

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

AB 318 (Addis)
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Fiscal: Yes
Urgency: No
ID

SUBJECT

Mobilehome Residency Law Protection Act

DIGEST

Extends the sunset date of the Mobilehome Residency Law Protection Program (MRLPP) for three years, from January 1, 2024 to January 1, 2027, and implements recommendations of the Housing and Community Development Department for the MRLPP.

EXECUTIVE SUMMARY

The Mobilehome Residency Law (MRL) outlines various obligations, rights, and responsibilities between mobilehome park management and park residents. To protect and safeguard the most vulnerable mobilehome homeowners, the Legislature created the Mobilehome Residency Law Protection Program (MRLPP), a program meant to provide mobilehome park residents with an avenue for lodging complaints of MRL violations and receiving assistance with the resolution of those violations. The MRLPP is funded by a fee charged to mobilehome parks of ten dollars a year per mobilehome site. The Housing and Community Development (HCD) Department is required to select the most severe, deleterious, impactful violations for referral, and to provide both parties 25 days to negotiate the issue in good faith before referring the complaint. In two years of operation, the MRLPP has received 3,561 allegations of MRL violations and processed 2,999 of those allegations, referring 988 to enforcement agencies or a Legal Service Provider (LSP). The MRLPP was created with a sunset of January 1, 2024. AB 318 extends this sunset date three years to January 1, 2027, implements recommendations of the HCD for changes to the program, and makes the requirement that HCD report data on the program to the Legislature an annual requirement.

AB 318 is sponsored by the Golden State Mobilehome Owners League, and is opposed by the California Mobilehome Parkowners Alliance.

PROPOSED CHANGES TO THE LAW

Existing law:

- 1) Regulates, pursuant to the Mobilehome Residency Law (MRL), the rights, responsibilities, obligations, and relationships between mobilehome park management and park residents. (Civ. Code §§ 798-799.11.)
- 2) Establishes the Mobilehome Residency Law Protection Act (MRLPA) and states the intent of the Legislature in enacting the MRLPA is to protect and safeguard the most vulnerable mobilehome homeowners by affording them an additional avenue to enforce violations of the MRL. (Health & Saf. Code §§ 18800-18806.)
- 3) Establishes the MRLPP within the Department of Housing and Community Development (HCD). Requires HCD to provide assistance in taking complaints, and helping to resolve and coordinate the resolution of those complaints, from homeowners related to the MRL. (*Id.*)
- 4) Prohibits HCD from arbitrating, mediating, negotiating, or providing legal advice in connection with mobilehome park rent disputes, lease or rental agreements, or disputes arising from lease or rental agreements. Authorizes HCD to provide information on these issues to the complaining party, park management, or other responsible party. (Civ. Code § 18802.)
- 5) Requires HCD to refer any alleged violations of law or regulations within HCD's jurisdiction to the Division of Codes and Standards within HCD. Authorizes HCD to refer any alleged violations of law or regulations that are not within HCD's jurisdiction, including, but not limited to, rent disputes, criminal activity, or alleged discrimination, to the appropriate enforcement agency. (*Id.*)
- 6) Requires HCD to use good faith efforts to select the most severe, deleterious, and materially and economically impactful alleged violations of the MRL. Requires HCD to select a sample of these complaints that satisfy geographic representation of the state for evaluation. (*Id.*)
- 7) Requires HCD to send a notice to the complaining party and the management or mobilehome park owner if the department selects a complaint for referral to and evaluation by a nonprofit legal services provider (LSP). The notice advises parties that they are required to negotiate the matter in good faith to resolve the matter in 25 days. If after 25 days no resolution has been reached, HCD may refer the complaint to an appropriate enforcement agency or a nonprofit LSP. (*Id.*)
- 8) Requires HCD to contract with one or more qualified and experienced nonprofit LSPs in administering the program, and requires HCD to refer complaints selected

for evaluation and not resolved by the 25-day good faith negotiation window to those nonprofit LSPs for possible enforcement action. (*Id.*)

- 9) Prohibits a nonprofit LSP providing services under the MRLPP from charging any fees to a homeowner for any services performed in connection with a complaint referred to it under the MRLPP. (*Id.*)
- 10) Beginning January 1, 2019, and each subsequent year thereafter, requires HCD to assess and collect from park management an annual registration fee of \$10 per mobilehome lot within each mobilehome park subject to the MRL. Authorizes park management to pass on all or a portion of the amount of the annual registration fee to homeowners within the mobilehome park. (Civ. Code § 18804.)
- 11) Requires, by January 1, 2023, HCD to submit a report to the Legislature on the data, as described, from the MRLPP and outlining recommendations for any statutory or administrative changes to the program. (Civ. Code § 18805.)
- 12) Sunsets and repeals the MRLPA on January 1, 2024. (Civ. Code § 18806.)

