



City of Woodland

REPORT TO MAYOR and CITY COUNCIL

AGENDA ITEM

TO: THE HONORABLE MAYOR,
CITY COUNCIL

DATE: May 6, 2008

SUBJECT: MANUFACTURED HOME FAIR PRACTICES COMMISSION ANNUAL
REPORT 2007

Report in Brief

Attached is the Annual Report of the City's Manufactured Home Fair Practices Commission (MHFPC).

Staff recommends the City Council receive and file this report.

Background

The City's manufactured home rent control ordinance Chapter 16.B4 was approved in 2001 and went into effect the following year. The purpose of the ordinance was to ensure that there were not unreasonable space rental increases for the residents in mobile home parks. At the same time it was recognized that owners of the parks should be able to receive a just and reasonable return on their property. Therefore the Manufactured Home Fair Practices Commission was established to review all rental increases in the five Woodland mobile home parks affected.

Discussion

The manufactured rent control ordinance specifies that the MHFPC present at least a semiannual comprehensive written report to the City Council concerning the Commission's activities, holdings, actions and results of all hearings to the City Council.

Fiscal Impact

In program year 2007, expenses exceeded fees received by \$1,753, due mainly to some extraordinary issues that surfaced because home park owners billed utility charges separately, in addition to the space rent. However, there were excess funds carried over from previous years that covered the additional expenses.

Public Contact

The commission met five times during the program year.

Commission Recommendation

The MHFPC Commission reviewed and approved this annual report.

Alternative Courses of Action

1. Staff recommends that the City Council receive and file the Manufactured Home Fair Practices Commission Annual Report for 2007:
2. An alternative actions are to not accept the report or make changes to the report

Recommendation for Action

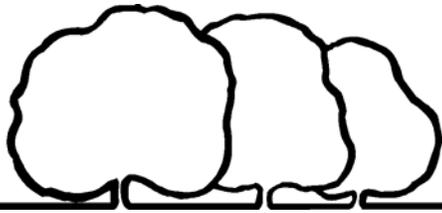
Staff recommends that the City Council adopt Alternative 1.

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Redevelopment Manager

Reviewed by: Barry Munowitch, AICP
Assistant City Manager

Mark G. Deven
City Manager

Attachment A: Manufactured Home Fair Practices Commission Annual Report 2007



City of Woodland

ANNUAL REPORT 2007 MANUFACTURED HOME FAIR PRACTICES COMMISSION

AUTHORITY

The manufactured home rent control ordinance specifies (§ 16.B4(m)(6)) that the Manufactured Home Fair Practices Commission (MHFPC) renders “at least semiannually a comprehensive written report to the City Council concerning the Commission’s activities, holdings, actions results of hearings and all other matters pertinent to this chapter” To a large extent, the City Council’s receipt of the MHFPC minutes fulfills this requirement, but this document represents a more formal reporting of the Commission’s activities in calendar year 2007.

In addition, § 16.B6(e) of the City’s ordinance specifies: “The city manager is hereby directed to maintain an accurate accounting of all direct and indirect costs of administering the regulations contained in this chapter. The city manager shall submit a report to the commission and city council of such costs and any recommendation for a change in the registration fee at least annually from and after the effective date of this chapter.”

FINANCIAL STATUS

For program years 2003, 2004 and 2005, the annual per space registration fee was set at \$137 per space. For program year 2006, the Commission had recommended and the City Council approved a per space registration fee of \$30 per space. The fee will remain in effect until changed by the City Council upon the recommendation of the Manufactured Home Fair Practices Commission. In program year 2006, expenses exceeded fees received by \$909. In program year 2007, expenses exceeded fees received by \$1753, due mainly to some extraordinary issues that surfaced with regard to some parks separately billing residents for utility charges (discussed below).

The life-to-date balance remains positive at \$7,821. The following table summarizes the fees received (exclusive of special hearing fees) and expenses incurred:

Year	Fees Paid	Expenses Incurred	Surplus (Deficit)
2007	\$10,375	\$12,128	(\$1,753)
2006	\$10,248	\$11,157	(\$909)
2005	\$44,251	\$10,735	\$33,516
2004	\$44,388	\$13,300	\$31,088
2003	\$44,807	\$27,186	\$17,621
2002	\$30,550	\$102,292	(\$71,742)
TOTAL	\$184,619	\$176,798	\$7,821

MHFPC COMMISSIONERS AND STAFF

In 2007, the MHFPC Commissioners were:

William Marcus, Chairperson	Robert Noren, Member
George Gumpy, Vice Chairperson	Kristina Carter, Alternate Member
Erica Abel-Algren, Member	Dean Anderson, Alternate Member
Tom Bills, Member	

At the end of the 2007 season, the two Alternate Members moved out of the area, creating vacancies. In late 2007, the City Council appointed Alan Gering and Jeff McCallum as new Alternate Members of the Commission.

Also in late 2007, the City Council reappointed Erica Abel-Algren and George Gumpy for new 3-year terms as Regular Members of the Commission.

Staff to the Commission were: Phillip L. Marler, Assistant City Manager, and Andrew Pugno, MHFPC Attorney. Housing Analyst Susan Price temporarily took over for Mr. Marler, but Mr. Marler resumed the role after Susan Price's departure from the City, until his retirement at the end of the 2007 Commission season.

2007 STATISTICS

In 2007, there were a total of 619 spaces of which 340 manufactured home park spaces were under the purview of the City of Woodland's Manufactured Home Space Rent Control ordinance.

