
SENATE COMMITTEE ON HOUSING
Senator Scott Wiener, Chair
2023 - 2024 Regular

Bill No: AB 319 **Hearing Date:** 6/20/2023
Author: Connolly
Version: 5/18/2023
Urgency: No **Fiscal:** Yes
Consultant: Mehgie Tabar

SUBJECT: Mobilehome Parks Act: inspectors: conflict of interest: enforcement actions: sunset

DIGEST: This bill extends the sunset date on the Mobilehome Parks Maintenance (MPM) inspection program by one year, and requires the Department of Housing and Community Development (HCD) to establish policies related to conflict of interest reporting for mobilehome park inspectors.

ANALYSIS:

Existing law:

- 1) Requires HCD, or a city, county, or city and county that assumes responsibility for the enforcement of the Mobilehome Parks Act (MPA), to enter and inspect mobilehome parks, with a goal of inspecting at least 5% of the parks per year, to ensure enforcement of the MPA and subsequent regulations. The enforcement agency's inspection must include an inspection of the exterior portions of individual manufactured homes and mobilehomes in each park inspected.
- 2) Authorizes the officers or agents of an enforcement agency to enter and inspect all parks, wherever situated, and inspect all accommodations, equipment, or paraphernalia used in connection with the park, including the right to examine any registers of occupants to secure the enforcement of the MPA.
- 3) Requires the enforcement agency, in developing its MPM inspection program, to inspect the mobilehome parks that the agency determines have serious health and safety complaints.
- 4) Provides that the inspection program shall remain in effect until January 1, 2024.

- 5) Requires HCD or the local enforcement agency to collect an annual \$4 fee per space to fund the MPM inspection program.
- 6) Requires every agency to adopt and promulgate a Conflict of Interest Code pursuant to the provisions of Article 3 of Chapter 7 of the Political Reform Act.
- 7) Defines “designated employee” to mean any officer, employee, member, or consultant of an agency whose position with the agency is: exempt from state civil service; elective; designated in a Conflict of Interest Code; or involved as a state employee in the functions of negotiating or signing a contract.
- 8) Requires each agency’s conflict of interest code to contain the following provisions:
 - a) The positions within the agency that involve the making or participation in the making of decisions which may foreseeably have a material effect on any financial interest, and for each such position, the specific types of investments, business positions, interests in real property, and sources of income which are reportable;
 - b) A requirement that an investment, business position, interest in real property, or source of income be made reportable by the conflict of interest code if the business entity in which the investment or business position is held, the interest in real property, or the income or source of income may foreseeably be affected materially by any decision made or participated in by the designated employee;
 - c) A requirement that each designated employee file statements disclosing reportable investments, business positions, interests in real property, and income;
 - d) A requirement that an initial statement be filed by each designated employee within 30 days after the effective date of the conflict of interest code, and thereafter, a requirement that each new designated employee file a statement within 30 days after assuming office;
 - e) A requirement that each designated employee file an annual statement, at the time specified in the conflict of interest code, disclosing reportable investments, business positions, interests in real property, and income held or received at any time during the previous calendar year;
 - f) A requirement that each designated employee who leaves office must file, within 30 days of leaving office, a statement disclosing reportable investments, business positions, interest in real property, and income held or received at any time during the period between the closing date of the last required statement and the date of leaving office;
 - g) The circumstances in which designated employees or categories of designated employees must disqualify themselves from making,

participating in making, or using their official position to influence the making of any decision; and

- h) A requirement for disqualification when the designated employee has a financial interest which it is reasonably foreseeable may be affected materially by the decision.

This bill:

- 1) Extends by one year, from January 1, 2024 to January 1, 2025, the sunset date on the MPM inspection program and related implementing statutes.
- 2) By January 1, 2025, requires HCD, in accordance with the Political Reform Act of 1974 and specified regulations, to establish policies to do all of the following:
 - a) Review the statement of economic interests filed by each inspector who is a designated employee for the purposes of the conflict of interest code;
 - b) Require HCD, when reviewing a statement of economic interests, to identify any potential conflict due to an interest in real property disclosed by the inspector, not including the inspector's principal residence;
 - c) Promptly notify an inspector if a required statement has not been filed or if the review of the statement of economic interests filed by the inspector indicates that the statement is incomplete or incorrect in any material aspect; and
 - d) After making at least two attempts at attaining compliance under c), above, notify the Fair Political Practices Commission of each inspector who has not submitted a statement of economic interests.
- 3) By January 1, 2025, requires HCD to do both of the following:
 - a) Establish policies to document complaints against inspectors and the steps taken to address those complaints; and
 - b) Refer all complaints against inspectors alleging misconduct to HCD's equal employment opportunity officer or other individual specified in HCD's policies.

