CITY OF RANCHO CORDOVA

CITY COUNCIL MEETING
Tuesday, November 9, 2021

5:30 PM – Special Meeting/Work Session
David B. Roberts Council Chambers

City Hall
2729 Prospect Park Drive, Rancho Cordova

In response to Governor's Executive Order N-29-20 and the Resolution Declaring the Existence of a Local Emergency Relating to the COVID-19 Pandemic adopted by the City of Rancho Cordova, the City is following the state and local guidelines. This meeting will also be available to the public via video/teleconferencing.

Join the Meeting Via Zoom Link:
https://cityofranchocordova.zoom.us/j/83629151985?pwd=cGFqOFlubzhiZXo2UmFFOExvc1lZQT09

Join the Meeting via the Zoom Phone Number
Zoom Phone Number: US: +1 669 900 6833, +1 253 215 8782, 888 475 4499 (Toll Free)
Webinar ID: 836 2915 1985
Password: 246830

Instructions to Make Public Comment

Submitting Public Comment via Email

Members of the public who wish to provide public comment via email will need to submit comments to CityClerk@cityofranchocordova.org no later than 3:00 p.m. on Tuesday, November 9, 2021. All comments submitted later than 3:00 p.m. will be sent to the City Council for their review and may not be read during the meeting.

Listening to a Zoom Meeting by Zoom Video Conference

To make a public comment using the Zoom platform, please use the "raise hand" feature at the bottom center of the screen. Please make sure to enable audio controls once access has been given

by the City Clerk's office to speak. Please wait to be called upon by the City Clerk.
Listening to a Zoom Meeting by Phone Only

You can join a Zoom meeting via teleconferencing/audio conferencing using a cell phone or traditional landline phone. To request to make a public comment by phone press *9 to raise your hand. Please wait to be called upon by the City Clerk.

All public comments will be limited to three-minutes.

If you have questions related to the City Council Meeting or the use of Zoom, please contact the City Clerk's Office at (916) 851-8720 Tuesday, November 9, 2021 before 3:00 p.m.

AGENDA

1. SPECIAL MEETING - CALL TO ORDER/ROLL CALL

Council Members Linda Budge, Siri Pulipati, David Sander, Donald Terry, and Mayor Garrett Gatewood

2. PUBLIC COMMENT

At a special meeting, citizens wishing to address the Council for any matter on the agenda may do so at the time the matter is discussed. Under the provisions of the California Government Code, the City Council is prohibited from discussing or taking action on any item not on the agenda.

3. SPECIAL MEETING

3.1. **Subject:** Mobile Home Park Space Rent Stabilization Discussion.
Recommendation: Receive presentation, provide feedback and direction.

3.2. **Subject:** Discussion of Proposed Projects/Programs for American Rescue Plan Act (ARPA) Funds.
Recommendation: Receive presentation and provide direction.

4. COUNCIL REQUESTS FOR FUTURE AGENDA ITEMS

5. ADJOURNMENT

ADDITIONAL INFORMATION

SPECIAL MEETINGS LISTED BELOW ARE SUBJECT TO CHANGE/CANCELLATION WITHOUT FURTHER NOTICE.

Public documents related to items on the open session portion of this agenda, which are distributed to the City Council less than 24 hours prior to the meeting, shall be available for public inspection at the time the documents are distributed to the Council. Documents are available for inspection at the City Clerk's office located in Rancho Cordova City Hall.

The agenda items are accessible on the City's website at www.cityofranchocordova.org on Fridays prior to the Special City Council Meeting.

UPCOMING MEETINGS

November 15, 2021	**5:30 PM Regular Meeting**
December 6, 2021	**4:00 PM Special Meeting/Regular Meeting**
December 14, 2021	**5:30 PM Special Meeting/Work Session**
December 20, 2021	**5:30 PM Regular Meeting**

If you have any technical questions related to the agenda items, please contact City Hall at (916) 851-8700.

In compliance with the Americans with Disabilities Act, if you need a disability-related modification or accommodation, including auxiliary aids or services, to participate in this meeting, please contact the City Clerk's Office at (916) 851-8720 at least 24 hours prior to the meeting.

