

## Assembly Bill No. 2782

### CHAPTER 35

An act to amend Section 798.56 of, and to amend and repeal Section 798.17 of, the Civil Code, and to amend Sections 65863.7 and 66427.4 of the Government Code, relating to mobilehomes.

[Approved by Governor August 31, 2020. Filed with Secretary  
of State August 31, 2020.]

#### LEGISLATIVE COUNSEL'S DIGEST

AB 2782, Mark Stone. Mobilehome parks: change of use: rent control.

Existing law, the Mobilehome Residency Law, requires the management of a mobilehome park to comply with notice and specified other requirements in order to terminate a tenancy in a mobilehome park due to a change of use of the mobilehome park, including giving homeowners at least 15 days' written notice that the management will be appearing before a local governmental board, commission, or body to request permits for the change of use.

This bill would instead require the management to give homeowners at least 60 days' written notice that the management will be appearing before a local governmental board, commission, or body to obtain local approval for the intended change of use of the mobilehome park.

Existing law, the Planning and Zoning Law, requires a person or entity proposing a change in use of a mobilehome park to file a report on the impact of the conversion, closure, or cessation of use upon the displaced residents of the mobilehome park that includes, among other things, the availability of adequate replacement housing in mobilehome parks and relocation costs. Existing law requires the person proposing the change in use to provide the report to a resident of each mobilehome park at least 15 days before the hearing on the impact report by the advisory agency or legislative body. Existing law requires the legislative body or advisory agency to review the report before any change of use, and authorizes the legislative body or advisory agency, as a condition of the change of use, to require the person or entity to take steps to mitigate any adverse impact on the ability of displaced residents to find adequate housing in a mobilehome park.

This bill would, instead, require that report to include a replacement and relocation plan that adequately mitigates the impact on the ability of displaced residents of the mobilehome park to be converted or closed to find adequate housing in a mobilehome park. The bill would also require the person or entity proposing the change in use to pay for, and include in that report, an appraisal that determines, as specified, the in-place market value of a mobilehome of a displaced resident who cannot obtain adequate

housing in another mobilehome park. The bill would require the person proposing the change in use to provide the report to a resident of each mobilehome in the mobilehome park at least 60 days before the hearing. The bill would require the legislative body or advisory agency, before approving the change of use, to review the report and any additional relevant documentation and to make a finding as to whether or not approval of the park closure and the park's conversion into its intended new use, taking into consideration both the impact report as a whole and the overall housing availability within the local jurisdiction, will result in or materially contribute to a shortage of housing opportunities and choices for low- and moderate-income households within the local jurisdiction. By placing new requirements on local legislative bodies when approving permits for a change of use for mobilehome parks, this bill would impose a state-mandated local program. The bill would require the person or entity proposing the change in use to pay to a displaced resident unable to obtain adequate housing in another mobilehome park the in-place market value of the displaced resident's mobilehome.

Existing law, the Subdivision Map Act, requires an impact report to be filed at the time of filing a tentative or parcel map for a subdivision to be created from the conversion of a mobilehome park or floating home marina to another use that, among other things, addresses the availability of adequate replacement space in mobilehome parks or floating home marinas, and requires the subdivider to make the report available to each resident of the mobilehome park or floating home marina at least 15 days before the hearing on the map filing by the advisory agency or legislative body. Existing law authorizes a legislative body or advisory agency to require the subdivider to take steps to mitigate any adverse impact on the ability of displaced residents to find adequate space in a mobilehome park or floating home marina. Under existing law, any violation of the Subdivision Map Act is a misdemeanor.

This bill would, instead, require the report to meet requirements of the Planning and Zoning Law relating to the conversion of a mobilehome park to another use, as described above. The bill would also apply those requirements to conversion of a floating marina. The bill would require the legislative body or advisory agency to require the subdivider to take steps to mitigate any adverse impact on the ability of displaced residents to obtain a comparable mobilehome or floating home, or a comparable available space, in a mobilehome park or floating home marina. The bill would also make conforming changes. By placing new requirements on local legislative bodies when approving the conversion of a mobilehome park or floating home marina, and by expanding the scope of a crime, this bill would impose a state-mandated local program.

