

# Revised mobile-home rent rule passes

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CAPITOLA — After five months of study, a revised mobile home rent-control ordinance has finally passed.

The City Council Thursday night unanimously approved the revision to its 7-year-old ordinance, which limits rent increases to one a year in Capitola's eight mobile home parks.

The old ordinance limited rent increases to once a year, based on increases in the San Francisco Bay Area Consumer Price Index, which roughly coincides with the inflation rate.

Park residents, however, were upset by continually escalating rents — upwards of 8 percent a year — despite the ordinance.

Council members agreed to halve any price-index increases. Under the old ordinance, park owners were allowed to raise rents the full amount of the index.

Park owners had pushed for 75 percent, while residents wanted 50 percent.

Terry Hancock, attorney for Senior Citizens Legal Services — representing mobile home park residents — generally favored the revisions.

Meg Miranda, spokeswoman for the Western Mobile Home Owners Association — a park-owners group — did not. She called the changes “very restrictive” to owners. “Residents start taking over the management of the park,” she said.

A key concept within the revised ordinance was retaining the so-called “net operating income” standard, which was used in the original ordinance. That standard prohibits decreasing that part of rent not going toward owner costs.

City Attorney Richard Manning said the standard is needed for park owners to receive a “fair rate of return.”

Council members retained the clause since they expressed concern that the ordinance must be defensible in court if challenged by

park owners.

Inherent to the net operating income approach is the requirement that all park-owner costs except those resulting from imprudence must be passed on as increased rents, Manning said.

Park-owner expenses that can be “passed through” to residents in-

clude insurance, unavoidable tax increases, street assessments and infrequent major repairs, such as roofs, streets or earthquake damage.

The council passed the first reading of the revised ordinance. The second reading will return Feb. 24. If passed again, it will become law 30 days later.