

Administrative Fee to be assessed upon all eligible mobilehome residents receiving benefits and services under Chula Vista Municipal Code 9.50 (“Chapter 9.50”) - Mobilehome Park Space Rent Review. In addition, Chula Vista Municipal Code 9.40 (“Chapter 9.40”) - Housing Assistance, requires at such time a mobilehome or trailer park proposes to close, an application must be filed with the City. At this time, staff is bringing forward amendments to Chapter 18 of the Master Fee Schedule, to include setting the annual administrative fee at \$40 for Fiscal-Year 2015 (“FY 15”) and establishing a fee for the review of any application for park closure.

ENVIRONMENTAL REVIEW

The Development Services Director has reviewed the proposed activity, amendments to the Master Fee Schedule pertaining to fees associated with City administrative costs for administering programs associated with City’s Mobilehome Program, for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a “Project” as defined under Section 15378(b) (4) of the State CEQA Guidelines (creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project), because the proposal consists of amendments to the City’s Master Fee Schedule and does not pertain to a site specific project and will not result in a direct or indirect physical change in the environment. Therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines the activity is not subject to CEQA. Thus, no further environmental review is necessary at this time.

BOARD/COMMISSION RECOMMENDATION

Not Applicable.

DISCUSSION

Chapter 9.50 - Mobilehome Park Space Rent Review (Rent Control Services)

On July 19, 2011, City Council approved an amendment to Chapter 9.50 which established an Administrative Fee to provide funding for implementation of the ordinance (which provides 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, 2013 - June 30, 2014 and recommends the fee for FY 15.

Fiscal Year 2014 (FY14) Revenues and Expenditures

Anticipated revenues for FY 14 were expected to be \$130,000 based on 2,166 residents paying the fee at \$60. Actual payments were received from 1,907 eligible spaces for total revenues of \$114,426. A fiscal analysis of revenues and expenditures is provided in Table 1 with a description of the activities following.

**Table 1
FY 2014 BUDGET SUMMARY**

	Anticipated	Actual
Revenues:		
Collected Revenue	\$130,000	\$114,426
Fund Balance from Prior Year		\$29,634
TOTAL REVENUES		\$144,060

Expenditures:		
Staff Charges	\$102,000	\$50,000
Experts	\$25,000	-
Postage	\$1,000	\$700
Office Supplies	\$500	\$500
Printing & Binding	\$1,500	\$600
TOTAL EXPENDITURES		\$51,800
Surplus/Deficit		\$92,260

Staff Charges

Administration of Chapter 9.50 resulted in staff charges of \$50,000 for FY 14. Staff provided the following services during FY 14:

- *Ombudsman Activities (Office Visits & Mobilehome Information Line)* - Staff responded bilingually to all inquiries related to Chapter 9.50.
- *Resident Invoicing* - A July 1st billing and/or ineligible notice was sent to all mobilehome/trailer residents and an August 1st reminder notice was sent to all residents with a balance due.
- *Fee Collection* - Collection and processing of fee payments received.
- *Database Maintenance* - Maintained the database with current resident information.
- *Mobilehome Rent Review Commission (“MHRRC”) Educational Meetings* - Provided general ombudsman related activities to residents and held informational meetings with the MHRRC.
- *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.
- *Request for Qualifications (“RFQ”)* - Completed a RFQ process which placed a rate of return expert and Member of the Appraisal Institute (“MAI”) appraiser under on-call contract with the City.

Experts

During FY 14 no rent review hearings or hiring of experts was necessary. These funds would be available to appropriate in FY 15 for hiring of experts if a second rent review case was required. Staff costs related to administering hearings were also not fully realized due to the lack of hearings.

Administrative Costs (Postage, Office Supplies and Printing)

During FY 14, expenses included envelopes, postage, printing of bills and CPI notices, and publication of this hearing notice.

Fiscal Year 2015 (FY15) Budget and Administrative Fee

Staff recommends the fee be reduced from \$60 dollars to \$40 dollars for FY 15 due to the current fund balance and anticipating a slight increase in the number of residents paying the fee during FY 15. The slight increase is anticipated because there is a greater understanding by the residents about the protections provided under Chapter 9.50. Table 2 provides a summary of the FY 15 budget which includes a contingency of \$25,000 for expert time related to one additional case if needed and \$27,260 for other miscellaneous contingencies.

**Table 2
FY 2015 BUDGET SUMMARY**

	Budget
Revenues:	
Available Fund Balance as of 7/1/14	\$92,260
Anticipated Revenues (2,000 @ \$40)	\$80,000
Expenditures:	
Staff Charges	\$92,000
Experts	\$25,000
Postage	\$1,000
Office Supplies	\$500
Printing & Binding	\$1,500
TOTAL ANTICIPATED EXPENDITURES	\$120,000
Anticipated Fund Balance as of 6/30/15	\$52,260
Contingency for Experts	\$25,000
Anticipated Surplus/Deficit	\$27,260

Chapter 9.40 - Housing Assistance (Park Closure or Discontinuance)

State laws govern the closure procedure for mobilehome and trailer parks upon conversion, closure, or cessation of use and allow local implementing agencies to either implement this law on a case by case basis or codify supplement requirements. In 1989, the City of Chula Vista adopted Chapter 9.40 to implement state law and provide additional requirements, including the requirement that an application be submitted to the City for review and approval of a Relocation Plan.

While no applications have been submitted or are anticipated in the near term, staff does not have a mechanism to recover costs related to the processing of such an application. Staff recommends that an application fee be established requiring an initial deposit of \$5,000, based on the estimated cost of staff services required to review and process a park closure. Additional funds may be requested, based on the complexity of the project and actual staff effort required. Any funds remaining on deposit at the time of the completion or withdrawal of the application will be returned to the depositor, after accounting for expenses incurred to date.

DECISION-MAKER CONFLICT

City staff has determined that Councilmember Ramirez has property within 500 feet of a mobilehome park. Upon review of the scope of the proposed action, there is no conflict because any material financial effect is not reasonably foreseeable within the meaning of FPPC regulation 18706.

LINK TO STRATEGIC GOALS

The City’s Strategic Plan has five major goals: Operational Excellence, Economic Vitality, Healthy Community, Strong and Secure Neighborhoods and a Connected Community.

The updates to the Master Fee schedule adhere to the general city policy to ensure private interest activities are not being subsidized by the public at large. The nature of these activities is consistent with the Goals, Strategies and Initiatives in Operational Excellence.

- Strategy 1.1: Uphold a commitment to Fiscal Health.
- Initiative 1.1.1: Implement Fiscal Recovery and Progress Plan.

CURRENT YEAR FISCAL IMPACT

The administrative fee established a Mobilehome Park Space Rent Review Administrative Fee fund to reimburse the City staff time and other costs associated with administering Chapter 9.50. It is projected that this fund will have an available fund balance of \$92,260 that will be restricted for administration of the ordinance and rent review case related expenses.

ONGOING FISCAL IMPACT

The proposed FY 15 budget reflects the revenues and expenditures for this program.