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Limits on Mobilehome Rent Control. Low-Income Rental Assistance. Initiative Statute.

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**Limits on Mobilehome Rent Control.
Low-Income Rental Assistance. Initiative Statute.**

Official Title and Summary Prepared by the Attorney General

**LIMITS ON MOBILEHOME RENT CONTROL.
LOW-INCOME RENTAL ASSISTANCE. INITIATIVE STATUTE.**

- Phases out local rent control laws on mobilehomes. Prohibits new state and local rent control laws.
- Limits existing local rent control laws to current spaces. Prohibits controls on rent increases smaller than annual cost-of-living increase; eliminates controls on rent for space when tenancy or unit ownership changes.
- Requires park owners to provide subsidy of 10% of monthly rent for very low-income tenants if fewer than 10% of existing spaces are subject to rent control and if subsidy will not subject more than 10% of spaces to rent control or subsidy.

**Summary of Legislative Analyst's
Estimate of Net State and Local Government Fiscal Impact:**

- Future savings to local agencies totaling statewide at least several million dollars annually.
-

Analysis by the Legislative Analyst

Background

About 500,000 California households live in mobilehomes. Mobilehomes differ from traditional single-family homes in that they are built in factories and then moved to the place where the household wishes to live.

Most mobilehome owners have placed their homes on land that is rented from a mobilehome park owner. Once placed in a park, mobilehomes are difficult and expensive to move. As a result, when mobilehome owners wish to leave a park, they typically sell their home to someone else, rather than move the mobilehome.

Local Rent Control Laws. About 100 cities and counties have laws restricting the amount of rent mobilehome park owners may charge people who live in their park. These laws typically limit rent increases to rates equal to—or less than—inflation. Some communities, however, allow additional rent increases when a mobilehome is sold, transferred, or sublet. Local rent control laws apply to nearly 150,000 mobilehomes in California.

Proposal

This measure phases out mobilehome rent control laws and prohibits local government from enacting new mobilehome rent control laws. The measure also requires mobilehome park owners to provide rent discounts to very-low income mobilehome owners.

Rent Control. The measure makes two major changes to existing local mobilehome rent control laws. First, the measure would eliminate—over time—all existing rent restrictions on mobilehomes. Specifically, rent restrictions on a mobilehome park space would be eliminated when a mobilehome owner sells, transfers, or sublets the home. It would take many years before all spaces in a park were exempt from rent control.

Second, the measure modifies the laws controlling rents on mobilehomes that remain subject to rent control. Specifically, these laws could not restrict annual rent increases to below the rate of inflation. This provision

would allow park owners to increase rents at rates slightly higher than allowed under existing laws.

The measure also:

- Prevents local government from making new laws that control mobilehome rents.
- Overturns any state law restricting mobilehome rents.
- Requires any future state law controlling mobilehome rents to be approved by the voters.

Rent Discounts. The measure requires mobilehome park owners to provide 10 percent rent discounts to mobilehome owners with “very-low” income. The level of income considered “very-low” is defined by state law and varies by county. For example, two people with incomes of less than \$13,850 a year in Fresno County are considered to have “very-low” income, whereas in Los Angeles County, the comparable amount is about \$20,500. Park owners would have to provide these discounts for up to 10 percent of the spaces in the park. (Mobilehome park spaces still subject to rent control, however, would count toward the 10 percent requirement.) Park owners could end a rent discount for various reasons, such as if the mobilehome owner is six days late with a rent payment or violates park rules. In these cases, a mobilehome owner could reapply for assistance in one year.

Fiscal Effect

In the near term, local agencies with rent control laws would experience increased costs to administer the phase-out of rent control. In some communities, these increased costs would be offset by decreased costs to oversee mobilehome park rent increases. Any short-term net costs—or savings—would vary by community, but are not likely to be significant.

In the long term, after all mobilehome park spaces were exempt from rent control, local agency costs to administer rent control laws would be eliminated. The extent of these local agency savings statewide probably would total at least several million dollars annually.

For the text of Proposition 199 see page 62

Limits on Mobilehome Rent Control. Low-Income Rental Assistance. Initiative Statute.