Existing law, the Mobilehome Residency Law, prescribes various terms and conditions of tenancies in mobilehome parks. Existing law exempts a rental agreement in a mobilehome park that is in excess of 12 months' duration, and that meets other specified requirements, from local ordinances

and initiative measures that establish a maximum amount that a landlord may charge a tenant for rent, commonly referred to as rent control.

This bill would prohibit the above-described exemption from rent control in mobilehome parks for rental agreements from applying to a rental agreement entered into on or after February 13, 2020. The bill would repeal these provisions on January 1, 2025. The bill would declare that these provisions are severable. This bill would make related findings and declarations.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for specified reasons.

*The people of the State of California do enact as follows:*

SECTION 1. The Legislature finds and declares all of the following:

(a) Based on data released by the Department of Finance in May of 2019, there are approximately 560,000 mobile and manufactured homes in the State of California.

(b) The economic hardships brought on by the COVID-19 pandemic will likely cause many households difficulty in remaining current on their rental or mortgage housing payments through no fault of their own.

(c) A study released in June of 2017 by the Rosen Consulting Group and the University of California, Berkeley suggests that the economic and health impacts of a widespread economic crisis, such as the one currently being experienced due to the COVID-19 pandemic, is likely to disproportionately impact mobilehome residents, who are typically older than the general population.

(d) Without emergency action to prevent the displacement of mobilehome residents who have fallen behind on space rental payments, there will likely be a significant increase in homelessness, exacerbating the ongoing homelessness crisis in the state.

(e) Those experiencing homelessness will not be able to comply with public health orders related to social distancing and self-quarantining, nor will they have access to facilities for maintaining good hygiene.

(f) According to the Mobile Home Park Home Owners Allegiance, as of March 3, 2020, there were nine counties and 83 cities throughout California that enacted mobilehome rent stabilization ordinances that provide residents with tenant protections against unexpected and substantial rent increases.

(g) There is a current and immediate threat to the public health, safety, and welfare of California residents and a need for the immediate preservation of the public peace, health, and safety that warrants the amendments to Section 798.17 of the Civil Code, as set forth in this bill, based upon the facts set forth in this section.

SEC. 2. Section 798.17 of the Civil Code is amended to read:

798.17. (a) (1) Except as provided in subdivisions (i), (j), and (k), rental agreements meeting the criteria of subdivision (b) shall be exempt from any ordinance, rule, regulation, or initiative measure adopted by any local governmental entity which establishes a maximum amount that a landlord may charge a tenant for rent. The terms of a rental agreement meeting the criteria of subdivision (b) shall prevail over conflicting provisions of an ordinance, rule, regulation, or initiative measure limiting or restricting rents in mobilehome parks, only during the term of the rental agreement or one or more uninterrupted, continuous extensions thereof. If the rental agreement is not extended and no new rental agreement in excess of 12 months' duration is entered into, then the last rental rate charged for the space under the previous rental agreement shall be the base rent for purposes of applicable provisions of law concerning rent regulation, if any.

(2) In the first sentence of the first paragraph of a rental agreement entered into on or after January 1, 1993, pursuant to this section, there shall be set forth a provision in at least 12-point boldface type if the rental agreement is printed, or in capital letters if the rental agreement is typed, giving notice to the homeowner that the rental agreement will be exempt from any ordinance, rule, regulation, or initiative measure adopted by any local governmental entity which establishes a maximum amount that a landlord may charge a tenant for rent.

(b) Rental agreements subject to this section shall meet all of the following criteria:

(1) The rental agreement shall be in excess of 12 months' duration.

(2) The rental agreement shall be entered into between the management and a homeowner for the personal and actual residence of the homeowner.

(3) The homeowner shall have at least 30 days from the date the rental agreement is first offered to the homeowner to accept or reject the rental agreement.

(4) The homeowner who signs a rental agreement pursuant to this section may void the rental agreement by notifying management in writing within 72 hours of returning the signed rental agreement to management. This paragraph shall only apply if management provides the homeowner a copy of the signed rental agreement at the time the homeowner returns the signed rental agreement.

(5) The homeowner who signs a rental agreement pursuant to this section may void the agreement within 72 hours of receiving an executed copy of the rental agreement pursuant to Section 798.16. This paragraph shall only apply if management does not provide the homeowner with a copy of the signed rental agreement at the time the homeowner returns the signed rental agreement.

