STATE OF CALIFORNIA
FAIR POLITICAL PRACTICES COMMISSION
1102 Q Street • Suite 3050 • Sacramento, CA 95811
(916) 322-5660 • Fax (916) 322-0886

October 17, 2025

Christopher Schmidt
Acting County Counsel
County of Tuolumne
2 South Green St.
Sonora CA 95370

Re: Your Request for Advice
Our File No. A-25-121

Dear Mr. Schmidt:

This letter responds to your request for advice on behalf of Tuolumne County Supervisor Michael Holland regarding the conflict-of-interest provisions of the Political Reform Act (the "Act").[1]

We note that your request also sought advice regarding Supervisor Holland taking part in decisions regarding the annual registration fee for mobile park owners and the repeal of the mobile home rent control ordinance entirely. However, as discussed with your predecessor, we decline to provide advice when the request concerns "a party or a factual scenario that is the subject of a pending Enforcement action, or other judicial or administrative proceeding, and the requested advice may affect or determine a question of law relating to the pending proceeding." (Regulation 18329(b)(6)(G).) Because it is our understanding that the official is the subject of a pending Enforcement action related to these decisions, we must withdraw this portion of your request.[2]

QUESTION

Does Supervisor Holland have a disqualifying financial interest under the Act in his ownership of Hill Haven mobile home park that prevents his participation in the fair rate of return hearing for Mill Villa Mobile Home Park ("Mill Villa MHP")?

---

[1] The Political Reform Act is contained in Government Code Sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in Sections 18104 through 18998 of Title 2 of the California Code of Regulations. All regulatory references are to Title 2, Division 6 of the California Code of Regulations, unless otherwise indicated.

[2] While we express no specific determination regarding Supervisor Holland's involvement in decisions regarding the annual registration fee for mobile park owners or the repeal of the mobile home rent control ordinance, we generally note that the public generally exception would not typically permit the owner of a mobile park to take part in decisions of this nature due to the unique financial effect on the park owner in comparison to the public, and particularly renters of a single residential unit. (See Regulation 18703.)

CONCLUSION

No, Supervisor Holland does not have a disqualifying financial interest that prevents his participation in the fair rate of return hearing specific to Mill Villa MHP because it is not reasonably foreseeable that the decision would have a material financial effect on his business entity, business as a source of income, or real property financial interests in his mobile home park that prohibits his participation.

FACTS AS PRESENTED BY REQUESTER

Supervisor Holland is a member of the Tuolumne County Board of Supervisors (the "Board"). Supervisor Holland owns one mobile home park located within Tuolumne County (the "County") called Hill Haven. Hill Haven has four spaces, but only three spaces are leased. Supervisor Holland owns the one mobilehome that is not leased. Supervisor Holland has an interest in real property worth $2,000 or more in the mobile home park and receives a source of income greater than $500 per year from the mobile home spaces he rents/leases to others. The Hill Haven leases are over 12 months in duration, and the mobile home park spaces are subject to the Mobile Home Rent Control Ordinance ("MHRCO"). There are 44 mobile home parks within the County, and 38 of those are subject to the rent control ordinance while six are exempt from it. Three of the 44 mobilehome parks are located within Supervisor Holland's District, including his own, and all are subject to the ordinance. There are approximately 1,848 mobile home park spaces within the County and approximately 932 of those are subject to the rent control ordinance. There are 134 spaces subject to the ordinance within Supervisor Holland's District.

Mill Villa MHP has submitted an application for a fair rate of return hearing under the County's MHRCO. The owner of Mill Villa MHP is a limited partnership with which Supervisor Holland has no connection. Hill Haven and Mill Villa MHP are located more than 1,000 feet from each other. Mill Villa MHP has 155 spaces subject to the MHRCO. Supervisor Holland has no financial or other interest in Mill Villa MHP.

