

Date of Hearing: August 15, 2012

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Norma Torres, Chair

SB 1421 (Correa) – As Amended: August 13, 2012

SENATE VOTE: 36-0

SUBJECT: Mobilehomes: resident-owned mobilehome parks.

SUMMARY: Makes clarifying changes related to the application of the Mobilehome Residency Law (MRL) in a mobilehome park owned and operated by a non-profit mutual benefit corporation. Specifically, this bill:

- 1) Deletes language specifying that Articles 1 through 8 of the MRL apply to residents who rent their space in a mobilehome park owned and operated by a non-profit mutual benefit corporation for which there is no recorded parcel or tract map.
- 2) Clarifies that in a mobilehome park owned and operated by a non-profit mutual benefit corporation, Articles 1 through 8 of the MRL apply to any residents who rent their space from the corporation.
- 3) Includes an urgency clause.

EXISTING LAW specifies that in a mobilehome park owned and operated by a non-profit mutual benefit corporation whose members consist of park residents where there is no recorded condominium plan, tract, parcel map, or declaration, Articles 1 through 8 of the MRL shall govern the rights of members who are residents that have a rental agreement with the corporation (Civil Code Section 799.1).

FISCAL EFFECT: None

COMMENTS:

Enacted in 1978, the MRL governs the relationship between park owners or managers and the residents of the over 4,800 mobilehome parks and manufactured housing communities in California. In most of those parks, residents own their home but lease the land on which their home is installed.

Over the past twenty years, residents have been increasingly interested in various ways to purchase their parks and the spaces upon which their homes are installed. One method of purchasing a park—the nonprofit mutual benefit corporation—is described by the Department of Real Estate as follows:

Park residents need a legal entity to purchase their park. A nonprofit mutual benefit corporation is well suited to this purpose. In general, the nonprofit corporation makes an offer of participation to the residents. Residents who decided to participate become shareholders or members of the corporation. As residents purchase shares or memberships in the corporation, cash is accumulated for the down payment required to

purchase the park. The officers of the corporation, elected by the members and acting on their behalf, negotiate with the seller to purchase the park and solve problems relating to conversion. After conversion, the corporation may manage the park.

The provisions of the MRL are separated into nine different articles. The first eight apply to residents who rent their space from the park and include requirements regarding the rental agreement, rules and regulations, fees, utilities, rent control, homeowner communications and meeting, termination of tenancy, and transfer of mobilehomes. Article 9, the last article, applies to residents who have an ownership interest in a subdivision, cooperative, or condominium for mobilehomes, or a resident-owned mobilehome park. SB 1047 (Correa), Chapter 17, Statutes of 2011, clarified that in a mobilehome park owned and operated by a non-profit mutual corporation whose members consist of park residents where there is no recorded condominium plan, tract, parcel map, or declaration, Articles 1-8 of the MRL govern the rights of members who are residents that have a rental agreement with the corporation.

SB 1421 makes three technical changes to the subdivision enacted by SB 1047 in order to further clarify the language and address issues that arose since enactment. First, it strikes the reference to tract and parcel map. As noted above, in order for Articles 1-8 to apply in a resident-owned park owned by a non-profit mutual benefit corporation, among other things, SB 1047 stated that there must not be a recorded tract or parcel map. According to the author:

In SB 1047, the inclusion of the term "parcel map" resulted, without intention, in significantly reducing the number of affected parks. The inclusion of this term in many cases removes the protection of the amendment and places the parks to which it should apply back in the category of subdivided parks. Consequently, since its enactment at the beginning of this year, a small loophole has been unearthed by some unscrupulous homeowners' association board members who are using it to charge penalty fees on members who, under the intent of this section, are not subject to such penalties.

SB 1421 would address this issue by striking the term "parcel map," thus ensuring that Articles 1-8 of the MRL apply to any resident renting his or her space regardless of whether the park has a recorded parcel map. This bill additionally deletes the term "tract," because the same issue could arise with a tract map.

Second, SB 1421 replaces the phrase "residents who have a rental agreement" with "residents that rent their space" because not all residents who rent their spaces in these types of parks have a signed rental agreement with the corporation. Many only have an oral agreement. The change will ensure that all residents who rent their space from the corporation are covered by Articles 1-8 of the MRL.

Finally, SB 1421 replaces the term "declaration" with "subdivision declaration" to improve clarity. While the word subdivision is implied, given the problems that have emerged with other portions of the language, it seems appropriate to ensure that the language is as clear as possible.

REGISTERED SUPPORT / OPPOSITION:

Support

None on file

Opposition

None on file

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