From: Abe Stevens
To: Amy Nilsen
Subject: Comments on Mobile Home Ordinance
Date: Tuesday, January 6, 2026 2:06:26 PM

You were right, and I was referencing the wrong rent ordinance document yesterday. I used google to search on what I thought was the correct PDF, instead of the correct version you actually sent. Here is my own feedback:

It doesn't seem fair to expect the park owner to pay a fee and assume the burden of applying every year to request the CPI Rent Increase. I think that increase should be automatically approved and published each year. The goal is to limit excessive rent increases, but modest increases to keep up with inflation should be a given.

I think there should be a provision allowing the city to add an administrative fee to the rent, so the city can recoup at least some or all of the expense of managing this process. Park residents have already suggested such a fee, and it doesn't seem fair for the other residents of the city to subsidize a process for the benefit of park residents.

There should be an option for the park owner to increase the maximum rent amount when a home is sold and there is a transfer of ownership. I think they should be able to raise the rent to whatever they feel is the market rate price. Protecting owner-occupants from large increases is one thing, but artificially suppressing prices indefinitely is another.

From: Hilary Mosher
To: Amy Nilsen
Subject: public comment re: Mobilehome Rent Stabilization draft
Date: Saturday, January 17, 2026 1:30:49 PM

Comments on City of Fortuna Rent Stabilization Ordinance
By Hilary Mosher, GSMOL Regional Manager

1. The draft RSO does not include any protections from excessive lot rent increases at sale or transfer of a home. This means that the park owner can increase the rent as high as they want, thereby sabotaging all RSO protections in the long run.

1A: **Request**: include an increase limit of no more than 3% upon sale or transfer of home

2. The draft RSO allows for a “Hearing Officer” to be appointed by the City Manager in the event a park owner files a Fair Return Petition. This is non-specific in terms of the qualification requirements for a Hearing Officer. Also, the proposal includes no limits on how often a park owner can file a Fair Return petition, which means residents could be under constant barrage and threat of rent increases while petitions are pending. Also, the regulation does not include any mention of fees for the filing. This means that the cost of the petition would have to come out of the already overburdened Fortuna General Fund.

2A: **Request:** The RSO should require the City Manager to submit all completed Fair Return petitions to the California Office of Administrative Hearings. This office, established for this purpose by state taxes, provides hearing officers that are trained sworn officers of the court experienced in judiciary proceedings with no local biases. Park owners shall be allowed only one Fair Return Petition per park, per 12-month period. If they submit a petition and it is deemed incomplete and they fail to complete it within the 45-day limit, they must wait another 12-month period and must forfeit their filing fee. A filing fee should be charged for the petition that is equal to the expense of staff time to

process it through evaluation and submission.

3. The draft requires the City Council to vote to approve the Hearing Officer's final decision. This presumes that the City Council knows as much or more than the hearing officer, and could undermine a competent hearing officer's decision through local bias. It would also take valuable time away from council members to prepare and hear in public forum.

3A: **Request:** The Hearing Officer's (from the California Office of Administrative Hearings) decision should be the final determination in the matter.

4. The draft includes an annual rent increase cap of 100% of the CPI. This means that if the CPI should happen to be extraordinarily high (as it was in 2022= 8.0%) rent stabilization would be eroded.

4A: **Request:** The RSO should include an annual cap of no more than 3% or the CPI, whichever is lower.

5. The draft does not allow for any Reduction in Rent for Reduction in Services resident petitions. This means that if park owners should decide to cut back parkwide services (in retaliation for rent stabilization), such as landscaping, clubhouse, street lights or watering, residents have no way of maintaining the value of their homes in a run-down park and resale values will plummet.

5A: **Request:** The RSO should include a Reduction in Rent for Reduction in Services regulation that would allow residents to file A petition (with the Office of Administrative Hearings) to either get The park owner to bring back the services that were in place before RSO went into effect, or have their rents lowered according to the Value of the lost services. Any residents filing such a petition

must

Get signatures of at least ⅓ of park residents to proceed, and only

One petition may be filed within a 12-month period. Residents are

Responsible to provide substantiation documentation and testimony

To prove the service reduction.

6.

The draft does not include any administrative fees to be paid by residents or park owners to offset expenses related to the RSO. This means that any costs related to the RSO must come out of the already insufficient General Fund.

6A: **Request:** Park Owners pay a 5% monthly fee per rented lot, and park residents pay $3.00 per month, to be collected by the park owner with the rent and paid to the City.

7.

The draft allows for a park owner to submit a Fair Return petition to increase the rents in the event of a Capital Expenditure. This means that a park owner could decide to put in a swimming pool or a second floor on the clubhouse, or expand the park, and pass on the expense to the park residents, greatly eroding rent stabilization and possibly providing new services/amenities that park residents don't want or need while the park owner exploits their ability to force park residents to pay..

7A: **Request:** In order for the park owner to institute any "Pass through" rent increases involving a Capital Expenditure, they must secure the written yes votes of 51% of the residents. The process should include open books; residents should be able to see that the expenditures are being made for reasonable amounts, and the rent increase should go away once the capital improvement has been completed.

8.

The draft fails to offer protections from non-capital expenditure park

owner pass-throughs, for such expenses as infrastructure and general improvement/upkeep expenditures, etc... Tagging on such fees is a back-door method of increasing park resident's payments and eroding affordability and housing stability.

8A **Request:** the park owner is prohibited from adding any non-capital expense pass-through fees (for any reason) to the rent, or as part of the billing process. Park up-keep and maintenance is the responsibility of the park owner, as it enhances the value of their property, just as park residents must pay out of pocket for any improvements to their homes, enhancing the resale value.

-Hilary Mosher, Regional Manager Golden State Manufactured Home Owner's League

From: Gail Admendares
To: Amy Nilsen
Cc: ann.leverton@yahoo.com
Subject: Comment to draft RSO
Date: Sunday, January 18, 2026 3:56:30 PM

Ms Nielsen

Good evening. My name is Gail, and I'm a homeowner at Royal Crest.

I'd like to comment on the draft Rent Stabilization Ordinance. One important issue that's missing is any opportunity for park residents to petition the City if park services are reduced or eliminated.

Without a right to petition, park owners could potentially offset the impacts of the RSO by cutting services to save money. That shifts the burden onto residents and undermines the purpose of rent stabilization.

Including a petition process would provide an important safeguard. It would allow residents to document diminished services and give the City the ability to establish a rent reduction that reflects the value of the services that were lost. Any approved reduction could be shared among all residents.

To keep the process fair, the ordinance could limit petitions to once every twelve months and require support from at least one-third of park residents before moving forward.

I respectfully urge the City to include this protection so that rent stabilization does not come at the cost of

reduced services or quality of life. Thank you and appreciate your time.

Sent from Yahoo Mail for iPhone

From: Ann Leverton
To: Amy Nilsen
Subject: Comment to draft RSO
Date: Sunday, January 18, 2026 1:06:24 PM

Dear Ms. Nilsen:

I am a homeowner at Royal Crest. I have a comment about the draft RSO. It does not include any opportunity for park residents to petition the City in the event that the park owners reduce services at the park. Without including a right to petition in the RSO, park owners can try to recoup any losses they perceive from the RSO by lowering the level or existence of park services to save money. If park residents are able to file a petition, it would allow residents to prove any diminished services and establish a rent deduction in line with the value of the services that were discontinued. Any rent deduction would be divided amongst all residents. The provisions of the petition would necessarily include that it could be filed once per 12 months and would require signatures of agreement from at least 1/3 of the park residents to proceed.

Thank you for considering this comment.

Sincerely,
Anne Leverton

From:	Hilary Mosher
To:	Amy Nilsen
Cc:	Layne Moon; Ricardo Tallamante
Subject:	Final draft City of Fortuna RSO - Google Docs.pdf
Date:	Monday, January 19, 2026 11:00:18 AM
Attachments:	Final draft City of Fortuna RSO - Google Docs.pdf

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Here is a complete RSO. It has been adapted from Measure V, which has been Humboldt County's RSO for 10 years and has been working well. Please distribute to all council members.

You will see that it contains far more important protections for long term stabilization than the current Fortuna Draft RSO. The additional protections, such as limited rent increase upon sale, are not just frills. They are essential to preserving affordibility. Without them, SOS will have to come back to city council meetings to advocate until they are added.

DRAFT PROPOSED

CITY OF FORTUNA MOBILE HOME RENT STABILIZATION

PURPOSE

(a) It is the purpose of this Ordinance to:

(b) Prevent excessive and unreasonable increases in mobile home park space rents.

(c) Prevent exploitation of the shortage of available mobile home park spaces in the County and neighboring areas.

(d) Enable mobile home owners to preserve the equity in their mobile homes.

(e) Permit mobile home park owners to receive a fair return.

(f) Help preserve affordable mobile home space rents within the City of Fortuna.

Findings

(a) There are at least 2 mobile home parks with a total of approximately 253 spaces located within the incorporated boundaries of the City of Fortuna, comprising five percent (5%) of the housing units in the City. This is higher than the State average of four percent (4%).

(b) The Fortuna General Plan Housing Element provides for the following goals:

H-3.4 Make a maximum effort to promote affordable housing for retired Fortuna residents, particularly those with limited incomes. (senior mobile homes constitute 57.10% of senior housing available in Fortuna)

H-5 Improve and conserve residential neighborhoods

H-6 Strive to reduce the cost of housing

(c) During recent years, rent increases for most lot fees in Fortuna mobile home parks have substantially exceeded the percentage increase in the Consumer Price Index (CPI).

(d) As a practical matter, the mobile homes in Fortuna's mobile home parks are "immobile" homes. A large percentage of the mobile homes were manufactured before 2000. Very few mobile home parks in the area will accept mobile homes that are more than a few years old. The cost of moving and setting up a mobile home in a park is substantial. About half of the mobile homes are "doublewide" structures that consist of two (2) ten- or twelve-foot-wide sections joined together when installed on top of a simple foundation. Mobile homes are rarely moved after they are placed in mobile home parks. When mobile home park residents move they sell their mobile homes "in place" on the rented space.

Special characteristics of mobile home park tenancies generally include the following:

(1) The "historical" investments of the mobile home owner (tenants) in mobile homes in mobile home parks generally exceed those of the landlord park owners.

(2) Physical relocation of mobile homes is costly.

(3) Relocation is practically impossible because there are virtually no vacant spaces in mobile home parks.

(4) Park owners generally will not permit older mobile homes to be moved into their parks when they do have vacant spaces for rent.

(5) The supply of mobile home park spaces in California is either frozen or declining. Mobile home park construction in California virtually ceased by the early 1980's as alternative land uses became more profitable and land use policies continually tightened restrictions on the construction of new mobile home parks.

(6) The investments of mobile home park residents in their mobile homes are "sunk" costs. The benefits of these investments can only be realized by continuing occupancy or by an "in-place" sale of the mobile home.

(e) Court opinions and academic reviews have repeatedly noted the captive nature of mobile home park tenancies. In 2001, the California Supreme Court concluded:

> "THE MOBILEHOME OWNER-MOBILEHOME PARK OWNER RELATIONSHIP:
>
> This case concerns the application of a mobilehome rent control ordinance, and some background on the unique situation of the mobilehome owner in his or her relationship to the mobilehome park owner may be useful. 'The term 'mobilehome' is somewhat misleading. Mobile homes are largely immobile as a practical matter, because the cost of moving one is often a significant fraction of the value of the mobile home itself. They are generally placed permanently in parks; once in place,

only about 1 in every 100 mobile homes is ever moved. [Citation.] A mobile home owner typically rents a plot of land, called a ‘pad,’ from the owner of a mobile home park. The park owner provides private roads within the park, common facilities such as washing machines or a swimming pool, and often utilities. The mobile home owner often invests in site-specific improvements such as a driveway, steps, walkways, porches, or landscaping. When the mobile homeowner wishes to move, the mobile home is usually sold in place, and the purchaser continues to rent the pad on which the mobile home is located.’ (Yee v. Escondido (1992) 503 U.S. 519, 523, 112 S.Ct. 1522, 118 L.Ed.2d 153.) Thus, unlike the usual tenant, the mobilehome owner generally makes a substantial investment in the home and its appurtenances-- typically a greater investment in his or her space than the mobilehome park owner. [cite omitted] The immobility of the mobilehome, the investment of the mobilehome owner, and restriction on mobilehome spaces, has sometimes led to what has been perceived as an economic imbalance of power in favor of mobilehome park owners.” (Galland v. Clovis, 24 Cal.4th 1003, 1009 (2001)).

The Florida Supreme Court concluded that mobile home owners face an “absence of meaningful choice” when space rents increase: “Where a rent increase by a park owner is a unilateral act, imposed across the board on all tenants and imposed after the initial rental agreement has been entered into, park residents have little choice but to accept the increase. They must accept it or, in many cases, sell their homes or undertake the considerable expense and burden of uprooting and moving. The ‘absence of meaningful choice’ for these residents, who find the rent increased after their mobile homes have become affixed to the land, serves to meet the class action requirement of procedural unconscionability.” Lanca Homeowners, Inc. v. Lantana Cascade of Palm Beach, Ltd., 541 So. 2d 1121, 1124 (Fla.), cert. denied, 493.

(f) In response to the special situation of mobile home park residents, California has adopted landlord-tenant laws which provide special protections for mobile home park tenants. (California Civil Code Section 798.) In addition, approximately ninety (107) jurisdictions in California have adopted some type of rent control of mobile home park spaces. Typically the rent control ordinances tie annual allowable rent increases to at least a large portion of the percentage increase in the Consumer Price Index (CPI)--All Items. Most such ordinances do not permit additional rent increases (vacancy decontrol) or limit rent increases to ten percent (5%) or less when a mobile home is sold “in place”. Under all ordinances, park owners are entitled to petition for additional rent increases in order to obtain a fair return.

(g) Many of the mobile home owner households have “very low” income. In 2008, the income ceilings for households classified as “very low” income under federal HUD

standards (fifty percent of area median income or under) are twenty-two thousand, seven hundred dollars ($22,700.00) for one-person households and twenty-five thousand, nine hundred dollars ($25,900.00) for two-person households. The income ceilings for households classified as “extremely low” income (thirty percent (30%) of area median income or under) are thirteen thousand, six hundred dollars ($13,600.00) for one-person households and fifteen thousand, five hundred dollars ($15,500.00) for two-person households. According to demographic, housing and economic data compiled by the Federal Reserve Bank of San Francisco in 2014, sixty-two percent (62%) of Humboldt County (including Fortuna) renters spend more than thirty percent (30%) of their income on rent, making them “cost-burdened renters.” Sixteen percent (16%) of Humboldt County residents have a disability, and all but one city within the County had median income below the state average of $61,400.00 as of 2012.

(h) Mobile home owners, unlike apartment tenants or residents of other rental units, are in the unique position of having made a substantial investment in a residence which is located on a rented or leased parcel of land. Their investment commonly includes the purchase of the mobile home and the cost of installing the mobile home on its space along related improvements such as a foundation, carports, and integrated landscaping. Excessive rent increases may drastically reduce or eliminate mobile home owners’ equity in their mobile homes, causing mobile home owners to lose a substantial portion or all of their investments.

(i) The “maintenance of net operating income” (MNOI) standard is a “fairly constructed formula,’ which provides a fair return. (Rainbow Disposal Co. v. Escondido Mobilehome Rent Review Bd., 64 Cal.App.4th 1159 (1998).

(j) Adoption of this Ordinance is not subject to the California Environmental Quality Act (CEQA) pursuant to Section 15060(c)(2)-the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment, and Section 15060(c)(3)-the activity is not a project as defined in Section 15378 of the CEQA Guidelines because it has no potential for resulting in physical change to the environment, directly or indirectly

Definitions

(a) “Consumer Price Index” means the Consumer Price Index-- All Items for all urban consumers for the San Francisco-Oakland-San Jose area (base year equals 1982-1984) as reported by the Bureau of Labor Statistics of the United States Department of Labor.

(b) “In-place transfer” means the transfer of the ownership of a mobile home with the mobile home remaining on the mobile home lot following the transfer.

(c) “Landlord” means a mobile home park owner, mobile home owner, lessor or sub lessor who receives or is entitled to receive rent for the use and occupancy of any rental unit or portion thereof, and the agent, representative or successor of any of the foregoing.

(d) “Mobile/manufactured home” means a structure transportable in one or more sections, designed and equipped to contain not more than one dwelling unit, to be used with or without a foundation system or any habitation such as a trailer, recreational vehicle or “park model” unit occupied as a primary residence for 9 months or more per year.

(e) “Mobile home park” means any area or tract of land where two or more mobile home lots are rented or leased, or held out for rent or lease, to accommodate mobile homes used for human habitation for permanent, as opposed to transient, occupancy.

(f) “Rent” means any consideration, including any bonus, benefit or gratuity, demanded or received by a landlord for or in connection with the use or occupancy, including housing services, of a rental unit or in connection with the assignment of a lease or in connection with subleasing of the rental unit.

“Rent” shall not include:

(1) Utility charges for charges for sub-metered gas and electricity.

(2) Charges for water, refuse disposal, sewer service, and/or other services which are either provided and charged to mobile home residents solely on a cost pass-through basis and/or are regulated by state or local law.

(3) Any amount paid for the use and occupancy of a mobile home unit (as opposed to amounts paid for the use and occupancy of a mobile home space).

(4) Charges for laundry services.

(5) Storage charges.

(g) “Rent increase” means any rent demanded or paid by a mobile home owner or mobile home tenant in excess of rent paid for the rental unit immediately prior to such demand or payment. Rent increase includes any reduction in the services provided to a mobile home resident or transfer of the cost without a corresponding reduction in the amount demanded or paid as rent.

(h) “Rental agreement” means a written agreement between a landlord and a mobile home owner or mobile home tenant for the use and occupancy of a rental unit to the exclusion of others.

(i) “Rental unit” means a mobile home or mobile home lot, located in a mobile home park in the County of Humboldt, which is offered or available for rent. Rental unit includes the land, with or without a mobile home, and appurtenant buildings thereto and all housing services, privileges and facilities supplied in connection with the use or occupancy of the mobile home or mobile home lot.

(j) “Service reduction” means a decrease or diminution in the basic service level provided by the park since January, 2016, including but not limited to services the park owner is required to provide pursuant to:

(1) California Civil Code Sections 1941.1 and 1941.2.

(2) The Mobile Home Residency Law, California Civil Code Section 798 et seq.

(3) The Mobile Home Parks Act, California Health and Safety Code Section 18200 et seq.

(4) The landlord’s implied warranty of habitability.

(5) An express or implied agreement between the landlord and the resident

Applicability of Ordinance.

This Ordinance shall be applicable to all mobile home park spaces within the incorporated areas of the City of Fortuna.

Exemptions from This Ordinance.

(a) The following exemptions from local rent regulations are provided by state law:

(1) New mobile home park spaces which are exempted pursuant to Civil Code Section 798.45.

(2) Spaces which are not the principal residence of the mobile home owner, which can be exempt pursuant to Civil Code Section 798.21.

The purpose of this subsection is to provide information about exemptions based on state law which preempts local law, rather than to provide any basis for an exemption based on this Ordinance.

(b) This Ordinance shall not apply to mobile homes or mobile home parks owned or operated by any governmental agency or any rental unit whose rent is subsidized pursuant to a public program that limits the rent that can be charged for the mobile home.

(c) This Ordinance shall not be applicable to spaces in mobile home parks with less than ten (10) spaces

Permissible Rent Increases.

