

## ATTACHMENT D: Mobilehome Opt-In Advisory Committee Summary

### Document Overview

The Opt-In Program Concept is a summary of the discussions held with the Opt-In Stakeholder meetings held between February and July 2017.

#### A. PROPOSED PURPOSE

1. To protect and preserve mobilehome parks as established communities and to maintain quality housing choices for San José residents.
2. To provide incentives to park owners to continue operating and to create certainty and stability for a fixed period of time.
3. To provide incentives to mobilehome park owners to make capital improvements in that ensure these communities are safe, secure, and good places to live.
4. Consider how such a program shall be transparent yet efficient to administer.
5. Make this proposal clear and understandable.

#### B. PROPOSED PARTICIPATION MECHANISM

- Landowners and Park owners (operators) participate in the Opt-In Program process.
- Park owner shall submit an application to the Housing Department for participation in the Opt-In Program.
- Park owner agrees to operate the mobilehome park for at least 15 years after the agreement.
- Extension of the Opt-In Program must occur no later than 5 years prior to the end of the term. This provides all parties with sufficient time to plan.
- Enforcement: the penalties for “opting out” must be a significant deterrent to participating mobilehome park owners.

*All other aspects of the Mobilehome Rent Control Ordinance (MRO) would still be in effect.*

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### C. PROPOSED CAPITAL IMPROVEMENT OR REPLACEMENT PASS THROUGH PROCESS

- **Program Eligibility**
  - Covers costs related to capital improvements or replacements
    - Replacements: Owner initiated or government required
    - Improvements: Owner or resident initiated improvements. In order to move forward with the project, at least 51% of the residents must approve. These improvements are not existing and will improve housing services.
  - Capital improvement or replacement projects greater than **\$10,000** would be eligible for pass through.
  - Eligible replacements:
    - Water and sewer replacement
    - Roads
    - Major fencing
    - Major landscaping (not removal)
    - Remodel Clubhouse/laundry room
    - Wiring building
    - Storm drain
    - Lighting
    - Restoring an amenity
    - Playground
  - Not Eligible:
    - Gas and electric systems
    - Repairs
    - Seal of streets
    - Painting
    - Demolition
    - Operation expenses
  
- **Process:**
  - Park owner applied for a capital improvement or replacement with the Housing Department.
  - Housing Department staff reviews eligibility and will make a determination (partial, full, rejected).
  - The determination may be appealed to the Director of Housing.
  - Residents are notified of the determination. In the case of a capital improvement must demonstrate 51% consent from park residents.

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- Construction of the proposed project takes place. Change orders and any other variations to the project are reviewed by the Housing Department staff and approved or denied.
- Once project is complete, the pass through amount is calculated. The capital improvement or replacement pass through is capped at \$75 per month per space.
- The capital improvement and replacement pass through will be an itemized line item included on the monthly rent bill for all residents. The pass through amount will drop off when the amortization period is complete.
- Noticing Requirements (all provided in English, Spanish and Vietnamese):
  - Copy of the Housing Department determination regarding the capital improvement or replacement request is sent to all mobilehome owners for all pass throughs.

### D. RENT INCREASE UPON IN-PLACE TRANSFER

- **Eligibility:**
  - Park owners invest at least \$50,000 into the park for small parks and \$100,000 for large parks during the Opt-In period.
- **Rent Increase Guidelines:**
  - Park owners may increase the rent by \$100 per space upon in-place transfer. The \$100 is added to the base rent. The annual general increase may be added to the new base amount on an annual basis.

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### E. PROPOSED RESIDENT ASSISTANCE PROGRAM

- **Eligibility:**
  - Qualified residents must be below 80% AMI and verified by a third party.
  - Maximum of 10% of spaces in a given community.
  - If the demand exceeds 10%, a pool of park owner funds (managed by the City) would cover that cost.
- **Program Guidelines:**
  - 10% of eligible residents are exempt from paying additional capital replacement and improvement pass-through. The pass through charge will not appear on their monthly rent bill.
  - If more than 10% residents are determined to be eligible, the capital pass through amount will appear on their monthly rent bill, but will be subsidized by the pool of park owner funds managed by the Housing Department.

### F. PROPOSED ADMINISTRATION FUNDING MECHANISM

- Cost Recovery collected annually, charged to mobilehome park owners.
- This fee will not be passed on to park residents.
- Costs would be aggregated and then divided based on the number of spaces in the participating parks.

### G. PROPOSED DISCLOSURE REQUIREMENTS

- Full disclosure of the Opt-In program to new mobilehome owners.
- 90-day notice for current residents of capital improvement or replacement pass through.
- Disclose space rent with approved pass-through amounts included.
- Complaints regarding space rent shall be filed with the City Housing Department.
- All notices shall be in English, Spanish and Vietnamese.