

**CITY OF SANTA PAULA
MEMORANDUM**

To: Honorable Mayor and Members of the City Council Regular

From: Monica Castillo, City Attorney

Subject: ADOPTION OF URGENCY ORDINANCE AND INTRODUCTION OF A
NON-URGENCY ORDINANCE TO REGULATE SUCCESSIVE RENT
INCREASE APPLICATION

Date: March 4, 2026

Agenda Item: 10.A

RECOMMENDATION:

Staff recommends the City Council:

1. Adopt an Urgency Ordinance Amending Chapter 152 (Mobile Homes and Mobile Home Parks) of the Santa Paula Municipal Code to Regulate Successive Rent Increase Applications, Setting Forth Facts Constituting Such Urgency, and Finding the Urgency Ordinance is Exempt from the California Environmental Quality Act.
2. Introduce, waive first reading of, and read by title only, Ordinance No. 1353 entitled "An Ordinance of the City Council of the City of Santa Paula Amending Chapter 152 (Mobile Homes and Mobile Home Parks) of the Santa Paula Municipal Code to Regulate Successive Rent Increase Applications, and Finding the Ordinance is Exempt from the Environmental Quality Act".

Presented by: Monica Castillo, City Attorney

BACKGROUND:

At its January 6, 2026 meeting, the Housing and Homelessness Standing Committee ("Committee") discussed an urgency ordinance to restrict how often a mobilehome park may file a rent adjustment application. The Committee voted to refer the item for placement on the City Council's agenda for discussion with the full Council. The Committee's referral is in response to mobilehome owner concerns about mobilehome parks applying for rent increases repeatedly within a short period of time.

At its February 2, 2026 meeting, the City Council considered a proposed urgency ordinance that added the following restriction on rent increase applications:

"No park owner may apply for a rent increase within 12 months after a decision on the merits of a previous application, absent unusual circumstances."

The staff report explained that the "unusual circumstances" exception allows the owner to still apply where unforeseen circumstances could deny the owner a fair return. For example, to

calculate a fair return, the City's Ordinance takes into account a park's operating expenses. Operating expenses include utility costs that are not passed through to residents. If these utility costs dramatically spiked in the 6 months following the prior application, then the "unusual circumstances" exception would provide a way for owners to recover a fair return.

After deliberation and public comment, the City Council directed the City Attorney to prepare an urgency ordinance regulating the frequency of mobilehome park rent adjustment applications.

Subsequent to the February 2, 2026, meeting, the City Attorney received additional input on the proposed urgency ordinance from interested parties. The attached proposed urgency ordinance and companion regular ordinance respond to that input and are presented this evening for the City Council's consideration.

ANALYSIS:

Santa Paula Mobile Home Rent Stabilization Ordinance

The City's mobilehome park rent stabilization ordinance, codified at Santa Paula Municipal Code ("SPMC") Chapter 152 (the "Ordinance"), was adopted in 1986. There are six mobile home parks in Santa Paula with approximately 771 units. These parks include Rancho Santa Paula, Santa Paula West, The 400 Mobile Estates, the Oaks Mobile Home Estates, and the Anacapa Mobile Home Park.

Annual Permissive CPI Increases

Under SPMC § 152.07(A), on February 1st of every year, park owners are allowed to increase rent within a certain amount which is tied to the Consumer Price Index (CPI). The CPI measures inflation and is recalculated annually. The allowable rent increase is 75% of the change in CPI between October of the previous year and October of the year before that. However, regardless of the rise in inflation, the rent increase may not exceed 7% of the current rent amount. Park owners are free to implement a CPI increase every year on their own, if they so choose. These CPI increases do not require park owners to file an application with the City.

Other Rent Increases

For other types of rent increases, park owners must file an application with the City. The City's ordinance allows for two types of increases: (1) increases based on the cost of a completed capital improvement and (2) increases to permit a just and reasonable return and maintain net operating income. See SPMC §§ 152.07(B) and 152.08. Santa Paula's ordinance does not preclude a park owner from re-filing substantially similar rent increase applications within short intervals of time.

Urgency Ordinance

The proposed urgency ordinance would prohibit a park owner from filing a new application within 12 months of a prior decision which denied an application seeking substantially similar relief based on substantially the same facts if (1) the prior application was decided on the merits or (2) the decision is under judicial review. A decision on the merits does not include a decision based solely on procedural grounds.