No rent in excess of rent in effect on December 31, 2026, may be charged unless authorized by one of the following sections of this Ordinance: (Automatic annual increases based on increases in the Consumer Price Index), (Allowable rent following the expiration of an exempt lease), (Allowable rent increases upon in-place transfers of mobile home ownership), (Fair return standard), or (Rent increases for majority resident agreement for new capital improvements)..

Automatic Annual Increases Based Upon Increases in the Consumer Price Index (CPI).

(a) Commencing in calendar year 2026, on or after May 1st of each year the rent may be increased over the allowable rent as of May 1st of the prior year by seventy-five percent (75%) of the percentage increase in the CPI last reported as of January 30th in the current year over the CPI last reported as of January 30th in the prior year. The percentage amount of said increase shall be rounded to the nearest one-quarter percent. There shall be a cap of 5% if the percentage increase of the CPI is higher.

(b) *Notice of Annual Allowable Annual Rent Increase.*

(1) The allowable annual rent increase shall be annually calculated by the City Council and posted by February 15th of each year in the City Hall Building, on the City's website, and posted on a notice board in each mobile home park by the park owner, and shall be mailed by City to each park owner and to the mobile home owner representative in each park.

(2) *Notice in Mobile Home Parks.* A copy of the City's notice shall also be posted in a prominent place by each park owner in each mobile home park within three (3) work days after it is received by the park owner.

(c) In the event that the CPI decreases, no rent decrease shall be required pursuant to this section. In the event that the CPI decreases by more than two percent (2%) in any year, said decrease shall be subtracted from the following annual increase(s) allowable pursuant to this section.

(d) Increases authorized pursuant to this section may be implemented by the landlord at any future time, subject to the precondition that by January 30th of each year the park owner notify the mobile home owner of each increase allowed pursuant to this section which has not been implemented and notification that the banked increase may be added to the rent at a future date.

(e) *Compliance with State Law.* Rent increases permitted pursuant to this section shall not be effective and shall not be demanded, accepted, or retained until the landlord has given the notice required by state law.

Allowable Rent Following Expiration of an Exempt Lease

In the event a space was previously exempt under a lease pursuant to California Civil Code Section 798.17, the base space rent, for purposes of calculating the annual adjustment, shall be the rent in effect as of the date of expiration of the lease; provided, that space rents can be verified by information required on, and/or documentation submitted with, the annual registration application.

Allowable Rent Increases Upon 'in Place' Transfer of Mobile Home Ownership

(a) Subject to the limitations stated herein, upon the closure of an “in-place” sale, transfer or other conveyance of a mobile home subject to this Ordinance, the park owner may increase the space rent by five (5%) percent.

(b) No rent increase may be imposed pursuant to this section when an existing mobile home owner or resident replaces an existing mobile home with another mobile home, occupying the same mobile home space.

(c) No increase may be imposed pursuant to this section where title to the mobile home passes to one or more person(s) who, at the time of the title transfer, (1) was/were also lawful, authorized resident(s) of the mobile home, or (2) were/are parents, siblings, children, nieces, or nephews of the mobile home owner, and the mobile home remains in the same space.

(d) No increase may be imposed pursuant to this section if an increase was imposed pursuant to this section within the twenty-four-month (24) period preceding the most recent transaction that would otherwise justify the increase pursuant to this section.

(e) Rent increases authorized by this section shall be in addition to any other space rent increases authorized by this Ordinance.

Fair Return Standard

(a) *Presumption of Fair Base Year Net Operating Income.* It shall be presumed that the net operating income received by the landlord in the base year provided the park owner with a fair return.

(b) *Fair Return.* A park owner has the right to obtain a net operating income equal to the base year net operating income adjusted by one hundred percent (75%) of the percentage increase in the CPI since the base year. It shall be presumed this standard provides a fair return. The base year CPI shall be the annual average CPI for 2026. The current year CPI shall be the annual average CPI for the calendar year which is used as the current year in the application.

(c) *Base Year.*

(1) Except as provided in subsection (c)(2) of this section, “base year” means the 2026 calendar year.

(2) In the event that a determination of the allowable rent is made pursuant to this section, if a subsequent petition is filed the base year shall be the year that was considered as the “current year” in the prior petition.

(d) *Current Year.* The current year shall be the calendar year that precedes the year in which the application is filed.

(e) *Adjustment of Base Year Net Operating Income.* The park owner or the tenants may present evidence to rebut the presumption of fair return based upon the base year net operating income as set forth in subsection A of this section based on at least one of the following findings:

(1) *Exceptional Expenses in the Base Year.* The park owner’s operating expenses in the base year were unusually high or low in comparison to other years. In such instances, adjustments may be made in calculating operating expenses so the base year operating expenses reflect average expenses for the property over a reasonable period of time. The following factors shall be considered in making such a finding:

(A) Extraordinary amounts were expended for necessary maintenance and repairs.

(B) Maintenance and repair was below accepted standards so as to cause significant deterioration in the quality of services provided.

(C) Other expenses were unreasonably high or low notwithstanding the application of prudent business practices.

(2) *Exceptional Circumstances in the Base Year.* The gross income during the base year was disproportionately low due to exceptional circumstances. In such instances, adjustments may be made in calculating base year gross rental income consistent with the purposes of this Ordinance. The following factors shall be considered in making such a finding:

(A) If the gross income during the base year was lower than it might have been because some residents were charged reduced rent.

(B) If the gross income during the base year was significantly lower than normal because of the destruction of the premises and/or temporary eviction for construction or repairs.

(C) The pattern of rent increases in the years prior to the base year and whether those increases reflected increases in the CPI.

(D) Base period rents were disproportionately low in comparison to the base period rents of other comparable parks in the City.

(E) Other exceptional circumstances.

(f) *Calculation of Net Operating Income.*

(1) *Net Operating Income.* Net operating income shall be calculated by subtracting operating expenses from gross rental income.

(2) *Gross Rental Income.*

(A) Gross rental income shall include the following:

1. Gross rents calculated as gross rental income at one hundred percent (100%) occupancy, adjusted for uncollected rents due to vacancy and bad debts to the extent such vacancies or bad debt are beyond the control of the landlord. Uncollected space rents in excess of three percent (3%) of gross space rent shall be presumed to be unreasonable unless established otherwise and shall not be included in computing gross income.

2. All other income or consideration received or receivable in connection with the use or occupancy of the rental unit, except as provided in subsection (f)(2)(B) of this section.

(B) Gross rental income shall not include:

1. Utility charges for charges for sub-metered gas and electricity.

2. Charges for water, refuse disposal, sewer service, and/or other services which are either provided and charged to mobile home residents solely on a cost pass-through basis and/or are regulated by state or local law.

3. Any amount paid for the use and occupancy of a mobile home unit (as opposed to amounts paid for the use and occupancy of a mobile home space).

4. Charges for laundry services.

5. Storage charges.

(3) *Operating Expenses.*

(A) Operating expenses shall include the following:

1. Reasonable costs of operation and maintenance.

2. *Management Expenses.* It shall be presumed that management expenses have increased by the percentage increase in rents or the CPI, whichever is greater, between the base year and the current year unless the level of management services has either increased or decreased significantly between the base year and the current year.

3. *Utility Costs.* Utility costs except utility where the consideration of the income associated with the provision of the utility service is regulated by state law and consideration of the costs associated with the provision of the utility service is preempted by state law.

4. *Real Property Taxes.* Property taxes are an allowable expense, subject to the limitation that property taxes attributable to an assessment in a year other than the base year or current year shall not be considered in calculating base year and/or current year operating expenses.

5. *License and Registration Fees.* License and registration fees required by law to the extent these expenses are not otherwise paid or reimbursed by tenants.

6. *Landlord-Performed Labor.* Landlord-performed labor compensated at reasonable hourly rates.

a. No landlord-performed labor shall be included as an operating expense unless the landlord submits documentation showing the date, time, and nature of the work performed.

b. There shall be a maximum allowed under this provision of five (5%) percent of gross income unless the landlord shows greater services were performed for the benefit of the residents.

7. *Costs of Capital Replacements.* Costs of essential capital replacements plus an interest allowance to cover the amortization of those costs where all of the following conditions are met:

a. The essential capital improvement is made at a direct cost of not less than one hundred dollars ($100.00) per affected rental unit or at a total direct cost of not less than five thousand dollars ($5,000.00), whichever is lower.

b. The costs, less any insurance proceeds or other applicable recovery, are averaged on a per unit basis for each rental unit actually benefited by the improvement.

c. The costs are amortized over a period of not less than thirty-six (36) months.

d. The costs do not include any additional costs incurred for property damage or deterioration that result from any unreasonable delay in undertaking or completing any repair or improvement.

e. The costs do not include costs incurred to bring the rental unit into compliance with a provision of the Fortuna City Code or state law where the original installation of the improvement was not in compliance with code requirements.

f. At the end of the amortization period, the allowable monthly rent is decreased by any amount it was increased because of the application of this provision.

g. The amortization period shall be in conformance with a schedule adopted by the City unless it is determined that an alternate period is justified based on the evidence presented in the hearing.

8. *Legal Expenses.* Attorneys' fees and costs incurred in connection with successful good faith attempts to recover rents owing, successful good faith unlawful detainer actions not in derogation of applicable law, and legal expenses necessarily incurred in dealings with respect to the normal operation of the park to the extent such expenses are not recovered from adverse or other parties, subject to the following requirements:

a. All expenses related to the Fair Return Petition shall be incurred by the park owner filing the petition and may not be passed through, in any way, to homeowners..

b. At any time after filing a fair rate of return rent application, the designated representative of the residents of the mobile home park may serve an offer in writing to the mobile home park owner who has filed that petition to stipulate a compromise amount for the fair rate of return rent increase requested in the petition. The designated representative shall also file a copy of this written settlement offer with the City in a separately sealed envelope and with a statement on the outside of the envelope stating that it is a written settlement offer pursuant to this subsection. The sealed copy of the written settlement offer that is so filed with the City is not to be opened by the City until it is either accepted by the park owner or, if it is not accepted by the park owner, after a final rent increase award or denial has been made on the park owner's petition by either the City or by the hearing officer. Upon receiving such offer to compromise, the mobile home park owner has seven (7) days to accept the offer by filing a written acceptance with the County.

d. A mobile home park owner is not entitled to recover a portion of application expenses, fees, or other costs that are incurred following the submission of a prevailing offer and the residents may recover reasonable attorneys' fees incurred by the residents after the rejection of a "prevailing" offer. The designated mobile home owners' representative shall be determined to have made a prevailing offer if a settlement offer has been made and that offer has not been accepted by the park owner within seven (7) days after the making of that offer, and the park owner's rent increase award fails to exceed the amount of that settlement offer.

9. *Interest Allowance for Expenses That Are Amortized.* An interest allowance shall be allowed on the cost of amortized expenses; the allowance shall be the interest rate on the cost of the amortized expense equal to the "average rate" for thirty (30)-year fixed rate on home mortgages plus two percent (2%). The "average rate" shall be the rate Freddie Mac last published in its weekly Primary Mortgage Market Survey (PMMS) as of the date of the initial submission of the petition. In the event that this rate is no longer published, the index which is most comparable to the PMMS index shall be used.

(B) Operating expenses shall not include the following:

1. Mortgage principal or interest payments or other debt service costs.

2. Any penalties, fees or interest assessed or awarded for violation of any provision of this Ordinance or of any other provision of law.

3. Land lease expenses.

4. Political contributions and payments to organizations which are substantially devoted to legislative lobbying purposes.

5. Depreciation.

6. Any expenses for which the landlord has been reimbursed by any utility rebate or discount, security deposit, insurance settlement, judgment for damages, settlement or any other method or device.

7. Unreasonable increases in expenses since the base year.

8. Expenses associated with the provision of master-metered gas and electricity services.

9. Expenses which are attributable to unreasonable delays in performing necessary maintenance or repair work or the failure to complete necessary replacements (e.g., a roof replacement may be a reasonable expense, but if water damage occurred as a result of unreasonable delays in repairing or replacing the roof, it would not be reasonable to pass through the cost of repairing the water damage).

(C) *Adjustments of Operating Expenses.* Base year and/or current operating expenses may be averaged with other expense levels for other years or amortized or adjusted by the CPI, or may otherwise be adjusted in order to establish an expense amount for that item which most reasonably serves the objectives of obtaining a reasonable comparison of base year and current year expenses. Grounds for such adjustments include, but are not limited to:

1. An expense item for a particular year is not representative;

2. The base year expense is not a reasonable projection of average past expenditures for that item in the years immediately preceding or following the base year;

3. The current year expense is not a reasonable projection of expenditures for that item in recent years or of future expenditures for that item;

4. If a particular expense exceeds the normal industry or other comparable standard for the area, the park owner shall bear the burden of proving the reasonableness of the expense. To the extent that it is found that the expense is unreasonable it may be adjusted to reflect the normal industry standard;

5. A base year expense is exceptionally low by industry standards and/or on an inflation adjusted basis is exceptionally low relative to current year expenses although the level or type of service has not changed significantly;

6. An increase in maintenance or management expenses is disproportionate to the percentage increase in the CPI, while the level of services has not changed significantly and/or is not justified by special circumstances.

(g) In the event that the period for determining the allowable rent increase pursuant to this section exceeds one hundred twenty (120) days, the park owner may recover increases that would have been permitted if the rent increase decision had been made within one hundred twenty (120) days. The allowance for these increases may be amortized or may be factored into the prospective allowable increase in order to avoid undue hardship on the mobile home owners.

(h) The allowable rent increase per mobile home park space pursuant to this section shall not be increased as a result of the fact that there are exempt spaces in the park.

(i) *Assurance of a Fair Return.* It shall be presumed that the MNOI standard provides a fair return. Nothing in this Ordinance shall preclude the City or the hearing officer from granting an increase that is necessary in order to meet constitutional fair return requirements.

Procedures for Review of Fair Return Petitions

(a) *Right to Petition.* A park owner (the “applicant”) may petition, at their own expense, for a rent increase in excess of the amount allowed in order to obtain a fair return. The petition shall constitute a ‘fair return application’. No petition for a fair return rent adjustment may be filed pursuant to this Ordinance until thirty (30) days after this Ordinance goes into effect. After 2026, no petition may be filed in November or December of any calendar year except in cases of exceptional or unforeseen circumstances.

(b) *Limit on Frequency of Petitions.* Only one (1) petition pursuant to this section may be filed for a mobile home park within a twelve (12)-month period. An exception to this limitation shall be authorized in the event of extraordinary circumstances that could not reasonably have been foreseen at the time the prior petition was filed. In the event of a park sale during the period of a pending petition, the petition may not be included in the sale and must be withdrawn. A new petition may not be filed by the new park owner for at least 12 months.

(c) *Submission of Petition.*

(1) *Petition Form Required.* Such a petition shall be on a form prescribed by the City and filed with a city office or official which is designated by the City to receive it.

(2) *Petition Fee.* Upon the receipt of a fair return application, the City shall determine if the employment of a certified public accountant or other expert is necessary or appropriate for a proper analysis of the applicant's petition. Such determination shall be made by City staff assigned for this purpose, or by third party experts retained by the City. If the City so determines, it shall also determine the anticipated cost of employing any such experts. The resulting figure shall be communicated to the applicant. The petition shall not be further processed until the applicant has paid to the City the estimated cost of expert analysis. Any unused portion of the advance payment for expert analysis shall be refunded to the applicant.

(3) *Contents of Petition Form.* The form may require any information deemed relevant by the County. The form shall include, but not be limited to:

(A) The names and addresses of all mobile home park tenants subject to the rent increase.

(B) A statement of the date the rent increase is proposed to be effective.

(C) The rent for each space in the park in the base year, the current year, and the three (3) prior years.

(D) An income and expense statement for the base year, the current year, and the three (3) years prior to the current year. If the applicant is a limited partnership affiliate/subsidiary, they must include all and any related income and expense statement information from their associated entity.

(E) Evidence documenting the income and expenses claimed by the park owner.

(F) All other documentation and opinion testimony upon which the park owner is relying to justify the rent increase.

(G) A statement of the petitioner's theories in support of the rent increase application.

(4) *Notice of Petition.* The park owner and City shall provide notice of a petition by:

(a) Sending a hard copy and electronic .pdf copy of the petition to the tenants' representative;

(b) Providing the City with hard and electronic copies of the petition;

(c) Notifying each tenant household that the petition has been filed on a form provided by the City.

(5) *Determination That the Petition Is Complete.* City staff will determine if a petition pursuant to this section is complete within thirty (30) days after the petition is submitted and all requested fees are paid. A petition will not be deemed complete if the required fees have not been paid. If the petition is incomplete, City staff will inform the petitioner what additional information is required, and the petitioner shall be given 30 days to complete the petition, or the City will disqualify the petition, and another may not be filed for 12 months from the date of the disqualification.

(6) *Access to the Petition.* The documentation required by this section shall be available for inspection and copying by any person during the normal City business hours. City staff shall make a copy of all submissions by the park owner and the residents in conjunction with a petition, all of which shall be available in the form of an electronic .pdf file.

(7) *Cost of Expert Analysis.* Upon the receipt of a petition, County staff shall determine if the employment of experts will be necessary or appropriate for a proper analysis of whether the applicant's petition is complete. If staff so determines, then staff shall also determine the anticipated cost of employing any such experts. The resulting figure shall be communicated to the petitioner. The petition shall not be further processed until the petitioner has paid to the County the estimated cost of expert analysis. Within thirty (30) days after a petition and the required fee, if any, is submitted to the County, staff shall determine if the petition is complete. Any unused portion for payments so collected shall be refunded to the petitioner.

(8) *Contents of Expert Analysis.* Any analysis pursuant to this subsection shall be in writing and made available to the hearing officer, and shall include a determination of:

(a) Base year and current year rental income;

(b) Base year and current year operating expenses by category;

(c) Base year and current year overall operating expenses;

(d) Base year and current year net operating income;

(e) The percentage change in net operating income between the base period and the current period;

(f) The percentage change in the CPI between the base period and the current period;

(g) The ratio of the percentage change in net operating income to the percentage change in the CPI between the base period and the current period;

(h) The rent adjustment required under an MNOI standard pursuant to Ordinance.

(9) *Submission by Mobile Home Owner Tenants.* The mobile home owner tenants may submit a written response to the park owner's submission within twenty (20) days after the petition is deemed complete.

(d) *Review Procedures.*

(1) Once a petition is deemed complete, with any expert analysis completed if required, the petition review process shall automatically commence. A decision on any petition for a fair return adjustment shall be rendered within sixty (60) days of the date that the hearing officer has been chosen unless extended as allowed herein. The decision shall be emailed and sent by mail, with proof of mailing to the park owner, the park owner's designated representative for the petition, and a designated representative of the residents.

(2) Petition review shall be conducted by a hearing officer pursuant to this section.

(3) *Procedure for Selection of a Hearing Officer.*

(A) Hearing officers shall be licensed attorneys of the State Bar of California in good standing, and shall have no financial interest in mobile homes, mobile home spaces or mobile home parks and shall not have represented mobile home park owners or mobile home park residents in rent setting cases or park closing or park conversions or any disputes between park owners and park residents.

(B) A hearing officer shall be selected through the California Office of Administrative Hearings (OAH). In the event that it is not possible or impracticable to obtain a hearing officer through the OAH, the City may elect to contract with any other statewide or regional agency or office that provides arbitration services or may establish a panel in accordance with the following procedure set forth in subsection (d)(3)(C) of this section.