Argument in Favor of Proposition 199

TAXPAYER GROUPS, SENIOR CITIZENS, HOUSING ADVOCATES AND MOBILEHOME TENANTS ALL URGE A "YES" VOTE FOR PROPOSITION 199.

PROPOSITION 199 WILL HELP STOP THE DECLINE OF AFFORDABLE HOUSING IN CALIFORNIA.

Affordable mobilehome housing is rapidly disappearing in California. Over 600 mobilehome parks have closed since 1981. In the last five years, only a handful opened in jurisdictions with rent regulations.

This dramatic decline is the result of local rent regulations that drive up the cost of mobilehome housing while discouraging maintenance and new construction.

UCLA economist Dr. Werner Hirsch, a national expert on mobilehome housing, says local rent regulations artificially increase the re-sale price of mobilehomes by thousands of dollars, making units less affordable.

Contrary to opponents' claims, inflated re-sale prices of mobilehomes, not monthly pad rents, create the biggest obstacle to affordable mobilehome housing.

This is particularly important for seniors, since 80% purchase their mobilehomes outright with no mortgage. They then pay only a pad rent, which averages approximately \$300 per month statewide.

PROPOSITION 199 PROTECTS CURRENT TENANTS, IMPROVES ACCESS.

Proposition 199 preserves rent control for current tenants. No one with rent control will lose it. Market prices take effect only when current tenants move out.

The U.S. Census Bureau reports the average age of mobilehome tenants in California is only 46 years old. Many younger families looking to mobilehomes for affordable housing are denied access because of the effects of local rent regulations.

By restoring market forces, Proposition 199 will make purchasing a mobilehome more affordable for seniors, young families and others.

PROPOSITION 199 PROTECTS THE TRULY NEEDY.

Local mobilehome rent regulations apply to all tenants within a jurisdiction, whether they need them or not. Poor and fixed-income persons are denied affordable housing because

rent regulations inflate mobilehome re-sale prices.

Proposition 199 requires rent reductions for those truly in need, and requires park owners to privately finance these reductions. There is no cost to taxpayers.

PROPOSITION 199 WILL SAVE SEVERAL MILLION PER YEAR FOR LOCAL GOVERNMENT.

California taxpayers have shelled out tens of millions for attorneys and bureaucrats to administer the hodgepodge of 102 different mobilehome rent regulations throughout California.

And the bill keeps going up, with taxpayers spending several million more each year to administer these regulations—our tax dollars are better spent on police, fire and public services.

Proposition 199 will end this waste.

LOCAL MOBILEHOME RENT REGULATION HAS BEEN A FAILURE.

Local mobilehome rent regulation has had precisely the opposite effect its promoters predicted, increasing housing costs, reducing supply, decreasing maintenance and creating a costly new level of government bureaucracy.

PROPOSITION 199 IS A FAIR SOLUTION.

Economists, housing advocates and taxpayers all recognize it's time for a change. But opponents argue for continuation of this failed policy, seeking to protect the \$330 million windfall in re-sale value they gained when local regulations were first adopted.

The interests of all Californians for affordable housing and reduced government bureaucracy out-weigh the narrow interests of this small group. VOTE YES ON PROPOSITION 199.

LEWIS K. UHLER

President, The California Tax Limitation Committee

SANDRA L. BUTLER

President, United Seniors Association

VICKIE M. TALLEY

Executive Director, Manufactured Housing Educational Trust of Orange, Riverside and San Bernardino Counties

Rebuttal to Argument in Favor of Proposition 199

Proposition 199 will raise rents and phase out rental assistance for senior citizens.

The American Association of Retired Persons (AARP), California Council of Churches, and California AFL-CIO urge a "NO" vote on Proposition 199.

Proposition 199 takes away rent-increase protections from hundreds of thousands of senior citizen mobilehome owners.

Don't be fooled. Proposition 199's sponsors are mobilehome park landlords who want to raise rents, not lower them.

Why would mobilehome park landlords spend millions on Proposition 199 to reduce rents?

They can voluntarily lower rents whenever they wish to help the needy!

