



City of Woodland

REPORT TO MAYOR AND CITY COUNCIL,

AGENDA ITEM

TO: THE HONORABLE MAYOR AND
CITY COUNCIL

DATE: May 5, 2009

SUBJECT: Annual Report from the Manufactured Homes Fair Practices Commission

Report in Brief

Each year the Manufactured Home Fair Practices Commission (MHFPC) files a report for the City Council's review summarizing activities during the previous program year. This report includes a summary of actions associated with mobile home parks. Attached is the Annual Report of the MHFPC.

Staff recommends that the City Council receive and file the attached annual report from the MHFPC.

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 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 an annual comprehensive written report to the City Council concerning the Commission's activities, holdings, actions and results of all hearings to the City Council. The following is a summary list of activities taken by the MHFPC regarding individual parks in 2008:

Park	Summary of Activity
Bells Trailer Park	The MHFPC approved an increase to the space rent ceiling of 2.87% in 2008.
Casa del Sol	In 2008, Casa del Sol requested a 3.0% increase to the space rent ceiling,

	but in accordance to the Ordinance, the Commission approved a 2.87% increase.
Leisureville	Leisureville does not have the minimum required number of rental spaces, therefore is exempt from space rent ceilings determined by the MHFPC.
Idle Wheel	The MHFPC approved an increase to the space rent ceiling of 2.87% in 2008.
Royal Palm	The MHFPC approved an increase to the space rent ceiling of 2.87% in 2008.

Fiscal Impact

In program year 2008, revenue from fees collected actually exceeded the expenses of the Commission for a surplus of \$2,313. The running balance of fees collected minus expenses incurred remains positive at \$10,134.

Public Contact

The Commission met February 12, 2008 and March 18, 2008 during the 2008 Program Year.

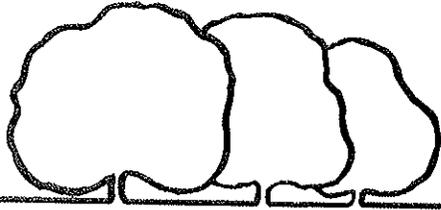
Recommendation for Action

Staff recommends that the City Council receive and file the attached annual report from the MHFPC.

Prepared by: Cynthia Shallit
Redevelopment Manager

Reviewed by: Barry Munowitch, AICP
Assistant City Manager

Mark G. Deven
City Manager



City of Woodland

**ANNUAL REPORT 2008
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 commissions activities, holdings, actions results of hearings and all other matters pertinent to this chapter...” The City Council’s receipt of the MHFPC minutes during the year fulfills this requirement, but this document represents a more formal reporting of the Commission’s activities in calendar year 2008.

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 recommended and the City Council approved a per space registration fee of \$30 per space. The fee continues to remain in effect until changed by the City Council upon the recommendation of the Commission. In program year 2007, expenses exceeded fees received by \$1753, due mainly to some extraordinary issues that surfaced. In program year 2008, revenue from fees collected actually exceeded the expenses of the Commission for a surplus of \$2313.

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The running balance of fees collected minus expenses incurred remains positive at \$10,134. The following table summarizes the Commission revenues and expenses:

Year	Fees Collected	Expenses Incurred	Surplus (Deficit)
2002	\$30,550	\$102,292	(\$71,742)
2003	\$44,807	\$27,186	\$17,621
2004	\$44,388	\$13,300	\$31,088
2005	\$44,251	\$10,735	\$33,516
2006	\$10,248	\$11,157	(\$909)
2007	\$10,375	\$12,128	(\$1,753)
2008	\$10,230	\$ 7,917	\$2,313
TOTAL	\$ 194,849	\$ 184,715	\$ 10,134

MHFPC COMMISSIONERS AND STAFF

In 2008, the MHFPC Commissioners were:

Bill Marcus, Chairperson	Robert Noren, Member
George Gumpy, Vice Chairperson	Alan Gering, Alternate Member
Erica Abel-Algren, Member	Jeff McCallum, Alternate Member
Tom Bills, Member	

In late 2008, the City Council re-appointed Tom Bills, Bill Marcus, and Robert Noren to new 3-year terms as Regular Members of the Commission, ending 12/31/2011. Alan Gering was appointed by the Council as an MHFPC Alternate Member on 1/22/2008, to fill the remainder of a 2-year term ending 12/31/2009. Alternate Member Jeff McCallum's 2-year term ended 12/31/2008, at which time he vacated the seat without seeking re-appointment, creating a current vacancy.

