



Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

BOARD OF SUPERVISORS AGENDA LETTER

Department Name:

General Services

Department Number:

063

Agenda Date:

June 23, 2026

Placement:

Departmental Agenda

Estimated Time:

45 minutes

Continued Item:

No

If Yes, date from:

Vote Required:

Majority

TO: Board of Supervisors

FROM: Department Director(s): Kirk A. Lagerquist, Director of General Services

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Kirk Lagerquist
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CONTACT: Ted Teyber, Assistant Director of General Services

SUBJECT: Mobile Home Rent Control Petition for Review of Arbitration: Del Cielo Mobile Home Park (RP Folio #004144); Fourth Supervisorial District

Concurrences:

County Counsel Concurrence:

As to form: Yes

Auditor-Controller Concurrence:

As to form: N/A

Other Concurrence:

As to form: N/A

Recommended Actions:

That the Board of Supervisors:

- a) Consider the Petition for Review of the Arbitrator's March 31, 2026, Final Award in the Matter of Del Cielo Mobile Home Park and Affected Tenants filed by the Del Cielo Mobile Home Park Management.

- b) Make the following determinations regarding the appeal, as supported in Attachment A (Findings):
- i) Find the Arbitrator did not abuse his discretion and affirm the Award made under County Code Section 11A-5(i)(1) related to a just and reasonable return on investment;
 - ii) Find the Arbitrator did not abuse his discretion and affirm the Award made under 11A-5(i)(3) determining the \$20,000 broker commission is not able to be passed through to tenants;
 - iii) Determine that the Board's review of the Arbitrator's Final Award is exempt from environmental review by the California Environmental Quality Act (CEQA) Guidelines Section 15301, No Possibility of Significant Effect.

If the Board wishes to take any action other than the recommended action, Staff recommends continuing the hearing to a date certain and providing direction to Staff to return with a revised motion and findings. Under the Mobile Home Rent Control Rules for Hearings, the Board is required to render a decision no later than thirty (30) judicial days following its receipt of all pleadings, records and transcripts, which the Board received on June 18, 2026. If the Board does not take action on June 23, 2026, Staff will return by August 3, 2026.

Summary Text:

[County Code Chapter 11A](#) (Mobilehome Rent Control, Attachment B) creates an arbitration process for rent control disputes in mobilehome parks within the unincorporated area whenever the proposed rent increase exceeds 75% of the Consumer Price Index as described within Chapter 11A. The Homeowners of the Del Cielo Mobile Home Park, located in the community of Orcutt, filed a timely petition challenging a rent increase. An arbitration process was completed under County Code Chapter 11A, and the arbitrator partially allowed a rent increase but not the full amount proposed by the Park Management. The Park Management of Del Cielo Mobile Home Park has filed a petition for the Board of Supervisors to review the Arbitrator's Final Award and rule on two items. The remaining factual findings and conclusions of the Arbitrator's Final Award are unchallenged and not before the Board.

Discussion:

Standard of Review

The Board's review at hearings held on appeals to the Board of decisions below is often "*de novo*", such as in land use matters. (See e.g., Section 35.102.050.C, Appeals to the Board, of Chapter 35.102, Appeals, of Article 35.10, Land Use and Development Code Administration, of Section 35-1, the Santa Barbara County Land Use & Development Code, of Chapter 35, Zoning, of the Santa Barbara County Code.) *De novo* review means that when the Board hears the appeal:

- The Board is not required to give deference to the decision maker's findings and decisions below;
- The Board acts as the finder of fact;
- The Board has discretion to reweigh the evidence;
- The Board may disagree with the decision maker's conclusions drawn from the evidence; and
- The Board may make new findings and decisions.

In contrast, here Rule 23 of the Mobile Home Rent Control Rules for Hearings specifies that the Board shall review an arbitrator's decision upon filing of a petition alleging prejudicial abuse of

discretion. The review may ordinarily be made upon the written record of evidence that was before the Arbitrator alone; however, your Board may elect to hear oral arguments from the parties, their representatives, and/or their attorneys and public comment is required under the Brown Act. No new evidence beyond what was before the Arbitrator may be considered and any testimony provided by the parties or the public should be considered argument on existing evidence.

If your Board finds that in rendering this decision the Arbitrator has abused his discretion by: failing to proceed in the manner required by law, by making findings not supported by substantial evidence, or by making a decision not supported by the findings, your Board may:

1. Reverse the arbitrator's decision in whole or in part,
2. Make a new decision without remand in certain circumstances, or
3. Remand the case to the arbitrator for reconsideration in light of your Board's review.

Since Rule 23 of the Mobilehome Rent Control Rules for Hearings provides that the Board of Supervisors is an appeal authority for the Arbitrator's decision, staff recommends that Supervisors provide ex parte disclosures of their communications and site visits involving this appeal. Rule 23 also specifies that your Board shall render its final decision within 30 judicial days of the receipt of all pleadings, records, and transcripts; we conservatively calculate that deadline as July 24, 2026.

Background:

On October 5, 2025, the Homeowners, through Representative Ms. Sue DeWeese, submitted a petition for a hearing (arbitration) against the Park Management of Del Cielo Mobile Home Park under County Code Chapter 11A – Mobilehome Rent Control. The Clerk under Chapter 11A verified the petition and notified the parties of verification October 10, 2025.

Arbitrator Mr. John Derrick was selected from the existing list of Board-appointed arbitrators. The Arbitration was noticed for and held on January 21, 2026 in the Board of Supervisors Hearing Room in Santa Maria. Prior to the Arbitration, the parties submitted briefs to the arbitrator.

At the hearing, the Arbitrator, Park Management, and the Homeowners' Counsel attended and participated virtually while representatives of the Homeowners and members of the public attended in person. Both parties submitted various exhibits of evidence and information into the record as well as had witness testimony.

