

Exhibit D - Mobile Home Rent Stabilization Ordinance - Research Report

Research

There are more mobile home parks in the Unincorporated County than in any other city in the County. County parks have fewer spaces in each park on average than those in other jurisdictions. Alameda County has 19 parks, with an average size of 33 spaces. As a comparison, Hayward has the second largest number of parks: 10 parks with an average park size of 213 spaces. The following chart provides detail regarding mobile home parks within Alameda County:

Alameda County Jurisdictions with Mobile Home Parks		Rent Stabilization Ordinance?	Number of Parks	Total Number of Spaces	Smallest Park	Largest Park	Average Size
1	Unincorporated	Yes	19	622	8	86	33
2	Hayward	Yes	10	2131	37	462	213
3	San Leandro	No	8	827	30	366	105
4	Livermore	No	7	443	14	159	63
5	Pleasanton	Yes	4	404	14	208	101
6	Fremont	Yes	3	732	165	331	244
7	Oakland	No	3	49	10	26	16
8	Union City	Yes	2	896	352	544	448

Research on mobile home rent stabilization ordinances throughout the State of California revealed that there are a total of 95 jurisdictions in the State that have rent stabilization ordinances governing their mobile home parks. Of these 95, the majority of them utilize a combination of a Consumer Price Index (CPI) and a flat rate percentage to govern rent increases. Alameda County is the only jurisdiction in California which calculates its allowable space rent increase solely as a percentage of the current space rent (flat 5% as opposed to being tied to the CPI).

Briefly, these differences can be illustrated by an example utilizing the February, 2015 CPI rate for the San Francisco – Oakland – San Jose area of 2.5% and the average reported mobile home space rent in the unincorporated county of \$624/month.¹ Under Alameda County's current Ordinance allowing up to a 5% increase, the rent could be increased by \$31.20/month, the highest in the Bay Area.

Jurisdiction	Increase Allowed Based on:	Amount of Increase
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¹ \$624/month average space rent was calculated utilizing the average space rents reported by park owners through HCD's survey, weighted by the number of spaces in each park.

Unincorporated	5% of the Space Rent	\$31.20
Fremont	60% of CPI or 3% of Space Rent or \$10/month	\$18.72
Hayward	60% of CPI or 3% of Space Rent	\$18.72
Pleasanton	100% of CPI	\$15.60
Union City	90% of CPI	\$14.04

In Alameda County, if the space rent were raised by the maximum 5% per year between the adoption of the Ordinance in 1990 through 2014, the space rent would be increased by 120% over that period. Over that same time period, other jurisdictions allowable rent increases were significantly less:

Year	Alameda County Max. Increase	Fremont Max. Increase	Hayward Max. Increase	Union City Max. Increase	Annual Average CPI
Cumulative Increase	120.0%	86.4%	74.6%	61.3%	65.6%

Staff reviewed actual mobile home space rents in neighboring jurisdictions by researching single wide mobile homes for sale in Hayward and San Leandro in Spring 2015, and determining their space rents. For context, the City of Hayward has a mobile home rent stabilization ordinance; the City of San Leandro does not. For more detail on rents at County parks and comparison of rents in other jurisdictions, please see pages 5 and 6 of this report.

From the seven owner surveys received, mobile home space rents in the Unincorporated County at the higher end of the rent spectrum are comparable to those in Hayward and San Leandro. However, the Hayward and San Leandro mobile home parks contain significantly more amenities than any mobile home park in the Unincorporated County, despite comparable space rents. It should be noted that these parks have more spaces than those in the Unincorporated County, and therefore can spread the costs of amenities over more spaces due to the economies of scale.

Standard Economic Indicators

To compare the maximum rent increase allowed under the Alameda County Mobile Home Rent Stabilization Ordinance, staff looked for other widely used economic indicators that can be tracked over time. The three most relevant include the Consumer Price Index, Contract Rent from the US Census, and the published HUD Fair Market Rents. The key information is the change over time, in comparison to the allowed change over time in allowed mobile home rent increases. The below chart shows the change in these economic indicators from 1990 through 2014.

Maximum Allowable Rent Increases Against Standard Economic Indicators

1991-2014	Alameda County Max. Increase	Consumer Price Index	Alameda County Median Rent Increases (Census Data)	Fair Market Rents
Cumulative Increases	120.0%	65.0%	75.6%	83.0%

The maximum allowable increase to mobile home space rents referenced above, do not take into account the compounding nature of year over year increases, and therefore this is the straight increase, and not the actual increase, which is higher.

Summary of Resident and Owner Issues from Stakeholder Meetings

Six stakeholder meetings, held between March 2015 and July 2015, were facilitated by HCD staff. There are 19 mobile home parks in the Unincorporated County. Residents or owners of 11 of those parks participated in the stakeholder meetings. Meetings were held separately with park residents and park owners in order to encourage candid discussion of stakeholder concerns. Both groups of stakeholders expressed general agreement that the stakeholder meetings were productive and respectful. Complete summary notes from these stakeholder meetings can be found on HCD’s website at: www.acgov.org/cda/hcd/mobilehome/index.htm.

Mobile home park residents at the stakeholder meetings expressed a preference for lower limits on annual rent increases, even if that meant vacancy decontrol and capital improvement pass-through are also allowed.

It is important to note that not all Alameda County parks have the same characteristics nor are they run in the same manner. As a result, not every park resident’s concerns are the same, nor were all the residents’ concerns expressed in these meetings. Concerns raised by the residents included excessive rent increases, inadequate park maintenance and insufficient communication with park management. In some cases, residents also reported that park owners refused to disclose to the current coach owner what the new rent will be if the unit sells, so that the current owner can factor that information into the listing. Some residents expressed historical reticence to discuss concerns with park management for fear of retribution.

