



# City of Capitola

# PRESS RELEASE

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*Attention: Editors*

**For Immediate Release**  
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## **REFERENDUM PETITION FAILS TO MEET REQUIREMENTS OF CALIFORNIA ELECTIONS CODE**

CAPITOLA — Today the City Clerk found the referendum petition calling for the repeal of the recent amendment to the Capitola mobile home rent stabilization ordinance to be out of compliance with State law. On April 25, at 4:55 pm, 5 minutes before the submission deadline, the City received a referendum petition demanding the ordinance amendment repeal. The ordinance amendment is intended to end years of litigation while preserving affordable housing for existing low-income mobile home park residents. In the two currently pending court cases for which the ordinance amendment was adopted in order to achieve a settlement, the park owners were claiming damages of more than \$25 million from the City.

The settlement agreement and ordinance amendment was part of a broad effort by the City to protect affordable housing while ending litigation which had the economic potential to jeopardize the future viability of nearly all City services. That effort included the amendment to the mobile home rent stabilization ordinance which protects existing low income residents at Surf and Sand and Cabrillo mobile home parks, as well as a City-funded non-profit acquisition of Castle Estates Mobile Home Park. The ordinance amendment allows park owners who offer 34-year leases to low income residents at affordable rents flexibility to increase other rental rates to market levels.

As required by State law, the City Clerk conducted a detailed analysis of the referendum petition in order to determine the legal sufficiency of the petition. Having completed that analysis, the City Clerk today found the referendum petition to be out of compliance with significant State law requirements for referendum petitions. Specifically, the petition sections that voters were asked to sign failed to contain the text of the ordinance that is the subject of the referendum, meaning that petition signers may have been unaware of the actual ordinance amendment language. The California Elections Code includes this requirement and California courts have held that failure to meet this requirement renders the referendum petition legally insufficient.

Overall, the City has spent more than \$1 million defending its rent control ordinance in court. Had the settlement agreement been cancelled by the referendum, the City anticipated that additional litigation costs during the next fiscal year (2011-2012) would exceed \$750,000. The City estimates there are less than 150 full time resident households city-wide at Surf and Sand and Cabrillo mobile home parks which are affected by the mobile home rent stabilization ordinance amendment.

Dennis Norton, the Mayor of Capitola states, *“After many decades of litigation to defend the City’s rent stabilization ordinance, it has become clear that continued court cost and attorney fee expenditures are no longer sustainable and risk jeopardizing critical City services. Over the last 20 years, through City-facilitated efforts, the majority of mobile home parks in the City are now under resident control. These acquisitions mean the number of households affected by the City’s rent stabilization ordinance has decreased significantly. The City continues to be deeply committed to protecting its low income residents.”*

The City is developing a mobile home rental assistance program in partnership with the Housing Authority to assist very low income residents for years to come.

For more information contact Jamie Goldstein, City Manager at (831) 475-7300.

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