The parties agreed at the evidentiary hearing that, at a minimum, the ordinance requires an increase of \$17.67 based upon the formula set in the ordinance. The Arbitrator requested and received arguments on where on the range of dollar amounts between the allowed minimum of \$17.67 and the requested \$39.16 per month, per unit the increase should lie. Near the end of the hearing, the parties agreed to hold the hearing open in order to submit closing briefs and responses. On March 13, 2026, the hearing was deemed closed.

The Arbitrator rendered his final decision on March 31, 2026. The decision includes separate findings and decisions on multiple issues with an ultimate decision of an allowed increase of \$24.02. The amount sought by Park Management was \$39.16, but the Arbitrator disallowed several costs and adjusted several others: Broker's Commission determined non-allowable (-\$9.06); litigation expenses for the case filed by one of the Park Owners challenging the County Mobilehome Park

Overlay Ordinance determined non-allowable (-\$3.39); only a portion of the Western Manufactured Housing Communities Association dues determined allowable (-\$1.29 instead of requested \$2.58); other dues/subscriptions determined non-allowable (-\$1.40). This resulted in an allowed increase of \$24.02, per unit, per month. Park Management filed a Petition for Review by the Board of Supervisors pursuant to Rule 23 on April 23, 2026.

Park Management's Petition for Review asks that the Board "should grant the Petition, reverse or modify the Award as appropriate, and remand the matter for further proceedings consistent with the Ordinance and governing law" regarding the following two decisions:

- **Item #1: "Management is not entitled to any increase over the minimum amount to achieve a fair rate of return."**
- **Item #2: "The \$20,000 broker commission: non-allowable"**

The Homeowners provided a response to the Petition on May 13, 2026. The Homeowners' "request that the Board deny the Petition, affirm the Award, and refuse to remand the matter for further proceedings. Any further review should be submitted to a court pursuant to Code of Civil Procedure sections 1094.5 and 1094.6."

Item #1. Park Management raises constitutional concerns related to their alleged just and reasonable return on their investment; however, Section 11A-5(i)(1) states "The arbitrator shall have no discretion to award additional amounts as a just and reasonable return on investment." In the context of this Notice of Rent increase, Park Management was awarded the costs they sought, including the automatic minimum increase of \$17.67, minus a few discrete items related to the Broker's Commission, litigation expenses for the case challenging the County overlay, Western Manufactured Housing Communities Association dues, and other dues/subscriptions. Park Management concedes that "The Award adhered to the framework imposed by the Ordinance[.]" To the extent Park Management is alleging a facial or as-applied constitutional challenge to Chapter 11A, the Arbitrator correctly noted that was outside of his role as an Arbitrator to apply the Chapter 11A to the facts at hand. Since the ordinance is a matter of public record, the price paid for the mobile home park and Park Management's distinct investment-backed expectations in purchasing the park reflect the existing burden and restrictions of rent control under Chapter 11A. (*Guggenheim v. City of Goleta* (9th Cir. 2010) 638 F.3d 1111.)

Item #2. Park Management challenges the Arbitrator's disallowance of the Broker's Commission as a prejudicial abuse of discretion. Park Management asserts that Section 11A-5(f)(1) allows recovery of "expenses incidental to the purchase of the park." Park Management argues the ordinance "covers expenses tied to the purchase itself;" however, does not cite to any sections of Chapter 11A that allow recovery of purchase costs.

Section 11A-5(f) sets out that at the hearing, "the arbitrator shall consider all relevant factors to the extent evidence thereof is introduced by either party or produced by either party on request of the arbitrator." Subsection (f)(1) lists the types of evidence the Arbitrator "shall consider," not that awards based on the following information is required "Such relevant factors may include, but are not limited to, increases in management's ordinary and necessary maintenance and operating expenses, insurance and repairs; increases in property taxes and fees and expenses in connection with operating the park; capital improvements; capital expenses; increases in services, furnishings, living space, equipment or other amenities; and expenses incidental to the purchase of the park

except that evidence as to the amounts of principal and interest on loans and depreciation shall not be considered.”

Thereafter, subsections (g) and (h) discuss two automatic increases, and subsection (i) goes into the details of increases in excess of the automatic increase that the Arbitrator can consider. Here, while the Arbitrator considered the evidence related to the Broker’s Commission, the Arbitrator concluded an increase under subsection (i)(3) was not appropriate. The Arbitrator found that the obligation to pay the broker’s commission was incurred prior to purchase, that a broker’s Commission was not incidental to the purchase because it “is a core and deliberate expense in a real estate transaction,” and that “I find that, read as a whole, the ordinance only allows for passing through obligations incurred after the change in ownership (although my decision does not rely on that interpretation). To interpret the ordinance differently would be to allow a slew of other expenses to do with the purchase of a park.”

Special Instructions:

Request the Clerk of the Board to return a copy of the Minute Order to General Services Department Real Property Division to cbowden@countyofsb.org.

Attachments:

Attachment A – Findings

Attachment B – County Code 11A – Mobilehome Rent Control

Attachment C – Volume 1 – Board Hearing Supporting Documents – Decision, Appeal, and Response

Attachment D – Volume 2 – Arbitration Proceeding Supporting Materials

Attachment E – Volume 3 – Supporting Procedural Documents

*** = Not part of the official record for the hearing in accordance with Rule 13 and Rule 23(b) of the Mobilehome Rent Control Rules for Hearings, but is included because such documents give the Board jurisdiction to hear the matter.*

Contact Information:

Cody Bowden

Real Property Division Manager, Clerk of the Mobile Home Rent Control Ordinance

cbowden@countyofsb.org