The purpose of the County's MHRCO is to protect mobile home owners from unreasonable rent increases for the mobile home park spaces, but also to enable park owners to obtain a fair rate of return on their investment. Pursuant to the MHRCO and the state constitution, landlords may obtain rent adjustments for individual mobile home parks by application to the Board. The MHRCO provides that it is presumed that base rents provide landlords with a fair rate of return on their investment and landlords must apply for a rent adjustment by application to the Board. Landlords are required to submit supporting documents which may include tax returns, financial statements, and receipts. Additionally, evidence that the landlord reduces services and or maintenance, whether offered by the County or the tenants, can be used to offset an otherwise allowed rent increase. The application must be submitted to the Community Development Department, signed under penalty of perjury.

Landlords must also provide notice to their affected tenants of the application and make their application with all supporting documents available to the affected tenants. The Community Development Department and County Counsel must approve before an application for fair rate of return is placed on the Board's agenda. In their consideration, the Board may consider any facts to ensure landlords yield a fair rate of return on their investment. During the hearing, the Board or the

Community Development Department may request additional documentation from the landlord. The Board may adopt any lawful formula for its fair rate of return standard, which could include a formula based on average net income, investment, or net operating income.

Mill Villa MHP's fair rate of return hearing (the "Hearing") has been set for November 2025. At the Hearing, evidence will be presented by the owner of Mill Villa MHP to the Board to support its application for a rate adjustment. Evidence will include tax returns, financial statements, receipts, etc., so the Board may determine if the rate should be adjusted. The Board will sit as a quasi-judicial hearing body for this matter. Applications for a fair rate of return hearing are specific to the mobile home park seeking a rate adjustment and based on that individual mobile home park's data.

The Board will be advised by outside counsel with specialized subject matter expertise for the Hearing. The last fair rate of return hearing was held in 2003. There is not a procedure in place for a party to the Hearing or the Board to inquire as to how an issue was handled in the past. None of the current Board members or county staff were in their current positions at the time of the last fair rate of return hearing.

ANALYSIS

Under Section 87100 of the Act, "[a] public official at any level of state or local government shall not make, participate in making or in any way attempt to use the official's position to influence a governmental decision in which the official knows or has reason to know the official has a financial interest." "A public official has a financial interest in a decision within the meaning of Section 87100 if it is reasonably foreseeable that the decision will have a material financial effect, distinguishable from its effect on the public generally, on the official, a member of the official's immediate family," or on certain specified economic interests. (Section 87103.) The specified economic interests relevant as provided by the facts here include:

- Any business entity in which the public official has a direct or indirect investment worth $2,000 or more (Section 87103(a)); or in which the public official is a director, officer, partner, trustee, employee, or holds any position of management. (Section 87103(d).)

- Any real property which the public official has a direct or indirect interest worth $2,000 or more. (Section 87103(b).)

- Any source of income, aggregating $500 or more in value provided or promised to, received by, the public official within 12 months prior to the time when the decision is made. (Section 87103(c).)

Here, Supervisor Holland has interests in his mobile home park as a business entity, source of income, and real property, as well as the tenants of the park as sources of income.[3]

---

[3] Supervisor Holland has interests in his tenants as sources of income if their rent paid during the 12 months before a decision aggregates to $500 or more. Where it is reasonably foreseeable that the decision would have a material financial effect on his tenant(s) as a source of income interest, he will have a disqualifying interest in the

Materiality & Foreseeability

Regulation 18701(a) states that an effect on an interest is presumed foreseeable if the interest is explicitly involved in the decision. An interest is explicitly involved if it is a named party in, or the subject of, the decision. Regulation 18701(a) states that a financial interest is "the subject of" a proceeding if the decision "involves the issuance, renewal, approval, denial or revocation of any license, permit, or other entitlement to, or contract with, the financial interest," or where the decision affects a real property financial interest as described in the regulation setting forth the real property materiality standard, Regulation 18702.2, items (a)(1)-(6), which includes a decision that changes a restriction placed on the property, such as rent control. (Regulation 18702.2(a)(5).) Here, because the decision is on Mill Villa MHP's application, and will set the rent for Mill Villa MHP only, Supervisor Holland's financial interest in his Hill Haven mobile home park is not a named party or the subject of this decision.

