



Legislation Text

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REQUEST FOR CITY COUNCIL ACTION

DATE: 11/02/2022

TO: Honorable Mayor and City Council Members

FROM: Community Services Department

SUBJECT:

Professional Service Agreement with RSG Inc. for technical support and analysis related to Rent Stabilization for Mobile Home Residents.

EXECUTIVE SUMMARY:

This staff report asks Council to approve a professional services agreement with RSG Inc. for research related to a Rent Stabilization program for Mobile Home Parks. RSG Inc., a consultant with specialized experience in rent stabilization, will assist staff in obtaining, documenting, and analyzing market data to pursue a study of legal findings required to enact a mobile home rent stabilization ordinance. They will also, conduct public outreach meetings with the Mobile Home Park Owners, mobile home park residents, petitioning residents, and stakeholders.

RECOMMENDED ACTION:

That the City Council:

- a. Award a professional service agreement to RSG Inc. in the amount of \$98,016 to provide professional services to pursue a study of legal findings required to enact a mobile home rent stabilization ordinance, and;
- b. Authorize the City Manager, or his designee, to approve an increase up to 20% of the contract value for a total contract not to exceed \$117,620.
- c. Approve an appropriation not to exceed \$117,620 from the General Fund 110 to the Community Services' operating budget for the agreement with RSG Inc., and;
- d. 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:

Several years ago, a few local mobile home parks were sold to new owners who implemented space rent increases shortly after the purchase. For many of Corona's mobile home residents, the rent increase created financial hardships. At the request of a group of mobile home residents, the City Council tasked staff with researching the feasibility of mobile home rent control to mitigate the financial hardship of the mobile home residents. On April 26, 2017, a City Council Study Session was held to discuss options for potential mobile home rent control regulations. The City Council opted against moving forward with local rent control regulations at that time. Nevertheless, a couple of Council Members mediated an agreement between residents and owners of the Corona La Linda Mobile Home Park to stabilize rents for all existing residents who agreed to sign a long-term lease.

Earlier this year, resident of Corona La Linda resumed their petition for rent stabilization. They met with Council Members and with staff in early June. In response, staff was directed to prepare a staff report for further discussion at the June 15, 2022 Council meeting. In furtherance of the Council's direction, a request for proposal was prepared to commission the services of a consulting firm specializing in rent stabilization analysis, planning, and implementation.

ANALYSIS:

Mobile home parks are regulated by the Mobile Home Residency Law (MRL). As such, local regulations are valid only if they do not conflict with the MRL. California courts have upheld a local agency's authority to regulate mobile home rents. However, a public entity must demonstrate a legitimate government interest when enacting mobile home rent stabilization regulations.

To determine and document whether the City of Corona has a legitimate government interest, an analysis will be conducted to obtain specific market data to understand the impacts of mobile home rental costs within the community. On September 28, 2022, RSG Inc. was engaged and invited to provide a proposal to complete a scope of work for the Rent Stabilization Mobile Home Park Analysis and an Alternate Bid scope of work for the Mobile Home Rent Stabilization Implementation Plan.

The scope of work for the Base Bid includes the following components and will be conducted throughout all mobile home parks located within the City limits:

1. Analyze mobile home resident demographics (i.e., household size, household income, ages of household, etc.) - this information may be obtained through a combination of methods such as direct contact and reliable government databases.
2. Review local Housing Element to determine if mobile homes constitute an essential source of affordable housing.
3. Assess low-income households to determine if a rent burden exists as defined by the US Department of Housing and Urban Development.
4. Examine past and current space rent rates and pass-through fees included in space rent (i.e., utilities, property tax, capital works fair-share, etc.).

5. Assess rent increases and the escalator used to determine if increases are reasonable or inconsistent with standard practices.
6. Evaluate the feasibility of relocating mobile homes.
7. Assess the number of spaces that may potentially be exempted under the Mobile Home Residency Law.
8. Outreach efforts with park owners and resident associations, and individuals.
9. Host a minimum of four (4) meetings.

