



Staff Report

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**File #:** 24-0126

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**REQUEST FOR CITY COUNCIL ACTION**

**DATE:** 02/21/2024

**TO:** Honorable Mayor and City Council Members

**FROM:** Community Services Department

**SUBJECT:**

PROFESSIONAL SERVICES AGREEMENT WITH RSG, INC. FOR TECHNICAL SUPPORT TO CREATE A MOBILE HOME RENT STABILIZATION ORDINANCE AND PROGRAM

**EXECUTIVE SUMMARY:**

This staff report asks the City Council to approve a Professional Services Agreement with RSG, Inc. for the creation of a Rent Stabilization Ordinance and Program. Mobile home residents in the City of Corona petitioned the City Council to adopt rent stabilization for mobile home parks. At the Council's direction, staff analyzed Corona's mobile home market to determine if a legitimate government interest existed in support of the petition. The study concluded that a legitimate government interest exists, and in October 2023, the City Council directed staff to proceed with creating a rent stabilization ordinance and program. RSG Inc., a consultant with specialized experience in rent stabilization, will assist staff and legal counsel in creating Corona's local mobile home rent stabilization ordinance and program.

**RECOMMENDED ACTION:**

**That the City Council:**

- a. Award and approve a Professional Services Agreement with RSG, Inc. in the amount of \$269,265 to provide technical services to create and enact a mobile home rent stabilization ordinance and program.
- b. Authorize the City Manager, or his designee, to approve change orders up to 10% of the contract value, or \$26,926, for a total contract amount not to exceed \$296,191.
- c. Authorize the City Manager, or his designee, to execute the agreement with RSG, Inc., including any non-substantive extensions, change orders, purchase orders, and amendments.

- d. Authorize an appropriation in the amount of \$296,191 from the General Fund 110 to Property Management Operating Budget within the Community Services Department.
  
- e. Find that competitive bidding has been satisfied and pursuant to Corona Municipal Code 3.08.140 (B) No competitive Market and authorize the City Manager, or his designee, to enter a professional service contract with RSG Inc. to complete the scope of services highlighted herein.

**BACKGROUND & HISTORY:**

Many of Corona’s mobile home residents have experienced rent increases over the years that have created financial hardships. At the request of these residents in 2017, the City Council tasked staff with researching rent stabilization and discussed the matter at a City Council Study Session held on April 26, 2017. At that time, the City Council opted against moving forward with rent stabilization.

In 2022, several mobile home residents resumed their petition for rent stabilization due to higher-than-normal consumer price index rates in the region that resulted in rent increases above the standard 5%. On November 2, 2022, the City Council approved a base contract with RSG to conduct an analysis to determine if legitimate government interest exists for a rent stabilization of mobile homes. RSG’s initial proposal included an option for alternative bid items and based on Corona Municipal Code 3.08.140 (B), no competitive market exists.

A public entity must demonstrate a legitimate government interest to enact mobile home rent stabilization regulations. To determine and document whether a legitimate government interest exists in the City of Corona, RSG conducted an analysis of market data and resident data to evaluate mobile home resident demographics, rent burdens, space rents and pass-through fees, annual rent escalators, the feasibility of relocating mobile homes, and potential spaces exempted from local rent stabilization efforts in accordance with the Mobile Home Residency Law.

Timeline of analysis activities.

- January through March 2023: Research Corona’s local demographics, market, and other related data, including resident and park owner surveys.
- April through June 2023: Conducted meetings with residents and property owners to share updates and for additional data-gathering efforts.
- July through September 2023: Concluded research and analysis, finalized report, and presented findings to the City Council.

RSG’s analysis found that a legitimate government interest does exist, and on October 12, 2023, staff presented the result of the analysis at the City Council Fall Policy Workshop. The City Council directed staff to proceed with creating a Rent Stabilization Ordinance (RSO) and program and to accept RSG’s alternative bid for planning, developing, and implementing a rent stabilization program. Council also asked staff to monitor the status of pending State legislation on mobile home rent stabilization.

