly extended since AB 925 was passed in 1990. The MPM was last extended in 2023 by SB 319 (Connolly, Ch. 737, Stats. 2023), and is currently set to sunset on January 1, 2025. In addition to the mandated park inspections by the MPM, HCD may inspect a park upon receiving a complaint of a violation of the MPA or a health and safety issue. With HCD's approval, a city or county can also act as a local enforcement agency and enforce the MPA and perform inspections of mobilehome parks within its jurisdiction.

In 2023, HCD inspected approximately 5.3 percent of the state's mobilehome parks, and identified 4,102 resident violations and 1,529 park violations.³ The most common park violations identified by HCD inspections were exposed live electrical parts, gas meters not supported, and electrical components not approved for a wet location. The most

³ Division of Codes and Standards, Mobilehome Park Maintenance (MPM) Inspection Task Force: Member Briefing Document, Cal. Dept. of Housing & Community Development (Mar. 15, 2024) p. 3-6, available at <https://www.hcd.ca.gov/manufactured-and-mobilehomes/mobilehome-parks/mobilehome-park-maintenance-inspections>.

common resident violations involved an accumulation of garbage or combustible material, appliances being outside the mobilehome, and a lack of handrails on stairs. About 82 percent of these violations were corrected.

5. HCD's process for correcting a violation of the MPA

Chapter 3.5 of the MPA (at Health & Saf. Code §18420, *et seq.*) outlines the procedures HCD must follow for issuing notices of violations of the MPA or related regulations and pursuing enforcement actions. It provides that, if upon inspection of a park, HCD determines that a mobilehome park is in violation of one of the provisions of the MPA or related HCD regulations, it must issue a notice to correct the violation to the park owner or operator within 10 days, or immediately if the violation constitutes an imminent threat to health and safety. (Health & Saf. Code § 18420.) The owner or operator of the park is responsible for correcting any violation of rules relating to the mobilehome park. If HCD determines that a particular mobilehome is in violation of a provision of Chapter 4, 5, or 6 of the MPA or related regulation pertaining to mobilehomes, HCD must also issue a notice to correct the violation to the owner of the mobilehome, and to the occupant of the mobilehome, if different from the owner, within 10 days, or immediately if the violation constitutes an imminent hazard and immediate risk to life, health, and safety requiring immediate correction. (Health & Saf. Code § 18420(b).) The owner of the mobilehome is responsible for the correction of a violation related to the home itself, though the park is ultimately responsible for any violations within the park.

For violations that are not imminent threats to health and safety, HCD must provide 60 days from the date of the notice of violation for the violation to be corrected. After the 60 days, HCD re-inspects the park or mobilehome in violation to determine if the violation has been corrected. It may provide an additional 30 days or other reasonable period of time for correction if it determines that there is a valid reason why a violation has not yet been corrected, such as weather conditions, illness, availability of repair persons, or availability of financial resources. If HCD re-inspects and finds that the violation has not been corrected, it will issue a second notice of violation. Upon issuance of this second notice of violation, the violating party has 30 more days to correct the violation before HCD issues a final notice of violation.

If violations are not corrected, HCD possesses a variety of powers for enforcement. However, one of its most significant powers is the ability to suspend a park's permit to operate. If a mobilehome park is in violation of one of the provisions of the laws in the MPA or regulations relating to mobilehome parks, HCD can suspend the park's permit to operate. (Health & Saf. Code § 18510.) Because park owners and operators are ultimately responsible for the health and safety of the park, if an individual mobilehome owner is in violation of one of the provisions of the MPA and does not correct the violation, HCD can also threaten to suspend the mobilehome park's permit

to operate until the mobilehome's violation is corrected. In such a scenario, the park may then work with the resident to fix the violation, or work to evict the tenant.

If HCD intends to suspend a park's permit to operate, it must send the park a notice of suspension and post the notice in a conspicuous place in the park. (Health & Saf. Code § 18511.) The notice must state how the park is in violation of its permit or the MPA or related regulations, and must give the park 30 days to correct the violation before the suspension is in effect. (Health & Saf. Code § 18512.) A park has 10 days after receiving the notice of suspension to request a hearing on the matter before HCD, if they wish to contest it. (Health & Saf. Code § 18513.) If a park's permit has been suspended by HCD, the park cannot renew their permit to operate or have a new permit issued until they have corrected the violation that was the basis of the suspension. (Health & Saf. Code § 18506.) Thus, if, after the process outlined above, a violation continues to exist, HCD may issue the notice of suspension and ultimately suspend the park's permit to operate. Since mobilehome parks cannot collect rent or operate the mobilehome park without a permit to operate, the threat of suspension is a powerful tool to achieve compliance. It is also often HCD's enforcement action of last resort.