Mobile Home Park	Spaces in Park	Spaces Subject
Bells	40	40
Casa del Sol	145	18
Idle Wheel	153	151
Leisureville	150	0
Royal Palm	131	131
TOTAL	619	340

2007 ACTIVITY BY PARK:

Bells Trailer Village:

- 40 spaces registered with payment of fees.
- Bells completed their registration process on time and requested a permissive adjustment.
- The MHFPC approved a permissive adjustment to the space rent ceiling of 2.25% in 2007.
- As a condition of approval, the Commission required that space rents for Space #41 and Space #47 be brought down to within the \$274.25 per month rent ceiling, prior to being adjusted upward by the annual permissive increase of 2.25%, to \$280.42 per month.

Casa del Sol:

- In the past, Casa del Sol had certified that all spaces in the park are subject to recorded affordable housing covenants which restrict tenants to very-low or low income levels. These covenants therefore would exempt them from rent control.
- However, the City had conflicting information that some spaces were required to be available to median income households. After extensive review in 2006, the Commission determined that 18 spaces did not meet the exemption criteria for very-low or low income tenancies. The 18 spaces are based on Casa del Sol's requirement to provide at least 15% of its spaces to median income households.
- In 2007, Casa del Sol registered these same 18 spaces and paid registration fees. However, the park reported a total of 145 spaces in the park, likely as a result of renovation and creation of new spaces.
- The Commission approved the registration with the condition that the rent for Space #76 be reduced from \$249 to the space rent ceiling of \$243 per month.
- Casa del Sol did not apply for an increase in the space rent ceiling. Commissioner Erica Abel-Algren noted that CHOC had not increased any rents since the end of the Commission's prior season.

Leisureville:

- Of 150 spaces in Leisureville, only one (1) space was occupied by a resident who does not also have an ownership interest in the park. Because Leisureville did not have a minimum of 2 spaces rented or held out for rent, the entire park was recognized as exempt by the Commission.

Idle Wheel:

- Idle Wheel reported 153 spaces, but registered and paid fees on 151 spaces. One space is not held out for rent; it is for the on-site manager's coach. Another space, Space #263 was claimed as exempt due to not being held out for rent.
- Idle Wheel completed their registration process on time and requested a permissive adjustment.
- The MHFPC approved a permissive adjustment to the space rent ceiling of 2.32% in 2007.

Royal Palm:

- Royal Palm paid fees on 131 spaces within the park. Royal Palm is owned by the same owner of Idle Wheel and the on-site management is provided from Idle Wheel.
- Royal Palm completed their registration process on time and requested a permissive adjustment.
- The MHFPC approved a permissive adjustment to the space rent ceiling of 2.32% in 2007.

Separate Billing for Utilities at Royal Palm and Idle Wheel Estates:

At the end of the 2007 season, the Commission dealt with the issue of separate billing of utility charges at Royal Palm and Idle Wheel. In 2003, prior park management had “unbundled” certain utilities from the rent pursuant to state law. In this process, the rent ceiling was reduced and park residents began to be separately billed for charges imposed by utilities.

However, when the previous owner “unbundled” utilities from rent, he charged the residents a water meter connection fee based on a City schedule of rates, instead of a pro-rata share of the park’s actual connection fee. The problem with his approach was that the City did not charge the park those separate meter fees; instead, the City charged the park only one meter connection fee. This error had the effect of reducing the space rent ceiling more than it should have been, and simultaneously, charging the residents too much in the form of a meter or “customer service charge.” The state law that permits separate billing of utilities to park residents allows only the amounts actually charged to the park owner to be re-billed to park residents.

The Commission took no action but recommended that the new park management correct the situation prior to the following season’s annual re-registration, by: (1) replacing the flat \$1.61 service fee with a monthly pro-rata charge of \$.49 per space per month at Idle Wheel, and \$.56 at Royal Palm, effective July 1, 2007; (2) issuing refunds of \$7.48 per space to Idle Wheel residents and \$7.03 to Royal Palm residents to rectify overcharges related to the incorrect method of charging water connection fees since 2005 when the new park owner took ownership; and (3) increasing rents, at management’s option, within the new space rent ceilings which would be \$.80 per month higher for Idle Wheel and \$.76 per month higher for Royal Palm.

Park management has informed the Commission that the March 1, 2008 space rent statements at both parks will reflect the refunds of \$7.48 and \$7.03, as recommended. It is also confirmed that the new, pro-rata charges for water (\$.49 and \$.56) began being charged to residents effective July 1, 2007. Representatives from the residents’ association at the two parks indicated to the Commission that residents are satisfied with how this has been handled.

With regard to the upward adjustment to the space rent ceilings (\$.80 and \$.76) related to the reduction in utility charges, at the end of 2007, the current *rents* at the two parks

actually charged were lower than the space rent *ceilings* by the respective amounts. Management has indicated that it will probably wait for the 2008 permissive adjustment to the space rent ceiling approved by the Commission, and at that time adjust rents to the *new* space rent ceiling. Thus rents will increase by a percentage greater than the percentage increase in the space rent *ceiling*.

Commission Meetings for Program Year 2006

The Manufactured Home Fair Practices Commission held meetings on November 9, 2006, January 24, 2007, February 21, 2007, March 22, 2007, and April 12, 2007 for Program Year 2007.

Net Operating Income or Special Adjustment Requests.

There were no Special Adjustment/Fair Return Hearing requests submitted in 2007 from any of the manufactured home parks.

Respectfully Submitted,

Andrew P. Pugno
MHFPC Legal Counsel