Pinto Lake vs. Pinnacle Holdings
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California law provides that, generally speaking, administrative decision such as those by rent control boards are reviewed by way of a writ of administrative mandamus. That process is set forth in CCP section 1094.5.

For the past 25 years that process, in the rent control arena, has been largely controlled by the Pinnacle Holdings case. But on the day before Halloween the Sixth District Court of Appeal up ended the Pinnacle Holdings ruling. What happened?

I want to briefly explore several issues. First, what happened? Second, should the manufactured housing industry be worried about this new case? Third, does it make a difference?

First, let me try and explain the "what happened" issue without too much legalese.

In California's rent control arena, the process typically begins with a mobilehome park owner filing a petition/request for a rent increase over and above that annually permitted under the ordinance. If the community owner receives what was sought, or is satisfied with the result, there's typically not any judicial proceeding at all. However, if the rent increase application is denied, or an extremely nominal increase is granted, the Park owner files a writ petition. A writ petition, as set forth above, is filed pursuant to CCP section 1094.5. The petitioning party is the park owner. The respondent is the city or county, and perhaps the right review board that issued the administrative decision. Ever since the Pinnacle Holdings decision (issued in 1995), Park owners have not named the residents as real parties in interest. That is because the Pinnacle case held the homeowners were not necessary parties and that only the city or rent review board could grant the requested relief.

On October 30, 2020 the Sixth District Court of Appeal ruled to the contrary. It held the Pinnacle rule was in error and that the community owner was required to name the residents as real parties in interest. That was important because, by the time the decision was made by the trial court, the timeframe to name those additional persons as parties to the lawsuit was past the statute of limitations. Then the question would become whether or not the residents were indispensable or whether the court could proceed in their absence. Technically, the Pinto Lake case remanded the matter to the Santa Cruz Superior Court to decide if the residents were indispensable. If the residents are found to be indispensable the Park owner has lost because it failed to name the tenants as real parties in interest. If they are found to not be indispensable the law would allow the writ proceeding to continue.

So, does this make a difference? The simple answer is "maybe". Perfect legalese answer, correct? However, what it means is that, to be on the safe side, any new writ petition may be better served if the Park owner follows the Pinto Lake decision. A park owner who is unhappy with a rent review board decision, from this point forward, will feel compelled to name the residents as necessary real parties in interest. The ultimate irony in that situation is that the Park owner in the Pinnacle Holdings case did exactly that, for exactly the reasons enunciated by the Pinto Lake case. However, the trial court, and the court of appeal, 25 years ago, chastised the Park owner and asserted that the residents were being unduly "dragged into expensive litigation" as a bad faith tactic that could potentially have even implicated an anti-slapp motion.

So where does this leave Park owners? In any future rent control matter, initiated by a community, the park owner now faces the choice of naming the residents as real parties in interest, and then having a

potential anti-slapp motion, or not naming them, and potentially having the writ denied because of a failure to name an indispensable party.

This writer has no present knowledge whether the Pinto Lake case will be brought before the California Supreme Court with a request/petition for a hearing. There is a clear conflict in the two decisions and whether the California Supreme Court would step in to resolve that issue is unknown. Stay tuned.

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