Their "rental assistance" is a smokescreen for huge rent increases.

Proposition 199 won't fund new public services. Mobilehome and park owner registration fees pay certain mobilehome rent control costs.

Park landlords falsely claim Proposition 199 will save money to pay for public services. It won't. Mobilehome and park owners pay fees that fund rent control administration.

If Proposition 199 passes, those fees will disappear. There'll be no new money for public services.

Proposition 199 will wipe out the investments of thousands of senior citizen mobilehome owners.

It will disrupt senior citizens' lives.

Proposition 199 will cost mobilehome owners over \$300 million in lost home equity.

Proposition 199 won't create one new unit of affordable housing. It will raise rents and make mobilehomes unaffordable.

Mobilehome park landlords claim rent control has discouraged new park construction. California law already exempts all new mobilehome parks built since 1990 from local rent regulation.

PLEASE VOTE "NO" ON PROPOSITION 199.

WILLIAM A. CRAVEN

State Senator, Republican

JACK O'CONNELL

State Senator, Democrat

PATRICIA WHITNEY-WISE

Executive Director, California Council of Churches

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Argument Against Proposition 199

PROPOSITION 199 DEVASTATES SENIOR CITIZEN MOBILEHOME OWNERS.

Thousands of widows, widowers and other seniors will face loss of their mobilehomes.

400,000 Californians (mostly senior citizens) own mobilehomes, but not the land they sit on. They rent a small slice of bare land from a park owner. Unlike apartment tenants, they own their homes. Some monthly space rents are higher than Social Security and retirement income. Senior mobilehome owners are trapped when rents increase. It costs \$10,000 to move the mobilehome, and available spaces are scarce. Homeowners must either pay the rent or lose their homes. Mobilehome owners who can't pay escalating space rents lose their equity and their homes.

PROPOSITION 199 LETS MOBILEHOME PARK LANDLORDS RAISE RENTS WITHOUT LIMITS.

Without local rent protections, unlimited rent increases can be heaped upon captive homeowners. An 83-year-old Los Angeles widow, faces the loss of her home of 20 years. Since L.A. County's rent control ordinance expired, her rent has risen to \$845 per month, while her Social Security check totals only \$783. She faces eviction, repossession of her home, and total disruption of her final years.

Under Proposition 199, tens of thousands of widows and seniors will face the loss of their homes.

A "no" vote on Proposition 199 helps her keep her home.

The AARP, Legislative Council for Older Americans and Congress of California Seniors recommend that you vote "no".

Please vote no on the "Widows Eviction Initiative".

PROPOSITION 199 TAKES AWAY RENTAL ASSISTANCE FROM SENIORS.

Don't be misled. Proposition 199 removes mobilehome rent protections.

Proposition 199's sponsors are mobilehome park landlords who want to raise mobilehome rents without limit, whenever they choose.

Proposition 199's so-called "rental assistance" is a farce.

It gives a 10% discount on rents park owners alone determine.

What good is a 10% discount after rents have risen 50%?

Few, if any, seniors will get the "subsidy".

Don't be fooled by the fraud.

Remember the tobacco industry's fraudulent "No Smoking" initiative?

Proposition 199 is just as phony.

Proposition 199 would wipe out more than \$300 million in seniors' home equity.

For every \$10 rent increase, mobilehome equity is likely to decrease by approximately \$1,000.

Proposition 199 would raise rents, wiping out hundreds of millions in seniors' home equity.

Senior citizens would be irreparably harmed.

PROPOSITION 199 GIVES POWER TO SACRAMENTO POLITICIANS, AND TAKES IT AWAY FROM LOCAL VOTERS.

Proposition 199 phases out over 80 local initiatives and laws—laws passed by voters and local officials.

Proposition 199 prohibits local voters from ever passing another mobilehome rent protection law.

It gives the State Legislature all power over mobilehome rents.

Don't give more power to Sacramento politicians!

Proposition 199 wouldn't put a single police officer on the street.

Mobilehome rent protections are funded by fees paid by mobilehome and park owners. They cost taxpayers very little.

VOTE NO ON PROPOSITION 199.