If the findings conclude a legitimate government interest exists, staff will seek Council direction on whether to move forward with a rent stabilization ordinance. The Alternate Bid was obtained by staff to provide an understanding of the processes and activities involved in creating the program, the additional time involved, and the costs associated with the implementation phase of this activity. The Scope of Work for the Alternate Bid - Mobile Home Rent Stabilization Implementation Plan - includes the following components:

1. Assess the infrastructure necessary to implement a mobile home rent stabilization program, including staffing needs, start-up costs, and projected annual costs.
2. Provide recommendations for the City's initial and long-term program implementation based on known best practices.
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.
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.
5. Provide As-Needed Services.

Base Bid Proposal Summary

Members of the public are invited to review a full copy of the proposal attached to this staff report as Exhibit 1. The proposal provides information on RSG's background, firm qualifications, schedule of fees - Base Bid and Alternate Bid, understanding, approach, sources and methods, key personnel (and their qualifications), and relevant sample projects.

The Base Bid shown below represents the scope of work and analysis needed to understand relevant facts of all ten (10) of Corona's mobile home parks and its residents to determine if a legitimate government interest exists in establishing a rent stabilization section within the municipal code and resultant program. As previously mentioned, the Alternate Bid, found on page 9 of the Proposal, was solicited for informational purposes at this time. Alternative Bid items relate to the planning and implementation phase and provide insight into costs and timing associated should the Council opt to proceed with a rent stabilization program.

BID SCHEDULE**BASE BID (Rent Stabilization Mobile Home Analysis)**

	Description of Work	Unit Price
1.	Analyze mobile home resident demographics (i.e., household size, household income, ages of household, etc.) – this information may be obtained through a combination of methods such as direct contact and through reliable government databases.	\$ 24,066
2.	Review local Housing Element to determine if mobile homes constitute an important source of affordable housing.	\$ 5,735
3.	Assess low-income households to determine if a rent burden exists as defined by the US Department of Housing and Urban Development.	\$ 4,775
4.	Examine past and current space rent rates and pass-through fees included in space rent (i.e., utilities, property tax, capital works fair-share, etc.).	\$ 9,575
5.	Assess rent increases and the escalator used to determine if increases are reasonable or inconsistent with standard practices.	\$ 5,600
6.	Assess the number of spaces that may potentially be exempted under the Mobile Home Residency Law.	\$ 4,800
7.	Evaluate the feasibility of relocating mobile homes.	\$ 5,800
8.	Outreach efforts with park owner and resident associations and individuals.	\$ 12,530
9.	Host a minimum of four (4) meetings.	\$ 25,135
TOTAL COST		\$ 98,016

Schedule and Timing

The Base Bid Analysis is estimated to take one (1) year from the award date. Should the City proceed with codifying and creating a program, the Alternate Bid Planning and Implementation activities are estimated to take an additional one (1) year, for a total of two (2) years.

Basis for Determination of Competitive Bidding

Staff has found it difficult to find firms specializing in rent stabilization for mobile home parks. Several firms in the region, such as RSG Inc., have experience in housing and economic development services. However, with the exception of RSG Inc., those firms do not provide this type of specialized rent stabilization service. Therefore, due to its specific expertise and to avoid any further delay on this matter, staff recommends that the Council find that competitive bidding has been satisfied under

CMC 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.

FINANCIAL IMPACT:

In accordance with the Proposal submitted by RSG Inc., the professional service agreement is \$98,016. Staff requests a total appropriation from General Fund 110 for \$117,620. There is sufficient fund balance available for the recommended action. The additional funds are 20% above the base bid for unanticipated incidental activities. Therefore, staff also request the City Council authorize the City Manager to increase the contract to 20% above the base bid, only if needed.

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 common sense 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 studies and analysis related to rent stabilization, and there is no possibility that approval of the report will have a significant effect on the environment. Therefore, no environmental analysis is required.

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REVIEWED BY: ANNE K. TURNER, COMMUNITY SERVICES DIRECTOR