Where an official's economic interest is not explicitly involved in the governmental decision, as is the case here, the applicable standard for determining the foreseeability of a financial effect on the economic interest is found in Regulation 18701(b). Regulation 18701(b) states, a financial effect is reasonably foreseeable if it "can be recognized as a realistic possibility and more than hypothetical or theoretical" and, "[i]f the financial result cannot be expected absent extraordinary circumstances not subject to the public official's control, it is not reasonably foreseeable."

Relevant to these facts, Regulation 18702.1 states that the reasonably foreseeable financial effect of a governmental decision on a public official's business entity interest, and business as a source of income,[4] is material if the decision would result in an increase or decrease in the business entity's gross revenue and assets or liabilities of at least $1,000,000, or five percent of the entity's gross revenue and the increase or decrease is at least $10,000. (Regulation 18702.1(a)(2).) It is also material if the decisions may cause the entity to incur or avoid additional expenses or to reduce or eliminate expenses of $250,000 or more, or one percent of the entity's gross revenue and the change is at least $2,500 or more; or if the official knows or has reason to know the entity has an interest in real property and there is clear and convincing evidence that the governmental decision would have a substantial effect on the business entity's real property interest. (Regulation 18702.1(a)(3-4).)

Additionally, under Regulation 18702.2(b), the reasonably foreseeable material financial effect of a governmental decision on a public official's real property, located over 1,000 feet from the affected parcel, is presumed to be nonmaterial unless there is clear and convincing evidence that the governmental decision would have a substantial effect on the official's property.

---

decision, unless an exception applies. However, because we were not provided with any facts regarding his tenants, we do not further analyze Supervisor Holland's source of income interest in his tenants. To the extent the decision may have a financial effect on a tenant, who is a source of income to Supervisor Holland, the supervisor should seek additional advice identifying the tenant and the potential effect.

[4] For a business entity that is a source of income, Regulation 18702.3, which provides the standards for a source of income, references the standards in Regulation 18702.1. (Regulation 18702.3(a)(4).)

Mill Villa MHP's application for adjusting its allowable rent is specific to Mill Villa MHP. The purpose of the Hearing is for the Board to consider whether the owner of Mill Villa MHP is receiving a fair rate of return on their investment as a mobile home park owner based on their particular records and whether Mill Villa MHP should be allowed to increase the rent on their MHRCO-controlled spaces to achieve a fair rate of return. The facts do not indicate that the approval or disapproval of the Mill Villa MHP application will have any impact on Supervisor Holland's mobile home park business. His park is one of 44 mobile home parks in the County. Additionally, nearly half of the mobile home park spaces in the County, approximately 932, are subject to the rent control ordinance. Regardless of the lawful formula employed by the Board in their determination, there are no facts to indicate that a governmental decision on Mill Villa MHP's rent adjustment on the MHRCO-controlled spaces in their park will have an impact on the revenue gained or expenses incurred by Hill Haven.

Nor do the facts indicate that this decision will have a substantial impact on Hill Haven, a separate mobile home park not owned or connected in any way to Mill Villa MHP, located over 1,000 feet away. Accordingly, based on the facts provided, it is not reasonably foreseeable that the decision on Mill Villa MHP's application for a rent adjustment will have a material financial effect on Supervisor Holland's business entity interest, or business as a source of income interest, or real property interest in his mobile home park Hill Haven, and the Act does not prohibit him from taking part in the Hearing.

If you have other questions on this matter, please contact me at mroeckl-navazio@fppc.ca.gov.

Sincerely,

Dave Bainbridge
General Counsel

By: *Margaret L. Roeckl-Navazio*
Margaret L. Roeckl-Navazio
Counsel, Legal Division

MRN:aja