



CITY COUNCIL AGENDA STATEMENT



May 26, 2020

File ID: 20-0174

TITLE

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA RETAINING THE ADMINISTRATIVE FEE FOR RENT CONTROL SERVICES AT \$25 FOR FISCAL YEAR 2020-21 IN CHAPTER 18 (MOBILEHOMES) OF THE CITY'S MASTER FEE SCHEDULE

RECOMMENDED ACTION

Council adopt the resolution.

SUMMARY

Effective August 18, 2011, the City of Chula Vista, under Chula Vista Municipal Code (CVMC) Section 9.50.030, established an Administrative Fee to be assessed upon all eligible mobilehome residents receiving benefits and services under CVMC 9.50 ("Chapter 9.50" or the "Ordinance") – Mobilehome Park Space Rent Review. Chapter 9.50 requires that the Administrative Fee be established annually by action of the City Council. At this time, staff recommends retaining the fee at \$25 for Fiscal Year 2020-21 ("FY 21").

ENVIRONMENTAL REVIEW

The activity is not a "Project" as defined under Section 15378 of the California Environmental Quality Act State Guidelines; therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

The Mobilehome Rent Review Commission did not meet to discuss the mobilehome administrative fee due to a lack of quorum and in consideration of the County of San Diego's Public Health Order limiting gatherings of any size as of April 8, 2020 and in effect until further notice.

DISCUSSION

On July 19, 2011, City Council approved an amendment to CVMC Chapter 9.50 (Mobilehome Park Space Rent Review) establishing an Administrative Fee to provide funding for implementation of the Ordinance. The Ordinance offers unique benefits and services solely to eligible mobilehome residents. As part of the annual Administrative Fee update process, staff is reporting out on prior year revenues and expenditures to establish the amount necessary to recover the costs of administering Chapter 9.50. This report provides an update on revenues and expenditures for July 1, 2019 - June 30, 2020 and recommends the fee for FY 21.

Fiscal Year 2019-20 (“FY 20”) Projected Revenues and Expenditures

Revenues for FY 20 were anticipated to total \$55,000 based on 2,200 residents paying a fee of \$25. Actual payments were received from 2,274 eligible spaces, resulting in total collected revenues of \$56,850. A summary of revenues and projected expenditures is provided in Table 1, followed by a description of related activities.

Table 1
FY20 BUDGET SUMMARY

REVENUES	Budgeted	Actual
Fund Balance as of 7/1/19	\$ -	\$ 257,155
Collected Revenues	\$ 55,000	\$ 56,850
Investment Earnings	\$ -	\$ 1,387
Total	\$ -	\$ 315,392
EXPENDITURES		
Staff Charges	\$ 37,000	\$ 29,345
Experts	\$ 25,000	\$ 0
Administrative/Billing Costs	\$ 3,000	\$ 4,151
Total	\$ -	\$ 33,496
FY20 Funding Balance	\$ -	\$ 281,896

Staff Charges

Administration of Chapter 9.50 is projected to result in staff charges of \$29,345 for FY 20. Staff provided the following services:

- *Ombudsman Activities (Office Visits & Mobilehome Information Line)* – Staff responded bilingually to all inquiries related to Chapter 9.50. A decrease in these activities was seen this year due to a new State program and current circumstances under the COVID-19 pandemic. Beginning this year, the State is implementing a pilot program known as the Mobilehome Residency Law Protection Program (MRLPP) requiring a \$10 a space fee, with the State taking mobilehome complaints beginning July 1, 2020 and then when appropriate forwarding them to the City for follow up action. Residents may be looking first to this program for their questions or concerns. Additionally, due to COVID-19 and the closing of City offices beginning March 16, 2020, the public has been unable to visit the City for questions and concerns and has relied strictly on phone calls. Public inquiries are particularly high the months leading up to the billing of the Administrative Fee until October when all billing and eligibility issues are resolved.
- *Resident Invoicing Preparation* – A June 1st billing and/or ineligible notice was sent to all mobilehome/trailer residents and in August, reminder notices were sent to all residents with a balance due and to those residents determined ineligible.
- *Fee Collection* – Collection and processing of fee payments received.
- *Database Maintenance* – Maintained the database with current resident information. Fees associated with reconciling a new financial system and existing database were incurred this year resulting in higher than expected administrative costs.
- *Mobilehome Rent Review Commission (“MHRRC”) Educational Meetings* - Provided general ombudsman related activities to residents. Due to COVID-19, the MHRRC’s regularly scheduled meeting for April 16, 2020 was canceled.

