

# The Future of Long-Term Leases – What Now?



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**Webinar Presented by:**

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**Hosted by:** Manufactured Housing  
Educational Trust (MHET)

# Who are John & Bill?



**John Pentecost** is the Managing Partner of Hart King and has been with the firm since 1988. He is the leader in the firm's manufactured housing practice. With over 30 years of experience dealing with manufactured housing and mobilehome park communities, John has handled numerous eviction and other landlord-tenant based dispute trials. John defends Park owners in all actions ranging from lease disputes to state and federal discrimination issues, Americans with Disabilities Act (ADA) matters, easements, and title and failure to maintain lawsuits.



**Bill Dahlin** has been practicing law and helping manufactured housing community owners and managers since 1988. He has been trial counsel in multiple cases involving the protection of property rights, including disputes over rent control, including the 9<sup>th</sup> circuit Guggenheim v. City of Goleta case. Bill assists in issues arising out of mobilehome park closures, subdivisions, park sales and purchases, ground lease disputes and failure to maintain. Bill understands the needs and goals of park owners. Rent control, utility billings and residency issues are the primary basis of Bill's practice.

# AB 2782 Summary – Two Changes to the Laws Regulating Mobilehomes

The bill amends state law (CA Civil Code § 798.17) which prior to January 1, 2021 exempted mobilehome leases from any otherwise applicable local rent control ordinance if, among other specified conditions, the lease term is greater than one year.

Separately, and not covered in this webinar, the bill modifies the conditions that must be met when converting a mobilehome park to another use. Specifically, the bill 1) extends the length of notice that parks must give to residents in advance of appearing before local authorities to request permission for the change; 2) requires mobilehome parks to compensate the displaced resident for the in place market value of their mobilehome if the residents cannot relocate to another mobilehome park; and 3) prohibits local authorities from approving the change in use unless they find that it will not result in a shortage of affordable housing within the local jurisdiction.

# AB 2782 – Repeal of Rent Control Exempt Leases

New 798.17 (provision added by AB 2782)

- (i) This section shall not apply to any rental agreement entered into on or after January 1, 2021.
- (j) This section shall not apply to any rental agreement entered into from February 13, 2020 to December 31, 2020 inclusive.
- (k) This section shall remain in effect until January 1, 2025 and as of that date is repealed. As of January 1, 2025, any exemption pursuant to this section shall expire.
- (l) The provisions of this section are severable. If any provision of this section or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

# AB 2782 Changed the Long Term Leases (LTL) Landscape

- Existing LTL Signed Prior to 2/13/2020 – Still in effect and enforceable
- Probably will be subject to local rent control as of 1/1/2025
- Extensions of pre 2/13/20 LTL until 1/2/2025
  - Not prohibited
  - Could offer/require for prospective purchases depending on your LTL provision

# AB 2782 Changed the Long Term Leases (LTL) Landscape

- LTL signed after 2/13/2020 - but not void
- Will be subject to rent control
- What if there is currently no rent control in your jurisdiction?
  - LTL still enforceable

# AB 2782 Changed the Long Term Leases (LTL) Landscape

- What if there is rent control in your jurisdiction?
  - Need to determine if you need to rescind LTL due to a failure of consideration
  - Example: LTL has no adjustments for 2021 + 2022 + 2023 based upon consideration going into LTL in 2019
  - LTL has increase of 7% for 2024
  - RSO allows only full CPI
  - Rescind? - Probably

# AB 2782 Changed the Long Term Leases (LTL) Landscape

- Need to carefully read local rent ordinances to determine if there are any “work arounds” to raise rent on “turnover” or if Park installs a new home or homesite.





# 798.45 New Construction Exempt

- Notwithstanding Section 798.17, “new construction” as defined in Section 798.7, shall be exempt from any ordinance, rule, regulation, or initiative measure adopted by any city, county, or city and county, which establishes a maximum amount that a landlord may charge a tenant for rent.

# Questions?



# *Thank you!*



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