(c) If, pursuant to paragraph (3) or (4) of subdivision (b), the homeowner rejects the offered rental agreement or rescinds a signed rental agreement, the homeowner shall be entitled to instead accept, pursuant to Section 798.18, a rental agreement for a term of 12 months or less from the date the offered rental agreement was to have begun. In the event the homeowner elects to

have a rental agreement for a term of 12 months or less, including a month-to-month rental agreement, the rental agreement shall contain the same rental charges, terms, and conditions as the rental agreement offered pursuant to subdivision (b), during the first 12 months, except for options, if any, contained in the offered rental agreement to extend or renew the rental agreement.

(d) Nothing in subdivision (c) shall be construed to prohibit the management from offering gifts of value, other than rental rate reductions, to homeowners who execute a rental agreement pursuant to this section.

(e) With respect to any space in a mobilehome park that is exempt under subdivision (a) from any ordinance, rule, regulation, or initiative measure adopted by any local governmental entity that establishes a maximum amount that a landlord may charge a homeowner for rent, and notwithstanding any ordinance, rule, regulation, or initiative measure, a mobilehome park shall not be assessed any fee or other exaction for a park space that is exempt under subdivision (a) imposed pursuant to any ordinance, rule, regulation, or initiative measure. No other fee or other exaction shall be imposed for a park space that is exempt under subdivision (a) for the purpose of defraying the cost of administration thereof.

(f) At the time the rental agreement is first offered to the homeowner, the management shall provide written notice to the homeowner of the homeowner's right (1) to have at least 30 days to inspect the rental agreement, and (2) to void the rental agreement by notifying management in writing within 72 hours of receipt of an executed copy of the rental agreement. The failure of the management to provide the written notice shall make the rental agreement voidable at the homeowner's option upon the homeowner's discovery of the failure. The receipt of any written notice provided pursuant to this subdivision shall be acknowledged in writing by the homeowner.

(g) No rental agreement subject to subdivision (a) that is first entered into on or after January 1, 1993, shall have a provision which authorizes automatic extension or renewal of, or automatically extends or renews, the rental agreement for a period beyond the initial stated term at the sole option of either the management or the homeowner.

(h) This section does not apply to or supersede other provisions of this part or other state law.

(i) This section shall not apply to any rental agreement entered into on or after January 1, 2021.

(j) This section shall not apply to any rental agreement entered into from February 13, 2020, to December 31, 2020, inclusive.

(k) This section shall remain in effect until January 1, 2025, and as of that date is repealed. As of January 1, 2025, any exemption pursuant to this section shall expire.

(l) The provisions of this section are severable. If any provision of this section or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

SEC. 3. Section 798.56 of the Civil Code is amended to read:

798.56. A tenancy shall be terminated by the management only for one or more of the following reasons:

(a) Failure of the homeowner or resident to comply with a local ordinance or state law or regulation relating to mobilehomes within a reasonable time after the homeowner receives a notice of noncompliance from the appropriate governmental agency.

(b) Conduct by the homeowner or resident, upon the park premises, that constitutes a substantial annoyance to other homeowners or residents.

(c) (1) Conviction of the homeowner or resident for prostitution, for a violation of subdivision (d) of Section 243, paragraph (2) of subdivision (a), or subdivision (b), of Section 245, Section 288, or Section 451, of the Penal Code, or a felony controlled substance offense, if the act resulting in the conviction was committed anywhere on the premises of the mobilehome park, including, but not limited to, within the homeowner's mobilehome.

(2) However the tenancy may not be terminated for the reason specified in this subdivision if the person convicted of the offense has permanently vacated, and does not subsequently reoccupy, the mobilehome.

(d) 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 any amendment thereto.

No act or omission of the homeowner or resident shall constitute a failure to comply with a reasonable rule or regulation unless and until the management has given the homeowner written notice of the alleged rule or regulation violation and the homeowner or resident has failed to adhere to the rule or regulation within seven days. However, if a homeowner has been given a written notice of an alleged violation of the same rule or regulation on three or more occasions within a 12-month period after the homeowner or resident has violated that rule or regulation, no written notice shall be required for a subsequent violation of the same rule or regulation.

