

COURT OF APPEAL, FOURTH DISTRICT

DIVISION TWO

STATE OF CALIFORNIA

LAKE CADENA INVESTMENTS, LTD.,

Plaintiff and Respondent,

v.

CITY OF COLTON,

Defendant and Appellant.

E017900

(Super.Ct.No. SCV273124)

O P I N I O N

APPEAL from the Superior Court of San Bernardino County. Raul S. Rosado, Judge. (Retired Judge of the Superior Court, sitting under assignment by the Chief Justice pursuant to art. VI, § 6 of the Cal. Const.) Affirmed.

Best Best & Krieger, Jack B. Clarke, Jr. and Susan D. Wilson, for Defendant and Appellant.

Terry R. Dowdall for Plaintiff and Respondent.

Defendant City of Colton (Colton) appeals from judgment in favor of plaintiff Lake Cadena Investments, Ltd. (Lake Cadena), following trial on Lake Cadena's complaint challenging a 1992 amendment to Colton's rent stabilization ordinance

(hereafter, the 1992 amendment). Colton claims the trial court erred in ruling that the 1992 amendment unconstitutionally impaired existing contractual rights and was preempted by the Mobilehome Residency Law (Civ. Code, § 798 et seq.). We disagree, and we affirm.

FACTS AND PROCEDURAL BACKGROUND

In 1989, Colton enacted a rent control ordinance (Ord. No. 0-19A-89) to “protect mobile home owners from unreasonable rent increases” while at the same time “recogniz[ing] the need of mobile home park owners to receive a just and reasonable return on their investment”

In 1992, Colton amended the ordinance to prohibit mobile home parks from requiring prospective tenants to assume existing long term leases. The 1992 amendment provided, “No prospective tenant shall be required to accept as a condition of rental of any space or purchase of any mobile home left in place any rental agreement in force between a Park Owner and any Tenant at the time a vacancy occurs.” (Colton Mun. Code, § 15.48.040, subd. (E).) In addition, the 1992 amendment added two new sections to the rent control ordinance. Those new sections provide that (1) a prospective tenant may voluntarily assume the lease or rental agreement that existed between the vacating tenant and the mobile home park owner (Colton Mun. Code, § 15.48.040, subd. (D)) and (2) all rights and obligations imposed by Civil Code section 798.17 shall also apply to prospective tenants of mobile home parks, and that “[n]o prospective tenant shall be

required to accept a long-term rental agreement as a condition of tenancy” (Colton Mun. Code, § 15.48.680, subd. (A)).

Under the Mobilehome Residency Law (Civ. Code, § 798 et seq.), a local rent control ordinance does not apply to long term leases for sites within mobile home parks. (Civ. Code, § 798.17, subds. (a)(1), (b)(1).)

Lake Cadena, the owner of a mobile home park, brought this action for damage and for declaratory and injunctive relief against Colton, claiming that the 1992 amendment unconstitutionally impaired its existing contractual rights, was preempted by state law, and violated its civil rights. The trial court granted summary adjudication, holding that the 1992 amendment impaired Lake Cadena’s existing contractual rights and was preempted by the Mobilehome Residency Law. A jury trial was held solely on the issue of damages. The jury found Lake Cadena had suffered no actual damages. Judgment was thereafter entered, and this appeal ensued.

DISCUSSION

I. Standard of Review

This appeal calls upon us to determine whether the 1992 amendment impaired existing contractual rights and whether the ordinance was preempted by state law. These issues involve pure questions of law; thus, the trial court's determination is reviewable de novo. (See *Estate of Coate* (1979) 98 Cal.App.3d 982, 986.)

II. The Ordinance Was Preempted by Civil Code Section 798.17

Colton argues the trial court erred in concluding the 1992 amendment was preempted by Civil Code section 798.17. Under article XI, section 7 of the California Constitution, a city or county may enact and enforce “all local, police, sanitary, and other ordinances and regulations not in conflict with general laws.” However, in the event of a conflict between such local legislation and state law, the state law preempts the local legislation, and the local legislation is void. (*Sherwin-Williams Co. v. City of Los Angeles* (1993) 4 Cal.4th 893, 897.)

“A conflict exists if the local legislation duplicates, contradicts, or enters an area fully occupied by general law, either expressly or by legislative implication. [Citations.] [¶] Local legislation is duplicative of general law when it is coextensive therewith. [Citation.] [¶] Similarly, local legislation is contradictory to general law when it is inimical thereto. [Citation.] [¶] Finally, local legislation enters an area that is fully occupied by general law when the Legislature has expressly manifested its intent to fully occupy the area [citation], or when it has impliedly done so in light of one of the following indicia of intent: (1) the subject matter has been so fully and completely covered by general law as to clearly indicate that it has become exclusively a matter of state concern; (2) the subject matter has been partially covered by general law couched in such terms as to indicate clearly that a paramount state concern will not tolerate further or additional local action; or (3) the subject matter has been partially covered by general law, and the subject is of such a nature that the adverse effect of a local ordinance on the transient citizens of the state outweighs the possible benefit to the locality [citations].