CERTIFICATION OF POSTING OF AGENDA

I, Stacy Leitner, City Clerk for the City of Rancho Cordova, declare that the foregoing agenda for the November 9, 2021 Special Meeting of the Rancho Cordova City Council was posted and available for review on November 5, 2021 at City Hall of the City of Rancho Cordova, 2729 Prospect Park Drive, Rancho Cordova, California, 95670. The agenda is also available on the city website at www.cityofranchocordova.org.

Signed November 5, 2021 at Rancho Cordova, California.

Stacy Leitner

Stacy Leitner, CMC
City Clerk

MEMORANDUM

ITEM 3.1.

DATE: November 9, 2021

TO: Honorable Mayor and Council Members

FROM: Stefan Heisler, Housing Manager

SUBJECT: **MANUFACTURED HOME PARK SPACE RENT STABILIZATION DISCUSSION**

RECOMMENDATION

Receive presentation, provide feedback and direction.

RESULT OF RECOMMENDED ACTION

Staff will present information regarding resident-owned communities and multiple aspects of space rent ordinances. Staff is requesting direction on whether the City Council desires to move forward with drafting a space rent stabilization ordinance for consideration.

BACKGROUND

There are eight (8) manufactured home parks in the City of Rancho Cordova comprising 1,345 spaces. One Park, Mobil Country Club, is restricted to people ages 55 and above.

On February 1, 2021 Council requested staff look into various considerations of assuming responsibility for code enforcement in manufactured home parks, space rent control policies in other cities and the effectiveness of those policies.

On August 16, 2021, staff presented these topics and Council requested additional information about resident-owned communities and more information regarding various aspects of space rent stabilization ordinances.

To inform these discussions, staff have reached out to all eight of the manufactured home parks, contacted over 25 residents of parks in Rancho Cordova, surveyed several jurisdictions in California with existing space rent stabilization ordinances, and interviewed five resident-owned communities in the Sacramento region.

RESIDENT-OWNED COMMUNITIES

Staff contacted five resident-owned communities in the Sacramento region and the nationwide umbrella nonprofit ROC USA who is a large facilitator of resident park purchases to gather more information on the process and outcomes of parks purchased by residents.

The most common origin of a park purchase is when an existing park owner decides to sell the park. Three of the five resident-owned communities in the Sacramento region staff spoke to, followed this route. This purchase typically involves each homeowner contributing their unit's share of the total purchase price. The ownership is then held under a co-op or homeowner's association (HOA) managed by the park residents. Nonprofits, such as ROC USA, or local jurisdictions may contribute grants, loans, or other capital to facilitate these down payments.

When a park goes up for sale, the owner will usually be in a hurry to complete the transaction and may not have the time or patience to wait for residents to pool their resources together and secure financing before accepting another offer. Other investors may also be able to offer a higher price than a group of residents. Therefore, it can be very useful to have ROC USA, or a similar nonprofit, who can quickly assemble residents and capital, to proactively contact park owners and negotiate sales on behalf of residents. None of the parks in Rancho Corodva are currently for sale.

Another common origin for resident-owned communities, used by two of the five in the Sacramento region, is that a park originally began as a resident-owned community. In these instances, a developer may have created all of the individual parcels, and an HOA to manage common areas and amenities, and sold each parcel separately. Parcels in these parks are automatically part of the HOA.

SPACE RENT STABILIZATION ORDINANCES

Overall, in the State of California there are 83 cities and 9 counties known to have some form of manufactured park space rent stabilization ordinance.

Rate Benchmarks

Of the 92 jurisdictions in California with a space rent stabilization ordinance 86% use some percentage of the Consumer Price Index (CPI) as the benchmark for rent increases. Of all the jurisdictions, 51% use a rate less than 100% of CPI, 35% use 100% CPI, and 0% use a rate higher than CPI. 12% of all the jurisdictions use a hearing, board, arbitration, or other process to determine the annual rate of rent increases. And 2% of all the jurisdictions use a flat annual rate that does not change from year to year or follow CPI. Increases in these jurisdictions range from a low of 50% of CPI up to a maximum of 8% per year.

These 92 jurisdictions are more closely split on whether they have a maximum annual rate cap for rent increases. For example, in jurisdictions using 100% of CPI as the benchmark, there may also be a cap for rent increases of 6% even if CPI goes beyond that. 59% have some form of a cap and 41% do not have any maximum rate cap.

