

PARK WATCH™ LEGAL DEVELOPMENTS NEWSLETTER

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As Predicted Here, L.A. County Rent Control Threat is Back

By Terry R. Dowdall, Esq.

■ UPSHOT:

The County of Los Angeles enforced mobilehome park rent controls in the 1970's. The law provided an exemption for a model County lease, which paved the way for eventual "sun-setting" of the rent control provisions. All was quiet thereafter.

Then in 2014, with key changes in the Board of Supervisors (Kuehl, Solis, Hahn), rent controls became a real threat.

As predicted. This was our observation and caveat in 2014 when Kuehl was elected to the Board.

On November 5, 2014, I wrote an article that warned that L.A. County owners needed to take immediate preventive steps to deal with risks posed to an unregulated County of Los Angeles by the election of Sheila Kuehl. As a former state senator and prior to that, advocate of rent controls in the City of Santa Monica (one of the first municipalities to pass rent controls in Southern California), Kuehl is a leading proponent of rent controls of the most severe kind. Solis and Hahn further changed the landscape. Now, proposed studies will only show need for rent controls once again.

The possibility of rent controls in the County of Los Angeles are once more afoot.

History of L.A. County Rent Controls.

The County of Los Angeles enforced a rent control law which included an



option for a long term lease, which was approved by the County and implemented over the course of time, contoured for each park as facilitated by a friendly city staffer.

Once the parks were all leased up (ex-

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cept for 2 parks), there was no further need for rent controls. The County counsel and a certain park owner attorney collaborated in writing text for adoption of an ordinance rescinding the County rent law. It passed. The County of Los Angeles has had no rent law since.

We Predicted Need for Immediate Preventive Response:

The County Board of Supervisors is again at risk of passage of rent controls based on these changes in composition, including the addition of the likes of Sheila Kuehl, former Labor Secretary Hilda Solis, and Janice Hahn.

I wrote in 2014,

“ . . . I strongly suggest the County owners take stock of the potential risks now posed, and bulletproof themselves with vested rights against further local governmental intrusions.”

“ . . . I worked with the County Counsel to wordsmith the rescission of the rent control ordinance decades ago. . . If the situation changes, only vested rights and the protections of the contract clause will stop price controls or other interference with park owner's economic expectations.”

“ . . . The time to study the alternatives and implement positive changes to vest rights is right now. If pro-tenant proposals come into the wind later, the tenants will wait and see: the opportunities to secure rights will be gone.”

We recommend:

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- MANDATORY-MEDIATION;
- BROAD-'FACILITIES-RELEASES'

As predicted, and fueled by the shortage of cheap rental units in a strong market, a move is afoot for the passage of rent controls in the County of Los Angeles.

On May 15, 2017, the Los Angeles Weekly reported:

“The last time the Los Angeles County Board of Supervisors passed a rent-control ordinance was at the close of the Jimmy Carter administration in 1979. . . Within the Kenneth Hahn Hall of Administration, rent control hasn't been heard from since — not until last week, that is, when Supervisors Hilda Solis and Sheila Kuehl introduced a motion clearing the way for new protections for tenants in gentrifying areas of unincorporated East L.A. . . .”

“The motion calls for a working group to study policies from around the nation designed to address rental rates, security of tenure, building conditions, and landlord-tenant relations. The motion suggests charging a small fee to landlords to fund the cost of the study.”

“The motion will be heard on May 16, and if it passes the board will form a “Tenant Protections Working Group,” which will report back in 180 days with recommendations on tenant protections for unincorporated areas countywide.”

“The high cost of housing has reached a crisis level in Los Angeles County,” states the motion co-authored by supervisors Solis and Kuehl.

Supervisor Solis told the L.A. Weekly in a written statement: “I hear from countless residents in the unincorporated areas of my district that their rental rates are skyrocketing. With this motion, we are calling upon County departments to produce new tools to address the region's extreme housing crisis.”

Larry Gross, executive director for the group the Coalition for Economic Survival was part of the coalition in the late 1970s central in the passage of rent stabilization laws at the city and county levels. Gross has been involved in the process of rent control in L.A. for a long time, and he says the signs from the board are encouraging.

“It would be strictly a good government policy stance on the part of the Board of Supervisors recognizing there is a tremendous need to protect tenants in unincorporated areas,” Gross says.

* * *

“Right now those tenants are literally sitting ducks,” Gross says. “The landlords can raise the rent as much as they want, as many times as they want, and evict you whenever they want. There are anti-discrimination and anti-retaliation laws but those things are very hard to enforce.”

* * *

Supervisor Solis told the Weekly that a lack of tenant protections has led to “neighborhood instability and

long-time tenant displacement.” She said without such protections, initiative like funding and building new affordable housing would be “undermined.”

Gross says that historically renters in the unincorporated areas have lacked the numbers and the clout to push for rent control with the Board. Especially after onetime strongholds of tenant organizing like West Hollywood, Santa Clarita and Malibu withdrew from the county and incorporated.

Gross says the moment is ripe for change and that people will acknowledge the need.

“Now the housing crisis has gotten so severe there's a new movement to push for a new law.”

This development again proves the admonition that if you are not currently living under rent control in California, as a park owner, one day you will be. Yes, I predicted this development, but the shift in supervisory composition was plainly in view.

Too late to act? Maybe not.

Property owners in the unincorporated area of Los Angeles should, as a reasonable management practice in my view, be seeking innovative ways to educate residents about the cost efficiencies and benefits of long term leases

(including avoiding administrative County fees for rent controls) for all concerned. Start exploring exemptions to the oncoming regulations—before rent controls descend on your property and paralyze further economic growth.

Bear in mind, a park rental is *not* likely to be a viable alternative to rent controls in this situation, as the rent increase stoppages are being considered for residential rentals, including all forms of dwellings.

For park owners, it is time to attain prevailing market rent and vest before whatever roll-back dates to be enforced:

1. Leases allowed by the Mobilehome Residency Law (Civil Code §§798, et seq.),

2. Vesting rents with roll-outs up to full payment,

3. Using diminishing credits to protect a base rent,

but by whatever means, *I recommend you not capitulate and just wave good-bye to your property rights.* Action needs to be taken *now* for the protection of your property.

The Rule: If you are leased up, the law cannot be applied to you. This is a superior alternative for residents and owner.

In the end, finding exemptions from the oncoming rent law will be required to prevent shackling your freedom to adjust rents and to avert the effective conversion of your property into little more than a regulated and diminishing cash flow.

— TRD



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