(C) In the event that a panel of hearing officers is established, City staff shall make all reasonable efforts to ensure that there are at least three (3) qualified candidates to form a panel of prospective hearing officers. Hearing officers shall be selected on a rotational basis from the panel list. A hearing officer shall disqualify himself or herself from serving as hearing officer in a particular matter where he/she has a conflict of interest within the meaning of the Political Reform Act (Government Code Section 87100 et seq.), and shall otherwise comply with the disqualification provisions of Canon 3.E. of the Code of Judicial Ethics. The parties shall be advised in writing of the selected hearing officer, and advised of their right to disqualify the selected hearing officer. In the event of a disqualification, another hearing officer shall be randomly selected from the panel, and a

new notice of hearing sent to the parties. Each party shall have the right to disqualify one hearing officer for a particular matter without cause if there are three (3) or fewer hearing officers on the list and may disqualify up to two (2) hearing officers if there are five (5) or more hearing officers on the list.

(4) *Time of and Scheduling of Hearing.*

(A) A review hearing on the petition shall commence within forty (40) days of the selection of a hearing officer unless both parties agree to a different schedule. The hearing shall be completed within fifteen (15) days after it is commenced. These time deadlines may be extended if the hearing officer finds that there is good cause to commence and/or complete the hearing at a later date.

(B) The hearing may be scheduled during the normal business hours of the City unless a majority of the residents that are subject to the petition requests that the hearing be scheduled during the evening. The hearing shall be scheduled at a time that it is convenient for the residents' and park owner's representatives.

(C) The presentations of each party at the hearing and of City staff and experts shall be limited to ninety (90) minutes each unless there is good cause for providing a greater period of time. Each party and the City shall be permitted one hour of cross-examination of expert witnesses.

(5) *Notice of Hearing.* Written notice of the time, date and place of the hearing shall be given once the hearing officer has been chosen at least thirty (30) days prior to the hearing.

(6) *Requests for Additional Information by Opposing Party.*

(A) Either party or the County may request that additional specific supporting documentation be provided to substantiate the claims made by a party. The request shall be presented in writing to the hearing officer.

(B) The hearing officer may order production of such requested documentation, if the hearing officer determines the information is relevant to the proceedings.

(7) *Submission of Reports.*

(A) Any response by the residents or the park owner to any report or expert analysis prepared by the County must be submitted to the other parties at least ten (10) days prior to the hearing. The submissions shall be in printed and electronic form.

(B) Rebuttal reports may be submitted by the park owner, residents, and/or County staff and/or a consultant on behalf of the County and provided to the parties at least five (5) days prior to the hearing.

(C) For good cause, the hearing officer may accept additional information at the hearing.

(8) *Conduct of Hearing.*

(A) The hearing shall be conducted in accordance with such rules and regulations as may be promulgated by the County and any rules set forth by the hearing officer.

(B) The hearing officer shall have the power and authority to require and administer oaths or affirmations where appropriate, and to take and hear evidence concerning any matter pending before the hearing officer.

(C) The rules of evidence generally applicable in the courts shall not be binding in the hearing. Hearsay evidence and any and all other evidence which the hearing officer deems relevant and proper may be admitted and considered.

(D) Any party or such party's representative, designated in writing by the party, may appear at the hearing to offer such documents, oral testimony, written declaration or other evidence as may be relevant to the proceedings.

(E) The hearing officer may grant or order not more than two (2) continuances of the hearing for not more than ten (10) working days each. Additional continuances may be granted only if all parties stipulate in writing or if the hearing officer finds that there is a good cause for the continuance. Such continuances may be granted or ordered at the hearing without further written notice to the parties.

(F) A tape recording of the proceedings shall be made by City staff in a format that is easily made available and is easily usable.

(G) The hearing shall be conducted in a manner that ensures that parties have an opportunity to obtain documents and to obtain information about the theories and facts to be presented by the opposing parties in adequate time in advance of the hearing to enable preparation of a rebuttal.

(9) *Required Findings in Decision.* Any decision pursuant to this subsection shall include a determination of:

(A) Base year and current year rental income;

(B) Base year and current year operating expenses by category;

(C) Base year and current year overall operating expenses;

(D) Base year and current year net operating income;

(E) The percentage change in net operating income between the base period and the current period;

(F) The percentage change in the CPI between the base period and the current period;

(G) The ratio of the percentage change in net operating income to the percentage change in the CPI between the base period and the current period;

(H) The rent adjustment required under an MNOI standard pursuant to Section 9101-10 and this section.

(10) *Conditions for Allowance or Disallowance of Rent Increase.* The allowance or disallowance of any proposed rent increase or portion thereof may be reasonably conditioned in any manner necessary to effectuate the purposes of this Ordinance.

(11) *Deadline for Decision.* An application for a fair return adjustment shall be decided by the hearing officer within sixty (60) days of the date that the filed petition, including the receipt of fees, has been deemed complete, unless the hearing officer determines that there is good cause for an extension of this period or the City extends this period due to the length of time required to accommodate scheduling availability and limitations required to obtain the services of a hearing officer.

(12) *Notice of Decision.* City staff shall mail copies of the decision to the park owner and all affected mobile home park tenants within three (3) days of the decision. Copies of the decision shall be emailed to the park owner and residents' representative as soon as possible after the decision is made and in all cases within twenty-four (24) hours after the decision is made.

(13) *Preservation of Record.* Any findings pursuant to this section shall be reported to the County in an agenda packet and permanently preserved in the City records, so that they are available in the event of a future rent increase application involving the same mobile home park.

(14) *Representation of Parties.*

(A) The parties in any hearing may be represented at the hearings by a person of the party's choosing. The representative need not be an attorney.

(B) Written designation of representatives shall be filed with the City or the hearing officer.

(C) The written designation of the representative shall include a statement that the representative is authorized to bind the party to any stipulation, decision or other action taken at the administrative hearing.

(15) *Modification of Decision in the Event of Mathematical or Clerical Inaccuracies.* Any party alleging that the hearing officer's statement of decision contains mathematic or clerical inaccuracies may so notify the hearing officer and the other party within fifteen (15) calendar days of the mailing of the decision. The hearing officer may make any corrections warranted, and re-file the statement of decision within ten (10) working days after receiving the allegation of the mathematical error. Upon re-filing of the statement, the decision shall be final.

(16) *Calculation of Allowable Application Expenses if a Sealed Offer Has Been Submitted.* If any sealed settlement offers have been submitted to the City by any parties to the dispute, after the hearing officer determines the allowable rent adjustment pursuant to this section, the hearing officer shall open the sealed offers and make a determination of whether there has been a "prevailing party" and shall announce that determination in the hearing officer's notice of decision issued pursuant to subsection (d)(12) of this section. Within seven (7) days of receipt of the notice of decision awarding fees, the prevailing party shall submit a written request and accounting of these fees and serve that request simultaneously on all parties by regular and electronic mail. Within seven (7) days of receiving the request by the prevailing party, the opposing party may file an objection to that request. Within seven (7) days of the date that an opposition is submitted or within seven (7) days of the deadline for an opposition, if none is submitted, the hearing officer shall submit a proposed supplemental decision stating the amount of fees included in the award, which shall become final in seven (7) days after the proposed decision, unless either party requests an evidentiary hearing within seven (7) days, in which case a final decision shall be made within seven (7) days after the hearing. If the prevailing party is the mobile home owners' representative, then the park owner shall file an affidavit with the City, stating that the award of attorneys' fees has been paid in full and shall not be permitted to implement a rent increase pursuant to this section. For good cause, the hearing officer may modify the procedure set forth in this subsection for determining an award for a prevailing party, excluding rewarding the park owner with legal fees at the expense of park residents..

(e) *Overall Period for Review of Fair Return Petition.* After a petition is deemed complete, the overall time for conducting a hearing and issuing a final decision by the hearing officer shall not exceed one hundred eighty (180) days, unless the hearing

officer determines that there is good cause for extending this deadline or the County extends this period due to the length of time required to accommodate scheduling availability and limitations required to obtain the services of a hearing officer

Rent Increases for New Capital Improvements

(a) A park owner may obtain a pass through of a new capital improvement cost under this section. Any capital improvement assessment shall be identified separately and listed on rent statements along with their date of expiration.

(b) *New Capital Improvements.* Improvements that did not previously exist in the park shall be deemed “new capital improvements,” unless the park owner was required by law to make the capital improvements. A park owner may charge each affected mobile home owner as additional rent the pro rata share of new service and capital improvement costs including financing costs subject to the following preconditions:

(1) Prior to initiating the service or incurring the capital improvement cost, the park owner must consult with the mobile home owners regarding the nature and purpose of the improvements and the estimated cost of the improvements.

(2) The park owner must obtain the prior written consent to the proposed capital improvement from at least one (1) adult mobile home owner in each of a majority (50% + 1) of the occupied mobile home spaces within the park. Each space shall have only one (1) vote.

Rent Reductions for Service Reductions

(a) “Service reductions” shall mean the elimination or reduction of any service or park facility provided as of December, 2016. “Service” shall also include physical improvements or amenities, the employment of park management/maintenance staff, and regular common area maintenance.

(b) A service reduction complaint shall be submitted to the City alleging in a written form and should state:

(1) The affected spaces;

(2) The prior level of service established by the park owner for that homeowner’s mobile home space and common facilities used by that homeowner;

(3) The specific changes in the prior level of services comprising the alleged reduction in service;

(4) The date the service reduction was first noticed by the homeowner;

(5) The date of notice to the park owner of the alleged service reduction, and if such notice was given, whether the notice was given orally or in writing;

(6) When and how the park owner responded to the homeowner' s notice, if notice was given;

(7) Whether the condition was improved or corrected, and if so, when and how;

(8) The status of the condition as of the date the complaint is signed; and

(9) Where such service reduction was the result of a vote of a majority of the affected homeowners.

(c) *Submission of Service Reduction Complaint to Hearing Officer.*

(1) Thirty (30) days after the service reduction complaint is submitted to the City, if the dispute is not settled, either one-third (1/3) of the tenants in a park or the park owner may request that the dispute be submitted to a hearing officer.

(2) If the hearing officer finds that a material service reduction has occurred, the hearing officer shall determine the resultant percentage reduction in the homeowners' enjoyment of their homes due to the service reduction.

(3) Rent shall be reduced by that percentage or amount. The homeowners also shall be entitled to a rebate of the following sum: the monthly rent reduction multiplied by the number of months between the date the homeowners notified the park owner of the reduction in service, and the date the County determined the rent reduction.

(4) A service reduction shall not include the elimination or reduction of a recreational facility or service when such elimination or reduction and rent decrease resulting therefrom have the prior written approval of two-third (2/3) of the homeowners. In such cases no rebate shall be required.

(5) No recreational service or facility which has been reduced or eliminated shall be reinstituted at any cost to the homeowners without prior written approval of two-third (2/3) of the homeowners.

(6) In the event that a service reduction claim is filed while a fair return petition is pending, either the City, the park owner, or the tenants may require consideration of a claim pursuant to this section in conjunction with the fair return claim.

(7) In the event that the homeowners do not prevail in their service reduction claim, any legal fee award to the prevailing park owner shall be paid through the City administrative account.

Waivers

(a) Any waiver or purported waiver by a mobile home owner or mobile home tenant of rights granted under this Ordinance shall be void as contrary to public policy.

(b) It shall be unlawful for a landlord to require or attempt to require, as a condition of tenancy in a mobile home park, a mobile home owner, mobile home tenant, prospective mobile home owner, or prospective mobile home tenant to waive in a lease or rental agreement or in any other agreement the rights granted to a mobile home owner or mobile home tenant by this Ordinance.

(c) It shall be unlawful for a landlord to deny or threaten to deny tenancy in a mobile home park to any person on account of such person's refusal to enter into a lease or rental agreement or any other agreement under which such person would waive the rights granted to a mobile home owner or mobile home tenant by this Ordinance

Information to Be Supplied by Park Owner to Tenants and Prospective Tenants

A copy of this Ordinance shall be posted in the office of every mobile home park and in the recreation building or clubhouse of every mobile home park, by the owner of the park.

Information to Be Provided by County to Public

The City's web page shall include a copy of this Ordinance, a summary of this Ordinance and other issues related to mobile home park space rentals within the City, and a copy of the California Mobilehome Residency Law (Civil Code 798 et seq

Resident Representatives

The residents of each mobile home park in the City shall annually elect by majority vote, with one vote per space, a resident representative to receive all notices required by this Ordinance. The residents shall advise City staff of the name, address and phone number of the elected resident representative in writing no later than January 31st of each year and shall promptly notify City staff of any change of representative.

Rights of Prospective Tenants

(a) Any prospective tenant must be offered the option of renting a mobile home space in a manner which will permit the “tenant-to-be” to receive the benefits of the mobile home space rent stabilization program which includes, but is not limited to, rental of a mobile home space on a month-to-month basis. Such a person cannot be denied the option of a tenancy of twelve (12) months or less in duration.

(b) The park owner shall provide each prospective tenant with a photocopy of the written notification attached as Appendix A of this Ordinance and will provide each prospective tenant with a copy of this Ordinance.

(c) Any effort to circumvent the requirements of this section shall be unlawful.

Annual Registration and Other Required Notices

(a) No later than February 1st of each year, each park owner shall file an annual registration statement, on a form provided by the City.

(b) *Contents of Registration Form.* The registration statement shall include the name(s), business address(es), and business telephone number(s) of each person or legal entity possessing an ownership interest in the park and the nature of such interest; the number of mobile home spaces within the park; a rent schedule reflecting the current space rents within the park; a listing of all other charges, including utilities not included in space rent, paid by mobile home owners within the park and the approximate amount of each such charge; the name and address to which all required notices and correspondence may be sent; and other information required by County.

(c) *Certification of Registration Statements.* All registration statements, and any accompanying documentation, shall contain an affidavit or declaration, signed by the park owner or a designated agent, with his/her signature notarized, certifying that the information contained therein is true, correct and complete.

(d) *Notice of Sale of a Park.* Upon the sale or transfer of a mobile home park, the seller or transferor shall notify the City of the sale or transfer and of the name and address of the buyer or transferee. Within ten days of the sale or transfer of a mobile home park, the buyer or transferee shall provide a new registration statement.

(e) *Notice to Prospective Park Purchasers.* The park owner shall provide prospective park purchasers with a copy of this Ordinance and notice that the following would be a prerequisite to filing a rent increase application pursuant to this ordinance:

(1) A statement of the base year income, expenses, and net operating income of the park with a breakdown of income and expenses by category.

(2) Documents supporting the amounts reported in the income and expense statement.

Retaliation Prohibited

(a) It shall be unlawful for any landlord to evict a mobile home owner or mobile home tenant where the landlord's dominant motive in seeking to recover possession of the rental unit is:

(1) Retaliation for the mobile home owner's or mobile home tenant's organizing, petitioning government for rent relief, or exercising any right granted under this Ordinance; or

(2) Evasion of the purposes of this Ordinance.

(b) It shall be unlawful for a landlord to retaliate against a mobile home owner or mobile home tenant for the owner's or tenant's assertion or exercise of rights under this Ordinance in any manner, including but not limited to:

(1) Threatening to bring or bringing an action to recover possession of a rental unit.

(2) Engaging in any form of harassment that causes the owner or tenant to quit the premises.

(3) Decreasing housing services.

(4) Increasing rent.

(5) Imposing or increasing a security deposit or other charge payable by the owner or tenant.

Demands for Excessive Rents.

It shall be unlawful for a park owner to demand, accept, receive, or retain any rent in excess of the amounts authorized by this Ordinance.

Excessive Rent-Civil Penalties

(a) If any person is found to have demanded, accepted, received or retained any payment of rent in excess of the maximum rent allowed by this Ordinance, such person

shall be liable to the mobile home owner or mobile home tenant from whom such payment was demanded, accepted, received, or retained for damages as determined by a court of competent jurisdiction.

(b) In the event a mobile home owner or mobile home tenant is the prevailing party in a civil action against a person found to have demanded, accepted, received or retained any payment ofrent as described in subsection A of this section, such mobile home owner or mobile home tenant, in addition to damages as determined by the court pursuant to subsection A of this section, may, in the discretion of the court, be awarded an amount not to exceed five hundred dollars or three times the damages determined by the court pursuant to subsection A of this section, whichever is greater. For the purposes of this subsection, a mobile home owner or mobile home tenant shall be deemed to be a prevailing party if the judgment is rendered in such mobile home owner's or mobile home tenant's favor or if the litigation is dismissed in such mobile home owner's or mobile home tenant's favor prior to final judgment, unless the parties otherwise agree in the settlement or compromise.

(c) Remedies provided by this section are in addition to any other legal or equitable remedies and are not intended to be exclusive.

Rules and Guidelines

The City may adopt rules and procedures to implement the applications, notices, registration, verification and certification required by this Ordinance, and for the review of rent increase applications and the conduct of hearings. Such rules and guidelines shall be submitted to the City for review and approval.

Compelling Compliance

The City may institute a civil action to compel compliance with this Ordinance.

Fees of Administration

(a) Definition. "Administrative service fee" or "fee" means a reasonable charge upon persons occupying a space within a mobile home park for the privilege granted by this Ordinance of receiving the specific rent stabilization benefits conferred by this Ordinance.

(b) *Collection.* The administrative service fee shall be paid to the City from every occupied mobile home space, except exempt spaces which shall be excluded from paying the fee.

(c) *Purpose and Limitation on Use.* The purpose of the fee is to reimburse, in whole or in part, the County for the reasonable costs of conferring the benefits and privileges provided by this Ordinance to the benefit of the mobile home owners who are collectively paying the fee. These costs may include, but not be limited to, the costs of administering and enforcing the rent stabilization provisions of this Ordinance; defending those provisions and their administrative enforcement from litigation challenging them; defending the administrative decisions of the County that would result in the preservation of the mobile home spaces receiving the benefits of this Ordinance as rental spaces that are qualified, under state law, to continue to receive the benefits of this Ordinance from their conversion to subdivided lots or other uses that would result in their loss of the rent stabilization benefits and privileges conferred by this Ordinance from litigation challenging them and providing grants to mobile home park homeowners' associations, or legal service providers, to partly cover the costs of providing the legal services necessary for enforcing their rights in administrative proceedings under this Ordinance. All moneys collected by the City through this administrative fee shall be set aside and used by the City only for the purposes set forth in this subsection and shall not exceed the reasonable costs of conferring the benefits and privileges provided by this Ordinance to the persons collectively paying the fee, including providing the City with a reserve for covering such future costs, compensating the City for the expenditure of such prior costs and covering the payment of any loans that the City has or may incur to help pay for the costs of providing the benefits and privileges of this Ordinance, including loans to help pay the City's costs of defending against litigation that is covered under this subsection.

(d) The amount of administrative fees and requirements for submission of the fees shall be reasonable, shall not exceed a total of five dollars ($5.00) per space per month, and shall be set by resolution of the Board of Supervisors in compliance with the specific purpose and limits of this section. Monthly fees applicable to mobile home park spaces covered by this Ordinance shall be collected by each park owner and submitted to the County on a quarterly basis, within thirty (30) days after the end of each quarter. The payments shall be accompanied by reporting as required on a form provided by County staff.

Appeal.

City determinations pursuant to this Ordinance, including but not limited to fair return determinations, shall be subject to review pursuant to California Code of Civil Procedure Section 1094.5 as a final administrative determination, within the time constraints established pursuant to Code of Civil Procedure Section 1094.6.