This bill:

- 1) Extends the sunset date of the MRLPP for three years, from January 1, 2024 until January 1, 2027.
- 2) Eliminates the requirement that HCD select the most severe, deleterious and materially and economically impactful alleged violations of the MRL.
- 3) Eliminates the requirement that HCD advise the mobilehome resident and the mobilehome park owner that they must in good faith negotiate to resolve the issue in 25 days, and the requirement that the HCD refers the matter to the LSC if either party notifies the HCD after 25 days that the matter is not resolved. HCD is still required to notify both parties of the complaint.
- 4) Amends the data requirement to require that the HCD submit a report to the Legislature on January 1 of every year on the data collected.

COMMENTS

1. Author's statement

According to the author:

“Mobilehomes are an underserved and often unsubsidized affordable housing for hundreds of thousands of Californians. Even so, California lacks many of the

protections needed to preserve this type of housing for seniors, working families, veterans, and other community members on fixed incomes. AB 318 extends the sunset of the successful Mobilehome Residency Law Protection Program, which protects and safeguards the most vulnerable mobilehome homeowners. Doing so will extend protections for mobilehome residents across the state who have encountered violations in their parks, allow a self-funded program to continue to operate, and give ample time to resolve pending cases. Finally, AB 318 will enable a vulnerable and often-ignored population of Californians their right to seek justice.”

2. Mobilehome Parks and the laws that regulate them

There are an estimated 508,589 mobile home units in California. Mobilehome residents in California tend to be poorer and older than the average renter, for whom mobilehome ownership is an important option for affordable housing. Mobilehomes are unique among all residential options; while they are technically mobile, it often requires a significant amount of time, effort, and money to actually move a mobilehome. It often costs a few thousand to in the tens of thousands of dollars to move a mobilehome. Mobilehomes are also unique because many mobilehome residents own their mobilehome, but lease the land upon which their home is located from the mobilehome park that owns and manages the land and park. Under this relationship, while residents technically own their mobilehome, they pay rent to the park management and often rely on the park for the provision of utilities. In other mobilehome parks, the residents are tenants entirely and the park owns the home and the land on which it sits. Some mobilehome parks are entirely owned by the residents themselves in a cooperative or other arrangement.

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 §§ 798-799.11.) Over time, the MRL has been amended to include additional protections for residents and limits on charges mobilehome parks can bill residents. The MRL covers a variety of areas, including: permissible rental and lease contract terms and delivery to the resident, 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. Generally, disputes that arise out of the provisions or violations of the MRL are resolved in civil courts.

The Department of Housing and Community Development (HCD) is the agency that oversees a variety of areas of the MRL, including health and safety standards, the registration and titling of mobilehomes and parks, and the inspections of parks for health and safety issues. Under the Mobilehome Parks Act, the HCD must annually inspect five percent of parks for compliance with health and safety requirements under the Health and Safety Code, and must accept and respond to health and safety

complaints. (Cal. Health & Safety Code §§ 18200-18700.) The inspection program is funded through a four dollar fee. The HCD also houses the Mobilehome Ombudsman, who assists the public with questions or issues related to various aspects of mobilehome law. However, the ombudsman does not have enforcement authority for the MRL, and cannot provide legal advice or arbitrate or mediate park disputes.

3. The Mobilehome Residency Law Protection Program (MRLPP)

AB 3066 (Stone, Ch. 744, Stats. 2018) established the Mobilehome Residency Law Protection Program (MRLPP) to create a process through which mobilehome residents could file complaints with the HCD relating to violations of the MRL. (Health & Safety Code §§ 18800-18806.) The premise of the MRLPP was to provide a mechanism through which mobilehome park residents could raise complaints regarding violations of the MRL, and obtain enforcement without necessarily requiring an attorney or going through the often complex, drawn-out, and expensive court system.

According to the author of AB 3066, when it was before the Legislature in 2018:

This bill will create the Mobilehome Residency Law Protection Act, a 5-year pilot program within HCD set to expire in December 2023. The program will give homeowners the opportunity to file a MRL complaint; while the department will have the authority to assess such complaints, collect data regarding the complaints, and refer the substantiated claims to a contracted nonprofit legal services organization.