DAVE HENNESSY

President, Golden State Mobilhome Owners League (GSMOL)

MARY TUCKER

State Legislative Committee Chair, American Association of Retired Persons (AARP)

LOIS WELLINGTON

President, Congress of California Seniors

Rebuttal to Argument Against Proposition 199

A small special interest group, trying to protect their \$300 million windfall profit, has resorted to deceptive claims. The victims are tens of thousands of California families denied affordable housing by ill-conceived rent regulations.

THE FACTS ABOUT PROPOSITION 199:

Opponents deceptively claim "thousands of widows and other seniors will face loss of their mobilehomes." The truth is:

- Proposition 199 protects seniors and low income families. It maintains rent controls for all current tenants.
- No tenant will be evicted or forced out by Proposition 199.

PROPOSITION 199 PROTECTS LOW-INCOME TENANTS:

- Proposition 199 makes a 10% rent reduction available to approximately 100,000 low-income seniors and families not now protected.

As tenants voluntarily move, Proposition 199 phases-in privately funded rent reductions and restores market forces to make mobilehomes more affordable for those seeking them.

ACCORDING TO THE U.S. CENSUS BUREAU:

- Of 1,000,000 mobilehome tenants in California, only 30% are seniors. Of these, 80% own their homes outright with no mortgage.

- Statewide, mobilehome tenants pay average space rent of approximately \$300 per month.

Average statewide rents equal just 28% of social security income.

TAXPAYER GROUPS AGREE:

- Proposition 199 doesn't take control from cities and give it to the state, as opponents claim. It takes government completely out of private property rights issues.
- Proposition 199 eliminates several million per year in taxpayer-funded bureaucracy.

PAUL GANN'S CITIZENS COMMITTEE (SPIRIT OF PROP. 13), CALIFORNIA CHAMBER OF COMMERCE, PARK OWNERS AND CALIFORNIA MOBILEHOME TENANTS ASSOCIATION AGREE:

VOTE YES ON PROPOSITION 199

BINNIE LANAHAN

President, California Mobilehome Tenants Association

SANDRA L. BUTLER

President, United Seniors Association

LEWIS K. UHLER

President, California Tax Limitation Committee

Proposition 199: Text of Proposed Law

This initiative measure is submitted to the people in accordance with the provisions of Article II, Section 8 of the Constitution.

This initiative measure adds sections to the Civil Code; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

SECTION 1. This measure shall be known and may be cited as the "Mobilehome Fairness and Rental Assistance Act."

SEC. 2. FINDINGS AND DECLARATIONS OF PURPOSE

(a) The people of the State of California find and declare all of the following:

(1) Some tenants of mobilehome spaces in mobilehome parks in California are poor and needy and are urgently in need of rental assistance, without delays, expense or red tape, which state and local government usually requires for the administration of rental assistance programs.

(2) Over 80 local governments are spending millions of dollars annually to administer and enforce mobilehome park rent controls for the exclusive benefit of owners of mobilehomes which comprise approximately only 5 percent of California's housing units with unrestricted controls that are generally not means tested to the poor, so that mobilehome owners in mobilehomes with an average value of forty thousand dollars (\$40,000) to fifty thousand dollars (\$50,000) obtain unfair price controls in rent controlled areas at the expense of small business-park owners and all the citizens of California.

(3) These unrestricted controls jeopardize the existence of affordable mobilehome park housing for all Californians and jeopardize continued employment and the existence of small business-park owners in California.

(4) Requiring the provision of direct rental assistance subsidies by requiring mobilehome park owners to provide specified reduced rents for the poor, together with the limitations on most restrictive features of rent limitations which have adversely affected the availability and supply of such affordable mobilehome housing, is necessary to assure the continued availability of affordable mobilehome housing to the poor.

(5) The limitation of the rental assistance subsidy provided in this measure to not more than 10 percent of the spaces in a single mobilehome park will provide a reasonable amount of assistance to needy mobilehome park tenants, without unduly burdening the property interests of the mobilehome park owner.

(b) It is therefore the intent of the people of the State of California in enacting this measure to do all of the following as a matter of statewide concern:

(1) Require owners of mobilehome parks to grant directly, without governmental administration, rental assistance subsidies to not more than 10 percent of their mobilehome space tenants.