Severability

If any section, subsection, sentence or clause of this Ordinance is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance

From: Gail Admendares
To: Amy Nilsen; Ann Leverton; Hilary Mosher
Subject: Comment to draft
Date: Tuesday, January 20, 2026 4:03:52 PM

Hello - I would like to change my comment of the Reduction in Rent for Reduction of Services:

Good evening Mayor and Council representatives. My name is Gail and I am a resident of Royal Crest. The proposed draft RSO fails to include a Reduction in Rent for Reduction in Services petition, leaving park residents vulnerable to retaliation by park owners. Without this protection, park owners can—and historically have—attempted to recoup perceived losses from rent stabilization by cutting services rather than operating in good faith.

This is not a hypothetical concern. When Humboldt County adopted its RSO, a park owner responded by firing 90% of the landscaping staff, discontinuing lawn irrigation, halting repairs to aging and broken amenities, and removing a significant portion of the clubhouse. Only after residents filed a petition did the services return—before the matter ever reached judgment—demonstrating the petition's effectiveness as a deterrent.

A Reduction in Services petition provides residents with a clear, lawful mechanism to document diminished services and calculate a proportional rent reduction based on the value of those lost services,

divided among all residents. Just as importantly, once notified of the intent to file, park owners retain the option to restore services immediately and avoid a hearing altogether. This balance encourages compliance, not conflict.

Wherever this provision exists, it has proven to work. It protects residents while incentivizing park owners to maintain services rather than undermine the intent of the RSO.

To prevent abuse, this petition process can be limited to once per 12-month period and require the support of at least one-third of park residents to proceed. Without this safeguard, the RSO lacks a critical enforcement mechanism and fails to fully protect residents from service reductions used as retaliThe proposed draft RSO fails to include a Reduction in Rent for Reduction in Services petition, leaving park residents vulnerable to retaliation by park owners. Without this protection, park owners can—and historically have—attempted to recoup perceived losses from rent stabilization by cutting services rather than operating in good faith.

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From: Diana Zavala
To: Amy Nilsen; Mike Johnson; Tami Trent; Kyle Conley; Carlos Diaz; Abe Stevens
Subject: Draft RSO
Date: Tuesday, January 20, 2026 5:37:55 PM

As you are aware the Draft RSO includes an annual rent increase cap of 100 percent of the CPI. This means that if the CPI should be extraordinarily high (as in 2022 - 8 percent) rent stabilization would be eroded.

On behalf of seniors, I respectfully request the Dradr RSO should include an annual cap of no more than 3 percent of of the CPI.

Diana Zavala

From: Lynn Bates
To: Amy Nilsen
Subject: Please Read- Rent Control Ordinance- Pass through Expenses
Date: Tuesday, January 20, 2026 12:04:02 PM

Dear Council member,

My name is Lynn and I live at Royal Crest. I have been a resident here for 10 years now. I am very grateful that the council is looking into a rent control ordinance for the seniors in this park.

The issue that I have most concern about with the proposed draft that you submitted is pass through expenses.

In regard to capital expenditures, as we all know, these would be long-term investments in the park, which increases the value of the asset. For example, rebuilding the clubhouse or putting in a swimming pool. Capital expenditures benefit the park owner by increasing the value of the asset. Without proper oversight, the park owner could choose to upgrade the property and pass these expenses onto us the park residences, thereby increasing their asset while we pay the bills for it.

That is not right.

In regard to deferred maintenance pass through expenses: . The park owner has chosen to defer maintenance and done the minimal amount necessary to keep this park going. To now allow the park owner to choose to do their long deferred maintenance plans and pass these costs onto us, the residences, is again wrong, unfair, and duly burdens us the homeowners while rewarding the park owner for not taking care of the property.

I appreciate your attention to this matter.

One thing that I am unclear about is why the council chose to have their lawyer create this draft without looking to the rent ordinances already established, not only in Humboldt County, but other neighboring areas. It seems remiss to me to have the draft be so open ended and not address these concerns that other areas have realized are important.

Sincerely,

Lynn Bates, Lot # 5.

From: Gail Admendares
To: Amy Nilsen; Ann Leverton; Hilary Mosher
Subject: Re: Comment to draft
Date: Tuesday, January 20, 2026 4:18:12 PM

Please accept my apologies - my comments somehow got duplicated. Here is a more simplistic version:

Good evening Mayor and City Council Representatives. The proposed draft RSO fails to include a Reduction in Rent for Reduction in Services petition, leaving park residents vulnerable to retaliation by park owners. Without this protection, park owners can—and historically have—attempted to recoup perceived losses from rent stabilization by cutting services rather than operating in good faith.

This is not a hypothetical concern. When Humboldt County adopted its RSO, a park owner responded by firing 90% of the landscaping staff, discontinuing lawn irrigation, halting repairs to aging and broken amenities, and removing a significant portion of the clubhouse. Only after residents filed a petition did the services return—before the matter ever reachedjudgment—demonstrating the petition's effectiveness as a deterrent.

A Reduction in Services petition provides residents with a clear, lawful mechanism to document diminished services and calculate a proportional rent reduction based on the value of those lost services, divided among all residents. Just as importantly, once notified of the intent to file, park owners retain the option to restore services immediately and avoid a hearing altogether. This balance encourages compliance, not conflict.

Wherever this provision exists, it has proven to work. It protects residents while incentivizing park owners to maintain services rather than undermine the intent of the RSO.

To prevent abuse, this petition process can be limited to once per 12-month period and require the support of at least one-third of park residents to proceed. Without this safeguard, the RSO lacks a critical enforcement mechanism and fails to fully protect residents from service reductions used as retaliation.

Thank you and appreciate you for your time.

On Tuesday, January 20, 2026, 4:01 PM, Gail Admendares <soccrmm@yahoo.com> wrote:

> Hello - I would like to change my comment of the Reduction in Rent for Reduction of Services:

Good evening Mayor and Council representatives. My name is Gail and I am a resident of Royal Crest. The proposed draft RSO fails to include a Reduction in Rent for Reduction in Services petition, leaving park residents vulnerable to retaliation by park owners. Without this protection, park owners can—and historically have—attempted to recoup perceived losses from rent stabilization by cutting services rather than operating in good faith.

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clubhouse. Only after residents filed a petition did the services return—before the matter ever reached judgment—demonstrating the petition's effectiveness as a deterrent.

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To prevent abuse, this petition process can be limited to once per 12-month period and require the support of at least one-third of park residents to proceed. Without this safeguard, the RSO lacks a critical enforcement mechanism and fails to fully protect residents from service reductions used as retaliatiation. Thank you for your time and appreciate you hearing us out.

Sent from Yahoo Mail for iPhone

Rec'd @ Council 01/20/26 2nd Speaker - no name

REQUESTED EDITS TO THE DRAFT RSO

Sale or Transfer of a Mobile Home

The current draft of the Rent Stabilization Ordinance does not have anything in it that protects park residents from the park owner increasing the lot rent when a home is sold or transferred.

The problem with that is when the house is sold, the park owner can raise the lot rent in unlimited amounts, which makes it unaffordable and means that the home will be much more difficult to sell, and undermines the resale value of the home. The rule of thumb in the industry is that for every $100. the rent increases, the value of the home decreases by $10,000. The goal of an RSO is to stabilize affordability, and part of that is recognizing that if a potential buyer can go three miles north (where the Humboldt County RSO applies) and purchase the same home layout that has a significantly cheaper lot rent, why wouldn't they?

Requested RSO Alteration: Include an increase limit of no more than 3% upon sale or transfer of home. That is the only way to ensure that over the long run, the rents don't creep up unsustainably.

Fair Return Petition (Hearing Officer) – Part 1
The DRAFT RSO allows for a "Hearing Officer" to be appointed by the Fortuna City Manager in the event a park owner files a Fair Return Petition. This is non-specific in terms of the qualification requirements for a Hearing Officer. Also, the DRAFT RSO includes no limits on how often a park owner can file a Fair Return petition, which means residents could be under constant barrage and threat of rent increases while petitions are pending.

Requested RSO Alteration: The RSO should require the Fortuna City Manager to submit all completed Fair Return petitions to the offices of the California Office of Administrative Hearings. This office, established for this purpose by state taxes, provides hearing officers that are trained sworn officers of the court experienced in judiciary proceedings with no local biases. Park owners shall be allowed only one Fair Return Petition per park, per 12-month period. If they submit a petition and it is deemed incomplete and they fail to complete it within the 45-day limit, they must wait another 12-month period and must forfeit their filing fee.

The goal of having a member of the judiciary, who is sworn in and educated, is to avoid local decision-making which can create a situation where corruption is super easy… where those not educated in this can be easily influenced.

Fair Return Petition (Hearing Officer) – Part 2
The DRAFT RSO requires the City Council to vote to approve the Hearing Officer's final decision regarding a petition by a park owner to be able to increase the rents higher than allowable (Fair Return Petition). This presumes that the City Council knows as much or more than the hearing officer, and could undermine a competent hearing officer's decision through local bias.

This is very problematic. Presumably the petition would have been decided by someone of authority and highly knowledgeable about all the aspects that go into allowing for a fair return. Presumably this decision-maker-- hopefully an administrative law judge trained in jurisprudence-- will have devoted a lot of time and effort with reasoning to back up their final decision. To then expect the city council members to know as much or more about the issue to make a final decision is unrealistic and flawed policy.

In almost all other municipalities with RSO's this decision is made by a judge and is final. If the city council can second guess or undermine a final decision this means that the process is highly subject to corruption. It also will potentially draw the process out for months.

Requested RSO Alteration: Assign all fair return petitions to an administrative law judge (Hearing Officer from the California Office of Administrative Hearings) where their decision has final determination in the matter and do not allow the city council to make the final decision. Also, create a petition filing fee for park owners, to offset expenses related to the administration of it.

Rent Increase based on CPI

The DRAFT RSO includes an annual rent increase cap of 100% of the CPI. This means that if the CPI should happen to be extraordinarily high (as it was in 2022= 8.0%) rent stabilization would be eroded.

Requested RSO Alteration: The DRAFT RSO should include an annual cap of no more than 3% or the CPI, whichever is lower.

This is common in the strong RSOs that are in practice today to have a cap.

Reduction in Rent for Reduction in Park Services
The DRAFT RSO does not allow for any Reduction in Rent for Reduction in Services resident petitions as a provision to protect park residents from park owner retaliation for the RSO. This means that if park owners should decide to cut back parkwide services, such as landscaping, street lights or watering, residents have no way of maintaining the value of their homes in a run-down park and resale values will plummet.

Requested RSO Alteration: The DRAFT RSO should include a Reduction in Rent for Reduction in Services regulation that would allow residents to file a petition (with the Office of Administrative Hearings) to either get the park owner to bring back the services that were in place before RSO went into effect, or have their rents lowered according to the value of the lost/reduced services.

In Humboldt County when the RSO passed, one park owner fired 90% of the landscape maintenance crew, stopped watering lawns, stopped repairing aging and broken amenities, and took away a significant portion of the clubhouse. Residents filed a petition, and all services came back (except 75% of the staff) before the petition went through the judgement process.

The petition allows for residents to prove diminished services, and to calculate a rent deduction in line with the value of the services that were discontinued. When notified of intent to file, park owners can return the services without going to hearing. It is a powerful deterrent for park owners, and has proven to work where ever it exists.

This petition should only be allowed once per 12-month period and would require the signatures of agreement from at least 1/3 of park residents to proceed.

There are ways in which park owners can get around a weak RSO through loop holes. The 2 main areas are in "Pass-Through" expenses and no cap on rent increases upon sale or transfer of a mobile home. I want to discuss the first point.

Fair Return Petition
The DRAFT RSO allows for a park owner to submit a Fair Return petition to increase the rents in the event of a Capital Expenditure. This means that a park owner could decide to put in a swimming pool or a second floor on the clubhouse, and pass on the expense to the park residents, greatly eroding rent stabilization and possibly providing new services/amenities that park residents don't want or need while the park owner exploits their ability to force park residents to pay.

The park residents would have to pay however much the park owner says it costs for however long the park owner says, without having to show proof of these costs, nor do they have to communicate how long those increases need to be in play in order to fully cover those expenses. Too often these increases are just baked into park residents monthly invoices, and the park owners bank on the park residents to forget about the increase, forever paying on that increase. So, not only does the park owner recoup these costs, they also benefit from these improvements if the park is sold and they continue to collect those increases year-over-year even after they have recouped their costs.

Requested RSO Alteration: Instead of allowing this, a park owner should have to get the approval of 75% of park homeowners prior to submission of a petition for ANY pass through expenses, whether Capital or not. If the petition is passed, the process should include open books ensuring appropriate expenditures, ensuring they are not overcharging and/or employing personal connections, and the passthrough charge should go away when the project is completed and the park owners have recouped those expenses.

Please don't shoot yourselves in the foot by allowing gaping loop holes in the Rent Stabilization Ordinance. Thank you.

RSO Administrative Fees

The DRAFT RSO does not include any administrative fees to be paid by residents or park owners to offset expenses related to the RSO. This means that any costs related to the RSO must come out of the already insufficient Fortuna General Fund.

Requested RSO Alteration: Park Owners pay a .5% (half of a percent) monthly fee per rented lot, and park residents pay $3.00 per month per lot, to be collected by the park owner with the rent and paid to the City.

From: Rb
To: Amy Nilsen
Subject: Fair return petition
Date: Wednesday, January 21, 2026 11:21:50 PM

I wish to comment on the Royal Crest problem of rent control. I have seen the way management is starting to pave the way to get around their problem of being fair about increasing our fees by making costly changes that the most of us do not want or need. It should have been written into the proposal not to allow them doing that. They could add fees supposedly to pay their costs that could be carried on forever! That is not fair, they are not telling what is planned for the park or asking what we need.
Most of us are on fixed incomes and will not be able to stay here if the rents keep going up! Already a lot of people have had to leave already!

Ruth Burk
1579 Imperial Way
Forums CA 95540

From:	Layne Moon
To:	Mike Johnson; Tami Trent; Kyle Conley; Carlos Diaz; Abe Stevens
Cc:	Amy Nilsen; Hilary Mosher; Ricardo Tallamante
Subject:	Request for adjustment to Temporary Rent Increase Moratorium
Date:	Wednesday, January 21, 2026 3:08:42 PM

Hello City Council,

In order to avoid you being inundated with emails from many of the residents at Royal Crest Mobile Estates, I am sending this request to you so you are informed.

After last night's City Council meeting, many residents came up to us asking what they could do to reinforce the request to have all park owner pass-throughs (capital expenditures) included in the Temporary Rent Increase Moratorium, we told them to send an email in their own words to the City Manager, Amy to express their concerns and make the request.

Some Additional Context: The park at Royal Crest has once again fired the previous manager and has enacted 2 managers for the park; 1) a new hire who will be the main office manager, and 2) an employee from Storz Management, who has been with Storz managing properties for 30+ years and knows the business well. This man will be the maintenance person, as well as the overarching manager for the property - overseeing the office manager.

To remind you, over the 5-years we have now been living here, this is the 8th manager, which is not common to have such a high turnover.

Anyways, these 2 new managers have communicated to various residents here their intent to make changes to the clubhouse, where we suspect they are likely to pass those costs through to the mobile home owners. Hence our request to have this added to the moratorium until the RSO is completed and voted-in.

We hope that you will vote in very soon to have any park owner pass-throughs covered in the moratorium.

thank you - Layne

From: Laura Pelletier
To: Amy Nilsen
Subject: Moratorium
Date: Friday, January 23, 2026 12:35:06 PM

> You don't often get email from laura24pelletier@gmail.com. Learn why this is important

Good morning; could you please put a moratorium on any pass through for renovations to be done. They didn't inform amyone in the Mobile Park about making changes to the club house where we all gather for events, and meetings. Thank you for your time, and work in thus matter. Laura P

From: cecelia holland
To: Amy Nilsen
Subject: rent moratiorium
Date: Friday, January 23, 2026 10:21:45 AM

> You don't often get email from ceceliaholland1231@gmail.com. Learn why this is important

Thank you for your work on this. I appreciate your time and effort.
There is a related issue I hope you'll address. The current rent moratorium allows Storz, the park owner, to pass on costs of upgrades on the park to the residents. Please amend the moratorium to keep this from happening until the RSO is passed.
I don't understand Storz' attitude here. If they make Royal Crest unaffordable they'll go bankrupt eventually. They should be working with us, not against us.

cecelia holland
7077253196
ceceliaholland1231@gmail.com

From: Ann Leverton
To: Amy Nilsen
Subject: RSO and temporary moratorium
Date: Friday, January 23, 2026 6:21:25 PM

Dear Ms. Nilsen:

I am a homeowner at Royal Crest. Currently the park owners are remodeling the clubhouse but not for the benefit of the residents. I am requesting that an amendment be made to the Temporary Moratorium on rent increases such that no pass through expenses can be initiated until the Fortuna RSO is adopted.

Thank you,

Anne Leverton

From:	Anthony Rodriguez
To:	Mike Johnson; Tami Trent; Kyle Conley; Carlos Diaz; Abe Stevens
Cc:	Amy Nilsen; "Doug Johnson"; "Jeff Hunter"; "Pete Deterding"; arodesq@pacbell.net
Subject:	RE: City of Fortuna - Proposed Amendments to Draft Rent Control Ordinance - Royal Crest Mobile Estates
Date:	Monday, January 26, 2026 5:05:21 PM
Attachments:	Storz - Royal Crest - Letter to City Council Re Amendments to Proposed Ordinance - January 26 2026.pdf Storz - Royal Crest - Exhibits 1 through 3 to Letter to City Council (Y) - January 14 2026.pdf

Mayor Johnson and City Council Members:

Attached please find Royal Crest's proposed amendments to the "draft" rent control ordinance prepared by City Staff. Please note that my clients are willing to provide essentially the same benefits to the City that they would have provided under an MOU, provided two relatively minor changes are made to the "draft" ordinance.

First, rather than requiring parkowners to apply for rent increases based on capital improvements ***after*** their money is spent, Royal Crest asks that parkowners be allowed to apply for such rent increases ***before*** their money is spent.

Second, Royal Crest requests that parkowners be allowed a 10% increase in rent when mobilehomes are sold and new tenants move in, which will not only lower the cost of those mobilehomes for those new tenants, it will reduce the likelihood of fair return applications by all four parkowners within the city limits. Royal Crest submits such 10% increases are also consistent with the City's goals because (1) parkowners have the legal right to make certain those new tenants can afford those rents when they apply for tenancy, and (2) there is no reason to provide a windfall to tenants who are selling their homes and moving out of Fortuna, at the expense of the parkowners and those tenants who remain in Fortuna.

Anthony C. Rodriguez

Law Office of Anthony C. Rodriguez
1425 Leimert Boulevard, Suite 101
Oakland, California 94602
Telephone: (510) 336-1536
Facsimile: (510) 336-1537
Email: arodesq@pacbell.net

From: Anthony Rodriguez <arodesq@pacbell.net>
Sent: Thursday, September 25, 2025 6:59 PM
To: 'mjohnson@ci.fortuna.ca.us' <mjohnson@ci.fortuna.ca.us>; 'ttrent@ci.fortuna.ca.us' <ttrent@ci.fortuna.ca.us>; 'kconley@ci.fortuna.ca.us' <kconley@ci.fortuna.ca.us>; 'cdiaz@ci.fortuna.ca.us' <cdiaz@ci.fortuna.ca.us>; 'astevens@ci.fortuna.ca.us' <astevens@ci.fortuna.ca.us>
Cc: Amy Nilsen <anilsen@ci.fortuna.ca.us>; 'Doug Johnson' <doug@wma.org>; 'Jeff Hunter' <Jhunter@storzco.com>; 'Pete Deterding' <Peted@storzco.com>; arodesq@pacbell.net
Subject: RE: City of Fortuna - Objection to Proposed Moratorium on Legally Noticed 2.49% Rent Increase at Royal Crest Mobile Estates - September 29 2025 City Council Meeting - Agenda Item C

Mayor Johnson and City Council Members:

Attached please find my client's opposition to the proposed moratorium on the legally noticed 2.49% rent increase at Royal Crest Mobile Estates, which is on the City Council's Agenda for September 29, 2025 meeting. Please include my client's opposition in the record for that meeting.