Nothing in this subdivision shall relieve the management from its obligation to demonstrate that a rule or regulation has in fact been violated.

(e) (1) Nonpayment of rent, utility charges, or reasonable incidental service charges; provided that the amount due has been unpaid for a period of at least five days from its due date, and provided that the homeowner shall be given a three-day written notice subsequent to that five-day period to pay the amount due or to vacate the tenancy. For purposes of this subdivision, the five-day period does not include the date the payment is due. The three-day written notice shall be given to the homeowner in the manner prescribed by Section 1162 of the Code of Civil Procedure. A copy of this notice shall be sent to the persons or entities specified in subdivision (b) of Section 798.55 within 10 days after notice is delivered to the homeowner. If the homeowner cures the default, the notice need not be sent. The notice may be given at the same time as the 60 days' notice required for termination of the tenancy. A three-day notice given pursuant to this subdivision shall contain the following provisions printed in at least 12-point

boldface type at the top of the notice, with the appropriate number written in the blank:

“Warning: This notice is the (insert number) three-day notice for nonpayment of rent, utility charges, or other reasonable incidental services that has been served upon you in the last 12 months. Pursuant to Civil Code Section 798.56 (e) (5), if you have been given a three-day notice to either pay rent, utility charges, or other reasonable incidental services or to vacate your tenancy on three or more occasions within a 12-month period, management is not required to give you a further three-day period to pay rent or vacate the tenancy before your tenancy can be terminated.”

(2) Payment by the homeowner prior to the expiration of the three-day notice period shall cure a default under this subdivision. If the homeowner does not pay prior to the expiration of the three-day notice period, the homeowner shall remain liable for all payments due up until the time the tenancy is vacated.

(3) Payment by the legal owner, as defined in Section 18005.8 of the Health and Safety Code, any junior lienholder, as defined in Section 18005.3 of the Health and Safety Code, or the registered owner, as defined in Section 18009.5 of the Health and Safety Code, if other than the homeowner, on behalf of the homeowner prior to the expiration of 30 calendar days following the mailing of the notice to the legal owner, each junior lienholder, and the registered owner provided in subdivision (b) of Section 798.55, shall cure a default under this subdivision with respect to that payment.

(4) Cure of a default of rent, utility charges, or reasonable incidental service charges by the legal owner, any junior lienholder, or the registered owner, if other than the homeowner, as provided by this subdivision, may not be exercised more than twice during a 12-month period.

(5) If a homeowner has been given a three-day notice to pay the amount due or to vacate the tenancy on three or more occasions within the preceding 12-month period and each notice includes the provisions specified in paragraph (1), no written three-day notice shall be required in the case of a subsequent nonpayment of rent, utility charges, or reasonable incidental service charges.

In that event, the management shall give written notice to the homeowner in the manner prescribed by Section 1162 of the Code of Civil Procedure to remove the mobilehome from the park within a period of not less than 60 days, which period shall be specified in the notice. A copy of this notice shall be sent to the legal owner, each junior lienholder, and the registered owner of the mobilehome, if other than the homeowner, as specified in paragraph (b) of Section 798.55, by certified or registered mail, return receipt requested, within 10 days after notice is sent to the homeowner.

(6) When a copy of the 60 days’ notice described in paragraph (5) is sent to the legal owner, each junior lienholder, and the registered owner of the mobilehome, if other than the homeowner, the default may be cured by any of them on behalf of the homeowner prior to the expiration of 30 calendar days following the mailing of the notice, if all of the following conditions exist:

(A) A copy of a three-day notice sent pursuant to subdivision (b) of Section 798.55 to a homeowner for the nonpayment of rent, utility charges, or reasonable incidental service charges was not sent to the legal owner, junior lienholder, or registered owner, of the mobilehome, if other than the homeowner, during the preceding 12-month period.

(B) The legal owner, junior lienholder, or registered owner of the mobilehome, if other than the homeowner, has not previously cured a default of the homeowner during the preceding 12-month period.

(C) The legal owner, junior lienholder, or registered owner, if other than the homeowner, is not a financial institution or mobilehome dealer.

If the default is cured by the legal owner, junior lienholder, or registered owner within the 30-day period, the notice to remove the mobilehome from the park described in paragraph (5) shall be rescinded.

(f) Condemnation of the park.