(Sherwin-Williams Co. v. City of Los Angeles, supra, 4 Cal.4th at pp. 897-898.)

(Mobilepark West Homeowners Assn. v. Escondido Mobilepark West (1995) 35 Cal.App.4th 32, 44, internal quotation marks omitted.)

The first step in our preemption analysis is to “determine whether the local regulation explicitly conflicts with any provision of state law. [Citation.]” *Cohen v. Board of Supervisors* (1985) 40 Cal.3d 277, 291.) Thus, we first turn to the provisions of the Mobilehome Residency Law. Section 798.17, subdivision (a) states, “Rental agreements meeting the criteria of subdivision (b) shall be exempt from any ordinance, rule, regulation, or initiative measure adopted by any local governmental entity which establishes a maximum amount that a landlord may charge a tenant for rent. The terms of a rental agreement meeting the criteria of subdivision (b) shall prevail over conflicting provisions of an ordinance, rule, regulation or initiative measure limiting or restricting rents in mobilehome parks, only during the term of the rental agreement or one or more uninterrupted, continuous extensions thereof.” (Civ. Code, § 798.17, subd. (a).)

Subdivision (b) of section 798.17 establishes the following criteria for the exemption described above: “(1) The rental agreement shall be in excess of 12 months’ duration. [¶] (2) The rental agreement shall be entered into between the management and a homeowner for the personal and actual residence of the homeowner. [¶] (3) The homeowner shall have at least 30 days from the date the rental agreement is first offered to the homeowner to accept or reject the rental agreement. [¶] (4) The homeowner who executes a rental agreement offered pursuant to this section may void the rental

agreement by notifying management in writing within 72 hours of the homeowner's execution of the rental agreement.”

Civil Code section 798.8 defines a rental agreement as “an agreement between the management and the homeowner establishing the terms and conditions of a park tenancy. A lease is a rental agreement.” Civil Code section 798.9 defines a homeowner as “a person who has a tenancy in a mobilehome park under a rental agreement.”

As noted, the Mobilehome Residency Law explicitly defines and regulates long term leases exempt from local rent control. By its own terms, section 798.17 applies not to homeowners or prospective homeowners, but to *rental agreements*. (Civ. Code, § 798.17, subd. (a).) Any rental agreement that satisfies specified conditions is exempt from local rent control.

Thus, when Lake Cadena enters a qualifying long term rental agreement with a homeowner, that rental agreement is exempt from local rent control for “the term of the rental agreement or one or more uninterrupted, continuous extensions thereof.” (Civ. Code, § 798.17, subd. (a).) However, under the 1992 amendment, when the homeowner assigns that rental agreement to a new occupant before the expiration of the term of the rental agreement, the new occupant is free to reject the existing rental agreement and demand a new rental agreement that is subject to rent control, even when express terms of the existing rental agreement provide otherwise.

Under common law, a new tenant who accepts an assignment of an existing lease is in both privity of estate and privity of contract with the landlord, and the landlord may

enforce the terms of the existing lease against that new tenant as a third party beneficiary of the assignment. (See *Bank of America etc. Assn. v. Moore* (1937) 18 Cal.App.2d 522, 525.) No new contract is entered between the landlord and the successor tenant; rather, the old lease continues in force until it terminates under its own provisions or the parties mutually agree to terminate it. However, the 1992 amendment makes the remaining portion of a long term lease subject to local rent control when the original lessee assigns that lease to another party. The new tenant then has a unilateral right to reject the existing lease and demand an entirely new lease. This result is in conflict with Civil Code section 798.17, subdivision (a); the 1992 amendment is therefore preempted by that section.

Because we conclude the 1992 amendment was preempted by state law, we need not address whether the 1992 amendment also led to an unconstitutional impairment of

existing contract rights.

DISPOSITION

The judgment is affirmed.

/s/ Ward
J.

We concur:

/s/ McKinster
Acting P.J.

/s/ Richli
J.

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O R D E R

THE COURT:

A request having been made to this Court pursuant to California Rules of Court, rule 978(a), for publication of a nonpublished opinion heretofore filed in the above entitled matter on December 15, 1997, and it appearing that the opinion meets the standard for publication as specified in California Rules of Court, rule 976(b),

IT IS ORDERED that said opinion be certified for publication pursuant to California Rules of Court, rule 976(b).

/s/ Ward

J.

We concur:

/s/ McKinster

Acting P.J.

/s/ Richli

J.