Thank you,

Anthony C. Rodriguez

Law Office of Anthony C. Rodriguez
1425 Leimert Boulevard, Suite 101
Oakland, California 94602
Telephone: (510) 336-1536
Facsimile: (510) 336-1537
Email: arodesq@pacbell.net

From: Anthony Rodriguez <arodesq@pacbell.net>
Sent: Wednesday, September 24, 2025 3:50 PM
To: 'mjohnson@ci.fortuna.ca.us' <mjohnson@ci.fortuna.ca.us>; 'ttrent@ci.fortuna.ca.us' <ttrent@ci.fortuna.ca.us>; 'kconley@ci.fortuna.ca.us' <kconley@ci.fortuna.ca.us>; 'cdiaz@ci.fortuna.ca.us' <cdiaz@ci.fortuna.ca.us>; 'astevens@ci.fortuna.ca.us' <astevens@ci.fortuna.ca.us>
Cc: Amy Nilsen <anilsen@ci.fortuna.ca.us>; 'Doug Johnson' <doug@wma.org>; arodesq@pacbell.net
Subject: RE: City of Fortuna - Proposed Rent Control Ordinance and MOU - September 15 2025 and September 24 2025 City Council Meetings

Mayor Johnson and City Council Members:

Earlier today I sent you an email and a letter regarding the item you are scheduled to address this evening in closed session. Before learning of that closed session meeting earlier today, I had been preparing a letter for you regarding the proposed ordinance, the proposed moratorium and the proposed MOU, which I had planned to send to you prior to you next regular meeting. However, in view of your meeting tonight, I am sending that letter now, which addresses not only the closed session, but various other issues related to that closed session, including my clients' honoring the City's request with respect to its January 1, 2026 inflationary adjustment, as well as my clients' commitment not to implement another rent increase at the park until at least January 1, 2027. That letter also contains several exhibits rebutting some of the statements made by some of the speakers at your September 15, 2025 meeting, including the 1977 deed for the park, a list showing the ownership shares of the 38 limited partners, and the granting of rental assistance by the parkowner as early as 2019.

If you or City Staff have any questions or comments regarding any of the above, please do not hesitate to contact me.

Thank you,

Anthony C. Rodriguez

Law Office of Anthony C. Rodriguez
1425 Leimert Boulevard, Suite 101
Oakland, California 94602
Telephone: (510) 336-1536
Facsimile: (510) 336-1537
Email: arodesq@pacbell.net

From: Anthony Rodriguez <arodesq@pacbell.net>
Sent: Wednesday, September 24, 2025 2:27 PM
To: 'mjohnson@ci.fortuna.ca.us' <mjohnson@ci.fortuna.ca.us>; 'ttrent@ci.fortuna.ca.us' <ttrent@ci.fortuna.ca.us>; 'kconley@ci.fortuna.ca.us' <kconley@ci.fortuna.ca.us>; 'cdiaz@ci.fortuna.ca.us' <cdiaz@ci.fortuna.ca.us>; 'astevens@ci.fortuna.ca.us' <astevens@ci.fortuna.ca.us>
Cc: Amy Nilsen <anilsen@ci.fortuna.ca.us>; 'Doug Johnson' <doug@wma.org>; arodesq@pacbell.net
Subject: RE: City of Fortuna - Proposed Rent Control Ordinance and MOU - September 24 2025 City Council Agenda - Closed Session Item

Mayor Johnson and City Council Members:

Please see the attached letter regarding my clients' position with respect to the closed session item on your agenda for this evening. In short, although rent control can and often does lead to litigation, my client has ***never*** taken the position that rent control is illegal. What my client has said is that if a long term agreement can be reached regarding rents, it will waive its right to file such litigation throughout the term of that agreement.

Anthony C. Rodriguez

Law Office of Anthony C. Rodriguez
1425 Leimert Boulevard, Suite 101
Oakland, California 94602
Telephone: (510) 336-1536
Facsimile: (510) 336-1537
Email: arodesq@pacbell.net

IMPORTANT / CONFIDENTIAL

From: Anthony Rodriguez <arodesq@pacbell.net>
Sent: Friday, September 12, 2025 5:12 PM
To: 'mjohnson@ci.fortuna.ca.us' <mjohnson@ci.fortuna.ca.us>; 'ttrent@ci.fortuna.ca.us' <ttrent@ci.fortuna.ca.us>; 'kconley@ci.fortuna.ca.us' <kconley@ci.fortuna.ca.us>; 'cdiaz@ci.fortuna.ca.us' <cdiaz@ci.fortuna.ca.us>; 'astevens@ci.fortuna.ca.us' <astevens@ci.fortuna.ca.us>
Cc: Amy Nilsen <anilsen@ci.fortuna.ca.us>; 'Doug Johnson' <doug@wma.org>; arodesq@pacbell.net
Subject: RE: City of Fortuna - Proposed Rent Control Ordinance and MOU - September 15 2025 City Council Agenda Item 6a

Mayor Johnson and City Council Members:

Attached please find my clients' preliminary comments regarding some of the issues raised in the City's Staff Report with respect to Agenda Item 6a for the City Council's September 15, 2025 meeting. Please note that the attached letter also contains an important clarification regarding the proposed MOU. More specifically, rather than litigating the issue of the parkowner's constitutional right to a "fair return" under a rent control ordinance each year, under an MOU parkowners actually **"waive"** their right to a fair return over the term of the MOU, not only providing certainty for all parties, but allowing all parties to avoid costly and time-consuming litigation.

In addition to reviewing the attached letter, please include it in the record for the September 15, 2025 City Council meeting.

Thank you,

Anthony C. Rodriguez

Law Office of Anthony C. Rodriguez
1425 Leimert Boulevard, Suite 101
Oakland, California 94602
Telephone: (510) 336-1536

Facsimile: (510) 336-1537
Email: arodesq@pacbell.net

From: Anthony Rodriguez <arodesq@pacbell.net>
Sent: Monday, July 21, 2025 2:11 PM
To: 'mjohnson@ci.fortuna.ca.us' <mjohnson@ci.fortuna.ca.us>; 'ttrent@ci.fortuna.ca.us' <ttrent@ci.fortuna.ca.us>; 'kconley@ci.fortuna.ca.us' <kconley@ci.fortuna.ca.us>; 'cdiaz@ci.fortuna.ca.us' <cdiaz@ci.fortuna.ca.us>; 'astevens@ci.fortuna.ca.us' <astevens@ci.fortuna.ca.us>
Cc: 'salexander@times-standard.com' <salexander@times-standard.com>; dezmondremington@gmail.com; 'Doug Johnson' <doug@wma.org>; arodesq@pacbell.net
Subject: RE: City of Fortuna - Parkowner's Opposition to Proposed Rent Control Ordinance - Follow Up - Royal Crest Mobile Estates

Mayor Johnson and City Council Members:

I am writing to follow up my previous letter regarding the proposed rent control ordinance, and to respond to several statements recently made in the press regarding that proposal. Of particular importance, I am writing to object to any suggestion my clients would retaliate against the residents for exercising their First Amendment rights to petition the government. Although my clients object to the proposed ordinance, they wholeheartedly support the right of every person to speak freely regarding any issue, including rent control.

Please note that the attached letter also addresses several other issues, including the status of residents who live primarily or exclusively on social security payments. In addition to the fact that social security payments have increased by 21.6% since January of 2021, my clients have for many years participated in a program that provides rental assistance to low income residents who are struggling to pay their rent. If you would like more information regarding that program, please let me know.

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From: Anthony Rodriguez <arodesq@pacbell.net>
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To: 'mjohnson@ci.fortuna.ca.us' <mjohnson@ci.fortuna.ca.us>; 'ttrent@ci.fortuna.ca.us' <ttrent@ci.fortuna.ca.us>; 'kconley@ci.fortuna.ca.us' <kconley@ci.fortuna.ca.us>; 'cdiaz@ci.fortuna.ca.us' <cdiaz@ci.fortuna.ca.us>; 'astevens@ci.fortuna.ca.us' <astevens@ci.fortuna.ca.us>
Cc: 'salexander@times-standard.com' <salexander@times-standard.com>; 'Doug Johnson' <doug@wma.org>; arodesq@pacbell.net
Subject: City of Fortuna - Parkowner's Opposition to Proposed Rent Control Ordinance - Royal Crest Mobile Estates

Mayor Johnson and City Council Members:

This office represents the owner of Royal Crest Mobile Estates. Attached please find my client's preliminary objections to the adoption of a rent control ordinance, which has been proposed by some of the residents at the park. If any of you have any questions or comments regarding the attached letter, or if you would like to discuss the issues raised in that letter, please do not hesitate to contact me.

Thank you,

Anthony C. Rodriguez

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January 26, 2026

The Mayor and City Council
City of Fortuna
621 11th Street
Fortuna, California 95540

Re: Proposed Mobilehome Rent Control Ordinance

Dear Mayor and City Council Members:

For almost fifty years the owners of Royal Crest Mobile Estates have provided a well maintained, safe and affordable place for seniors to live in the City of Fortuna. During that same period, management has assisted many who were struggling financially, or who were late on their rent, so as to avoid eviction whenever possible.

Royal Crest is disappointed the City Council has decided not to attempt to negotiate a mutually acceptable solution to the issue of rent increases at the park. However, despite that disappointment, Royal Crest respectfully requests the City Council to either reconsider its decision, or in the alternative, to include some of the same rent increase provisions in the proposed rent control ordinance that could have been included in an MOU, thereby reducing the likelihood of litigation regarding one or more of the four mobilehome parks within the city limits.

As the City Council knows, prior to its decision to void the January 1, 2026 rent increase at the park, Royal Crest set forth a number of proposals that would benefit both the City and the residents for at least the next ten years, while at the same time allowing the park to cover its expenses, make necessary capital improvements, and hopefully provide the limited partners with a fair profit. Those proposals included, but were not limited to (1) waiving its right to sue the City if it did not obtain a fair return on its investment, (2) allowing up to five percent of qualifying low income residents to avoid paying any rent increases at all during that ten year period, and (3) not closing the park, unless required to do so by a fire, earthquake, flood, or other unanticipated disaster.

Although those negotiations have stalled, Royal Crest believes that enacting a rent

control ordinance that is fair to both sides would be advantageous to all parties. From Royal Crest's perspective, a fair rent control ordinance would include each of the provisions described in the next section of this letter.

Part I: A Fair Rent Control Ordinance

A. Full CPI Adjustments: As set forth in my September 25, 2025 letter, since 2013 Royal Crest's expenses have increased by 89%, even though the CPI increased by only 37% during that same period. In view of the fact that expenses have increased at a rate more than twice the increase in inflation over the past twelve years, the annual rent increase must equal or exceed the increase in the CPI. As has happened in many jurisdictions throughout California, costly and time consuming "fair return" litigation can follow if the annual CPI increase is less than 100% of the increase in the CPI.

In order to help avoid litigation over that issue, Royal Crest submits that any request by the tenants to limit the annual rent increase to less than 100% of the increase in the CPI should be rejected by the City. It must also be stressed that increases based on 100% of the increase in the CPI cannot fairly be characterized as unreasonable with respect to those residents who receive Social Security, because Social Security Cost of Living Adjustments are also based on 100% of the increase in the inflation rate, while again, the cost of operating mobilehome parks has increased significantly more than 100% of the increase in the inflation rate.

B. Pre-Approval of Capital Replacement Projects: The park was developed in two phases. Although the exact date is unknown at this time, it is believed the first phase was constructed by the original owners in the early 1950s, meaning that infrastructure is now more than 70 years old. The second phase was constructed shortly after the current owners purchased the park, and is therefore almost 50 years old.

Infrastructure does not last forever. At some point it will need to be replaced. Under the draft ordinance, it would appear that parkowners are expected to make such improvements, and then hope the City's hearing officer will allow them to recover the cost of those expenditures, ***after their money is spent***.

Not every parkowner is willing to take such risks, as is evidenced by the more than 700 mobilehome parks that have closed throughout California since the advent of mobilehome rent control in the late 1970s. Of course, it is that same risk that has resulted in almost no new mobilehome parks being built in this state during that same time frame. In order to enable parkowners to replace aging infrastructure without fear of not being

compensated for those expenditures, Royal Crest believes the proposed ordinance must contain a procedure that allows parkowners to obtain pre-approval of capital improvement rent increases, ***before their money is spent***.

In this light, I must advise that this office was lead counsel for the parkowner in *Sierra Lake Reserve v. City of Rocklin*, (9th Cir. 1991) 938 F. 2d. 951, 958, which established the constitutional right of parkowners to recover the full cost of capital improvement expenditures, plus a fair return on those expenditures. Should the City fail to allow parkowners to recover the cost of their capital improvement expenditures, plus a fair return on those expenditures, there is little doubt parkowners will either (I) not make those improvements, (II) close their parks, and/or (III) sue the City in Federal District Court, based on the violation of their constitutional rights. For your convenience, a copy of the *Sierra Lake Reserve* case is attached as Exhibit 1 to this letter, with the section regarding capital improvement pass throughs highlighted at page 5 of Exhibit 1.

In that same light, you should also be advised that as part of a settlement with the City of Fremont in the 1990s, this office and Special Counsel for the City of Fremont negotiated a provision in the Fremont rent control ordinance that allowed for pre-approval of capital improvement expenditures, which in most instances are passed through to the residents over ten to twenty years. The Fremont City Council's adoption of that provision not only led to a reduction of rent control litigation in Fremont, it was later adopted by Contra Costa County, virtually word for word. A copy of that provision from the City of Fremont's mobilehome rent control ordinance is attached as Exhibit 2 to this letter.

C. Rent Increases Following the Sale of Mobilehome: Each time a city restricts the amount parkowners can increase rents, that city increases the likelihood of litigation regarding the parkowners' right to a fair return on investment. Again, according to the draft ordinance, it would appear that rent increases following the sale of mobilehomes are not allowed. That approach is flawed for several reasons, including (I) it primarily benefits tenants who are *leaving* Fortuna, (II) it increases the cost of buying mobilehomes for tenants who want to live in Fortuna, and (III) it punishes the very parkowners the city has stated in its "Housing Element" report that it wants to protect.

In its September 2025 Staff Report, the City also claimed, without evidence, that a $10 increase in rent will result in a $1,000 loss in the value of a mobilehome. However, even if that claim was accurate, the opposite would also be true, meaning each $10 rent increase on turnover that is denied results in a $1,000 increase in the ***cost*** of a mobilehome. Of course, the beneficiary of that $1,000 increase in cost is ***not*** the new tenant who will be moving into

the park, but the old tenant, who is not only moving out of the park, but in most instances, will no longer be residing in Fortuna.

By prohibiting rent increases when tenants sell their mobilehomes, the City is not only providing the tenant who is moving out of the park with a significant windfall, the City is making it more difficult for parkowners to obtain a fair return on their investment. By contrast, if the City allows parkowners to increase the rent when a home is sold, the new tenant will pay less for the mobilehome, while the parkowner will be more likely to obtain a fair return.

As you may know, under California law, parkowners have the right to determine whether prospective tenants can afford the rent and other charges of the park. See *Civil Code Section 798.74*. Therefore, even though the new rent may be higher than what the old tenant was paying, the parkowner and the City can be reasonably certain the new tenant will be able to pay that higher rent. In order to provide all four parkowners in Fortuna with a better chance of earning a fair return, Royal Crest proposes that any ordinance that is adopted allow rent increases of at least ***ten percent (10%)*** following a change in tenancy at the park.

D. "Fair Return" and *Vega* Adjustments: If the City Council adopts a rent control ordinance with the above provisions, Royal Crest hopes those increases will be sufficient to provide each of the four mobilehome parks in Fortuna with the constitutionally required "fair return." However, there is no guarantee that will happen. Accordingly, any ordinance adopted by the City Council must contain a "safety valve," that enables parkowners to apply for a fair return, should the above described rent increases prevent them from doing so. *Fisher v. City of Berkeley* (1984) 37 Cal. 3d 644, 692.

Similarly, any ordinance the City Council adopts must also provide a procedure whereby parkowners who were charging below market rents at the time rent control was adopted can apply for a *Vega* adjustment, so as to increase their rents to reflect "general market conditions." See *Vega v. City of West Hollywood* (1990) 223 Cal. App. 3d 1342, 1351; See also *Concord Communities, L.P. v. City of Concord* (2001) 91 Cal. App. 4th 1407, 1419.

Royal Crest expects that any ordinance the City adopts will honor the constitutional rights of all four parkowners with respect to each of those issues. If it does not, costly, time consuming and unwanted litigation is almost certain to follow for all concerned, including the City and the residents at one or more of those parks, who may become "real parties in interest" in such litigation. See *Code of Civil Procedure Section 1094.5*.

E. Reservation of Rights: As will be explained in Part III of this letter, the owners of Royal Crest Mobile Estates are willing to waive their rights to "Fair Return" and *Vega* adjustments, as well as their right to close the park, for up to ten years, in exchange for an MOU, ***or*** an ordinance with the above described provisions, that provides certainty and eliminates the need for costly and time consuming litigation. So the record is clear, by making the above described proposals with respect to the proposed ordinance, Royal Crest is *not* waiving any of its rights at this time. Again, as explained in Part III of this letter, any such waiver must be reduced to writing and signed by the City and Royal Crest, to make certain there is a meeting of the minds with respect to the rights being waived.

Part II. Affordability and Mobilehome Sales

At previous City Council meetings, a small group of residents claimed that the current rents are unaffordable, and that those rents make it impossible to sell their mobilehomes. However, the facts do not support those claims.

First and foremost, Royal Crest cannot recall a single resident being evicted for non-payment during the past five years. Moreover, it is exceedingly rare for a tenant not to pay their rent because they cannot afford their annual rent increase. Rather, in the overwhelming majority of cases, the rent and/or utilities are not paid because the resident is sick or has died, has been laid off or fired, has substance abuse issues, or has had a spouse, partner or roommate lose their job, get sick, die, or move out.

Second, over the past fifty years management has on many occasions worked with residents who are unable to pay their rent due to reasons that are beyond their control, so as to enable them to avoid eviction, and the loss of their homes. In some cases, this will involve the acceptance of the amount owing weeks or even months after their notice to pay or quit has expired. In other cases, the parkowner and the tenant will agree to a payment plan, whereby the outstanding balance can be paid off over time.

Third, for many years Royal Crest has provided a "rental assistance" program, that enables qualifying residents to receive a credit of up to 10% on their monthly rental obligation. As the City Council may recall, on September 10, 2025, Royal Crest provided a memo to each space at the park, advising that the maximum income requirements for that program had been increased to $32,900 for a one person household, and to $37,600 for a two person household. However, not a single resident at the park has applied for that program since those maximum income requirements were increased.