Andrew P. Pugno continues to serve as the Commission's Attorney. Attorney Pugno's office is also temporarily providing administrative staff support to the Commission, until the Community Development Department assigns a permanent City staff member to support the Commission following the retirement of Phil Marler.

2008 STATISTICS

In 2008, there were a total of 630 manufactured home spaces in the City of Woodland, of which 341 spaces are subject to the registration and rent ceiling provisions of the City of Woodland's Manufactured Home Space Rent Control ordinance.

Mobile Home Park	Spaces in Park	Regulated Spaces
Bells	40	40
Casa del Sol	156	18
Idle Wheel	153	152
Leisureville	150	0
Royal Palm	131	131
TOTAL	630	341

2008 ACTIVITY BY PARK:

Bells Trailer Village:

- 40 spaces registered with payment of fees.
- All reported rents appeared to be within the 2.25% increase in the space rent ceilings approved by the Commission the prior year. Also, Bells satisfied the condition of the prior year's approval that required space rents for Space #41 and Space #47 to 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).
- Bells completed their annual re-registration process on time and requested a permissive adjustment.
- The MHFPC approved a permissive adjustment to the space rent ceiling of 2.87% in 2008.

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 2008, Casa del Sol registered these same 18 spaces and paid registration fees. However, the park reported an increased total of 156 spaces in the park, likely as a result of renovation and construction of new spaces.
- As required by the prior year's conditional approval of annual registration, the rent for Space #76 had been reduced to \$243 per month from \$249 per month.
- Casa del Sol requested a 3.0% increase to the space rent ceiling, but pursuant to the Ordinance the Commission approved a permissive adjustment to the space rent ceiling of 2.87% in 2008.

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 152 spaces (one more space than the prior year). One space is not held out for rent; it is for the on-site manager's coach.

- In prior years, Space #263 was claimed as exempt due to not being held out for rent. To keep open the option of renting it in the future, park management is now registering it with the Commission. The Commission approved a pre-adjustment space rent ceiling of \$343.36 for Space #263.
- The reported rents at Idle Wheel Estates were found to be \$.80 per space per month lower than the space rent ceiling approved in 2007, resulting in unused “headroom”. Otherwise, all space rents appeared to be within the 2.32% adjustment to the space rent ceiling granted in 2007.
- 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 2.87% in 2008.

Royal Palm:

- Royal Palm registered and paid fees on 131 spaces within the park, the same as the prior year. Royal Palm is owned by the same owner of Idle Wheel and the on-site management is provided from Idle Wheel.
- All space rents were found to be within the 2.32% increase to the space rent ceilings approved by the Commission in 2007. However, actual rents charged were still \$.76 per space lower than the maximum space rent ceiling due to the issue with separately charged utilities. This unused “headroom” was likely to be used up by management at the same time rents were increased later in 2008 under an annual adjustment for 2008 to the space rent ceiling.
- 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 2.87% in 2008.

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.

In Program Year 2008, park management 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 *rents* actually charged at the two parks were lower than the space rent *ceilings* by the respective amounts. Management indicated that it was waiting for the 2008 permissive adjustment to the space rent ceiling approved by the Commission, and at that time would adjust rents upward to the *new* space rent ceiling. Thus rents in 2008 increased by a percentage greater than the percentage increase in the space rent *ceiling*.

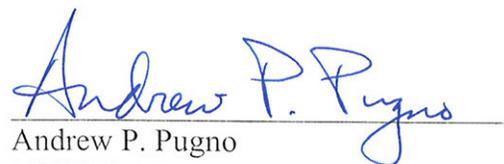
Commission Meetings for Program Year 2008

For Program Year 2008, the Manufactured Home Fair Practices Commission held meetings on February 12, 2008 and March 18, 2008.

Net Operating Income or Special Adjustment Requests.

There were no Special Adjustment/Fair Return Hearing requests submitted in 2008 from any of the manufactured home parks.

Respectfully Submitted,


Andrew P. Pugno
MHFPC Attorney

Dated: March 31, 2009