(g) Change of use of the park or any portion thereof, provided:

(1) The management gives the homeowners at least 60 days' written notice that the management will be appearing before a local governmental board, commission, or body to request permits for a change of use of the mobilehome park.

(2) (A) After all required permits requesting a change of use have been approved by the local governmental board, commission, or body, the management shall give the homeowners six months' or more written notice of termination of tenancy.

(B) If the change of use requires no local governmental permits, then notice shall be given 12 months or more prior to the management's determination that a change of use will occur. The management in the notice shall disclose and describe in detail the nature of the change of use.

(3) The management gives each proposed homeowner written notice thereof prior to the inception of the proposed homeowner's tenancy that the management is requesting a change of use before local governmental bodies or that a change of use request has been granted.

(4) The notice requirements for termination of tenancy set forth in this section and Section 798.57 shall be followed if the proposed change actually occurs.

(5) A notice of a proposed change of use given prior to January 1, 1980, that conforms to the requirements in effect at that time shall be valid. The requirements for a notice of a proposed change of use imposed by this subdivision shall be governed by the law in effect at the time the notice was given.

(h) The report required pursuant to subdivisions (b) and (i) of Section 65863.7 of the Government Code shall be given to the homeowners or residents at the same time that notice is required pursuant to subdivision (g) of this section.

(i) For purposes of this section, "financial institution" means a state or national bank, state or federal savings and loan association or credit union, or similar organization, and mobilehome dealer as defined in Section 18002.6 of the Health and Safety Code or any other organization that, as part of its



usual course of business, originates, owns, or provides loan servicing for loans secured by a mobilehome.

SEC. 4. Section 65863.7 of the Government Code is amended to read:

65863.7. (a) (1) Prior to the conversion of a mobilehome park to another use, except pursuant to the Subdivision Map Act (Division 2 (commencing with Section 66410)), or prior to closure of a mobilehome park or cessation of use of the land as a mobilehome park, the person or entity proposing the change in use shall file a report on the impact of the conversion, closure, or cessation of use of the mobilehome park. The report shall include a replacement and relocation plan that adequately mitigates the impact upon the ability of the displaced residents of the mobilehome park to be converted or closed to find adequate housing in a mobilehome park.

(2) (A) If a displaced resident cannot obtain adequate housing in another mobilehome park, the person or entity proposing the change of use shall pay to the displaced resident the in-place market value of the displaced resident's mobilehome.

(B) For the purposes of this paragraph, except as specified in subparagraph (B) of paragraph (1) of subdivision (e), in-place market value shall be determined by a state-certified appraiser with experience establishing the value of mobilehomes. The appraisal shall be based upon the current in-place location of the mobilehome and shall assume the continuation of the mobilehome park.

(C) The person or entity proposing the change of use shall pay for an appraisal specified in subparagraph (B) and shall include the appraisal in the report specified in paragraph (1).

(b) The person proposing the change in use shall provide a copy of the report to a resident of each mobilehome in the mobilehome park at least 60 days prior to the hearing, if any, on the impact report by the advisory agency, or if there is no advisory agency, by the legislative body.

(c) When the impact report is filed prior to the closure or cessation of use, the person or entity proposing the change shall provide a copy of the report to a resident of each mobilehome in the mobilehome park at the same time as the notice of the change is provided to the residents pursuant to paragraph (2) of subdivision (g) of Section 798.56 of the Civil Code.

(d) When the impact report is filed prior to the closure or cessation of use, the person or entity filing the report or park resident may request, and shall have a right to, a hearing before the legislative body on the sufficiency of the report.

(e) (1) Before the approval of any change of use, the legislative body, or its delegated advisory agency, shall do all of the following:

(A) Review the report and any additional relevant documentation.

(B) Make a finding as to whether or not approval of the park closure and the park's conversion into its intended new use, taking into consideration both the impact report as a whole and the overall housing availability within the local jurisdiction, will result in or materially contribute to a shortage of housing opportunities and choices for low- and moderate-income households within the local jurisdiction.

(2) The legislative body, or its delegated advisory agency, may require, as a condition of the change, the person or entity proposing the change in use to take steps to mitigate any adverse impact of the conversion, closure, or cessation of use on the ability of displaced mobilehome park residents to find adequate housing in a mobilehome park.