(2) Require local governments to minimize their mobilehome park rent control measures by allowing annual rent increases equal to the cost of living, and require local governments to phase out rent control administration, on a space-by-space basis, upon the sale, transfer, or sublease of any mobilehome.

(3) Prohibit enactment of any new mobilehome park rent control or rent stabilization law by any local government or by the State of California.

(c) This measure is not intended, nor shall it be construed, to deprive any mobilehome owner, tenant, or mobilehome park owner of any constitutional rights.

SEC. 3. Article 4.4 (commencing with Section 798.44) is added to Chapter 2.5 of Part 2 of Division 2 of the Civil Code, to read:

Article 4.4. Tenant Rental Assistance

798.44. As used in this article, the following terms have the following meanings:

(a) "Mobilehome park rent control" means any ordinance, rule, regulation, or initiative measure, adopted by any city, county, or city and county, which establishes a maximum amount that the management of a mobilehome park may charge any tenant or resident for rent.

(b) "Qualified tenant" means any tenant who, as of the date of application, and during any period while receiving a rental assistance subsidy, satisfies all of the following requirements:

(1) The tenant resides in a mobilehome park in the State of California.

(2) The tenant is a very low income household, as defined in Section 50105 of the Health and Safety Code.

(3) The tenant is not delinquent with any rental payments, has established a legal residency in a mobilehome, and owns and occupies the mobilehome as the tenant's principal place of residence.

(4) The tenant, including all other residents regularly residing in the mobilehome, is in compliance with all rules and regulations of the mobilehome park and the tenant's rental agreement.

(5) The tenant is not receiving any federal, state, or local housing assistance, including, but not limited to, assistance under Chapter 8 (commencing with Section 1404a) of Title 42 of the United States Code, the Housing and Community Development Act of 1974 (P.L. 93-383), Chapter 45 (commencing with Section 3601) of Title 42 of the United States Code, or any other governmental housing assistance program administered by the United States Department of Housing and Urban Development or as provided by other state or federal laws or programs.

(c) (1) "Rental assistance subsidy" means a 10 percent discount from the monthly rent charged for the mobilehome space occupied by one or more qualified tenants, as established by mobilehome park management (the presubsidy monthly rent level). The presubsidy monthly rent level of a qualified tenant who is receiving or is entitled to receive, a rental assistance subsidy, may be increased and shall be decreased, as appropriate, from time to time, so that the presubsidy monthly rent level shall not, at any time, exceed the average monthly rent level charged for all

spaces in the mobilehome park then occupied with mobilehomes.

(2) Only one rental assistance subsidy shall apply to any mobilehome space regardless of how many qualified tenants who reside in a mobilehome space, and that no mobilehome space shall be entitled to more than one 10 percent discount from the presubsidy monthly rent level.

(d) "Subsidized rental charge" means the amount of rent chargeable to the qualified tenant under this measure, after deducting the rental assistance subsidy from the rent otherwise lawfully chargeable to the tenant.

(e) "Tenant" means a homeowner as defined in Section 798.9.

798.44.1. Any qualified tenant may apply for, and if accepted, shall receive, directly from the management of a mobilehome park in which such tenant resides, a rental assistance subsidy subject to the terms and conditions provided for in this article.

798.44.2. The provision of the rental assistance subsidy shall be the sole responsibility and obligation of each management of a mobilehome park, and neither the State of California nor any governmental agency shall have any responsibility therefor or exercise any authority in connection therewith, except as provided in Section 798.44.6.

798.44.3. (a) Each tenant seeking to obtain a rental assistance subsidy shall provide the management with an application, together with competent evidence of facts, to prove the tenant is a qualified tenant. This application and evidence may be submitted at any time during any calendar year up to December 15 for consideration of the rental assistance subsidy for the ensuing calendar year commencing January 1. The evidence accompanying the application shall consist of ownership and residency in the mobilehome and income and other information customarily required by the governmental agency administering the housing assistance benefits for very low income persons under Section 8 of the United States Housing Act of 1937 (42 U.S.C. Sec. 1437) and other evidence as is reasonably required. However, no mobilehome park management shall make this application process more burdensome to the tenant than would be the case if the tenant were applying for housing assistance benefits for very low income persons under Section 8 of the United States Housing Act of 1937 (42 U.S.C. Sec. 1437).