The State of California's 2020 Tenant Protection Act (AB 1482), which established rent stabilization for renters statewide, excluded mobile home residents. In 2021, the State enacted Mobilehome Parks: Rent Caps (AB 978), which set rent increase caps at 3% plus the percentage change in the cost of living, or 5%, whichever is lower during the immediately preceding 12 months. Based on the way AB 978 was written, only one mobile home park in the state qualified under this bill, so advocates pushed for broader legislation. In 2023, the Mobilehome Affordability Act: Rent Cap (AB 1035) was introduced to provide statewide rent stabilization for all mobile home parks. AB 1035 was extended to a two-year bill pending ongoing litigation against AB 978. At the timing of this report, the outlook for AB 1035 is still uncertain and legislators are discussing other options.

**ANALYSIS:**

The Scope of Work for the Alternate Bid - Mobile Home Rent Stabilization Implementation Plan - includes the following components:

*Task 1: Assess the Costs and Infrastructure to Implement a Rent Stabilization Program.*

RSG will assess the infrastructure necessary to implement a mobile home rent stabilization program, including staffing needs, start-up costs, and projected annual costs.

*Task 2: Provide Recommendations and Best Practices.*

In conjunction with Task 1, RSG will provide recommendations for the City's initial implementation and long-term implementation of the program based on known best practices.

*Task 3: Provide Advisory Services - Creation of Ordinance and Program Guidelines.*

RSG will provide advisory services throughout the creation of the ordinance and program guidelines, including assisting staff with fee studies and all financial impacts of the program. RSG will also assist staff with program content creation, such as guidelines, notices, forms, applications, letters, fliers, handouts, and social media verbiage.

*Task 4: Provide Staff Support with Program Launch.*

RSG will provide staffing support with all startup tasks and the program launch including CPI rent calculations, notices, Fair Return petition review, and Capital Improvement Pass-Through applications. RSG would also assist staff in fielding inquiries from the public and providing adequate training.

*Task 5: Provide as Needed Services*

RSG can attend and participate in City Council and Staff meetings, as requested. RSG is available to conduct surveys or other forms of community outreach as needed.

A full copy of the agreement with RSG is attached to this staff report as Exhibit 1. Additionally, a full copy of RSG's original proposal is attached to this report providing additional information on the firm's qualifications, schedule of fees, understanding, approach, sources and methods, key personnel (and their qualifications), and relevant sample projects.

The Alternate Bid activities are estimated to take one year from the initial kickoff meeting with staff. In furtherance of the City Council's wishes to implement a local mobile home rent stabilization

program, staff recommends approving a professional service contract to RSG, Inc.

**FINANCIAL IMPACT:**

In accordance with the Proposal, the professional service agreement is \$269,265. A breakdown of the project costs is as follows:

	Description of Work	
1.	Assess the infrastructure necessary to implement a mobile home rent stabilization program, including staffing needs, start-up costs, and projected annual costs.	\$ 13,535
2.	Provide recommendations for the City's initial implementation and long-term implementation of the program based on known best practices.	\$ 11,315
3.	Provide advisory services throughout the creation of the ordinance and program guidelines. Assist staff with fee studies, and all financial impacts of the program. Assist staff with content creation – i.e., forms, applications, letters, fliers/handouts.	\$ 39,000
4.	Provide staffing support with all startup tasks and program launch. Including but not limited to CPI rent calculations, notices, Fair Return petition review, Capital Improvement Pass-Through applications, Inquires and Staff Training.	\$ 89,565
5.	Provide As-Needed Services.	\$ 61,500
<b>TOTAL COST</b>		<b>\$269,265*</b>

Staff is also requesting an additional change order authority of 10%, or \$26,926, as authorized in CMC Section 3.08.070(I), for unanticipated incidental activities. Approval of the recommended actions will result in a total appropriation in the amount of \$296,191 to the Property Management Operating Budget within the Community Services Department. There is sufficient fund balance for the recommended actions.

**ENVIRONMENTAL ANALYSIS:**

This action is exempt pursuant to Section 15061(b)(3) of the Guidelines for the California Environmental Quality Act (CEQA), which states that a project is exempt from CEQA if the activity is covered by the commonsense exemption that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the action is not subject to CEQA. This action considers pursuing a local rent stabilization ordinance, and there is no possibility that the award of a professional service contract in furtherance of the action will have a significant effect on the environment. Therefore, no environmental analysis is required.

**PREPARED BY:** CYNTHIA LARA, COMMUNITY ASSISTANCE MANAGER

**REVIEWED BY:** DONNA FINCH, INTERIM COMMUNITY SERVICES DIRECTOR

**Attachments:**

1. Exhibit 1 - Professional Services Agreement
2. Exhibit 2 - RSG Proposal