Noticing and Rate Increase Triggers

Noticing of rate increases can include sending an annual letter to all parks and park residents or simply posting the rate of increase on the City's website. The triggers for rent increases can be automatic on a certain date or be determined by an annual City Council decision, Rent Review Commission, or another hearing body.

None of the jurisdictions contacted by staff this year while researching mobile home parks have staff dedicated 100% to the space rent control programs. Staffing in the jurisdictions contacted ranged from less than 0.1 full-time employee (FTE) up to 0.5 FTE.

Ability to Target or Focus a Space Rent Stabilization Ordinance

Space rent stabilization ordinances can be targeted or focused on certain populations. There are two main legal standards for targeting space rent stabilization ordinances. They must provide a “just and reasonable return”, and they must have a “rational relationship” to a legitimate public purpose. *Cotati All. For Better Hous. V. City of Cotati*, (1983) 148 Cal. App. 3d 280, 283, 290.

Recognizing these standards, it may be possible to target an ordinance towards higher-cost parks or parks with age restrictions or based on individual homeowner characteristics such as the age or income group of a homeowner. *Pennell v. City of San Jose* (1986) 42 Cal. 3d 365, 374.

There are two main exemptions in State law, spaces that were created after 1990, and leases that are longer than 12 month. It is possible to require owners to offer leases less than 12 months but may be more difficult to prove a legitimate public purpose. Cal. Civ. Code §§ 798.45, 798.17.

Special Cases for Additional Increases or Decreases

Special cases may arise which need to be clearly spelled out in an effective space rent stabilization ordinance. Such cases include transfers of ownership, park improvements, and other cases. Common transfers include inheritance of a unit, sales of units, or other transfers. Increases for park improvements include major investments to park infrastructure or maintenance for roads, lighting, landscaping, or other amenities. These cases may also include decreases for significant reductions in amenities or services provided. Other special cases include what happens after an eviction or if a unit is being replaced.

FISCAL IMPACT

There is no fiscal impact for this discussion. An eventual adopted policy may have a fiscal impact in additional staff time to administer new local programs. These costs will be further delineated at a future time depending on Council direction to move forward with a space rent stabilization ordinance.

ATTACHMENT(S)

1. Presentation

Manufactured Home Parks

Space Rent Stabilization Discussion

November 9, 2021

Goals for this Presentation

1. Staff will present two topics:
   a) Information gathered on resident-owned park acquisitions

   b) Information on rent stabilization ordinances around the following categories:
      - Ability to target specific parks or demographics
      - Rate increase benchmarks
      - Noticing and increase triggers
      - Special cases for rent increases or decreases

2. Receive public comment and Council direction on next steps

RC Context
- 8 parks
- 1,345 units
- One park is age restricted to 55+

Discussion Background

On February 1, 2021 and August 16, 2021, Council received information regarding:

- The City's ability to assume code enforcement and building code responsibility
- The City's ability to enact space rent control policies
- The experience of other jurisdictions who have taken over code enforcement responsibilities
- The existing space rent levels in the City's parks and other local information
- The cost and effectiveness of other space rent control policies

The City Council requested the following information for a continued discussion:

- Examples of resident-owned parks in our region
- More information regarding space rent control policies

Outreach Conducted During this Process

Staff have conducted the outreach listed below to inform these discussions and notify park owners that these are occurring:

- Phone calls, emails, and letters to the 8 Manufactured Home Parks in Rancho Cordova
- Conversations with over 25 residents across 5 of the 8 parks
- Surveyed 5 jurisdictions across California that have space rent stabilization ordinances
- Interviewed 5 resident-owned communities, ROC USA nonprofit and industry professionals regarding resident park purchases

Examples of Resident-Owned Communities

Who we spoke to – 5 parks in our region, ROC USA nonprofit, industry professionals

How it typically works

- 2/5 parks originally began as resident-owned communities
- 3/5 parks were purchased by residents when the park went up for sale
    - In one case the local City got involved with grants to help residents pay the upfront purchase cost
- Timing of securing financing is important to meet seller timelines

Next steps

- Stay on the lookout for potential opportunities
- Work with ROC USA or similar nonprofit to proactively reach out to park owners on their interest in selling

Space Rent Stabilization Policies

Rate of increase benchmarks (out of 92 jurisdictions in CA)

- Less than CPI - 51%
- CPI - 35%
- Above CPI – 0%
- By hearing, board, or other – 12%
- Consistent flat rate – 2%