As the City Council may recall, a number of tenants criticized Royal Crest's "rental assistance" program, claiming they do not qualify for it. However, if a resident does not qualify because their income is too high, that would mean that if their rent is $822 per month and they are in a one person household, they are spending ***less*** than 30% of their income on rent ($822 x 12 months = $9,864 ÷ 32,900 = 29.98%), which is ***below*** the 30% affordability threshold in the City's own "Housing Element." If they are in a two person household, they are spending ***less*** than 27% of their income on rent ($822 x 12 months = $9,864 ÷ 37,600 = 26.23%), which is even further ***below*** the City's 30% affordability threshold. ***In other words, the current rents for such tenants are "affordable" under the City's own guidelines.***

Fourth, with respect to the ability of the residents to sell their homes, a January 13, 2026 report from Santiago Financial Inc., which is based on public records from the California Department of Housing ("HCD"), shows that 37 mobilehomes have been sold at Royal Crest Mobile Estates in the past two years. That report also shows that the average price of those 37 mobilehome sales was $85,445.08, or more than ***$52,000 above the average original sales price of those 37 mobilehomes***, which was only $32,160.57. A copy of that January 13, 2026 report is attached as Exhibit 3 to this letter.

Unfortunately, some of the residents who spoke before the City Council have ignored all or most of the above facts, and have instead threatened the City Council with the loss of their votes, if it does not adopt an ordinance that allows them to sell their mobilehomes at inflated values when they move out of the park. Given Royal Crest's willingness to help so many residents over the past fifty years, Royal Crest is at a loss as to how easily those speakers have disregarded that history.

Nevertheless, Royal Crest remains willing to negotiate with the City in order to reach a mutually beneficial agreement regarding rents at the park, which would obviate the need to impose a rent control ordinance on each of the other mobilehome parks in the city limits, not to mention the possibility of litigation between the City and those other parkowners.

Should the City Council determine it must regulate the rents at each and every mobilehome space in Fortuna, Royal Crest is also willing to enter into an agreement waiving some of its rights, provided any ordinance that is adopted incorporates the provisions discussed in Part I of this letter. The terms of that proposal are set forth in more detail in the next section of this letter.

/////

Part III. Waiver of Rights in Exchange for a Fair Ordinance

As stated above, Royal Crest is willing to waive a number of its rights, if an MOU can be negotiated regarding future rent increases at the park. Of course, if such an MOU can be negotiated, there would be no need to impose rent restrictions on the other parkowners within the city limits, at least at this time.

Should the City Council determine a rent control ordinance must be adopted, Royal Crest remains willing to waive several important rights, if that rent control ordinance contains the provisions described in Part I of this letter. More specifically, if the proposed ordinance allows (1) annual rent increases based on 100% of the CPI, (2) ten percent rent increases following a change in tenancy, and (3) pre-approval of rent increases for capital improvement expenditures, Royal Crest is willing to take the risk that those three provisions will enable it to make a fair return. Accordingly, if the ordinance contains those three provisions, Royal Crest is willing to enter into an agreement whereby it does each of the following during the term of that agreement:

1. Waive the right to apply for a "fair return" under the City's ordinance;

2. Waive the right to apply for a "Vega" adjustment under the City's ordinance;

3. Waive the right to challenge the constitutionality of the ordinance, or the previously adopted moratorium, which voided the January 1, 2026 CPI adjustment at the park;

4. Waive the right to close the park, unless necessary to do so because of an unanticipated disaster, such as an earthquake, fire, flood, or other substantial destruction of the park, or its infrastructure;

5. Expand its "rent credit" program, so that it is identical to the one contained in the City of Rancho Cordova's MOU.

To be clear, under the proposed agreement, the City would remain free to amend its rent control ordinance at any time, to eliminate or amend one or more of the three rent increases described above. However, should the City do so, the agreement with Royal Crest would terminate, at which point Royal Crest would be free to exercise any and all of its rights, including its rights related to the five provisions set forth above.

So there is no mistake, any such agreement must be reduced to writing and signed by

the City and Royal Crest, to make certain there is a meeting of the minds with respect to the issues being settled. Of course, should the City and Royal Crest enter into such an agreement, Royal Crest has no objection to the City entering into an identical agreement with one or more of the other parkowners within the city limits.

Part IV. Conclusion

As stated above, Royal Crest is disappointed the City Council has ceased negotiations for a mutually acceptable solution to the issue of rent increases at the park, and instead apparently intends to adopt a rent control ordinance for each and every mobilehome space within the city limits. Royal Crest is even more disappointed the City Council's change of heart appears to be based at least in part on the unfounded and misleading claims made by some of the speakers at previous City Council meetings, many of whom can afford the current rent under the City's own "affordability" guidelines, but want to receive an unearned windfall when they sell their mobilehomes and leave Fortuna.

The true fact is that for almost fifty years Royal Crest has provided a well maintained, safe and affordable place for seniors to live. During that same time frame, Royal Crest has provided monetary assistance, accepted late payments, and negotiated payment plans with those who were struggling financially, in most cases due to factors that were beyond the parkowner's control, such as the tenant's loss of a spouse, a partner, or a job.

Royal Crest is the first to agree that it is unfortunate that over the past decade the cost of operating a mobilehome park has far exceeded the increase in the Consumer Price Index. Nevertheless, Royal Crest remains willing to attempt to negotiate a solution that enables it to continue providing affordable and quality housing for years to come, if the City is willing to do the same. If you would like to discuss any of these issues further, please do not hesitate to contact me.

Very truly yours,

Anthony C. Rodriguez

cc: Clients
Doug Johnson, WMA
Ann Nilsen, City Manager
All Fortuna Parkowners

EXHIBIT 1

938 F.2d 951
United States Court of Appeals,
Ninth Circuit.

SIERRA LAKE RESERVE, Plaintiff–Appellant,
v.
The CITY OF ROCKLIN; the Rocklin Mobile Home Rent Review Commission; Carlos Urrutia; Rusty Selix; Rudolf Michaels; George Paras, Defendants–Appellees.

No. 89–15371.
|
Argued and Submitted Aug. 15, 1990.
|
Decided July 9, 1991.

Synopsis
Mobile home park owner sued city alleging that rent control ordinance had effected taking of its property without just compensation and that the passage and implementation of ordinance violated due process and equal protection. The United States District Court for the Eastern District of California, Lawrence K. Karlton, Chief Judge, dismissed all claims without leave to amend. Owner appealed. The Court of Appeals, Kozinski, Circuit Judge, held that: (1) city's rent control ordinance could be reviewed in federal court in light of demonstrated inability to obtain just compensation through inverse condemnation action under any circumstances in state court, and (2) owner stated claim for violations of substantive due process to extent that owner alleged that rent increases allowed due to capital improvements merely set off cost of those improvements and did not allow owner a profit.

Reversed and remanded.

Goodwin, Circuit Judge, concurred and filed opinion.

Attorneys and Law Firms

*953 William H. Plageman, Jr., and Anthony C. Rodriguez, Thelen, Marrin, Johnson & Bridges, Oakland, Cal., for plaintiff-appellant.

Michelle Marchetta Kenyon, McDonough, Holland & Allen, Sacramento, Cal., for defendants-appellees.

Appeal from the United States District Court for the Eastern District of California.

Before GOODWIN, KOZINSKI and NOONAN, Circuit Judges.

Opinion

KOZINSKI, Circuit Judge.

Sierra Lake, a mobile home park owner, alleges that the City of Rocklin's rent control ordinances had effected a taking of its property without just compensation; plaintiff also complains of due process and equal protection violations in connection with the passage and implementation of the ordinances.

We consider whether plaintiff's taking claim is ripe for adjudication in federal court despite its failure to exhaust state judicial remedies and whether the district court properly dismissed Sierra Lake's procedural due process and equal protection claims. We also consider whether plaintiff adequately pleaded a substantive due process claim and, if so, whether it was properly dismissed without leave to amend.

Facts

Sierra Lake bought a mobile home park in the City of Rocklin in late 1978, at a time when no rent control was in effect. On September 1, 1979, Sierra Lake raised its rents to cover the cost of improvements. On November 5, the City imposed rent control on Rocklin mobile home parks and set all rents at their July 1979 level—effectively cancelling Sierra Lake's September rent increase.

Sierra Lake continued to make capital improvements and, on October 16, 1984, applied for a rent increase under Ordinance No. 472, the rent control ordinance then in effect. The Rocklin City Manager rejected the application [1] and advised Sierra Lake to refile under a new rent control ordinance, soon to be enacted.

1 Sierra Lake alleges that the rejection was "wrongful[ ]." CR 1, Complaint at 4.

On April 1, 1985, the City replaced Ordinance No. 472 with Ordinance No. 529. Whereas previous ordinances provided that mobile home park owners could recover all capital expenditures, the new ordinance limited recovery to *reasonable* expenditures. Expenditures on work completed

within the last twelve months were presumed to be reasonable; previously incurred expenditures were subject to review for reasonableness. On August 30, 1985, ***954** Sierra Lake refiled its rent increase application under the new ordinance. The City Manager rejected this application because Sierra Lake had not indicated the place of execution.[2] The City Manager refused to allow Sierra Lake to cure the defect, even though the application form contained no blank space for indicating the place of execution.

2 Sierra Lake alleges that the City Manager also rejected the application on "non-statutory grounds ... unilaterally and arbitrarily imposed by the city manager himself." Brief for Appellant at 7.

Sierra Lake refiled the application on September 30. The City Manager accepted this application and referred it to mediation. The rent increase finally became effective on December 1, 1985.

Sierra Lake filed suit in district court on September 23, 1987, alleging due process and equal protection violations. In addition, the complaint alleged that the vacancy control provision common to all the City's rent control ordinances effected a taking for which just compensation was due. This provision limited the amount by which Sierra Lake could increase the rent following a vacancy at the park. According to Sierra Lake, this transferred an interest in the rented premises from landlord to tenant, an interest that departing tenants were able to monetize by selling their mobile homes at a premium.[3] The district court granted defendants' motion under Fed.R.Civ.P. 12(b)(6), dismissing all of Sierra Lake's claims without leave to amend.

3 Despite their name, mobile homes are not all that mobile. Thus, when a tenant sells his mobile home, the home remains on the rent-controlled space, resulting in a higher price to the buyer than a home on a space not subject to rent control. *See Hall v. City of Santa Barbara,* 833 F.2d 1270, 1273–74 (9th Cir.1987), *cert. denied,* 485 U.S. 940, 108 S.Ct. 1120, 99 L.Ed.2d 281 (1988).

Discussion

We review the district court's dismissal of plaintiff's claims de novo. We take all material allegations of the non-moving party as true and construe them in the light most favorable to that party. "In this type of action, where the property owner contends that it has been unconstitutionally deprived of property through governmental regulation, motions to dismiss and motions for summary judgment must be viewed with particular skepticism. The importance of the specific facts and circumstances relating to the property and the facts and circumstances relating to the governmental action militate against summary resolution in most cases." *Del Monte Dunes at Monterey, Ltd. v. City of Monterey,* 920 F.2d 1496, 1508 (9th Cir.1990) (citation omitted).

I. Takings Claim

Plaintiff claims that the rent control ordinance resulted in an unconstitutional taking of its property. The facts of this case are almost identical to those of *Hall v. City of Santa Barbara,* 833 F.2d 1270 (9th Cir.1987), *cert. denied,* 485 U.S. 940, 108 S.Ct. 1120, 99 L.Ed.2d 281 (1988). In *Hall,* we found that a physical taking could result where "the tenant is able to derive an economic benefit from the statutory leasehold by capturing a rent control premium when he sells his mobile home." *Id.* at 1276. Here, as in *Hall,* the plaintiff alleges that a rent control ordinance has operated to transfer a valuable possessory interest in the property from the landlord to the tenant, and the tenant is able to capture a premium to which the landlord would otherwise be entitled.

While recognizing that the complaint stated a takings claim under Ninth Circuit law, the district court found the claim unripe under *Williamson County Planning Commission v. Hamilton Bank,* 473 U.S. 172, 105 S.Ct. 3108, 87 L.Ed.2d 126 (1985). In *Williamson,* the United States Supreme Court held that a takings claim cannot be presented in federal court if the state courts are available to provide compensation: "[I]f a State provides an adequate procedure for seeking just compensation, the property owner cannot claim a violation of the Just Compensation Clause until it has used the procedure and been denied just compensation." ***955** *Id.* at 195, 105 S.Ct. at 3121. Interpreting *Williamson,* we have held that if state law was "unclear or undeveloped" at the time of the alleged taking, plaintiff must first try to recover in state court. *Austin v. City and County of Honolulu,* 840 F.2d 678, 680 (9th Cir.), *cert. denied,* 488 U.S. 852, 109 S.Ct. 136, 102 L.Ed.2d 109 (1988). Thus, unless plaintiff can show that "the state courts establish that landowners may not obtain just compensation through an inverse condemnation action under any circumstances, [California] procedures are adequate within the terms of *Williamson County." Id.* at 681.

At the time of the alleged taking, California state courts consistently took a dim view of takings claims based on rent control ordinances. *See, e.g., Fisher v. City of Berkeley,*

37 Cal.3d 644, 693 P.2d 261, 209 Cal.Rptr. 682 (1984), *aff'd,* 475 U.S. 260, 106 S.Ct. 1045, 89 L.Ed.2d 206 (1986); *Nash v. City of Santa Monica,* 37 Cal.3d 97, 688 P.2d 894, 207 Cal.Rptr. 285 (1984), *appeal dismissed,* 470 U.S. 1046, 105 S.Ct. 1740, 84 L.Ed.2d 807 (1985); *Birkenfeld v. City of Berkeley,* 17 Cal.3d 129, 550 P.2d 1001, 130 Cal.Rptr. 465 (1976). Even when they found a rent control ordinance unconstitutional, the remedy they granted was invalidation rather than compensation. *See, e.g., Gregory v. City of San Juan Capistrano,* 142 Cal.App.3d 72, 191 Cal.Rptr. 47 (1983). [4]

4 The Supreme Court has since held that compensation is required for losses incurred while an invalid regulation was in effect. *See First English Evangelical Lutheran Church v. County of Los Angeles,* 482 U.S. 304, 318–19, 107 S.Ct. 2378, 2387–88, 96 L.Ed.2d 250 (1987). The relevant date for an inquiry as to the status of the state law, however, is the time of the taking. *See Williamson,* 473 U.S. at 194, 105 S.Ct. at 3120; *Del Monte Dunes,* 920 F.2d at 1507 (holding ripe a claim for a pre–1987 taking because prior to *First English,* "California law did not permit landowners to seek compensation for a regulatory taking through an action in inverse condemnation").

More germane to our case, the state appellate courts have explicitly rejected compensation under the theory we adopted in *Hall.* In *Oceanside Mobilehome Park Owners' Ass'n v. City of Oceanside,* 157 Cal.App.3d 887, 204 Cal.Rptr. 239 (1984), a group of mobile home park owners challenged the vacancy control aspect of a rent control ordinance because it allowed tenants to sell their mobile homes at a premium. The court viewed the claim as a regulatory challenge and rejected it, stating that "[t]he ordinance is structured to establish a fair base rent which reflects general market conditions.... Rents will not be 'reduced more than required for the purposes of the police power.' " *Id.* at 907, 204 Cal.Rptr. 239.

Two recent state court opinions have refused to follow our decision in *Hall. Yee v. City of Escondido,* 224 Cal.App.3d 1349, 274 Cal.Rptr. 551 (1990); *Casella v. City of Morgan Hill,* 230 Cal.App.3d 43, 280 Cal.Rptr. 876 (1991). These courts considered physical takings challenges to mobile home rent control ordinances that were virtually identical to those in *Oceanside* and *Hall.* In *Yee,* the court "reviewed the issue anew in light of *Hall,*" and found "*Hall*'s reasoning unpersuasive and reaffirm[ed] the conclusion ... reached in *Oceanside.*" *Yee,* 224 Cal.App.3d at 1351, 274 Cal.Rptr. 551. Similarly, the *Casella* court "repudiate[d] *Hall*'s attempt to bootstrap a mobile home rent control ordinance—an economic regulation—to the Supreme Court's 'very narrow' holding in *Loretto* [*v. Teleprompter Manhattan CATV Corp.,* 458 U.S. 419, 102 S.Ct. 3164, 73 L.Ed.2d 868 (1982)]." *Casella,* 230 Cal.App.3d 43, 52, 280 Cal.Rptr. 876. We accept *Oceanside, Yee* and *Casella* as correct statements of California law, there being no contrary authority. Thus, plaintiff does not rely on the "mere generalized hostility of the state courts to takings claims," *Schnuck v. City of Santa Monica,* 935 F.2d 171, 174 (9th Cir.1991), but instead on its demonstrated inability to "obtain just compensation through an inverse condemnation action under any circumstances." *Austin,* 840 F.2d at 681. The district court erred in dismissing plaintiff's takings claim. [5]

5 Contrary to the suggestion in the concurrence, the substantive issue decided in *Hall v. City of Santa Barbara* is not before us. We note, however, that the only other circuit to address this issue reached the same result after interpreting the same Supreme Court cases as we did in *Hall. See Pinewood Estates v. Barnegat Township Leveling Bd.,* 898 F.2d 347, 353–54 (3d Cir.1990).

***956** II. The Remaining Claims

Noting that "overlapping state remedies are generally irrelevant to the question of the existence of a cause of action under § 1983," *Zinermon v. Burch,* 494 U.S. 113, 122, 110 S.Ct. 975, 982, 108 L.Ed.2d 100 (1990), the Supreme Court divided the universe of section 1983 claims into three categories. The first consists of claims under an express constitutional provision that by its terms prohibits some state action. In such cases, the violation occurs and becomes actionable at the time of injury. *Id.,* 110 S.Ct. at 983. The second category consists of claims under the "substantive component [of the Due Process Clause] that bars certain arbitrary, wrongful government actions 'regardless of the fairness of the procedures used to implement them.' " *Id.* (quoting *Daniels v. Williams,* 474 U.S. 327, 106 S.Ct. 662, 88 L.Ed.2d 662 (1986)). Substantive due process claims, like claims for violations of express constitutional provisions, arise at the time of the violation; a plaintiff "may invoke § 1983 regardless of any state-tort remedy that might be available to compensate him for the deprivation of these rights." *Id.; see also Shah v. County of Los Angeles,* 797 F.2d 743 (9th Cir.1986). We discuss plaintiff's substantive due process claims at pp. 957–58 *infra.* The final category consists of procedural due process claims. In these cases, the violation does not occur and is therefore not actionable "unless and until the State fails to provide due process." *Zinermon,* 494

U.S. at 122, 110 S.Ct. at 983. We discuss plaintiff's procedural due process claims immediately below.

A. Procedural Due Process

A claim for violation of procedural due process has two components. First, plaintiff must show that a protected property interest was taken. Second, it must show that the procedural safeguards surrounding the deprivation were inadequate. *See Board of Regents v. Roth,* 408 U.S. 564, 568–69, 92 S.Ct. 2701, 2704–05, 33 L.Ed.2d 548 (1972).

Plaintiff first claims a property interest in the rent increases allowable under the predecessors to Ordinance 529 on account of expenditures made for capital improvements to the rent controlled property. As noted, prior to Ordinance 529 all expenditures on capital improvements could be recovered through rent increases, whereas under Ordinance 529 expenditures on work completed more than 12 months prior to the application have to be adjudged reasonable by mediators, subject to review by arbitrators. Plaintiff claims that it incurred a variety of expenditures in reliance on prior law, and that its property interest was diminished or impaired when the law was changed retroactively so as to deny it rent increases justified by expenditures already incurred. Under this theory, the deprivation resulted from the action of the City in passing Ordinance 529 and making it retroactive.