For homeowners, many of them low income or fixed income seniors, the ability to submit a claim rather than pursue litigation is momentous. Not only is litigation typically out of the price range of homeowners, mobilehome owners are at an even greater disadvantage since it can cost even more money to move their home and leave the park.

Funded through willing homeowners, this pilot program creates a process in which California can alleviate a power imbalance between mobilehome owners and mobilehome park owners.

Under the MRLPP, the HCD receives complaints, assesses each complaint, and refers substantiated complaints to contracted nonprofit legal services organizations or to an enforcement agency to assist the resident in resolving the issue with the mobilehome park. The MRLPP also directs the HCD to collect data regarding complaints and produce a sunset report on the MRLPP and any recommendations for statutory or administrative changes to the program. The program will sunset in December 2023, unless the Legislature extends it.

4. The HCD's Sunset Report of the Work and Success of the MRLPP

The HCD included its sunset report on the MRLPP in its annual report for the 2021-22 fiscal year.¹ The report summarized the MRLPP's financials, showing that it had collected \$10,878,986 in total program revenue and had at the time of reporting expended \$3,763,703. The HCD noted that nearly 69 percent of complaints referred to Legal Services Provider (LSP) were either in the complaint intake stage or still receiving assistance, leaving cases open and more expenses to be incurred before the program's end. The HCD also reported that the total number of allegations of MRL violations received under the MRLPP were 3,561. Of those complaints, the MRLPP processed 2,999, referring 409 to another enforcement agency and 579 to a LSP for legal assistance. Of the types of complaints received, the most were for violations of the rules on rental agreements (444), violations related to a termination of tenancy (398), and for violations of MRL provisions on park rules and regulations (661). The MRLPP also received a significant number of allegations relating to trees and driveways (149), notices of rent increases (146), utility service billing and rate schedule (145), fees charged for unlisted services without notice (144), the application of rules and regulations to park owners and employees (136), and relating to allegations involving housing discrimination (124). The MRLPP also received 409 allegations that fell under another enforcement agency's jurisdiction and not under the MRL.

The HCD was also required in the MRLPP sunset report to make recommendations for any statutory or administrative changes to the program. The report's recommendations were to:

1. Extend the pilot program for two years and authorize HCD to begin implementing a grant program with an inception date of January 1, 2026. HCD notes that establishing a grant program to directly fund LSPs would allow for homeowner education opportunities and more immediate cost-free legal assistance. It also would allow LSPs to provide legal services to homeowners who contact the LSP directly. Operating under a grant program would reduce HCD's operational overhead while maintaining the MRLPP fee structure as the funding source.
2. Eliminate HCD's obligation to make a good faith effort to select the most severe, deleterious, and materially and economically impactful alleged violations of the MRL. HCD notes that eliminating this requirement will allow for any mobilehome owner to receive assistance until the funds are depleted.
3. Eliminate the selection of a complaint sample that satisfies geographic representation of the state for evaluation. The HCD argues eliminating this requirement will allow for any mobilehome owner to receive assistance from the MRLPP until funds are depleted.

¹ Cal. Dept. of Housing & Community Dev., *Annual Report: Fiscal Year 2021-22*, Cal. Bus., Consumer Svcs. & Housing Agency (Jun. 30, 2022), available at <https://www.hcd.ca.gov/policy-and-research/plans-and-reports>.

4. Eliminate the documentation request step from processing complaints. HCD notes that this would reduce the amount of time it takes to process complaints and allow for the LSPs to obtain any necessary documents.
5. Eliminate the 25-day good faith negotiation period required under the MRLPP. This rule places an obligation on homeowners and parks to negotiate in good faith to resolve the issue in 25 days of notice of the complaint; if the issue is not resolved after that time, the HCD is to refer the complaint to an appropriate enforcement agency or LSP. HCD notes that eliminating this rule would increase homeowner participation in the program by lessening the fear of retaliation or engaging directly with the park, and would reduce complaint processing time to allow for more immediate legal assistance.
6. Expand the authority for LSPs and/or the HCD to establish contracts to specifically provide outreach and education to homeowners within mobilehome parks regarding the MRL. The HCD notes that adding education and outreach can provide “powerful support in understanding whether mobilehome homeowner rights are being violated and encourage [residents to participate] in the program and seek legal assistance.”

In addition to these recommendations, the sunset report makes a number of key findings regarding the MRLPP pilot program. Those findings are that:

- homeowners will benefit the most if education and outreach is paired with legal assistance;
- procedural timelines limit the ability to protect and safeguard the most vulnerable mobilehome homeowners; and
- due to the fear of retaliation, mobilehome homeowners decline to file a complaint, choose not to pursue their complaint or withdraw it, or become nonresponsive to a MRLPP good faith negotiation results inquiry.