Rate of increase cap or no cap

- 59% have some form of cap on annual increases
- 41% do not have a cap on annual increases

Noticing

- Notice sent to all applicable residents automatically
- Post information on the City website

Rate of increase triggers

- Automatic calculation of increase based on CPI or other benchmark
- Rent Review Commission decision body
- City Council annual decision

Space Rent Stabilization Policies

Special cases for rate increases

- Transfers of ownership
  - Heirs
  - Sales
  - Transfers
- Increase for park improvements (or decreases for service reductions)
  - Infrastructure, lighting, road maintenance, landscaping
  - Common areas and amenities
- Other cases
  - Replacing units
  - After an eviction

Space Rent Stabilization Policies

Stabilization Ordinance Parameters

- Policies must generally allow a “just and reasonable return”
- Ability to focus a policy is possible based on if there is a “rational relationship” to a legitimate public purpose
  - Options for possibly targeting individual tenants or parks
    - Park age
    - Age of residents
    - Certain income groups

State law exemptions

- Spaces created after 1990
- Leases longer than 12 months

Next Steps

Staff will receive public and Council feedback on preferences, possible next steps include:

1. No further action, but continue looking for opportunities to assist resident purchases of parks
2. Begin engaging residents and property owners in detailed discussions to fine tune a space rent stabilization proposal for Council consideration
3. Continue researching the issue and return to Council with additional information for further discussion

Question for Council

- Staff requests Council direction on one of the options above or other direction

THANK YOU

COMMENTS AND QUESTIONS?

MEMORANDUM

ITEM 3.2.

DATE: November 9, 2021

TO: Honorable Mayor and Council Members

FROM: Kim Juran, Administrative Services Director

SUBJECT: **DISCUSSION OF PROPOSED PROJECTS/PROGRAMS FOR AMERICAN RESCUE PLAN ACT (ARPA) FUNDS**

RECOMMENDATION

Receive presentation and provide direction.

RESULT OF RECOMMENDED ACTION

This presentation will provide the City Council with an opportunity to receive and discuss potential projects and programs to be funded by the City's American Rescue Plan Act (ARPA) funding allocation. After the presentation, the City Council will be asked to identify project and program priorities and determine next steps in finalizing the City's ARPA spending plan.

BACKGROUND

On May 10, 2021, the U.S. Department of the Treasury announced the launch of the Coronavirus State and Local Fiscal Recovery Funds, established by the American Rescue Plan Act of 2021 (ARPA), to provide $350 billion in emergency funding for state, local, territorial, and Tribal governments. Treasury also released guidance on the ways funds can be used to respond to acute pandemic-response needs, fill revenue shortfalls among state and local governments, and support the communities and populations hardest-hit by the COVID-19 crisis.

The City of Rancho Cordova's total allocation is $15,588,333; the first installment of 50% of this amount was received by the City in May 2021 and the second installment of the remaining 50% is anticipated to be received in May 2022. These funds can be used for costs incurred beginning March 3, 2021. Plans for the use of the ARPA funds must be finalized by the end of 2024 and all funds must be expended by the end of 2026.

The guidance provided by the U.S. Department of Treasury identifies the following funding objectives for the use of ARPA funds:

- Support urgent COVID-19 response efforts to continue to decrease the spread of the virus and bring the pandemic under control. This objective can be met by funding public health response and mitigation efforts.

- Replace lost public sector revenue to strengthen support for vital public services and help retain jobs. The calculation for public sector revenue loss is done on an entity-wide basis rather than a source-by-source basis, which limits the City's ability to recover lost funds due to the pandemic because entity-wide losses were not experienced due to continuing new growth in the City and the recently passed tax measure.
- Address the negative economic impacts and support immediate economic stabilization for households and businesses impacted by the COVID-19 pandemic. This objective can be met by providing financial assistance to workers, families, and businesses impacted by COVID-19.
- Address systemic public health and economic challenges that have contributed to the unequal impact of the pandemic. Under this category, local governments can support additional projects and services if they are provided within a Qualified Census Tract (a low-income area as designated by the Department of Housing and Urban Development).
- Investing in Water and Sewer Infrastructure, which includes Stormwater operations. Funds can be used to infrastructure improvements in these identified areas.
- Investing in improving broadband infrastructure with a focus on households and businesses with poor broadband connectivity and delivering reliable download/upload speeds of 100 Mbps minimum.
- Provide premium pay to essential workers in key sectors such as healthcare, grocery and food services, education, childcare, sanitation, and transit.