(b) (1) Each mobilehome park management shall, promptly upon receipt of the application and evidence specified in subdivision (a), evaluate the same and reply to the tenant with notice within 10 working days. The reply shall indicate either one of the following:

(A) Acceptance, in which case the amount of the rental assistance subsidy and the presubsidy monthly rent level shall then be stated.

(B) Rejection, in which case the basis for the rejection shall also be stated.

(2) Once a qualified tenant has received a rental assistance subsidy during any part of a calendar year, the rental assistance subsidy shall continue until December 31 of that year, subject to early termination as provided in this article.

798.44.4. Notwithstanding any other provision of this article to the contrary:

(a) (1) In any jurisdiction in which mobilehome park rent control is in effect, the management of a mobilehome park shall be exempt from the rental assistance subsidy provisions of this article if, and as long as, more than 10 percent of the spaces occupied by mobilehomes in the mobilehome park are covered by any form of mobilehome park rent control.

(2) In any jurisdiction in which mobilehome park rent control is in effect, if at any time fewer than 10 percent of the spaces occupied by mobilehomes in a mobilehome park are covered by any form of mobilehome park rent control, the management of a mobilehome park shall be subject to this article and shall be required to provide rental assistance subsidy to a qualified tenant. However, the management of the mobilehome park shall not be required to provide the rental assistance subsidy if granting the subsidy would result in more than 10 percent of the spaces in the mobilehome park being covered either by any form of mobilehome park rent control or by the rental assistance subsidy provided by this article. The priority for granting rental assistance subsidy shall be governed by subdivision (c).

(b) In any jurisdiction in which there is no form of mobilehome park rent control in effect, the management of a mobilehome park shall be required to provide the rental assistance subsidy provided by this article to qualified tenants representing not more than 10 percent of the spaces then occupied by mobilehomes in such mobilehome park. The priority for granting rental assistance subsidy shall be governed by subdivision (c).

(c) (1) In circumstances in which paragraph (2) of subdivision (a) or subdivision (b) apply, the management of a mobilehome park shall be required to grant the rental assistance subsidy provided for in this article to those qualified tenants who are first in time to have been granted a rental assistance subsidy by the management of the mobilehome park.

(2) In determining the number of qualified tenants to which the management of a mobilehome park shall be required to provide rental assistance under paragraph (2) of subdivision (a), the management of the mobilehome park shall determine the number of qualified tenants which represent spaces entitled to the rental subsidy, by subtracting the number of spaces then subject to some form of mobilehome park rent control from the number representing 10 percent of the total number of spaces then occupied by mobilehomes in the mobilehome park.

798.44.5. (a) Any qualified tenant receiving a rental assistance subsidy shall lose the right to the rental assistance subsidy upon the occurrence of either of the following events:

(1) The tenant fails to pay the monthly rent in accordance with the rental agreement (as reduced by the rental assistance subsidy) within five days of its due date.

(2) The tenant no longer meets the criteria for a qualified tenant for any reason.

(b) The mobilehome park management may, upon 10 days' written notice to the tenant, terminate the tenant's rental assistance subsidy for a reason specified in

either paragraph (1) or (2) of subdivision (a).

(c) A tenant whose rental assistance subsidy has been terminated pursuant to subdivision (b) may not reapply for rental assistance subsidy for a period of 12 months thereafter.

(d) For purposes of the 10 percent limitation set forth in Section 798.44.4, a rental assistance subsidy terminated pursuant to subdivision (b) shall be deemed to have been terminated on the last day of the calendar year.

798.44.6. (a) Any qualified tenant aggrieved or damaged by any substantial violation of this article may petition the municipal court of the judicial district in which the mobilehome park is located for a judicial determination of his or her rights under this article. An aggrieved tenant prevailing in this action shall be entitled to actual damages, consisting of the amount of rental assistance subsidy lost due to the violation, and reasonable attorney's fees and costs. A tenant aggrieved by a violation of this article shall also be entitled to seek injunctive relief and any other equitable remedies available under Section 526 of the Code of Civil Procedure.