(f) If the closure or cessation of use of a mobilehome park results from the entry of an order for relief in bankruptcy, the provisions of this section shall not be applicable.

(g) The legislative body may establish reasonable fees pursuant to Section 66016 to cover any costs incurred by the local agency in implementing this section and Section 65863.8. Those fees shall be paid by the person or entity proposing the change in use.

(h) This section is applicable to charter cities.

(i) This section is applicable when the closure, cessation, or change of use is the result of a decision by a local governmental entity or planning agency not to renew a conditional use permit or zoning variance under which the mobilehome park has operated, or as a result of any other zoning or planning decision, action, or inaction. In this case, the local governmental agency is the person proposing the change in use for the purposes of preparing the impact report required by this section and is required to take steps to mitigate the adverse impact of the change as may be required in subdivision (e).

(j) This section is applicable when the closure, cessation, or change of use is the result of a decision by an enforcement agency, as defined in Section 18207 of the Health and Safety Code, to suspend the permit to operate the mobilehome park. In this case, the mobilehome park owner is the person proposing the change in use for purposes of preparing the impact report required by this section and is required to take steps to mitigate the adverse impact of the change as may be required in subdivision (e).

(k) This section establishes a minimum standard for local regulation of the conversion of a mobilehome park to another use, the closure of a mobilehome park, and the cessation of use of the land as a mobilehome park and shall not prevent a local agency from enacting more stringent measures.

SEC. 5. Section 66427.4 of the Government Code is amended to read:

66427.4. (a) At the time of filing a tentative or parcel map for a subdivision to be created from the conversion of a mobilehome park or floating home marina to another use, the subdivider shall adhere to the requirements of Section 65863.7 relating to the impact of the conversion upon the displaced residents of the mobilehome park or floating home marina to be converted.

(b) The legislative body, or an advisory agency that is authorized by local ordinance to approve, conditionally approve, or disapprove the map, in addition to complying with other applicable law, shall be subject to Section 65863.7 relating to requiring mitigation of any adverse impact of the conversion on the ability of displaced mobilehome park or floating home

marina residents to find adequate housing in a mobilehome park or floating home marina, respectively.

(c) This section establishes a minimum standard for local regulation of conversions of mobilehome parks and floating home marinas into other uses and shall not prevent a local agency from enacting more stringent measures.

(d) This section shall not be applicable to a subdivision that is created from the conversion of a rental mobilehome park or rental floating home marina to resident ownership.

SEC. 6. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act or because costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

## CONCURRENCE IN SENATE AMENDMENTS

AB 2782 (Mark Stone)

As Amended August 25, 2020

Majority vote

**SUMMARY:**

Makes two changes to the laws regulating mobilehomes. First, it modifies the conditions that must be met when converting a mobilehome park to another use. Specifically, the bill 1) extends the length of notice that parks must give to residents in advance of appearing before local authorities to request permission for the change; 2) requires mobilehome parks to compensate the displaced resident for the in place market value of their mobilehome if the residents cannot relocate to another mobilehome park; and 3) prohibits local authorities from approving the change in use unless they find that it will not result in a shortage of affordable housing within the local jurisdiction. Separately, the bill also removes a provision in state law that exempts mobilehome leases from any otherwise applicable local rent control ordinance if, among other specified conditions, the lease term is greater than one year.

**The Senate Amendments:**

- 1) Require the person or entity proposing the change in use of a mobilehome park to pay for, and include in that report, an appraisal that determines, as specified, the in-place market value of a mobilehome of a displaced resident who cannot obtain adequate housing in another mobilehome park.
- 2) Make state law preempting the application of local rent control ordinances to mobilehome leases that are over a year in length and meet other specified conditions inapplicable to leases entered into on or after February 13, 2020.
- 3) Repeal the exemption from local rent control ordinances for all mobilehome leases that are over a year in length, effective January 1, 2025.

**COMMENTS:**

*Background on Mobilehomes:* There are approximately 700,000 Californians living in about 400,000 mobilehomes dispersed over 4,100 mobilehome parks. Despite their name, mobilehomes are not truly mobile and it is often cost prohibitive (up to \$20,000) to relocate them. Additionally, some older homes may not be able to be moved at all due to structural concerns or the fact that parks often will not accept older mobilehomes.