The City Council received a report on eligible uses of ARPA funds and began initial brainstorming at the August 2, 2021 meeting. Council directed staff to begin developing a list of potential projects and programs for further discussion. This work session is a follow-up to that meeting and is an opportunity to review and discuss proposed projects and programs and provide direction on next steps.

FISCAL IMPACT AND FUNDING SOURCE

This report is for informational purposes only and to provide direction on ARPA funding priorities.

ATTACHMENT(S)

1. ARPA Follow up Discussion Nov 2021

American Rescue Plan Act Follow-Up Discussion

November 9, 2021

Agenda

- Continue dialog on use of ARPA funds started in August 2021
  - Review city allocation & Treasury guidelines for use ARPA of funds
  - Recap of council identified priority areas
- Receive and discuss potential projects & programs
- Provide direction on priority initiatives for further development by staff
  - Determine timeline for next steps

Rancho Cordova Allocation

Total Allocation $15,588,333

- First allocation of $7,794,166 received May 2021
- Second allocation of remaining amount anticipated in May 2022

Timeline for Use of Funds

- Funds can be used for costs incurred beginning March 3, 2021
- Plans must be finalized by end of 2024 and spent by end of 2026

Eligible Use of Funds – Categories

- Support Public Health Response
- Replace Public Sector Revenue Loss
- Address Negative Economic Impacts
- Equity Focused Services in Qualified Census Tract
- Water and Sewer Infrastructure
- Broadband Infrastructure
- Premium Pay for Essential Workers

Recap of Council Discussion in August 2021

Majority of the council indicated support of following areas:

- Supporting public health in our community
  - Expanding availability of behavioral/mental health services to the community
  - Helping to address food insecurity
- Assisting the business community of negative economic impacts of COVID
- Any project/program within the Equity Focused Services category
  - Serving those in the community that are most in need
- Eligible infrastructure projects
- Enhancing city-wide access to reliable broadband

Potential Programs – Support Public Health

- Behavioral/mental health/substance abuse services for all ages
- Expanded City response to homeless issues
- Service Navigator
- Rancho Cordova Food Locker support

Potential Programs – Address Negative Economic Impacts

- Re-allocate eligible workforce development programs from Measure R to ARPA
  $800K

- California Capital Financial Development Corporation - small business loan program
  $885K