Second, plaintiff claims that even if it had no vested property rights at the time it spent the money for capital improvements, such rights vested when Sierra Lake attempted to file its application for a rent increase, before Ordinance 529 went into effect. Plaintiff claims its application was wrongfully rejected by the City Manager who told Sierra Lake to refile after the new ordinance went into effect. Under this second scenario it was the action of the City Manager in wrongfully rejecting the rent increase application, and his directive that the application not be refiled until the new law was passed, that caused the alleged deprivation.

Finally, Sierra Lake claims a property interest in one-month's cost-of-living rent increase under Ordinance 529.[6] According to Sierra Lake, it presented a properly filled out application under Ordinance 529 on August 30, 1985, but the City Manager rejected it for arbitrary and insubstantial reasons. *See* note 2 *supra.* The rejection, according to Sierra Lake, resulted in a one- ***957** month delay in the approval of the rent increase, costing it a month's higher rent to which it was otherwise entitled.

6 Ordinance 529 exempts from review cost-of-living rent increases based on a formula derived from the California Consumer Price Index.

As to plaintiff's first theory, it simply fails to state a claim for procedural due process. Even assuming that plaintiff had a vested interest in the rent increases allowed by prior law, it received all the process due it when the City's elected officials discharged their legislative responsibilities in the manner prescribed by law. While plaintiff may challenge legislative action on substantive grounds or demand compensation if the action amounts to a taking, it may not raise a procedural due process challenge to such action. When the action complained of is legislative in nature, due process is satisfied when the legislative body performs its responsibilities in the normal manner prescribed by law.[7]

7 We need not consider here whether a claim of major corruption of the legislative process—such as the acceptance of bribes by one or more of the legislators—would give rise to a procedural due process claim.

Plaintiff's second and third theories, although involving different alleged property interests, both hinge upon a claim that the City Manager treated plaintiff's application wrongfully and arbitrarily, depriving it of a property right that had vested under state law. Such allegations can amount to a claim for denial of procedural due process. *See Sinaloa Lake Owners Ass'n v. City of Simi Valley,* 882 F.2d 1398, 1405–06 (1989), *cert. denied,* 494 U.S. 1016, 110 S.Ct. 1317, 108 L.Ed.2d 493 (1990). Whether such a claim is barred by *Parratt v. Taylor,* 451 U.S. 527, 101 S.Ct. 1908, 68 L.Ed.2d 420 (1981), is unclear after *Zinermon. Parratt* held that a plaintiff must first pursue state remedies when bringing a claim for violation of procedural due process based on random, unauthorized acts of state officials; *Zinermon* appears to allow federal claims in similar situations by focusing on the authority and function of the state official in question. Two of our sister circuits have taken conflicting views on the subject, in each case raising strong dissents. *See Caine v. Hardy,* 905 F.2d 858 (5th Cir.1990); *id.* at 863 (Jones, J., dissenting); *Easter House v. Felder,* 910 F.2d 1387 (7th Cir.1990) (en banc), *cert. denied,* 498 U.S. 1067, 111 S.Ct. 783, 112 L.Ed.2d 846 (1990); *id.* at 1408 (Easterbrook, J., concurring); *id.* at 1410 (Cudahy, J., joined by Cummings and Posner, JJ., dissenting). We need not enter the fray at this time because plaintiff's claims about the City Manager's action can equally well be stated as substantive due process claims. Where, as here, the plaintiff alleges that the denial of

due process consists of an official's arbitrary action, a claim for violation of substantive due process is indistinguishable from a claim for violation of procedural due process. Because the Supreme Court held in *Zinermon* that substantive due process claims are not subject to diversion to state court under *Parratt, see* 110 S.Ct. at 983, we need not consider whether the procedural due process claims, standing alone, would have to be so diverted.

B. Substantive Due Process

As noted, Sierra Lake's procedural due process claims can also be stated as substantive due process claims. While a substantive due process claim may arise out of the same facts as a procedural due process claim, the claims are different in several important respects. Whereas a procedural due process claim challenges the procedures used in effecting a deprivation, a substantive due process claim challenges the governmental action itself. Because the harm of a substantive due process violation occurs at the time of the wrongful government action, plaintiff's section 1983 action arises when the wrongful action is taken. *Zinermon,* 110 S.Ct. at 983. *Parratt*'s requirement that plaintiff avail itself of state tort remedies does not apply to substantive due process claims. *Id.*

To establish a violation of substantive due process, Sierra Lake "must prove that the government's action was 'clearly arbitrary and unreasonable, having no substantial relation to the public health, safety, morals, or general welfare.' " ***958** *Sinaloa Lake Owners,* 882 F.2d at 1407 (quoting *Village of Euclid v. Ambler Realty Co.,* 272 U.S. 365, 395, 47 S.Ct. 114, 121, 71 L.Ed. 303 (1926)); *see also Bateson v. Geisse,* 857 F.2d 1300, 1303 (9th Cir.1988).

According to the allegations of the complaint, the City and its officials obstructed Sierra Lake's rent increase applications at almost every turn, and then finally allowed an increase that was still less than what Sierra Lake considers adequate. It is well within the realm of possibility that plaintiff could establish that the City's actions in processing the applications were wrongful or arbitrary. Given that plaintiff could state a substantive due process claim, the district court erred in dismissing without leave to amend. *Hall,* 833 F.2d at 1274 n. 6; *see also McCalden v. California Library Ass'n,* 919 F.2d 538, 546–47 (9th Cir.1990). [8]

8 On remand, the district court will have to determine whether the initial rent increase application was valid. If the initial rent increase application was not valid, then there was no deprivation, and therefore Sierra Lake would be entitled only to nominal damages. *See Zinermon,* 110 S.Ct. at 983.

Sierra Lake may also have a substantive due process claim to the extent it complains that Ordinance 529 deprived it of a "fair and reasonable" return on its investment by denying it rent increases on account of capital improvements made prior to its enactment and by limiting the amount it may recover on account of later-made improvements. *See Guaranty National Insurance Co. v. Gates,* 916 F.2d 508, 512–14 & n. 4 (9th Cir.1990).

Under *Guaranty National,* every dollar the landlord puts into the property by way of capital improvements constitutes an investment in the property for which a "fair and reasonable" return must be allowed. Breaking even is not enough; the law must provide for a profit on one's investment. *Id.* at p. 515. Thus, Ordinance 529 must do more than simply allow plaintiff to pass through certain costs; it must ensure that plaintiff will receive a reasonable return on those expenditures. [9] To the extent plaintiff alleges that the rent increases allowed on account of capital improvements merely offset the cost of those improvements (or less), it has stated a claim for a violation of substantive due process under *Guaranty National.* [10]

9 Sections 2.46.200A & B of Ordinance 529 could be construed to permit only a passing through of costs without allowance for a reasonable profit. On remand, the district court should determine whether Ordinance 529 in fact allows a reasonable return on investment.

10 The principle of "fair and reasonable return on investment" may support a takings claim as well as a substantive due process claim. *See Mountain Water Co. v. Montana Dep't of Public Serv. Regulation,* 919 F.2d 593, 600 (9th Cir.1990) (citing *Duquesne Light Co. v. Barasch,* 488 U.S. 299, 109 S.Ct. 609, 102 L.Ed.2d 646 (1989)).

Sierra Lake also alleges a substantive due process violation based on the enactment of the vacancy control provision of the ordinance, *see* pp. 953–54 *supra.* To prevail on this claim, Sierra Lake must show that no rational relationship exists between the vacancy control provision and the purpose of the ordinance. *See Boone v. Redevelopment Agency of City of San Jose,* 841 F.2d 886, 892 (9th Cir.), *cert. denied,* 488 U.S. 965, 109 S.Ct. 489, 102 L.Ed.2d 526 (1988). Sierra Lake cannot meet this heavy burden. Although it may be true that the ordinance in some cases takes money from the

landlord and puts it into the pocket of a tenant who no longer resides at the park, the City Council could reasonably believe that in the majority of cases the ordinance serves the valid public purpose of keeping mobile home rent from becoming prohibitively high. *See, e.g., Pennell v. City of San Jose,* 485 U.S. 1, 13, 108 S.Ct. 849, 858, 99 L.Ed.2d 1 (1988). How well the ordinance serves this purpose is a legislative question, one the court will not consider.

C. Equal Protection Claims

Sierra Lake also alleges that it was denied equal protection of the laws. Plaintiff can establish an equal protection claim by showing that the City of Rocklin or its officials applied the law in an arbitrary or invidiously discriminatory manner. Although equal protection challenges to state action that does not "trammel[ ] fundamental ***959** personal rights or implicate[ ] a suspect classification" receive only rational basis scrutiny, "the rational relation test will not sustain conduct by state officials that is malicious, irrational or plainly arbitrary." *Lockary v. Kayfetz,* 917 F.2d 1150, 1155 (9th Cir.1990); *see also Del Monte Dunes,* 920 F.2d at 1509 (citing *Nollan v. California Coastal Comm'n,* 483 U.S. 825, 835 & n. 4, 107 S.Ct. 3141, 3148 & n. 4, 97 L.Ed.2d 677 (1987)). In this context, plaintiff's equal protection claim is identical to its first substantive due process claim, and we reverse the district court for the same reason. [11]

11 To the extent Sierra Lake raises an equal protection challenge to the enactment of Ordinance 529, such a challenge could succeed only if the ordinance served "no legitimate governmental purpose and if impermissible animus toward an unpopular group prompted the statute's enactment." *Mountain Water Co.,* 919 F.2d at 598 (citing *USDA v. Moreno,* 413 U.S. 528, 93 S.Ct. 2821, 37 L.Ed.2d 782 (1973)). Thus, if the district court on remand were to find that the enactment of Ordinance 529 reflected hostility toward landlords as a group, it would be obligated to analyze the statute for legitimacy, as opposed to mere rationality.

Conclusion

The district court's judgment is reversed. We remand for further proceedings consistent with this opinion.

GOODWIN, Circuit Judge, concurring.

Today we hold that the Rocklin rent control ordinance, as applied, results in a physical taking of private property. We reach this result because the law of the circuit is found in *Hall v. City of Santa Barbara,* 833 F.2d 1270 (9th Cir.1987), *cert. denied,* 485 U.S. 940, 108 S.Ct. 1120, 99 L.Ed.2d 281 (1988).

I concur under the compulsion of precedent, but for the record I want to note that I have not forgotten the difference between the physical and the metaphysical. *Hall* reached a commendable legislative result by calling a regulatory ordinance a physical taking. I am in somewhat the same position as I found myself upon first reading *Roe v. Wade,* 410 U.S. 113, 93 S.Ct. 705, 35 L.Ed.2d 147 (1973), applauding the result but disturbed by the method. Nonetheless, *stare decisis* is a proven policy, and I concur.

All Citations

938 F.2d 951

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EXHIBIT 2

(d) Capital Improvement Rent Increases. A park owner may increase the mobile home owner's rent based on the mobile home owner's pro-rata share of capital improvement expenditures in the park; provided, that such increases are certified pursuant to this subsection and Sections 9.55.070 through 9.55.100. The purpose of this subsection is to provide the park owner a streamlined procedure for recovering capital improvement dollars invested in the mobile home park. Any such rent increase shall be amortized over the useful life of the capital improvement, using the table of capital improvement life expectancies on file with city. If the table of capital improvement life expectancies is not applicable, the park owner shall use the Class Life Asset Depreciation Range System ("ADR System"). Interest may be imputed on any such rent increase(s) using the prime rate in effect 30 days prior to the date of the application, plus two percent. However, in no event may any single rent increase, or any cumulative rent increases under this subsection, exceed five percent of the mobile home owner's then existing rent. Any rent increase implemented under this subsection based on the cost of a capital improvement shall not be included as part of the base rent upon which future rent increases under this chapter are based and shall be deleted from the space rent once the mobile home owner's pro-rata share of the capital improvement rent increases has been recovered.

Nothing in this subsection shall preclude a park owner from foregoing the right to seek a rent increase under this subsection and instead applying for a major rent increase, including applying for a major rent increase based on capital improvement expenditures that would otherwise result in a rent increase in excess of five percent of the mobile home owner's then existing rent.

9.55.070 Capital improvement rent increase certification requirements.

(a) Generally. In accordance with the procedures set forth in Section 9.55.080 or 9.55.090, costs determined to be attributable to qualifying capital improvements shall be amortized over the relevant period as established for the type of work performed in the table of capital improvement life expectancies on file with city, or if applicable, the ADR system. The intention of this section is to provide an incentive to park owners to improve and renovate their property, while at the same time protecting mobile home owners from excessive rent increases.

Applications must be filed and certification issued prior to the collection of a capital improvement rent increase.

In order to promote advance fiscal planning, park owners shall have the option of precertifying capital improvements pursuant to Section 9.55.080 in advance of performing the work. In the alternative, park owners may apply for certification after the work is completed.

(b) Requirements. Costs of capital improvements may only be certified where the following criteria are met:

(1) The capital improvements were completed or are to be completed on or after January I, 1995;

(2) The park owner has not yet increased the rent or rents to reflect the cost of the work;

(3) The park owner has not been or will not be compensated for the work by insurance proceeds;

(4) The park owner files the certification application no later than 24 months after the work has been completed;

(5) The costs are capital improvements as opposed to routine repair;

(6) The costs of the capital improvement are not associated with the purchase or installation of meters or other similar devices used for the separate billing of utilities;

(7) The individual mobile home owner's pro-rata share of the capital improvement costs, or the cumulative capital improvement costs assessed if one or more capital improvement rent increases have been imposed and are still being charged, will not exceed five percent of the then existing base rent.

(c) Cost Allocation. The cost of capital improvements shall be allocated on a pro-rata basis to affected mobile home owners.

(d) Declaration Regarding Tax Treatment of Capital Improvement. At the time of filing an application for a capital improvement rent increase, the park owner shall submit to the rent review officer a declaration under penalty of perjury stating that the park owner has, or will, treat the capital improvement as a capital improvement for federal income tax purposes. Once each year during the amortization period for the capital improvement the rent review officer may request the park owner to provide an updated declaration stating under penalty of perjury that the park owner treated the capital improvement as a capital improvement for federal income tax purposes on the park owner's most recent tax return. In the event the park owner does not provide the rent review officer with such a declaration within 60 days of the rent review officer's request, the rent review officer may appoint a hearing officer to conduct hearings in order to recalculate the amount of the capital improvement rent increase. The hearing and recalculation shall proceed on the presumption that the park owner received a tax deduction for all of the previously nonamortized portion of the capital improvement expenditure during the year immediately following the last year for which the park owner submitted a declaration stating that he/she was amortizing the capital improvement in accordance with federal law. The sole purpose of the hearing shall be to readjust the amount of the capital improvement rent increase to disallow any excess income the park owner may receive by expending all of the previously nonamortized portion of the capital improvement in the year immediately following the park owner's most recent declaration on the subject, rather than continuing to amortize the capital improvement. The park owner shall not be required to submit such a declaration and no such recalculation shall occur if federal law has been changed so that the capital improvement may no longer be amortized, or if the park is sold, in which case the new owner may not be able to amortize any capital improvement expenditure made by the previous owner. (Ord. 2115 § 1, 3-28-95; Ord. 2121 § 1, 6-20-95; amended during 2012 reformat. 1990 Code § 3-13104.2.)

9.55.080 Precertification procedure for capital improvement rent increase.

(a) Application. Park owners who seek to ascertain whether the cost of proposed capital improvement projects will be certified may file an application with the rent review officer to have the determination regarding whether the costs may be passed on to the residents made in advance of incurring those costs. The application shall be on a form established by the rent review officer.

(b) Supporting Documentation. The application shall contain the following information and be accompanied by copies of relevant supporting documentation:

(1) A description of the improvement.

(2) Contracts or bid documents showing the cost estimate of the proposed improvement.

(3) The amortization period to be used.

(4) The interest rate to be used.

(5) The formula used to calculate the pro-rata share of each resident.

(6) The monthly cost to each resident in dollars.

(7) That the cumulative cost of all capital improvement rent increases in effect and to be approved will not exceed five percent of the then existing base rent of each tenant.

(c) Notification to Mobile Home Owners. Copies of the application together with the supporting documentation shall be served on all affected mobile home owners, together with a notice of rent increase based on the estimated cost of the capital improvement. In the alternative, park owners may opt to serve the mobile home owners with summaries of the information in lieu of the actual documentation. In the event that summaries are used, the notice provided to the mobile home owners shall state that the complete documentation supporting the application can be reviewed at the park office, and at the office of the rent review officer. The documentation supporting the application must be made available for review at the specified park location during normal hours of operation. Proof of service either of the application and supporting documentation or of the summaries on the mobile home owners shall be required before the application will be deemed complete.

(d) Objection by Mobile Home Owners. Mobile home owners shall have 60 days from the post-marked date of the above-described notification to file an objection to the application for a capital improvement rent increase. If objections signed by 10 percent of the affected mobile home owners are not filed within the 60-day period, the rent review officer shall precertify the capital improvements in the amount requested. The increase may not go into effect until the capital improvements are completed. If objections signed by the requisite number of affected mobile home owners are received in a timely fashion by the rent review officer, a hearing on objections shall be held pursuant to the provisions of Section 9.55.100. The decision shall be subject to subsection (e) of this section.

(e) Effect of Precertification. Where park owners employ this precertification procedure, and obtain a decision allowing the capital improvement costs in a particular amount, they may proceed to make the improvements and are entitled to recover the precertified costs as set forth herein. Upon the completion of the improvements, the park owners are to submit to the rent review officer documentation of the actual cost of the capital improvement, and the rent increase notice to be sent to the affected mobile home residents.

(1) If the actual cost was less than the estimated cost, only the amounts actually incurred may be passed through to the mobile home owners in their proportionate share. In that case, a new notice of capital improvement rent increase identifying the actual amount to be charged must be sent to the affected mobile home owner before the rents may be raised.

(2) If the actual cost of the capital improvement was more than estimated, the park owner has the option of waiving the excess amount and collecting only the precertified amount. Alternatively, the park owner may provide a second notice of capital improvement rent increase in the full amount incurred. In the event that the park owner notices an increase in the full amount, affected mobile home owners will be entitled to object to that portion and only that portion of the increase that exceeds the amount allowed in the precertification decision. The procedure for objection will be that contained in Section 9.55.100; provided, however, that the sole basis for objection will be the grounds identified in Section 9.55.100(c). (Ord. 2115 § 1, 3-28-95; Ord. 2121 § 1, 6-20-95. 1990 Code § 3-13104.4.)

9.55.090 Post capital improvement certification procedure for rent increase.

(a) Application. Park owners who seek to pass through the cost of capital improvements after they are completed through this certification procedure, rather than through precertification or through a major rent increase petition, must file an application with the rent review officer on a form established by the rent review officer.

(b) Supporting Documentation. The application shall contain the following information and be accompanied by copies of relevant supporting documentation:

(1) A description of the improvement.

(2) Contract documents showing the actual cost of the improvement including copies of all checks and invoices for the project.

(3) The amortization period to be used.

(4) The interest rate to be used.

(5) The formula used to calculate the pro-rata share of each resident.

(6) The monthly cost to each resident in dollars.

(7) That the cumulative cost of all capital improvement rent increases in effect and sought to be approved will not exceed five percent of the then existing base rent of each tenant.

(c) Notification to Mobile Home Owners. Copies of the application together with the supporting documentation shall be served on all affected mobile home owners together with a notice of rent increase based on the cost of the capital improvement. In the alternative, park owners may opt to serve the mobile home owners with summaries of the information in lieu of the actual documentation. In the event that summaries are used, the notice provided to the mobile home owners shall state that the complete documentation supporting the application can be reviewed at the park office and at the office of the rent review officer. The documentation supporting the application must be made available for review at the specified park location during normal hours of operation. Proof of service of the application and supporting documentation or the summaries on the mobile home owners shall be required before the application will be deemed complete.