A mobilehome owner whose home is located in a mobilehome park does not own the land the unit sits on and instead pays rent and fees for use of the lot and any community spaces. Unlike traditional single-family homes, mobilehomes are considered chattel property and not real property. As such, purchasing a mobilehome is often much less expensive than traditional site-built housing and mobilehomes represent an important source of affordable housing in the state, especially for seniors and low-income households who are increasingly priced out of traditional rental housing.

Mobilehomes are the largest source of unsubsidized affordable housing in the nation and both state and local governments have recognized the unique situation of mobilehomes by passing special laws governing the relationship between mobilehome owners and parks management. In

particular, California mandates that a mobilehome park owner must complete a number of steps before a park can be closed, converted, or go through any "change of use". These closure requirements include filing a conversion impact report (CIR) with the local government, providing copies of the CIR to all residents of the park, and obtaining any necessary permits from the city or county. Additionally, after a park receives the necessary permits to close, owners must give residents a minimum of six months' notice before their tenancy is terminated.

*Proposed Modifications of the Procedures for Local Approval of Mobilehome Park Closures:*

Existing law provides for a process under which mobilehome park owners must apply for approval from local authorities to shut down or otherwise change the property's use. (Gov. Code Section 65863.7.) That approval process is meant to force consideration of the impact of the closure on the displaced residents and on affordable housing in the community as a whole. In spite of the existence of this approval process, a 2019 study undertaken by one of the sponsors of this bill showed that at least 565 mobile home and recreational vehicle parks have been converted to another use or closed in California between March 22, 1998, and March 22, 2019. The report concludes that the overwhelming majority of these lost units represented affordable housing and, in most instances, that affordable housing was replaced with higher end homes.

From these trends, the author and sponsors conclude that the existing process for approval of mobilehome park conversion needs to be fortified. This bill does that in three ways. First, existing law simply says that the legislative body or advisory agency reviewing the change in use may require the proponent to mitigate any adverse impact on the displaced resident's ability to find adequate alternative housing in a mobilehome park, but the cost of any required mitigation cannot exceed the reasonable costs of relocation. Under this bill, if a displaced mobilehome owner cannot be relocated to another mobilehome, then the person or entity proposing the park closure must compensate the mobilehome owner in full for the current, in-place value of the mobilehome, as determined by appraisal. Second, this bill requires a local jurisdiction reviewing a proposed change in use to make a finding, before approval of the change in use, that the proposed change in use will or will not result in a reduction in affordable housing within that jurisdiction. This requires decision-making transparency from the local jurisdiction without limiting its authority to approve the proposed change in use. Finally, this bill extends the advance notice about a public hearing regarding the park closure that mobilehome parks must give their residents as a precondition for terminating the resident's tenancy.

*State Preemption of Local Mobilehome Rent Control:* Even more than other residential tenants, mobilehome owners cannot simply pick up and move in response to rent increases. Despite their names, many mobilehomes cannot, in fact, be moved, and for those mobilehomes that can be moved, the cost is generally quite high. Recognizing the particular leverage that this dynamic gives to mobilehome parks over their residents, approximately a hundred local jurisdictions within California have enacted some form of mobilehome rent control. In response, the Legislature has passed legislation partially preempting local governments' authority in this area. Of particular relevance to this bill, Civil Code Section 798.17 exempts leases of over one year from any otherwise applicable local rent control ordinances.

As originally enacted, Civil Code Section 798.17 simply exempted a mobilehome lease from local rent control if the lease was greater than a year in length and so long as prominent language in the lease informed the mobilehome tenant about the exemption. SB 1352, (L. Greene), Chapter 1084, Statutes of 1985. Almost immediately, however, the Legislature added more preconditions to the contractual circumstances that would support the exemption. These "cooling

off" provisions appear to recognize the danger that mobilehome residents might be pressured or incentivized to enter quickly into long-term, rent control exempt leases without immediately realizing what they were giving up.

The park owners who oppose this bill assert that these basic procedural protections are sufficient to ensure that parks cannot take advantage of park residents. According to this viewpoint, if park residents choose to enter into long-term, rent control-exempt leases, it is only because they perceive some benefit in such a lease that outweighs the value of rent control. The author and proponents of this bill, conversely, believe that the protections in existing law do little to overcome the fundamental asymmetry at the heart of this bargaining relationship.