6. AB 2373 prohibits a mobilehome park from evicting a mobilehome owner from the park while the park's PTO is suspended or expired

While the MPA specifies that a mobilehome park may not collect rent while its permit to operate is suspended, the MPA is silent regarding terminations and evictions of tenants when the park's permit is suspended. AB 2373 proposes to make explicit in the MPA that a park may not terminate a park resident's tenancy, or initiate the process of termination, while the park's permit to operate is suspended. AB 2373 does not apply this prohibition to all terminations, but rather just to those terminations for a tenant's non-payment of rent or for a change in use of the mobilehome park. Termination may in theory be pursued on one of the other bases for which a park may terminate a resident's tenancy, which are: failure of the homeowner or resident to comply with a local ordinance or state law or regulation relating to mobilehomes; conduct by the homeowner or resident that constitute a substantial annoyance to other homeowners or residents; conviction of the homeowner or resident for specified crimes; failure of the homeowner or resident to comply with a reasonable rule or regulation of the park that is part of the rental agreement or an amendment; or for condemnation of the park. (Civ. Code § 798.56.) AB 2373 would only permit termination of a park resident's tenancy or the issuance of a notice of termination for non-payment of rent or a change of use of the park after the park has corrected the violation that was the basis of the suspension of the permit and a new permit to operate has been issued or re-issued. The author states AB 2373 is needed to offer mobilehome residents a new level of protection from eviction and to hold mobilehome parks accountable.

7. Arguments in support

According to the Golden State Manufactured-Home Owners League, Inc., which supports AB 2373:

The bill simply requires that a mobilehome residency may only be terminated with cause by a park owner who themselves is operating legally.

Under today's Mobilehome Residency Law, management of the mobilehome park may only terminate a tenancy for specific reasons, including nonpayment of rent, utility charges, or reasonable incidental charges, or change of use of the park.

Like a corporation who cannot maintain a legal action in court unless it is in good standing with the Secretary of State, a park should maintain good standing with a valid PTO before they pursue a legal eviction against a resident.

Evictions should be an act of last resort, particularly for mobilehome residents when eviction could mean forfeiting or losing their homes as a result of the eviction.

SUPPORT

Golden State Manufactured-Home Owners League, Inc.
Western Center on Law and Poverty

OPPOSITION

None received

RELATED LEGISLATION

Pending Legislation:

SB 1108 (Ochoa Bogh, 2024) indefinitely extends provisions of the MPA relating to HCD enforcement authority of the health and safety standards for mobilehome parks, increases the time allowed for correction of a violation from 60 to 90 days, and makes HCD responsible for exhausting all administrative and legal recourse against a resident before requiring action by the mobilehome park. This bill is currently held at the Assembly desk.

AB 2247 (Wallis, 2024) extends the requirement that HCD issue notices of violation and pursue enforcement for violations of the MPA under specified procedures, the requirement that HCD annually inspect mobilehome parks with a goal of inspecting

five percent a year, and extends a number of provisions related to fees HCD may collect, from January 1, 2025 to January 1, 2030, and requires HCD to include specified information regarding recipients of loans under the MORE program with a notice of violation given to a mobilehome owner or occupant. AB 2247 is currently in the Senate Rules Committee.

Prior Legislation:

AB 319 (Connolly, Ch. 737, Stats. 2023) extended the MPM program until January 1, 2025, and added transparency and conflict of interest requirements for HCD mobilehome park inspectors.

AB 2002 (Villapudua, 2022) would have required HCD to establish a program, upon appropriation, for providing grants or funds to homeowners or occupants of mobilehomes for making repairs to their mobilehomes required by HCD. AB 2002 was held in the Senate Appropriations Committee.

SB 46 (Leyva, Ch. 835, Stats. 2018) extended the MPM program until January 1, 2024.

SB 951 (Correa, Ch. 314, Stats. 2010) extended the MPM program until January 1, 2019.

SB 1231 (Dunn, Ch. 644, Stats. 2006) extended the MPM program and the notice of violation and enforcement provisions relating to MPA violations until January 1, 2012.

SB 1176 (Dunn, Ch. 622, Stats. 2004) reduced the time HCD must allow a resident or park to correct a violation of the MPA or related regulations from 90 days to 60 days, plus a potential 30 day or reasonable time extension.

SB 700 (O'Connell, Ch. 520, Stats. 1999) required local enforcement agencies to enter and inspect all mobilehome parks once every 7 years, and extended the MPM program until January 1, 2007.

AB 925 (O'Connell, Ch. 1175, Stats. 1990) created the MPM program, established procedures for HCD to issue notices of violations of the MPA found during an HCD inspection, authorized a mobilehome owner or park to contest HCD determinations relating to violations through an informal conference, and required HCD or a local enforcement agency to inspect every mobilehome and every mobilehome park in the state once every five years.

PRIOR VOTES:

Assembly Floor (Ayes 71, Noes 0)

Assembly Appropriations Committee (Ayes 15, Noes 0)

Assembly Housing and Community Development Committee (Ayes 9, Noes 0)