- *Annual Permissive Rent Calculations* - Twice a year, the Consumer Price Index (CPI) is released and notification was sent to all park owners and managers of the annual permissive rate as calculated under Section 9.50.050.
- *Rent Review Inquiries/Hearing Administration* – Staff coordinated inquiries regarding rental increases between residents and park management as needed.

Experts

No rent review hearings or hiring of experts was necessary during FY 20. Funds collected remain in the fund balance and are available to appropriate in FY 21 for hiring of experts if a rent review case is required. The lack of hearings also resulted in staff time reimbursement savings to the program.

Administrative Costs (Postage, Office Supplies and Printing)

In FY 20, the billing of the administrative fee was contracted out for the third year. Additional annual administrative costs, including CPI notices and publication of this hearing notice were incurred.

Fiscal Year 2020-21 (“FY 21”) Budget and Administrative Fee

Staff recommends the annual fee be retained at \$25 dollars (equating to \$2.08 per month) for FY 21 due to the current fund balance and lack of recent rent review hearing activity. Important factors taken into consideration include the following:

- Since the Ordinance amendments in 2012, no rent review cases were considered by the MHRRC. However, two rent review cases began the process (Rancho Bonita in FY15 and El Mirador in FY18), which in turn required a higher level of staff resources during these time frames to work through the rent review process until final resolution. In both cases, the rent increases were agreed upon between resident and owner prior to hearing. Prior to the 2012 amendments, existing resident rent review cases occurred approximately every other year. Therefore, staff continues to forecast expenditures with one case every other year. While California recently passed statewide rent control for residential tenants effective January 1, 2020, mobilehome residents are exempt from this law. Therefore, mobilehome residents rely solely on the City’s Mobilehome Rent Review Ordinance for protection on related rent increases.
- Staff costs to administer the fee and rent review services have stabilized. Therefore, a reduction of approximately \$20,000 in staff time has been realized in the past few years. This was achieved through updating the Housing website to include additional resources and information, in addition to sending a helpful resource list with last year’s billing of the Administrative Fee mailing.
- Since the fee has been reduced to \$25, more residents have been consistently paying. Given the economic impact of COVID-19, programs providing a level of rent protection are needed and yet there may be some unable to pay the \$25 annual fee. Therefore, projections are kept consistent with last year at approximately 2,200 residents paying the Administrative Fee for the coming year.

Table 2 provides a summary of the FY 21 budget totaling \$65,000, which anticipates one rent review case, if required, and a contingency of \$25,000 for expert time. There are sufficient revenues collected from the Administrative Fees and available from the existing fund balance for implementation of the Ordinance. The estimated ending fund balance for FY 21 is anticipated at \$267,896.

**Table 2
FY21 BUDGET SUMMARY**

REVENUES	
Anticipated Fund Balance as of 7/1/20	\$ 281,896
Anticipated Revenues (2,200 @ \$25)	\$ 55,000
Total	\$ 336,896
EXPENDITURES	
Staff Charges	\$ 35,000
Administrative/Billing Costs	\$ 5,000
Contingency for Experts	\$ 25,000
Total	\$ 65,000
Anticipated Fund Balance Moving Forward	\$ 267,896

Conclusion

Given current workload, the lack of recent rent review cases, and adequate fund balance, maintaining the fee at \$25 per year for eligible mobilehome residents is recommended to maintain administrative services for implementation of Chapter 9.50. Should a rent review case be initiated during FY 21, the existing fund balance and the Administrative Fee is sufficient to cover the associated and anticipated heavy administrative costs and still maintain a high level of service to mobilehome residents. Should there be no rent review cases initiated in the next few years, staff will again review the fee for adequacy and consideration of changes.

DECISION-MAKER CONFLICT

Staff has determined that the action contemplated by this item is ministerial, secretarial, manual, or clerical in nature and, as such, does not require the City Council members to make or participate in making a governmental decision, pursuant to California Code of Regulations Title 2, section 18704(d)(1). Consequently, this item does not present a conflict of interest under the Political Reform Act (Cal. Gov't Code § 87100, et seq.).

Staff is not independently aware and has not been informed by any City Council member of any other fact that may constitute a basis for a decision maker conflict of interest in this matter.

CURRENT-YEAR FISCAL IMPACT

All staff time and costs to prepare this report were included in the current adopted budget.

ONGOING FISCAL IMPACT

Staff time and costs associated with the administration of Chapter 9.50 are anticipated in the collected fee and will be adopted as part of the fiscal year 2020-21 budget.

ATTACHMENTS

1. Proposed Chapter 18 of the Master Fee Schedule

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