**According to the Author:**

"Unfortunately, as housing prices increase, park owners are converting mobilehome parks into high-end developments at an accelerated and alarming rate and reducing the amount of low to moderate income housing. AB 2782 will empower local governments to protect their rapidly shrinking affordable housing stock."

**Arguments in Support:**

Supporters argue that this bill is necessary to correct the power imbalance between park owners and home owners. According to the Golden State Manufactured Home Owners' League, "Over the last 20 years over 15,000 affordable mobilehome park spaces have been lost due to mobilehome park closures. Applications for mobilehome park closures have also increased over the last few years partly due to real estate values. AB 2782 would set a minimum standard at the local government level for the conversion of a mobilehome park, without preventing local governments from enacting more stringent measures."

**Arguments in Opposition:**

Opponents argue that this bill would exacerbate, rather than improve, conditions for tenants, and would hurt jurisdictions. According to the Western Manufactured Housing Communities Association, the bill "is based on the false premise that a long-term lease not subject to local rent control is never in the interest of a tenant. In fact, long term leases entered into under the law eliminated by [AB 2782] can save tenants money because a homeowner can make use of the statute eliminated by [AB 2782] to negotiate for lower rent increases than they would be guaranteed by a local rent control ordinance." According to the California Mobilehome Parkowners Alliance, "If a local government believes their jurisdiction would be better served by a different or more abundant type of housing in the same location, a parking structure that would increase access to public transit, environmental restoration, or any other purpose, their hands will be tied under AB 2782."

**FISCAL COMMENTS:**

According to the Senate Appropriations Committee, pursuant to Senate Rule 28.8, negligible state costs.

**VOTES:**

**ASM HOUSING AND COMMUNITY DEVELOPMENT: 6-2-0**

**YES:** Chiu, Gabriel, Gloria, Limón, Maienschein, Quirk-Silva

**NO:** Diep, Kiley

**ASM APPROPRIATIONS: 13-5-0**

**YES:** Gonzalez, Bauer-Kahan, Bloom, Bonta, Calderon, Carrillo, Chau, Eggman, Gabriel, Eduardo Garcia, Petrie-Norris, McCarty, Robert Rivas

**NO:** Bigelow, Megan Dahle, Diep, Fong, Voepel

**ASSEMBLY FLOOR: 51-20-8**

**YES:** Arambula, Bauer-Kahan, Berman, Bloom, Boerner Horvath, Bonta, Calderon, Carrillo, Cervantes, Chau, Chiu, Chu, Cooley, Eggman, Friedman, Gabriel, Cristina Garcia, Eduardo Garcia, Gipson, Gloria, Gonzalez, Gray, Holden, Irwin, Jones-Sawyer, Kalra, Kamlager, Levine, Limón, Low, Maienschein, McCarty, Mullin, Muratsuchi, Nazarian, O'Donnell, Petrie-Norris, Quirk-Silva, Reyes, Luz Rivas, Robert Rivas, Blanca Rubio, Santiago, Smith, Mark Stone, Ting, Voepel, Weber, Wicks, Wood, Rendon

**NO:** Bigelow, Brough, Burke, Chen, Choi, Cunningham, Megan Dahle, Diep, Flora, Fong, Frazier, Gallagher, Grayson, Kiley, Lackey, Mathis, Obernolte, Patterson, Salas, Waldron

**ABS, ABST OR NV:** Aguiar-Curry, Cooper, Daly, Mayes, Medina, Quirk, Ramos, Rodriguez

**SENATE FLOOR: 28-11-1**

**YES:** Allen, Archuleta, Atkins, Beall, Bradford, Caballero, Dodd, Durazo, Galgiani, Lena Gonzalez, Hertzberg, Hill, Hueso, Hurtado, Jackson, Leyva, McGuire, Mitchell, Monning, Pan, Portantino, Roth, Rubio, Skinner, Stern, Umberg, Wieckowski, Wiener

**NO:** Bates, Borgeas, Chang, Dahle, Glazer, Grove, Melendez, Moorlach, Morrell, Nielsen, Wilk

**ABS, ABST OR NV:** Jones

**UPDATED:**

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