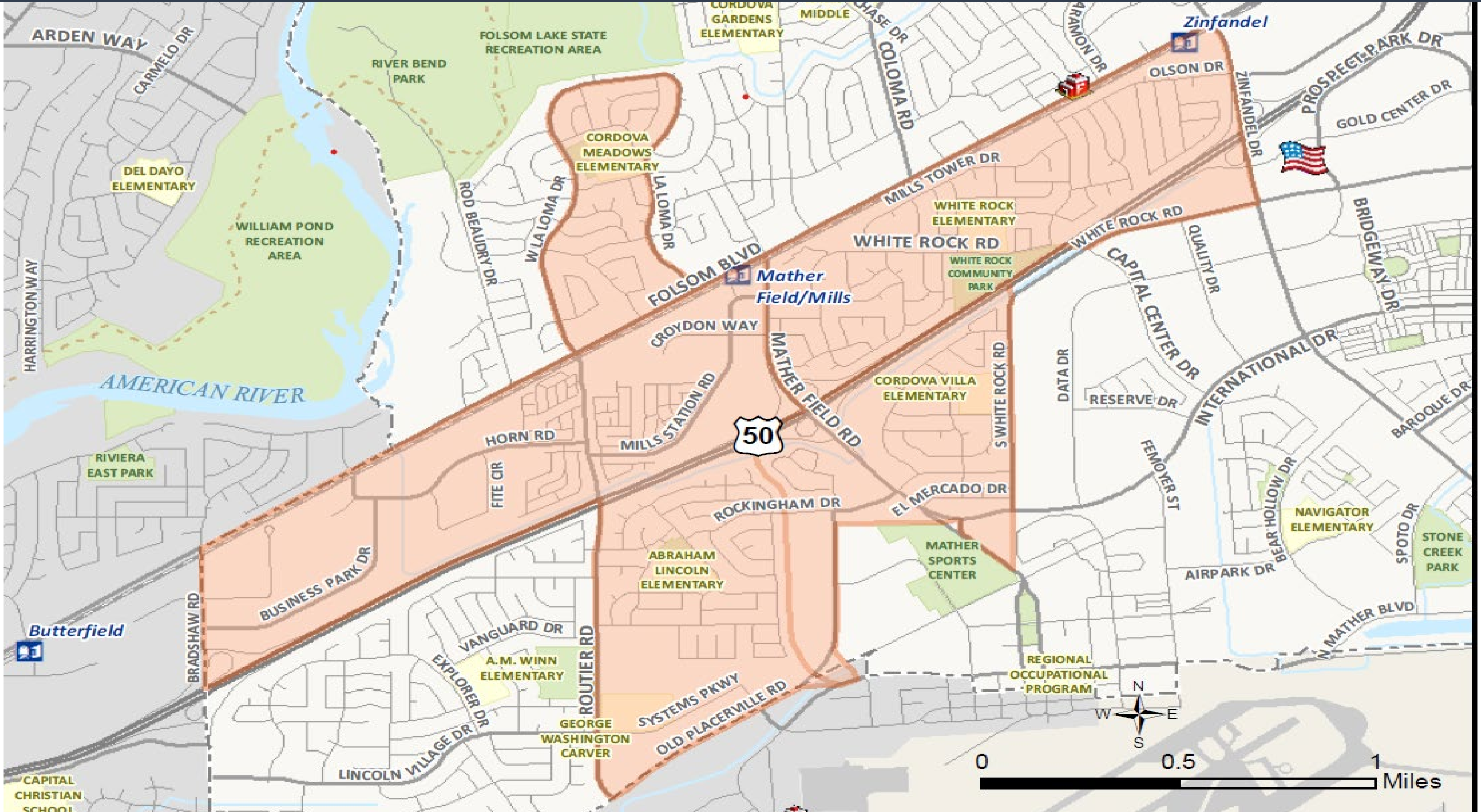
- Second round of small business relief grants
  $400K

Eligible Uses of Funds – Equity Focused Services

Broader range of services and programs are available in areas designated a Qualified Census Tract (QCT)

- Addressing health disparities and the social determinants of health
- Building stronger neighborhoods and communities
  - Supportive housing and services for homeless individuals and development of affordable housing
- Addressing educational disparities exacerbated by COVID-19
  - Early learning services and tutoring or after school programs
  - Support services for students' social, emotional, and mental health needs
- Promoting health in childhood environments including childcare
- Projects that build stronger neighborhoods and communities
  - Outdoor recreation spaces and public spaces that promote healthier living environments

Qualified Census Tract



Potential Programs – Equity Focused Services

Multi Faceted Approach to Neighborhood Revitalization

- **Infrastructure/Housing**
  - Enhance pedestrian safety - widen sidewalks and improve street lighting
  - Creation of community greens/gardens on vacant/distressed properties
  - Single family residential affordable housing opportunities

- **Education**
  - Educate residents on available programs/services (Service Navigators)
    - Workforce development/job training
    - City home beautification programs
    - Support Services

