



CITY OF EL MONTE
ECONOMIC DEVELOPMENT DEPARTMENT

Minh Thai
Economic Development
Director

March 15, 2016

SUBJECT: City of El Monte Notice of Allowable Annual Mobilehome Space Rent Increase Based on Consumer Price Index for Calendar Year 2016

City of El Monte Mobilehome Park Owner/Manager:

On August 4, 2015, the City Council of the City of El Monte (the "City") adopted Ordinance No. 2860 (the "Ordinance") regarding the City's mobilehome rent stabilization program. The full Ordinance can be found on the City's website in English at bit.ly/1W6ISUK and in Spanish bit.ly/1LbNSHi. A copy is also required to be posted in the office and recreational building/clubhouse of every mobilehome park in the City.

The Ordinance defines "rent" as:

Any consideration, including any bonus, benefit or gratuity, demanded or received by a landlord for or in connection with the use or occupancy, including housing services, of a rental unit or in connection with the assignment of a lease or in connection with subleasing of the rental unit. 'Rent' shall not include: (i) utility charges [sic] for sub-metered gas and electricity; (ii) charges for water, refuse disposal, sewer service, and/or other services which are either provided and charged to mobilehome residents solely on a cost pass-through basis and/or are regulated by state or local law; (iii) any amount paid for the use and occupancy of a mobilehome unit (as opposed to amounts paid for the use and occupancy of a mobilehome space); (iv) charges for laundry services; (v) storage charges.

Exceptions

The Ordinance limits the rent that you may charge on certain mobilehome spaces.

However, such limitations do not apply to:

- a) Mobilehome park spaces subject to long-term leases in excess of twelve (12) months, per Civil Code 798.17(b). For example, if a tenant of a mobilehome in a mobilehome park in the City is subject to a long-term, five (5) year lease, then applicable rent increases are governed by the terms of such lease, in accordance with preempting state law;
- b) Mobilehome park spaces qualifying as new construction under Civil Code Section 798.45;
- c) Government owned mobilehomes; and/or
- d) Mobilehome park spaces occupied by mobilehomes owned by the mobilehome park owner as of July 1, 2015.

Increasing Rents

If the preceding exemptions (a) through (d) do not apply, you may charge rent greater than that rent charged on such mobilehome park space as of July 1, 2015, provided it complies with one (1) of the following:

- a) An annual Consumer Price Index for the Los Angeles-Anaheim-Riverside area reported (“CPI”) increase taking effect on or after May 1, 2016; or
- b) The in-place sale of mobilehome owned by the mobilehome park; or
- c) A City-approved petition for a rent adjustment to obtain a fair return; or
- d) Rent increases for new capital improvements.

Information regarding (a) above is described below. For additional information regarding (b), (c), and (d) above, please see Section 8.70.050 of the Ordinance.

Increases During 2016

Calendar year 2016 is a transitional year regarding the implementation of the City’s mobilehome rent stabilization program and applicable notices of rent adjustment. In calendar year 2016 only, you may charge rent greater than that rent charged on such mobilehome park space as of July 1, 2015 provided is not greater than the percentage increase in reported CPI between July 1, 2015 and the date in 2016 of the notice of such rent increase.

Please be advised, that the data currently available from the United States Department of Labor’s Bureau of Labor Statistics, which reports the applicable CPI, indicates a decline in CPI in each month between July 2015 and December 2015, which may limit the overall increase in CPI between July 1, 2015 and the prospective date in 2016 when you may provide applicable tenants notice of a rent increase for calendar year 2016. Rental increases based upon CPI adjustment must be rounded to the nearest one-quarter of one percent. However, increases less than one-quarter of one percent (.25%) may be automatically rounded up to one-quarter of one percent (.25%).

For example, based on the table below, the CPI was 247.07 for July 2015, which increased slightly to 247.16 in January 2016 (data for February 2016 is not yet available). This results in a difference of 0.09 or 0.03%, which can be automatically rounded up to 0.25%. Please note that this is merely an example and that you can obtain the relevant CPI adjustment by determining the percentage difference between the applicable CPI in July 2015 to the CPI applicable when you provide notice to a tenant of such an increase. For updates to the CPI, please refer to <http://data.bls.gov/cgi-bin/surveymost?cu> (and retrieve data for “Los Angeles All Items”).

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2015	239.72	241.3	243.74	243.57	246.09	245.46	247.07	246.33	245.43	245.81	245.71	245.36
2016	247.16											

Increases After 2016

Allowable rent CPI-based rent increases will be simplified following the transitional 2016 calendar year. Beginning in calendar year 2017, Section 8.70.060(A) will allow annual rent increases to occur on or after May 1 equal to the reported CPI percentage increase between January 30 of the prior year to January 30 of that current year. Subsequent City notices for calendar year 2017 and subsequent years of allowable rent increases will provide further detail.

Posting of this Notice

With regard to notice of the allowable rent increase set forth herein, the City shall post this notice at City Hall and on the City's website on or before March 15, 2016, in accordance with the Ordinance. In addition, within three (3) calendar days of receipt of this notice each park owner/management is obligated to post a copy of this notice in a prominent place in the mobilehome park(s) that you own and/or manage.

If you have any further questions regarding this notice, please direct them, in writing, to Joaquin Vazquez of the Office of the City Attorney at 11333 Valley Boulevard El Monte, California 91731 or at jvazquez@omlawyers.com.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Minh Thai', with a stylized flourish at the end.

Minh Thai
Economic Development Director