(d) Objection by Mobile Home Owners. Mobile home owners shall have 60 days from the date the application is deemed complete to file an objection to the application for a capital improvement rent increase. If objections signed by 10 percent of the affected mobile home owners are not filed within the 60-day period, the rent review officer shall certify the capital improvements in the amount requested, and the increase may be imposed as noticed. If objections signed by the requisite number of affected mobile home owners are received in a timely fashion by the rent review officer, a hearing on objections shall be held pursuant to the provisions of Section 9.55.100. (Ord. 2115 § 1, 3-28-95; Ord. 2121 § 1, 6-20-95. 1990 Code § 3-13104.6.)

9.55.100 Procedure for hearing objections.

(a) Scheduling of Hearing on Objection. Within 10 working days of receipt of objections to application for a capital improvement rent increase, signed by 10 percent or more of the affected mobile home owners, the rent review officer shall appoint a hearing officer. The rent review officer shall set a date for the hearing no sooner than 10 calendar days, nor later than 30 calendar days, after the hearing officer is assigned; provided, that the rent review officer or hearing officer may set or reset the date for the hearing at a later date upon application of either or both parties for good cause. The rent review officer shall provide prompt notice of the hearing date to the park owner and affected mobile home owners.

(b) Conduct of Hearing. The hearing shall be conducted by the appointed hearing officer. The parties may offer such documents, testimony, written declarations or other evidence as may be pertinent to the proceedings. A record of the proceedings shall be maintained for purposes of appeal.

(c) Burden of Proof at Hearing and Grounds for Contesting Increase.

(1) Park Owner's Initial Burden of Proof. The burden shall initially be on the park owner to establish that the required information regarding the capital improvement in the park owner's rent

increase notice is accurate, including:

(A) The cost of the capital improvement project.

(B) The interest rate used by the park owner.

(C) The amortization period used by the park owner.

(D) The formula used to calculate the pro-rata share of each resident.

(E) The determination that the cumulative capital improvement rent increases will not exceed five percent of the then existing base rent.

(2) Mobile Home Owner's Burden of Proof to Rebut. In the event the park owner establishes that the required information regarding the capital improvement in the park owner's capital improvement rent increase application is accurate, the burden shall shift to the mobile home owner to defeat or reduce the amount of the capital improvement expenditure solely on the following four alternative grounds:

(A) The cost of the capital improvement project was clearly excessive given industry standards.

(B) The capital improvement was necessitated due to the elimination, reduction, or deferment of maintenance below the level existing on or after January 1, 1986, thereby requiring replacement of the preexisting improvement prior to the expiration of its normal expected life, as adjusted pursuant to subsection (e) of this section.

(C) That the interest rate charged is greater than financing reasonably available to the park owner in an arm's length transaction with a private lending institution.

(D) That the improvement was not reasonably related to the operation of the mobile home park business.

(d) Remedy If Burden of Proof Met by Mobile Home Owners. The purpose of the preceding four alternatives for contesting capital improvement rent increases is to ensure the good faith of park owners, including but not limited to ensuring that park owners do not engage in nepotism, kick-backs and/or deferred maintenance, or make improvements that are unnecessary to the operation of the mobile home park business. If the hearing officer determines that the tenants have satisfied their burden of proof with respect to all or any part of the cost of a capital improvement expenditure, the hearing officer may reduce the amount of the rent increase by a corresponding amount, but not more,

subject to the limitations set forth in subsection (e) of this section. In the event the hearing officer determines that the park owners have engaged in perjury, fraud, nepotism, or kick-backs with respect to a capital improvement rent increase, the hearing officer may reduce the amount of the rent increase to the level the hearing officer deems appropriate under the circumstances.

(e) Limitations on Grounds for Contesting Rent Increase. In determining the normal expected life of a capital improvement, the hearing officer shall look first to the amortization table on file with city, or, if not applicable, the ADR System and/or the regulations, guidelines and amortization tables established by the Internal Revenue Service for capital improvements. It is recognized that the normal expected life of a capital improvement is based on averages and that the actual life may fall short of the normal expected life, for reasons other than deferred maintenance. In the event the normal expected life of a capital improvement is less than five years, the "adjusted expected life" of the capital improvement shall be 90 percent of its normal expected life. In the event the normal expected life of a capital improvement is five years or more, the "adjusted expected life" of the capital improvement shall be 80 percent of its normal expected life. Where a mobile home owner challenges a capital improvement pursuant to subsection (c)(2)(B) of this section, the hearing officer may not reduce the amount of the rent increase by an amount in excess of the difference between the actual life of the capital improvement and its "adjusted expected life." For example, if the mobile home owners establish that as a result of deferred maintenance a preexisting capital improvement with an expected life of 10 years and an "adjusted expected life" of eight years in fact only lasted seven years, the hearing officer may reduce the amount of the requested rent increase by 10 percent, but no more. In no event may the hearing officer reduce the amount of a capital improvement rent increase based on alleged deferred maintenance where the capital improvement rent increase is necessitated by a catastrophe, act of God, or other uncontrollable circumstance, including earthquakes, landslides, earth movement, fire or flood.

(f) Determination of Hearing Officer. The hearing officer shall make findings as to whether or not the proposed rent increases, or any portion thereof, are allowable under this subsection.

(g) Decision of Hearing Officer. The hearing officer shall prepare written findings of fact, and shall certify the amount of the capital improvement increase to be allowed, if any. Within 15 working days of the conclusion of the hearing, the hearing officer shall serve the decision on the rent review officer, who shall forthwith distribute copies of the decision by mail or other means to the park owner and all affected mobile home owners.

(h) Decision Final. The decision of the hearing officer is final and binding upon the park owner and all affected mobile home owners on the date of mailing or other service of the decision by the rent review officer regardless of their participation or lack of participation in the hearing process unless

challenged pursuant to Section 9.55.130(g). Park owner may impose a capital improvement rent increase only in the amount allowed by the rent review officer and/or the hearing officer pursuant to the certification process.

(i) Post Certification Notice. In the event the certification procedure is not completed prior to the date set forth in the park owner's original notice of rent increase, or if the amount certified is different than the amount stated in the park owner's original rent increase notice, the park owner must send out a new notice of rent increase advising the mobile home owners of the actual increase and the actual effective date. Such a notice shall not be subject to review under this chapter, provided the amount set forth in the notice does not exceed the certified amount. (Ord. 2115 § 1, 3-28-95; Ord. 2121 § 1, 6-20-95. 1990 Code § 3-13104.8.)

EXHIBIT 3

Santiago Financial, Inc. - **COMPARABLE SALES REPORT**

SANTIAGO FINANCIAL, INC.
www.santiagofinancial.com
800-232-3908

Park Name : **ROYAL CREST MOBILE ESTATES**
Park Address : 2300 SCHOOL ST FORTUNA, CA 95540
Spaces : 205
From : 1/13/2024 to 1/13/2026
Report date : 1/13/2026

Address City	Mfd Date MFG Trade	Original Current Sales Date	Decal Legal Dealer	Wd Lt	Total sq Ft Per Sq Ft
124 CREST DR FORTUNA	04/29/1993 SKYLINE CORP HOMETTE CORP	$74,883.00 **$200,000.00** 12/15/2025	LAU6746	14 52 14 52	1456 $137.36
1604 IMPERIAL WY #107 FORTUNA	02/05/1992 SKYLINE HM INC WOOD MANOR	$51,634.00 **$62,500.00** 11/18/2025	LAT7664	12 58.75 12 58.75	1410 $44.33
160 MONARCH DR FORTUNA	05/06/1986 SKYLINE CORP HOMETTE CORP	$32,778.00 **$30,000.00** 11/13/2025	LAJ4512	14 48 14 48	1344 $22.32
167 MONARCH DR FORTUNA	11/17/1989 HM SYSTEMS INC BAYWOOD II	$54,850.00 **$125,000.00** 08/28/2025	LAR5352	12 56 12 56	1344 $93.01
1529 IMPERIAL WAY FORTUNA	01/01/1973 SUNNY	$10,199.00 **$37,000.00** 08/05/2025	LBC3644	12 40 12 40	960 $38.54
2275 CREST DR FORTUNA	01/01/1974 MADISON MADISON	$15,200.00 **$163,000.00** 07/28/2025	AAE9457	12 60 12 60	1440 $113.19
196 EMPIRE DR FORTUNA	11/13/1987 KAUFMAN/BROAD HOME SYSTE BAYWOOD	$37,975.00 **$40,000.00** 07/21/2025	LAL4034	12 48 12 48	1152 $34.72
1578 KINGS ROW FORTUNA	01/01/1965 CHALET	$1,700.00 **$10,393.00** 07/11/2025	ABB5660	10 60	600 $17.32

133 CASTLE CT FORTUNA	07/09/1987 FUQUA HM INC FUQUA	$59,310.00 **$173,000.00** 06/27/2025	LAS1913	14 64 14 64	1792 $96.54
2270 CREST DR #202 FORTUNA	10/03/1983 FUQUA BEAIRE MANOR	$30,900.00 **$83,000.00** 06/13/2025	LAE3416	12 52 12 52	1248 $66.51
187 EMPIRE DR FORTUNA	08/21/1987 KAUFMAN/BROAD HOMES BAYWOOD	$36,800.00 **$95,000.00** 06/04/2025	LAK9287	12 52 12 52	1248 $76.12
2248 ROYAL DR FORTUNA	01/01/1965 SKYLINE HILLCREST	$2,999.00 **$60,000.00** 05/16/2025	LBC1503	10 44 10 44	880 $68.18
152 MONARCH DR FORTUNA	11/06/1991 FLEETWOOD HM INC SANDALWOOD	$47,788.00 **$89,000.00** 04/01/2025	LAS5074	12 48 12 48	1152 $77.26

1574 QUEENS ROW FORTUNA	01/01/1965 SKYLINE HILLCREST	$2,100.00 **$27,000.00** 03/17/2025	LAY7677	10 55	550 $49.09
2273 CREST DR FORTUNA	01/01/1972 REDMOND IND FLAMINGO	$16,199.00 **$185,000.00** 03/11/2025	AAE9189	12 60 12 60	1440 $128.47
1539 CREST DR #7 FORTUNA	01/01/1968 SKYLINE HOMETTE	$7,300.00 **$61,000.00** 02/26/2025	AAW9426	10 44 10 44	880 $69.32

1603 QUEENS ROW #41 FORTUNA	06/06/1978 SKYLINE HOMETTE	$17,700.00 **$90,500.00** 02/14/2025	AAD9156	12 41 12 41	984 $91.97
2211 CROWN DR FORTUNA	07/23/2012 CMH MANUFACTURING WEST INC GOLDEN WEST HOMES	$71,040.00 **$70,000.00** 02/12/2025	LBL3260	13.5 60	810 $86.42
1556 CREST DR FORTUNA	07/19/2001 SKYLINE HOMES INC - CLOSED LAURELWOOD	$42,500.00 **$95,000.00** 01/31/2025	LBC9877	14 52	728 $130.49
1604 QUEENS ROW #57 FORTUNA	01/01/1969 COMMODORE CASA LOMA	$15,300.00 **$125,000.00** 01/09/2025	LBC7510	10 55 10 55	1100 $113.64
2257 CROWN DR FORTUNA	01/13/1993 SKYLINE HM INC WOODMANOR	$43,900.00 **$78,500.00** 12/18/2024	LAV9613	10 48 10 48	960 $81.77
1585 KINGS ROW #63 FORTUNA	GOLDEN WEST CORONADO	$21,300.00 **$32,000.00** 11/27/2024	LBP7473	12 62 12 62	1488 $21.51
1589 IMPERIAL WAY FORTUNA	04/17/2018 CMH MANUFACTURING WEST INC KARSTEN	$107,348.00 **$163,500.00** 10/18/2024	LBN7638	13.5 56 13.5 56	1512 $108.13
1579 IMPERIAL WY #87 FORTUNA	01/01/1972 CHAMPION	$2,100.00 **$34,000.00** 09/30/2024	ABB1800	12 48	576 $59.03

Santiago Financial Inc. - Buying? Selling? Refinancing?

info@santiagofinancial.com **800-232-3908**

1514 IMPERIAL WAY #94 FORTUNA	01/01/1971 ROYAL HOMES WESTERNER	$14,900.00 **$55,000.00** 08/21/2024	LBG8221	12 64 12 64	1536 $35.81
194 EMPIRE DR FORTUNA	08/10/1984 SILVERCREST SUPREME	$24,000.00 **$83,500.00** 08/16/2024	LAG2597 21ST MORTGAGE	14 64	896 $93.19
1575 PRINCESS LN FORTUNA	HILLCREST	$5,300.00 **$42,400.00** 07/18/2024	LBC2960	12 55	660 $64.24
180 EMPIRE DR FORTUNA	06/24/1987 GOLDEN WEST HM CANTERBURY	$42,200.00 **$80,000.00** 07/03/2024	LAP4702	12 56 12 56	1344 $59.52

197 EMPIRE DR FORTUNA	09/04/1981 SKYLINE SKYLINE	$18,497.00 **$11,175.00** 06/19/2024	LAC1913	12 44 12 44	1056 $10.58
156 MONARCH DR FORTUNA	08/19/1987 FLEETWOOD HM INC SANDALWOOD	$33,360.00 **$80,000.00** 06/07/2024	LAM4974	12 48 12 48	1152 $69.44
132 EMPIRE DR FORTUNA	12/05/1990 SKYLINE HM INC WOOD MANOR	$45,135.00 **$65,000.00** 06/05/2024	LAT4263	12 44 12 44	1056 $61.55
147 MONARCH DRIVE FORTUNA	03/09/1990 SKYLINE CORP HOMETTE CORP	$47,500.00 **$115,000.00** 05/30/2024	LAS9723	14 44 14 44	1232 $93.34

1524 IMPERIAL WAY FORTUNA	 HILLCREST	$8,900.00 **$77,000.00** 04/22/2024	LAS9656	12 60 12 60	1440 $53.47
149 MONARCH DR FORTUNA	05/18/1990 SKYLINE CORP HOMETTE	$53,000.00 **$125,000.00** 02/28/2024	LAR6064	14 48 14 48	1344 $93.01
177 EMPIRE DR FORTUNA	11/24/1987 FUQUA HM INC FUQUA	$32,331.00 **$69,500.00** 01/30/2024	LAN4188	14 62.5	875 $79.43
2267 CREST DR FORTUNA	01/01/1973 HILLCREST	$13,399.00 **$160,000.00** 01/22/2024	LBC9406	12 60 12 60	1440 $111.11
2217 CROWN DR #19 FORTUNA	09/23/1998 FLEETWOOD HOMES OF CALIF. INC VOGUE MANSION	$47,616.00 **$68,500.00** 01/19/2024	LAZ4408	11.75 40 11.75 40	940 $72.87

	Original	Resale
Total	$1,189,941.00	$3,161,468.00
Average	$32,160.57	$85,445.08
Max	$107,348.00	$200,000.00
Min	$1,700.00	$10,393.00
Avg $SqFt	$27.70	$73.59
Avg SqFt	1136	1136
Number of records	**37**	

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From: sueylong707@gmail.com
To: Amy Nilsen
Subject: Comments on Urgency Ordinance for Rent Stabilization
Date: Friday, January 30, 2026 4:48:04 PM

Dear Amy and Fortuna City Council,

The following are my comments on the above topic:

I am a strong proponent for free enterprise:

- Free enterprise refers to business activities that are not regulated by the government but are defined by a set of legal rules such as property rights, contracts, and competitive bidding.
- The argument for free enterprise is based on the belief that government interference in business and the economy hampers growth.
- A free enterprise legal system tends to result in capitalism.
- A free enterprise aims to increase freedom, market efficiency, consumer rights, financial security and stability, and economic opportunities.

This ordinance as written creates additional work for city staff including taking and reviewing applications from the mobile home parks, sending notices to affected homeowners three separate times for each application (upon receipt of application, upon deeming application complete, and notification of a hearing).

It creates more red tape and fees for the property owner. Aren't we trying to keep rents down?

It disturbs me that the City will decide what a "fair return" for the park owner is. Since when is that a City decision? Which of the city staff or city council has been a landlord and has the background and experience to determine what is needed for repairs, maintenance, and capital improvements? Who gets to decide what is considered "rent gouging" vs. a "reasonable return on an investment?"

Royal Crest Mobile Home Estates is not the only mobile home park in the city of Fortuna. I am concerned that the at least one of the other property owners does not understand how this will affect his property. Have all other park owners been notified? A meeting with each owner should be conducted.

I know you have received pressure from the residents of Royal Crest as well as an attorney that has inserted herself into the middle of the issue. It seems you are responding to bullying and the threat of a lawsuit from a small group of citizens. There are over 12000 citizens in Fortuna, and 30 – 40 people have shown up and pushed this agenda (.03 %). I've seen agencies sued for developing an ordinance that is then challenged legally, but have there been any lawsuits against an agency that does not have rent stabilization? WHEN, and it's definitely when, not if, the City is sued over this reactionary ordinance, there will finances spent on attorney fees that are intended for the betterment of the entire population that will have to come out of the dwindling reserves in the general fund.

I understand that seniors on limited incomes are experiencing financial hardships. Families and individuals at all levels are having a difficult time financially in this economic climate. The City of Fortuna is not tasked with insuring that citizens can pay their bills. Where is the line drawn between real City business and the private sector?

Have any of you done any research individually?

Have you taken into account any comments from Storz?

How long will it be before people living in apartments and single-family residents are coming before the council saying rents are too high? Then what? Contractors are investing in Fortuna and building apartments currently. If there is an inkling of rent control in the future, I see them discontinuing projects in Fortuna. This will put a screaming halt to getting much needed additional housing units in town.

I also found this interesting:

- There is a consensus among economists that rent control reduces the quality and quantity of rental housing units.

Thank you for the opportunity to comment on this important issue. PLEASE think carefully before making a decision in favor of this ordinance.
Respectfully submitted,

Sue Long
Business Owner and former Councilmember

127 Crest Drive
Fortuna, CA 95540

January 23, 2026

Amy Nilsen, City Manager
City of Fortuna
621 11th Street
Fortuna, CA 95540

Amy Nilsen:

I am a resident of Royal Crest responding to a request for input regarding the ongoing space rent issue with Storz Management, land owners of the mobile home park.

Seniors residing at Royal Crest are grateful to you and the Fortuna City Council for listening to and acting on our appeal for a space rent ordinance after many years of that appeal being completely rejected by Fortuna's former mayor. ("Businesses are entitled to their profits.")

We are especially grateful to Hillary Mosher for her leadership that has been essential in putting forward the position of the residents for a resolution to the problem. Thus I respect and am in favor of any alteration she has suggested that might assist us in achieving what many other senior mobile home park residents have achieved, namely a rent stabilization ordinance from city government.

In years past none of the above would have required assistance from city government; senior mobile home parks offered affordable living. It is corporate ownership of parks with their ever increasing demand for profit that has led to where we are now.

In my years living at Royal Crest my space rent has gone from $350 per month (including water and sewer) to $914 per month with no coverage of any utilities or other services. At no time has an explanation or justification for rent increases been offered; space rent is not negotiable. What we have with our land owners is not a level playing field and might more accurately be called a form of elder abuse.

Thank you.

Lynn Crosthwait

Lynn Crosthwait