Residents want to see maximum allowable rent increases lowered, though some residents expressed concern with a maximum tied to a calculation of the CPI increase unless HCD calculates the percentage and provides that determination to both the owners and the residents annually. Generally, residents liked the idea of tying increases to improvements at the park, although they would prefer to have input into the capital improvement through a vote. Residents are supportive of regulations which provide them with additional information regularly, including tenant grievance and appeal procedure, as well as State and local mobile home regulations.

Most park owners attending the stakeholder meetings expressed that if more stringent rent increase limits are imposed, they desire the ability to pass through costs of necessary capital improvements in addition to rent increases, in order to pay for the cost of those improvements.

The owners also expressed a strong preference for partial to total vacancy decontrol. Concerns raised by park owners included the need for space rents to adequately cover the costs of park operations, as well as for capital improvements and maintenance. Overall, owners expressed a preference for completely eliminating the Ordinance and, short of that, having no change to the current annual rent increase limit. If there is a change to a CPI model, owners prefer a minimum annual increase, regardless of the CPI level. If the current maximum rent increase limit is maintained, owners do not feel a capital improvement pass-through is necessary; but if the ordinance maximum annual rent increase is lowered, the ability to have a capital improvement pass-through is desired. Owners do not want resident votes on capital improvements, but if necessary, owners believe residents should only be able to vote on new and optional improvements, rather than on capital improvements necessary for maintenance or substantial health and safety-related repairs.

Survey Results Regarding Rents and Rent Increases

The current adopted Ordinance does not require that owners report to the County actual rents charged, or that they provide any information to the County when they raise rents, therefore actual rents were difficult to establish. Lack of data from the mobile home parks has been a significant challenge in this process.

To gather data, surveys were distributed electronically and/or by hard copy to residents and owners from February to April, 2015 in order to ascertain rent data and other pertinent information from park owners and residents. Responses from park owners or their representatives from seven out of nineteen mobile home parks were received. Seventy-four residents from ten mobile home parks were represented in the resident survey.

Through the surveys, mobile home park residents or owners reported the following annual rent increases during the years 2010-2014:

Mobile Home Park	City	Yearly Rent Increase	Years
Avalon	Castro Valley	5%	All
Chetwood Crest	Castro Valley	5%	All
Fuchsia Court	San Leandro	3-5%	All
Paradise	San Leandro	5%	All
Tra Tel	Castro Valley	5%	All
Wishing Well	Castro Valley	5%	All
Wagon Wheel	Castro Valley	2-5%	2010, 2011, 2012, 2014
Vaughn's	Castro Valley	5%	2013

The mobile home park owner survey also collected information regarding average, highest and lowest space rents, and utilities for resident-owned mobile homes, as indicated in the chart below. Not all owners responded, and therefore data was not available for all parks.

Mobile Home Park	City	Average Rent	Highest Rent	Lowest Rent	Utilities Extra
Avalon	Castro Valley	\$427.00	\$490.00	\$380.00	No
Chetwood Crest	Castro Valley	\$658.00	\$848.00	\$559.00	Yes
Fuchsia Court	San Leandro	\$555.00	\$555.00	\$555.00	Yes
Paradise	San Leandro	\$698.00	\$835.34 (double space)	\$692.00	Yes
Tra Tel	Castro Valley	\$550.00	\$550.00	\$491.00	Yes
Wishing Well	Castro Valley	\$672.49	\$760.88	\$584.10	Yes
Wagon Wheel	Castro Valley	\$670.00	\$697.00	\$643.00	Yes

Of the park owners that responded to the survey (7 of 19), the majority reported increasing rents in all of the last five years, while a few did not. Residents in those same parks reported rents raised every year that the current owner owned the park.

Comparison with Other Jurisdictions’ Space Rents:

Staff researched mobile homes currently for sale in nearby jurisdictions in order to compare average space rents in the Unincorporated County to those of nearby municipalities and was able to ascertain some current space rents in Hayward and San Leandro. For context, the City of Hayward has vacancy control within its Mobile Home Rent Stabilization Ordinance; the City of San Leandro does not.

Mobile Home Park	# of Spaces	City	Rent	Double Wide vs. Single Wide	Amenities
Spanish Ranch I	462	Hayward	\$720-\$722	Double	Clubhouse, pool, spa,
Spanish Ranch II	187	Hayward	\$659-\$680	Double	Clubhouse, pool
New England Village	415	Hayward	\$732-\$819	Mix, mostly Double	Clubhouse
Mission Bay	366	San Leandro	\$795-\$966	Double	Clubhouse, gym, exercise facility, pool, spa
Sandev RV Park	71	San Leandro	\$910	Double	Clubhouse, pool
<i>Chetwood Crest</i>	85	<i>Castro Valley</i>	<i>\$559-\$848</i>	<i>Single</i>	<i>Clubhouse</i>
<i>Wishing Well</i>	35	<i>Castro Valley</i>	<i>\$584-\$760</i>	<i>Single</i>	<i>None</i>
<i>Wagon Wheel</i>	53	<i>Castro Valley</i>	<i>\$643-\$697</i>	<i>Single</i>	<i>None</i>

As the chart above illustrates, mobile home parks in the Unincorporated County at the higher end of the rent spectrum have space rents comparable to those in Hayward and San Leandro. The Hayward and San Leandro mobile home parks contain significantly more amenities than any

mobile home park in the unincorporated county, despite comparable space rents. Parks in these cities also have significantly more spaces per park, and therefore when amenities are offered, the cost is spread over a larger number of spaces (economy of scale), which parks in the Unincorporated County cannot match.