It should be noted that the MRLPP is currently undergoing an audit. The Joint Legislative Audit Committee approved an audit of the program on March 22, 2023. That audit is ongoing and will likely not be completed until after the 2023 legislative session concludes.

5. AB 318 extends the sunset provisions for the Mobile Home Residency Protection Program, ensuring the program continues until at least 2027

AB 318 amends section 18806 of the Health and Safety code to extend the MRLPP to January 1, 2027. The authors argue this should be done to provide a full five years of the program running before revisiting the program and its design again. That is because, while the MRLPP was passed in 2018, it did not start accepting complaints until 2020 and did not begin processing them until 2021. Therefore, the program is currently only being reviewed on the basis of two years of operation. Extending the program another three years will provide five complete years, at the end of which the program can be re-

evaluated to determine if a redesign or grant program as recommended by the HCD should be completed before the sunset date.

6. AB 318 incorporates recommendations of the HCD into the MRLPP

AB 318 also incorporates various amendments to the MRLPP program to put into place some of the HCD's recommendations and to require that data relating to the program continue to be collected. Specifically, it eliminates the requirement that the MRLPP only select the most severe, deleterious, and materially and economically impactful alleged violations of the MRL, and the requirement that the MRLPP provide a complainant and the park management the 25-day good faith negotiation period before processing the complaint. Both eliminations were recommended by the HCD in its report on the program as changes to the program. The first change will make sure any mobilehome resident receives assistance with a complaint until funds are depleted, and the second will increase resident participation by lessening the fear of retaliation, thereby reducing complaint processing time. AB 318 will also specify that on January 1 of every year, the HCD must submit a written report to the Legislature with the data collected from the program.

7. Arguments in support

According to the Golden State Manufactured-Home Owners League, the sponsor of AB 318:

In 2018, the state enacted the Mobilehome Residency Law Protection Act, which amended the Health and Safety Code to establish the Mobilehome Residency Law Protection Program (MRLPP), to help coordinate the resolution of complaint from mobilehome residents relating to the Mobilehome Residency Law (MRL). The MRLPP was developed for and funded by mobilehome residents.

Under the MRLPP, the first complaint could not be filed until July 1, 2020, and it was only in June of 2021 when HCD started referring complaints to nonprofit legal service providers. AB 318, as amended, extends the MRLPP by an additional three years giving mobilehome residents the protection of the full five-years, originally intended by the pilot program.

8. Arguments in opposition

According to the California Mobilehome Parkowner's Alliance, who oppose AB 318 unless amended:

AB 3066 (Stone, 2018) established the MRLPP. CMPA worked in good faith with Assemblymember Stone, the Department of Housing and Community Development (HCD), and ultimately the Governor's Office to resolve concerns with

AB 3066 and to remove its opposition to the creation of this program. At the time, CMPA hoped that the program would provide meaningful help to mobilehome park residents while ensuring that law-abiding parkowners had the opportunity to resolve complaints without prejudice.

Unfortunately, the MRLPP has not been successful thus far. According to HCD, of the 3,866 complaints HCD has received thus far, only 77 merited referral to and pursuit by a non-profit legal services provider (LSP). This is significantly less than anticipated when the program was developed. Relatedly, while the program has cost parkowners and residents \$11 million, HCD has only needed to expend \$3.9 million. Given the low level of utilization thus far CMPA does not believe HCD's experience with the MRLPP thus far points to a need for the program to continue.

Fortunately, on March 22 your colleagues on the Joint Legislative Audit Committee approved an audit of the program. CMPA believes that the State Auditor's review of the program could provide vital insight to the Legislature as you consider whether to continue this program. As such, CMPA is respectfully requesting that AB 318 be amended to extend the sunset of the MRLPP by only one year to provide time for the Auditor to complete their work and for the Legislature to consider it before approving a longer sunset extension.

SUPPORT

Golden State Manufactured-Home Owners League (GSMOL) (sponsor)

OPPOSITION

California Mobilehome Parkowner's Alliance (CMPA)

RELATED LEGISLATION

Pending Legislation: None known.

Prior Legislation:

AB 3066 (Stone, Ch. 774, Stats. 2018) established the Mobilehome Residency Law Protection Act.

PRIOR VOTES:

Senate Housing Committee (Ayes 9, Noes 1)

Assembly Floor (Ayes 56, Noes 17)

Assembly Appropriations Committee (Ayes 11, Noes 4)

Assembly Housing and Community Development Committee (Ayes 6, Noes 2)
