

DATE: April 13, 2009

TO: Chairman and Members of the Manufactured Home Fair Practices Commission

FROM: Neighborhood Services Department

SUBJECT: REGISTRATION FEES FOR THE MOBILE HOME RENT CONTROL PROGRAM

SYNOPSIS

Staff recommends that the Manufactured Home Fair Practices Commission recommend that the City Council adopt a resolution establishing registration fees of \$132.34 per space, per year for November 12, 2009 through November 11, 2010 (2010 registrations); authorizing park owners to pass through to park residents the first \$67.68 per space of the park's annual registration fee for 2010 registrations; providing for an annual increase in the registration fee equal to the lesser of an 8 percent increase or an increase equal to 75 percent of the percentage increase in the Consumer Price Index (CPI) for the calendar year prior to the year in which the registration is due as reported by the Bureau of Labor Statistics beginning with the 2011 registrations; authorizing park owners to pass through half of any increase in the registration fee beginning with the 2011 registrations; and requiring park owners, who opt to pass through the annual fee, to bill the park residents in twelve equal payments.

BACKGROUND

The Manufactured Home Fair Practices (MHFP) Ordinance was originally adopted by the Oceanside City Council on September 12, 1984, and was codified as Chapter 16B of the Oceanside City Code. The space rent limitations provided by the ordinance became effective January 1, 1985. On November 13, 1991, the Council adopted a Resolution establishing the registration fee at \$54.04 per space, per year. The resolution stated that \$28.60 of the registration fee may be passed through from park owners to park residents. All mobile home park owners in the City of Oceanside must register their parks annually with the Commission no later than November 12th of each year.

ANALYSIS

Section 16.6 (a) permits the City Council to establish a registration fee to recover the administrative costs of the program. The registration fee is intended to defray costs associated with the administration of Chapter 16B, except those costs associated with Net Operating Income (NOI) and special adjustment hearings. In addition, Section 16B.6 (b) allows the park owners to pass through the first \$28.60 per space, per year of the registration fee, and only permits the pass through of additional amounts of registration fee subject to a City Council resolution.

Staff recommends the establishment of the registration fee at \$132.34 per space, per year for the period November 12, 2009 through November 11, 2010 (the time period for the annual registrations for 2010). In addition, staff recommends that the City Council allow the park owners to pass through the first \$67.68 per space of the park's annual registration fee and require park owners, who opt to pass through the annual fee of \$67.68, to divide the amount into twelve equal payments. Thus, the initial monthly amount that park owners may pass through is \$5.64.

The fee increase is necessary due to increased administrative legal expenses and staff costs. The fee has not been raised in more than 17 years. Current annual registration fees total approximately \$122,000. Staff estimates that registration fees will be paid on 2,250 regulated spaces. The estimated proposed registration fees would total \$297,765 ($\$132.34 \times 2,250$).

Staff recommends that the registration fee for the period November 12, 2009 through November 11, 2010 be set at \$132.34 per space per year. In addition, it is recommended that registration fees increase annually at a rate equal to the lesser of an 8 percent increase or an increase equal to 75 percent of the percentage increase in the CPI for the calendar year prior to the year in which the registration is due as reported by the Bureau of Labor Statistics. The park owner would be authorized to pass through half of the increase in the registration fee. If the increase in the fee results in an uneven number, the increase shall be rounded down.

For example, if the CPI for Calendar Year 2009 is 4%, the registration fee for the following year, November 12, 2010 through November 11, 2011, would be \$136.30. ($4\% \times 0.75 = 3\%$; 3% of $\$132.34 = \3.97) The resulting increase of \$3.97 would be rounded down to \$3.96; the new registration fee would be \$136.30 ($\$132.34 + \$3.96 = \136.30). Park owners would be authorized to pass through half, \$1.98, of the increase; the total pass through allowed would be \$69.64 ($\$67.68 + \$1.98 = \69.64)

FISCAL IMPACT

The proposed increase in the registration fee will be sufficient to offset the costs of administering the Mobile Home Rent Control Program. The total costs of administering the program are estimated to be \$297,765 for Fiscal Year 2008-09. The new registration fee is proposed to be \$132.34 per space, per year for the period November 12, 2009 through November 11, 2010. The registration fee will increase each year based on the CPI formula.

RECOMMENDATION

Staff recommends that the Manufactured Home Fair Practices Commission recommend that the City Council adopt a resolution establishing registration fees of \$132.34 per space, per year for November 12, 2009 through November 11, 2010 (2010 registrations); authorizing park owners to pass through to park residents the first \$67.68 per space of the park's annual registration fee for 2010 registrations; providing for an annual increase in the registration fee equal to the lesser of an 8 percent increase or an increase equal to 75 percent of the percentage increase in the Consumer Price Index (CPI) for the calendar year prior to the year in which the registration is due as reported by the Bureau of Labor Statistics beginning with the 2011 registrations; authorizing park owners to pass through half of any increase in the registration fee beginning with the 2011 registrations; and, requiring park owners, who opt to pass through the annual fee, to bill the park residents in twelve equal payments.

PREPARED BY:

ANGELA HANIFIN,
Housing Program Manager,
Neighborhood Services Department

SUBMITTED BY:

MARGERY M. PIERCE,
Director,
Neighborhood Services Department