(b) A judgment of the municipal court shall be reviewable by the appellate department of the superior court of the county in which the action arose.

798.44.7. (a) A mobilehome park's management shall not terminate the tenancy of any tenant, or attempt to do so, or retaliate against any tenant, or attempt to do so, as a proximate result of a request by that tenant for a rental assistance subsidy or the exercise of any rights relating thereto as provided in this article.

(b) Any demand by a mobilehome park's management for rent in excess of the subsidized rental charge from any qualified tenant whose application for a rental assistance subsidy is approved for the calendar year or whose application was denied or rejected in violation of this article shall constitute a defense to any action brought by the mobilehome park management for either one of the following:

(1) The excess rent over the subsidized rental charge.

(2) Eviction of the qualified tenant from the mobilehome park for nonpayment of that excess rent.

(c) However, subdivision (b) shall not apply if enforcement of the subsidized rental charge would violate any constitutional right of the owner of the mobilehome park to a fair rate of return.

SEC. 4. Section 798.46.1 is added to the Civil Code, to read:

798.46.1. On or after the effective date of this measure, no city, county, or city and county, shall, enact any new mobilehome park rent control law or amend or modify any existing mobilehome park rent control law to apply its restriction on maximum rents to any space in a mobilehome park which is not, on the effective date of this measure, by reason of a long-term lease or otherwise, subject to rent restrictions under the mobilehome park rent control law.

SEC. 5. Section 798.46.2 is added to the Civil Code, to read:

798.46.2. Every mobilehome park rent control law in effect as of the effective date of this measure shall be subject to the following provisions:

(a) (1) On or after January 1 of the year following the effective date of this measure, no mobilehome park rent control law may, with respect to the rent which a mobilehome park management may charge for a space within the park, do either of the following:

(A) Require that the rent for the space ever be reduced from that lawfully charged before the effective date of this measure or as of any subsequent date.

(B) Limit any annual rent increase to an amount which is less than the full annual cost of living increase, as measured by the change in the cost of living from the 12-month period ending in the calendar month preceding the date in which a notice of rent increase is given by the mobilehome park management at any time, and from time to time, after the effective date of this measure.

(2) For purposes of this subdivision, the cost of living shall be determined using the California Consumer Price Index ("CCPI"), as published by the Department of Industrial Relations for all items and all urban consumers, and this index for the 1982-1984 period shall be computed as 100.

(b) No jurisdiction administering any mobilehome park rent control law shall require the management of a mobilehome park to attend any hearing or submit any information to the jurisdiction as long as management limits the rental increases for any space affected by the mobilehome park rent control law to the full annual CCPI increase as provided in subdivision (a).

(c) On or after the effective date of this measure, no mobilehome park rent control law shall impose any restriction whatsoever on the amount of rent that the management of a mobilehome park may charge for a mobilehome space within the park upon or after a decontrolling event, as defined in Section 798.46.4.

(d) On or after the effective date of this measure, no mobilehome park rent control law shall impose any restriction whatsoever on the amount of rent that the

management of a mobilehome park may charge for a space within the park which is an exempt space, as defined in Section 798.46.4. All exempt spaces shall be, for all purposes on or after the effective date of this measure, exempt from any and all mobilehome park rent control laws.

SEC. 6. Section 798.46.3 is added to the Civil Code, to read:

798.46.3. The State of California shall enact no statute restricting, or authorizing the restriction of, the maximum amount of rent that the management of a mobilehome park may charge for a space in a mobilehome park. Any statute having that effect and enacted before or after the effective date of this measure shall be void and unenforceable.

SEC. 7. Section 798.46.4 is added to the Civil Code, to read:

798.46.4. As used in this article, the following terms have the following meanings:

(a) "Decontrolling event" means, with respect to any space in a mobilehome park covered by a mobilehome park rent control law as of the effective date of this measure, the occurrence of any of the following events after the effective date of this measure:

(1) Any sale, transfer (by foreclosure, operation of law, or otherwise), or other change in ownership of the mobilehome, as defined in Section 798.3.

