



Mobilehome Opt-In/Stay-In-Business

Community and Economic
Development Committee (CED)

November 27, 2017



Mobilehome Rent Ordinance

- Annual rent increase limited to 75% of CPI
- Vacancy Decontrol in Specific Situations
- Fair Return Process

Opt-In: Park Owner Proposal (2016)

- Park stays open for 15 years
- Limited monthly increase for capital improvement pass through
- Limited Vacancy Decontrol

City Council Direction

- Seek a compromise solution to preserve mobilehome parks
- Explore:
 - Capital improvement pass-throughs
 - Limited vacancy decontrol
 - Mortgage buy-outs at the end of Opt-In
 - Mobilehome resident consent

Staff Analysis

- Advisory Committee findings
- Redevelopment pressure
- Resident ability to afford pass-throughs
- Impacts of limited vacancy decontrol
- Resident consent
- Implementation

Advisory Committee - Findings

- Smaller, older parks have different needs
- Pass-throughs are unpopular with residents and may be unaffordable
- Resident consent will be difficult
- Opt-In may provide some relief

Evaluation of Redevelopment Pressure

- Location
- Land Use Designation / Density
- Apartment Rents / Home Values

Resident Ability to Afford Pass-Through

- 58% of mobilehome parks are located in areas where the majority of households are Very Low Income
- Higher monthly costs could create a hardship for some mobilehome residents

Impact of Partial Vacancy Decontrol

Residents:

- Potential loss on mobilehome value due to increased rent

Park Owners:

- Under Opt-In park owners could collect more revenue over a 20-year term

Resident Consent

- Residents want the power to decide
- Owners do not support resident consent
- Staff believe resident consent is unlikely
- Consent would require significant staff time

Implementation Considerations

Significant Staff Resources (9 - 12 Months)

- Outreach
 - Mailing
 - 8 public meetings (4 large parks/4 small parks)
- Ordinance Drafting
- Program Guidelines
- Implementation

Staff Compromise Framework

Resident Consent	<ul style="list-style-type: none">• 51% resident consent or General Plan Land Use Change
Partial Vacancy Decontrol	<ul style="list-style-type: none">• Limited to \$100 per space, no more than 3 times within 20 years• Only for in-place transfers
Compliance Period	<ul style="list-style-type: none">• No less than 20 years• Renew term or revert to 2017 Mobilehome Rent Control ordinance
Capital Improvement Pass-Through	<ul style="list-style-type: none">• Use existing petition process

Resident Consent

51% Consent or General Plan Land Use Change

- No pass-through for current residents
- General Plan designation
 - Indicates Long-Term Commitment
 - Provides Public Forum
 - Requires City Council Approval

Partial Vacancy Decontrol

\$100 rent increase upon in-place transfer

- \$100 Recommended by Advisory Committee
- Only for in-place transfers
- No more than 3 times within 20 years

Compliance Period

No Less Than 20 Years

Renew term or revert to Existing Ordinance

- Advisory Committee recommended 15 years
- Staff recommends tying to general plan cycle
(20 years)

Capital Improvement Pass-Through

Use existing Fair Return petition process

- Fair return process is available
- Variety of needs and conditions within parks
- Residents' may not be able to afford rent increases

Summary of Staff Findings

- Conversion Potential is real for some parks in certain locations
- Opt-In may provide security for some residents
- May adversely Impact Low Income Tenants
- New revenue may be insufficient
- Parks may Opt-In that don't need to
- Highly Unpopular with Residents
- Disagreement on Resident Consent
- Low Return on Staff Investment

Recommendation

“Accept the staff report and provide direction on whether to continue with public meetings and the development of an Opt-In/Stay-In-Business ordinance”

Questions for the Committee

1. Should staff continue the Opt-In process?
2. What input does the Committee have regarding the compromise Opt-In framework?

Existing Petition Process

- Evaluation of Existing Petition Process
 - 9 petitions filed in 6 parks since 1997
 - 5 petitions resulted in additional charges to residents
 - Avg. Additional Charges: \$79/Space/Month
 - 90% of parks owners did NOT file petitions during this period.

Conditions Vary across 59 MHPs



Community Outreach Plan

- Postcard Mailing
- Four Large Meetings
 - Staff Presentation
 - Public Comment
 - Focused Discussions
- Four Small Meetings @ MHPs
 - Walking Tours
 - Staff Presentation
 - Public Comment
 - Focused Discussions
- Meeting notes posted on-line

Trade-offs and Key Concerns

- **Is the weakening MH Rent Control worth 20 years of certainty?**
- **Is a possible reduction in home equity worth 20 years of certainty for some homeowners?**
- **Would this incentive be enough to delay MHP conversions?**
- **Would an enforcement mechanism be effective?**
- **Is it worth it if one size doesn't fit all MHPs?**