Potential Projects – Equity Focused Services

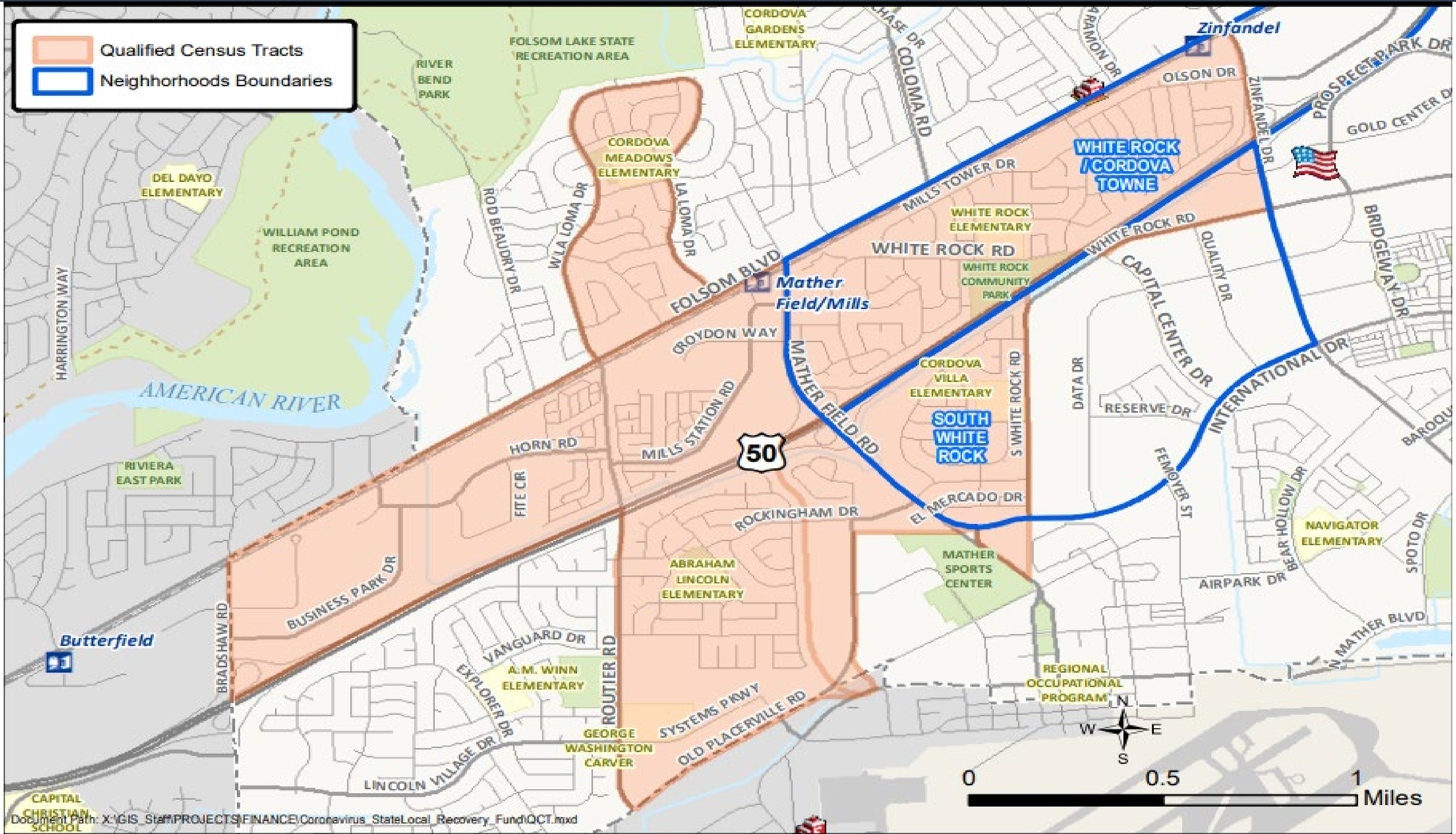
Multi Faceted Approach to Neighborhood Revitalization

- **Neighborhood Revitalization/Reinvestment**
  - Expand existing property maintenance/landscaping programs to create greater impact in a specific neighborhood
  - Expand Abandoned Vehicle Program
  - Focused property acquisition and redevelopment around transit

- **Support Services**
  - Create partnership to provide quality, low-cost childcare to qualifying residents
  - Workforce development programs

- **Enhancing Public Safety**
  - Expanded youth programming
  - Investment in new technologies

Pilot Neighborhood: White Rock/South White Rock



Potential Projects – Water & Sewer Infrastructure (includes Stormwater)

- Sunrise/Monier drainage shed improvement project
  $5 Million

- Kilgore/Folsom drainage shed improvement project
  $2 Million

- Mills Tower drainage shed improvement project
  Undetermined

- Mather Field/International drainage shed improvement project
  $500K

Potential Projects – Broadband

Infrastructure

- Existing broadband infrastructure via Comcast
  - 100Mbps download capabilities already available throughout the City
  - 100 Mbps upload capabilities only partially available since it is not a commonly requested service

- Upcoming SiFi project will add fiber throughout all of the City within next five years

Affordability

- Funds could be utilized to expand/prolong existing broadband affordability programs

Desired Outcomes

Discuss proposed projects/programs

- Are there any projects/program that staff should not further pursue?

- Identify priority projects/programs for use of ARPA funds
  - Determine next steps to finalize spending plan
  - Desire to incorporate unfunded projects/programs into FY 22/23 Measure R discussion?