(2) Any termination of the tenancy of the persons who are tenants in such space by eviction, voluntary vacancy, or otherwise.

(3) Any sublease by the tenant to a third party of the mobilehome or space after the effective date of this measure. Nothing contained herein is intended to authorize a sublease of the mobilehome or space. Notwithstanding paragraphs (1), (2), and (3), no decontrolling event shall be deemed to have occurred upon any transfer of ownership of a mobilehome to the conservator, guardian, or trustee of a homeowner or to a homeowner's trust if the beneficiaries entitled to ownership of the mobilehome are members of the homeowner's immediate family, or to a surviving spouse upon the death of the other spouse, or to a spouse or the parents or children of a homeowner.

(b) "Exempt space" means (1) any space in a mobilehome park which is not occupied by a mobilehome as of the effective date of this measure, or (2) any space which is, as of the effective date of this measure, exempt from a mobilehome park rent control law as a result of any lease or rental agreement covering such space including, without limitation, a rental agreement described in Section 798.17.

(c) "Mobilehome park rent control" has the same meaning as set forth in Section 798.44.

SEC. 8. AMENDMENT OR REPEAL OF MEASURE

The provisions of this measure may be amended or repealed by the procedures set forth in this section. If any portion of subdivision (a) is declared invalid, then subdivision (b) shall be the exclusive means of amending or repealing this title.

(a) The provisions of this measure may be amended to further its purposes by statute, passed in each house by rollcall vote entered in the journal, two-thirds of the membership concurring and signed by the Governor.

(b) The provisions of this measure may be amended or repealed by a statute that becomes effective only when approved by the electors.

SEC. 9. EFFECTIVE DATE

The effective date of this measure shall be the day after the election at which it is approved by the voters.

SEC. 10. CONSTRUCTION OF MEASURE

The measure shall be liberally construed to achieve the purposes of this measure and to preserve its validity.

SEC. 11. SEVERABILITY

If any provision of this measure, or the application to any person or circumstances is held invalid or void, that invalidity or voidness shall not affect other provisions or applications which can be given effect without the invalid or void provision or application, and to this end, all of the provisions of this measure are declared to be severable.

SEC. 12. ELECTORS' INTENTION IN THE EVENT OF PASSAGE OF POSSIBLE CONFLICTING MEASURES

In the event another measure to be voted on by the voters at the same election as this measure, and which constitutes a comprehensive regulatory scheme, receives more affirmative votes than this measure, the electors intend that any provision or provisions of this measure not in direct and apparent conflict with any provision or provisions of another measure, shall not be deemed to be in conflict therewith, and shall be severed from any other provision or provisions of this measure which are in direct and apparent conflict with the provisions of another measure. In this event, the provisions shall be severed according to the provisions of Section 11 of this measure upon application to any court of competent jurisdiction.

Proposition 200: Text of Proposed Law

This initiative measure is submitted to the people in accordance with the provisions of Article II, Section 8 of the Constitution.

This initiative measure adds sections to the Insurance Code; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

Pure No-Fault Auto Insurance Act

SECTION ONE. This Act shall be known and may be cited as the "Pure No-Fault Auto Insurance Act."

SECTION TWO. The People of the State of California find and declare:

(a) The auto liability insurance system is a terrible deal for California

consumers. It costs too much money and delivers too little protection. Under this system:

(1) No matter how much insurance motorists buy, they get no guarantee that their medical bills and wage losses will be covered if they are injured in a car accident. Seriously injured accident victims typically recover only a small fraction of their losses from auto insurance.

(2) Motorists who violate the law and drive uninsured have exactly the same right to collect liability insurance benefits as do motorists who have insurance. As a result, policyholders are forced to spend well over \$1 billion a year to subsidize uninsured motorists.

(3) Only about one-fourth of every dollar spent on insurance covering bodily injury actually goes to pay for accident victims' medical expenses and lost wages. More money—one-third of every such insurance dollar—goes to pay legal fees.