There is an exception to the 12-month general prohibition. A park owner may apply for a rent increase to obtain a fair return only if there is a material change in circumstances arising after the prior decision. A material change in circumstances means a substantial change affecting a park owner's entitlement to a just and reasonable return under the Ordinance. A material change may include, without limitation: (1) a significant increase in reasonable and necessary operating expenses; (2) a significant decrease in gross income; or (3) a significant change in applicable laws, regulations, or governmental requirements that directly increases costs or reduces lawful revenues. The change must not have been known or reasonably foreseeable at the time of the prior application and must have occurred within 12 months following the prior decision. It is the park owner's burden to demonstrate such a material change in circumstances.

The proposed ordinance will likely be upheld. It includes an exception that provides park owners a meaningful opportunity to obtain a fair return while still imposing a general 12-month waiting period to re-apply, thus tailored to serve the government interests stated in the ordinance. California courts have consistently held that rent control regulations satisfy constitutional requirements so long as the regulatory framework, viewed as a whole, provides a mechanism for achieving a fair return. (See *Fisher v. City of Berkeley* (1984) 37 Cal.3d 644, 683–684 [ordinance valid where landlords may obtain a fair return].) The California Supreme Court has also recognized that a temporary regulatory delay to a rent increase is not a taking if the rent control framework ultimately allows a park owner to recover a fair return. (*Kavanau v. Santa Monica Rent Control Bd.* (1997) 16 Cal.4th 761, 782-783.) The Court has also held that procedures that “are carefully tailored to meet the legitimate interests of [an] ordinance ‘without a substantially greater incidence and degree of delay than is practically necessary’ are not impermissibly confiscatory (*Carson Mobilehome Park Owners' Assn. v. City of Carson* (1983) 35 Cal.3d 184, 193, quoting *Birkenfeld v. City of Berkeley* (1976) 17 Cal.3d 129, 169.) The urgency ordinance thus aligns with case law.

In order to be adopted, the proposed urgency ordinance requires a four-fifths vote of the City Council and will take effect immediately. The ordinance will only apply to applications filed after its effective date.

In addition, an urgency ordinance requires a declaration of facts constituting such urgency for immediate adoption. For the reasons described more fully in the urgency ordinance, regulating the frequency of substantially similar rent increase applications, except when there is material change in circumstances, is necessary for the immediate preservation of the public peace, health or safety. Without this urgency ordinance's immediate adoption, the City will irreversibly expend scarce public resources on duplicative serial applications, diverting public funds and staff time from essential municipal services. In addition, repetitive applications destabilize mobilehome residents by creating ongoing uncertainty over housing costs. This in turn imposes indirect pressure on homeowners to move and undermines housing stability. Additionally, a stop to these detrimental impacts on the public peace, health, and safety cannot wait until the City's planned revision of the entire Ordinance. Updating the whole Ordinance is anticipated to involve several weeks of input and dialogue with mobilehome parks and residents and after that at least two City Council meetings plus 30 days for the ordinance to go into effect.

Non-Urgency Ordinance

Accompanying the urgency ordinance is also a regular ordinance proposed for introduction

and first reading. It adds a new section to the City's existing Ordinance identical to the one in the urgency ordinance but does not contain urgency findings.

STRATEGIC PLAN:

This item promotes Strategic Plan Category D. Healthy, Connected, & Thriving Community, Objective 13: Rent Stabilization - Study rent stabilization options relative to current state laws.

FISCAL IMPACTS:

A decrease in the frequency of applications as result of adopting the proposed ordinances may alleviate staff time associated with processing applications and reduce costs of legal and consultant services.

OPTIONS:

The City Council may in the alternative to staff's recommendation:

1. Direct staff to make substantive amendments to the urgency ordinance and the regular ordinance. Substantive amendments to the regular ordinance will require re-introduction of the ordinance at a future public meeting.
2. Decline staff's recommendation.
3. Take other action as desirable.

ATTACHMENTS:

[ATTACHMENT A - Urgency Ordinance 1352-U.pdf](#)

[ATTACHMENT B - Ordinance 1353.pdf](#)