COMMENTS:

- 1) *Author's statement.* "Californians living in mobile home parks should feel confident that the inspectors supervising their properties are making decisions based on what's best for residents, not what's best for the inspectors' personal financial interests. AB 319 creates greater transparency and eliminates the potential for conflicts of interest that could put housing inspectors in ethically compromising situations."

- 2) *Background: Mobilehomes.* More than 700,000 people live in California's approximately 4,700 mobilehome parks. Mobilehome owners do not own the land the unit sits on and instead pay rent and fees to mobilehome park management for use of the lot and any community spaces. Unlike traditional single-family homes, mobilehomes are considered chattel (personal) property and not real property. As such, purchasing a mobilehome is often much less expensive than traditional site-built housing and mobilehomes represent an important source of affordable housing in the state, especially for seniors and low-income households who are increasingly priced out of traditional rental housing.

Despite their name, mobilehomes are not truly mobile and it is often cost prohibitive (up to \$20,000) to relocate them. Additionally, some older homes may not be able to be moved at all due to structural concerns or the fact that parks often will not accept older mobilehomes. Recognizing this, the state has passed several laws governing the relationship between mobilehome owners and park management.

- 3) *Legislative history of the MPM inspection program.* HCD inspects parks and mobilehomes for health and safety issues. Under the MPM program, HCD annually inspects 5% of parks for compliance with health and safety requirements under the Mobilehome Parks Act (MPA) and corresponding regulations. The program is funded through a \$4 fee, of which the property owner may charge half (\$2) to the homeowners. In addition to the MPM program, HCD also responds to health and safety complaints under the MPA. With HCD's approval, a city or county can also act as a local enforcement agency and can request authority to enforce the Mobilehome Parks Act and perform inspection activities for mobilehome parks within its jurisdiction. In 2019, HCD reported that 63 local enforcement agencies in the state were responsible for enforcing the MPA for 860 mobilehome parks.

AB 925 (O'Connell, 1990) created the MPM inspection program and required HCD or a local enforcement agency to inspect every mobilehome and every mobilehome park in the state once every five years. In 1999, SB 700 (O'Connell), extended the MPM inspection program until January 1, 2007. About one-third of mobilehome parks in the state were inspected under the MPM program from 2000 to 2007. In 2006, SB 1231 (Dunn) extended the sunset date on the MPM inspection program until January 1, 2012. SB 951 (Correa, 2010), extended the MPM inspection program until January 1, 2019 and SB 46 (Leyva, 2018) subsequently extended the program until January 1, 2024.

This bill extends for one additional year the sunset date on the program to afford stakeholders time to identify changes that may be beneficial to the program structure.

- 4) *Conflict of interest requirements.* MPM inspectors are "designated employees" subject to HCD's conflict of interest code, which the department was required to adopt under the provisions of the Political Reform Act. As designated employees, MPM inspectors are required to file annual statements of economic interest, commonly referred to as Form 700s, with the FPPC and must recuse themselves from being involved in department decisions that may materially affect any financial interests they possess.
- 5) *California State Auditor's Report 2019-111.* In 2020, the California State Auditor published the results of their audit, "Mobile Home Park Inspections: The Department of Housing and Community Development Must Improve Its Inspection Processes to Better Protect Park Residents."

The audit examined the MPM program and made a variety of recommendations to HCD to improve the program—develop procedures to review the annual and assuming-office Form 700s of all inspectors with reportable interests, and establish policies to document all complaints against inspectors and the steps it takes to address those complaints, and refer all complaints to its equal employment opportunity officer.

This bill codifies some recommendations from the audit by requiring HCD to establish policies and procedures related to conflict-of-interest reporting activities and procedures for documenting and addressing complaints against park inspectors. The author argues that while HCD has accepted these recommendations and made changes to their internal policies, codifying these recommendations will reduce the likelihood of future potential conflicts of interests.

RELATED LEGISLATION:

SB 46 (Leyva, Chapter 835, Statutes of 2018) — extended the MPM inspection program until January 1, 2024.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

POSITIONS: (Communicated to the committee before noon on Wednesday, June 14, 2023.)

SUPPORT:

Western Manufactured Housing Communities Association

OPPOSITION:

None received.

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